



Wihlborgs
Annual Report &
Sustainability Report

2019

Highlights of the Year

Rental income rose 11 percent to SEK 2,983 million (2,684)

The operating surplus was up 10 percent at SEK 2,140 million (1,941)

Income from property management improved 26 percent to SEK 1,775 million (1,406)

Profit for the period totalled SEK 2,923 million (2,403), corresponding to earnings per share of SEK 19.02 (15.63).

The Board of Directors proposes a dividend of SEK 4.50 (3.75) per share.

Key metrics for the Group, SEK m.	2019 Jan–Dec	2018 Jan–Dec
Rental income	2,983	2,684
Operating surplus	2,140	1,941
Income from property management	1,775	1,406
Changes in property values	1,479	1,312
Changes in derivative values	13	37
Profit for the year	2,923	2,403
Earnings per share, SEK	19.02	15.63
Surplus ratio, %	72	72
Equity/assets ratio, %	38.4	36.3
Occupancy rate, %*	93	94

*Excluding Projects & Land.

45.5

PROPERTY VALUE
SEK BILLION

3.3

RENTAL VALUE,
SEK BILLION

1.8

INCOME FROM
PROPERTY MANAGEMENT,
SEK BILLION

93

OCCUPANCY RATE, %



Highlights of the Year	2
Major events 2019	4
Wihlborgs in brief	6
CEO's statement	8

Goals and strategies

Mission, business model and strategies	14
Targets	17
The Wihlborgs share	20

Our operations

Market overview	24
Property portfolio and transactions	26
Malmö	31
Lund	39
Helsingborg	43
Copenhagen	49
Projects and development	54
Sustainable business	60

Administration Report

Review of 2019	76
Proposed distribution of profit, etc.	78
Risks and uncertainties	79
Taxes	84
Property valuation principles	86

Financial statements

Consolidated financial statements	90
Parent Company financial statements	94
Notes to Consolidated & Parent Company financial statements	97
Signatures	114
Auditor's Report	115
Five-year review	119
Calculation bases and definitions	120
Corporate governance report	122

Sustainability reporting disclosures

GRI Index	130
UN Global Compact	133
Sustainability reporting in accordance with the Annual Accounts Act	134

Wihlborgs Fastigheter AB (publ) is a property company that focuses on commercial properties in the Öresund region. Its portfolio is located in Malmö, Helsingborg, Lund and Copenhagen. Wihlborgs is the leading property company in Malmö, Lund and Helsingborg. The book value of the company's properties totals SEK 45.5 billion. The annual rental value of the properties is SEK 3.3 billion. Wihlborgs' shares are listed on the Large Cap List of Nasdaq Stockholm.

Cover image and left-hand image: The Dungen (Gimle 1) office building in Hyllie, Malmö, which was ready for occupancy in spring 2019. The building was awarded the Urban Design Prize in Malmö for 2019.



In February Wihlborgs purchased Nya Vattentornet 2 and 4 in Lund, encompassing 49,000 m². Nya Vattentornet 3 was acquired in the same block in 2018, meaning that Wihlborgs now owns all of the office buildings and multistorey car parks in the eastern area of Ideon.



Wihlborgs is building the Prisma office building in Oceanhamnen in Helsingborg. In June, the new tech hub HETCH signed a lease for 1,900 m² in Prisma with occupancy in late 2020.



Wihlborgs signs an agreement to sell Gängtappen 1 in Dockan, Malmö, to Länsförsäkringar Skåne for SEK 720 million. The sale will make it possible for Länsförsäkringar Skåne to move its headquarters from Helsingborg to Dockan.



In November, Wihlborgs was certified as a Great Place to Work in both Sweden and Denmark. The Swedish operations have been certified every year since 2016, but this is the first time Wihlborgs has been certified in Denmark.

Major events 2019

Q1

In January, development began on Helsingborg Central Station, involving a new facade, new entrances, a new restaurant area, more office space and a redeveloped travel centre.

In Lund, Wihlborgs followed up the 2018 acquisition of Nya Vattentornet 3 by purchasing Nya Vattentornet 2 and 4, comprising a total of 49,000 m², for SEK 1.26 billion.

The City of Malmö signed a ten-year lease with Wihlborgs for 8,200 m² at Elefanten 40 in central Malmö for the medical, health and social care administration (HVO).

Q2

In Helsingborg, Wihlborgs purchased Hermes 10 and 16, also known as Tretornfabriken, comprising a total of 51,000 m² for SEK 1.25 billion.

Helsingborg's new tech hub, HETCH, signed a lease for 1,900 m² at Prisma in Oceanhamnen with occupancy starting in late 2020, but already beginning in 2019 in Svea 7.

Wihlborgs decided that its Swedish property management should be climate neutral for the full-year 2019. We have been participating in several initiatives to reduce our climate impact for some time.

Q3

Wihlborgs signed an agreement to sell Gängtappen 1 in Dockan to Länsförsäkringar Skåne's property company, Länshem Skåne, for SEK 720 million.

The Dungen (Gimle 1) office building in Hyllie was awarded the Urban Design Prize in Malmö. The building was ready for occupancy in spring 2019, with Swedish Customs its largest tenant.

Wihlborgs let the entire Urnes 3 property, a total of 4,600 m² at Svågertorp in Malmö, to a public sector tenant.

Q4

Wihlborgs took third place in the AllBright foundation's equality survey of Swedish listed companies, and the property sector was named the top sector in terms of equality.

Wihlborgs was certified as a Great Place to Work in both Sweden and Denmark. The Swedish operations have been certified every year since 2016.

Wihlborgs' second project in Hyllie, the Origo (Bure 2) office building, stood ready for occupancy. Ingka Services AB leases the entire office space, which totals 6,800 m².

Wihlborgs in brief

Our operations

Wihlborgs is the leading property company in the Öresund region. Each day, 50,000 people go to work at one of our premises. People in Malmö, Lund, Helsingborg and Copenhagen all meet in city spaces designed by us, and our presence can also be felt in board rooms, club rooms and social forums as the Öresund region grows amid a wave of urban diversity and sustainability. This is our property company – Wihlborgs. The region-builder.

1,920

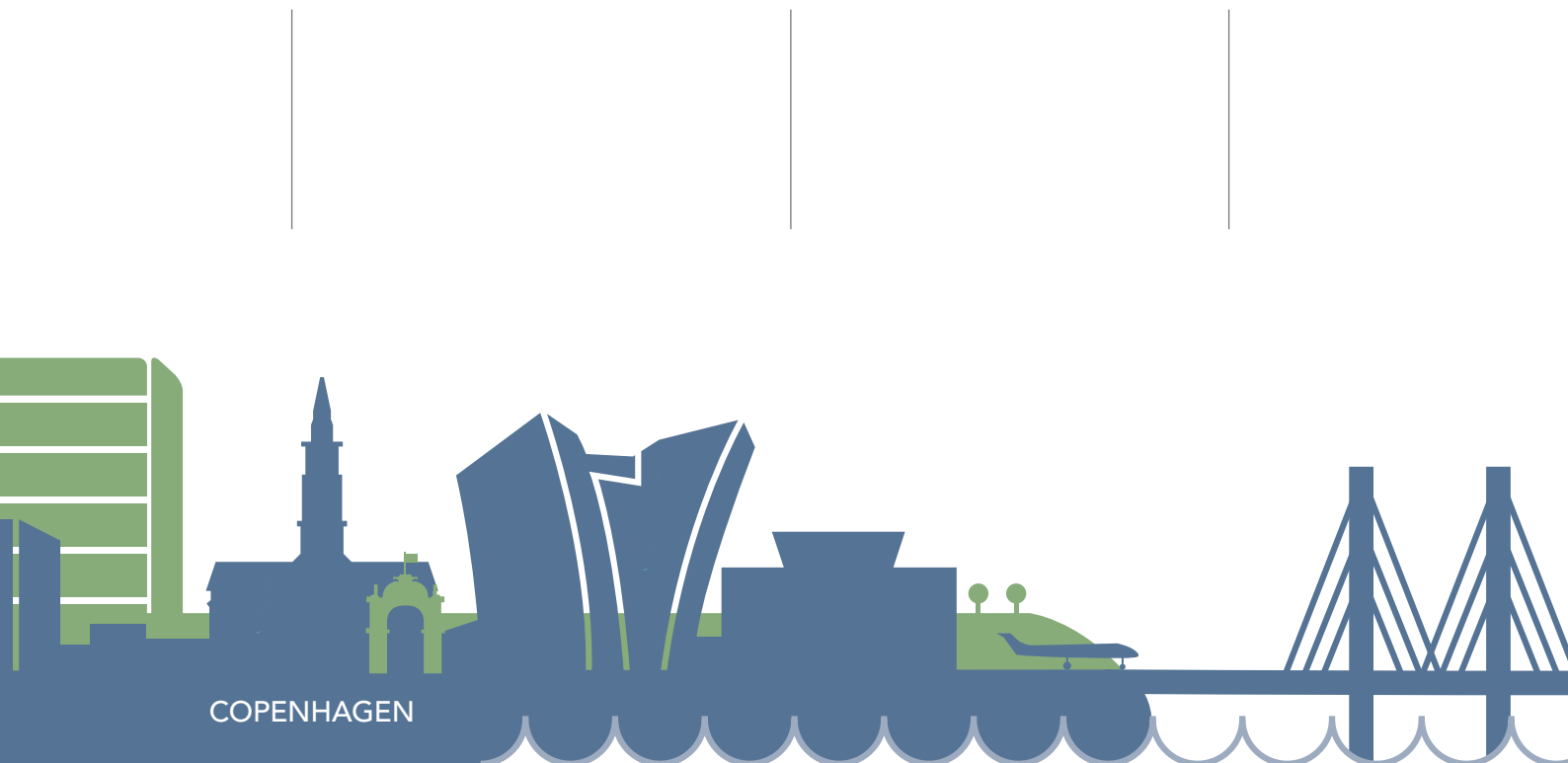
Companies as tenants

45.5

Property value, SEK billion

2.2

Million square metres





Our mission

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



Our sustainability

Wihlborgs is to ensure the company's and region's long-term sustainable development. Our focus is on sustainable properties, responsible business, being an attractive employer and commitment to the region and its community.

221

Full-time employees

312

Properties

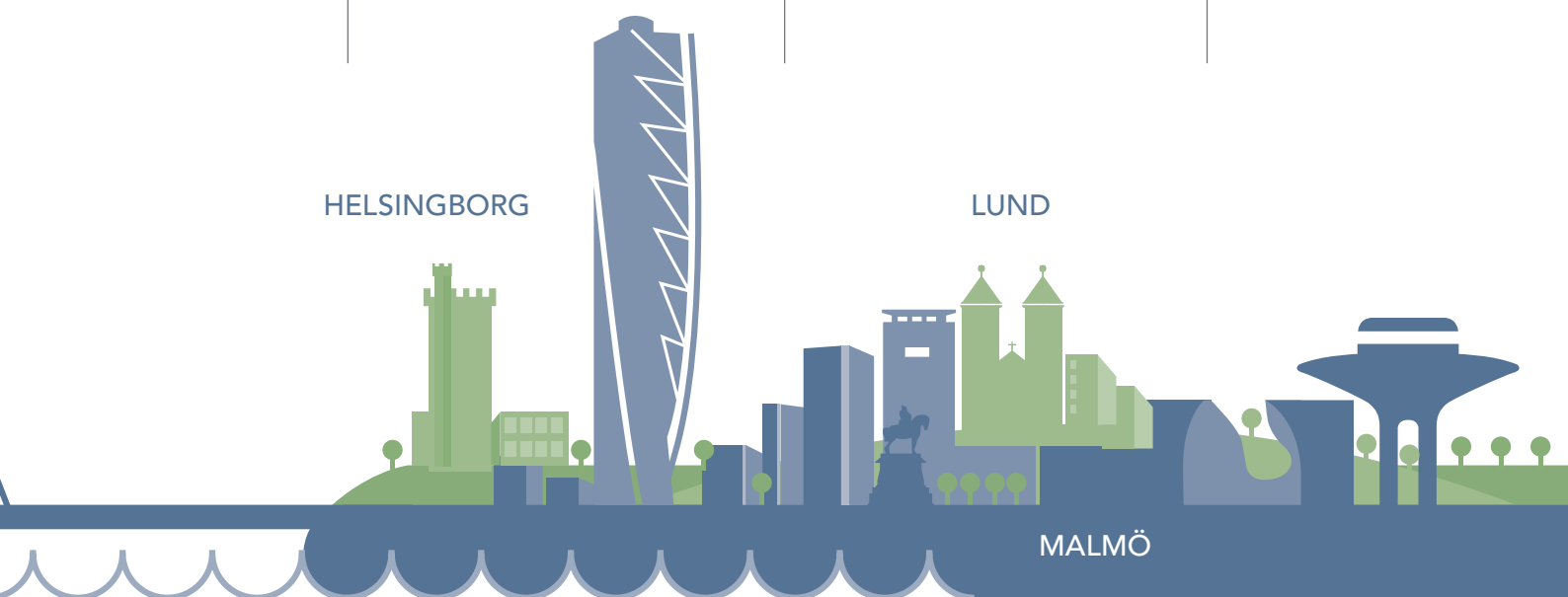
27

Market capitalisation, SEK billion

HELSINGBORG

LUND

MALMÖ





The future lies where the opportunities arise.

And that is where you will find us.

Looking at our financial results, it would be easy to conclude that we're doing a lot right. However, the challenge is not to preserve the aspects we think are good, but to open our minds and meet new expectations from wider society – and not least ourselves – head on. How we can use our ideas and values to live up to our role as a region-builder and contribute to long-term sustainable societal development?

As the leading property company in the Öresund region, we have a responsibility to drive development in that direction using our expertise and entrepreneurial spirit. We are now creating an organisation in which Sustainable Business is becoming its own operational area. Our ambition is to become stronger across the area of sustainability by pouring extra resources and energy into our own improvement efforts. This insight has not appeared suddenly; we were one of the earliest listed companies to report on the sustainability of our operations. However, we are now becoming even more ambitious in terms of establishing new benchmarks for ourselves; it should be simple to see what is right and what is wrong.

None of this is possible without stable profitability. But to ensure things keep going well, we need to take responsibility from a broader perspective. This is not merely a question of calculations and financial conditions, it's about the very meaning of our work and the company. Wihlborgs' employees are a powerful, collaborative force and a constant source of new ideas that give us the energy to achieve new targets. With their commitment assured, we are able to give each other a real push towards great new results, both in terms of the accounts and our sustainable region-building.

Fast but long-term action

We have a clear strategy to prioritise long-term development and value growth. The concentration in the Öresund region gives us an unrivalled overview of events in our local area, meaning we are able to act quickly and purposefully when new opportunities arise. And not just to achieve short-term targets, but to develop new properties that contribute to the future growth of the Öresund region.

2019 was noteworthy in a number of respects. We have never purchased and sold or invested so much in different projects as we did in 2019 – it proved to be an intense year. We expanded our property portfolio with Nya Vattentornet 2 and 4 in Lund

and Hermes 10 and 16 in Helsingborg – locations where we have identified potential for future development. We also sold Landsdomaren 6 in Lund and Gängtappen 1 in Malmö, which are two properties with limited future development potential.

Lettings remain very strong and we had our best year ever with net lettings of SEK 95 million. Rental income rose 11 percent to SEK 2,983 million while the operating surplus improved 10 percent to SEK 2,140 million. Income from property management increased a full 26 percent, from SEK 1,406 million to SEK 1,775 million, while profit for the year totalled SEK 2,923 million, corresponding to earnings per share of SEK 19.02.

By faithfully standing by our mission, we create the conditions for continued success while giving our owners good reason to continue investing in Wihlborgs' development.

"Next, Hamburg Hauptbahnhof"

The Öresund region remains a region with major development potential.

It is worth recalling that the region generates 25 percent of Sweden and Denmark's combined GDP. There are 19 colleges and universities here with 173,000 students and 11,000 researchers, as well as the highest concentration of highly educated people in northern Europe.

In terms of future development, we look favourably on discussions about more fixed connections over the Öresund strait. The plans for a connection between Helsingborg and Helsingør and a metro connection below the sea between Malmö and Copenhagen represent exciting initiatives that would be highly significant for the region.

There are already 800,000 workplaces within a one-hour commute, but if an Öresund underground became a reality, a further half a million workplaces, that is 1.3 million overall, could be reached in the same commuting time. An underground would also free up space on the Öresund Bridge for more long-distance and regional trains – not least international rail-based goods traffic. This is a future scenario entirely in line with demands for greater focus on the climate and sustainability in the transport sector.

The next cross-border infrastructure project is already under way, however: the Fehmarn Belt connection between Germany and Denmark that will be completed in 2028. This will inevitably shift the focus south, and we are progressing toward a super region between Hamburg and Malmö-Copenhagen in which you

” *We're not done, and we will never be done. We will continue each and every day to listen, to take the initiative and strive to live up to our role as a region-builder and the property company that best understands the needs and wishes of the business community. There is always room for more.*

Ulrika Hallengren, CEO

could travel by train from Malmö to Hamburg in just 3 hours. This infrastructure investment will benefit growth in the entire region and thereby also our business.

Prosperous cities are great for our business

It all fits together.

The better “our” cities are, the better it is for our customers, and therefore for us, too. Thanks to our strong role in the region, we are able – and willing – to participate and have an influence. Sustainability is not just a matter of environmental issues, energy consumption and the choice of materials. The concept is so much broader than that. It is a question of environmental, social and economic sustainability that needs to be considered in every decision.

We all have a responsibility to change our ways and think far ahead into the future. These buildings will outlive us, they impact the environment in which they are built and then stand, and they affect people – both those who work in them and those who perhaps walk past them on their way home or to work. As part of our efforts to reduce climate impact, we decided during the year that our Swedish property management should be climate neutral when summarising 2019.

A great testament to our investment in sustainable urban environments came in the form of the City of Malmö's Urban Design Prize for 2019, which we were awarded for the Dungen office building in Hyllie. Dungen is a hyper-modern building that lives up to strict sustainability requirements and is certified to the highest Sweden Green Building Council (SGBC) classification: Gold.

In Helsingborg, we are taking responsibility for the city by redeveloping Helsingborg Central Station. Exciting things are also happening in the area of sustainability at Ideon in Lund. The UN opened its first Global Innovation Centre in one of our premises here in 2019, tasked with developing innovative solutions to global challenges such as hunger and poverty, education and health.

I must admit that it feels wonderful to see the UN flag flying above one of our properties at Ideon – and of course we will continue to uphold the principles of the UN Global Compact moving forward.

Our sustainable development strategies also encompass initiatives to get more companies to collaborate, including via our efforts to attract even more engineers with international expertise to move to the region.

In terms of new investment, we don't always need to build new properties, there are also buildings for us to redevelop. This is what we did with Gängtappen in Malmö, Kockums' iconic old building, which we renovated to a modern standard with a considerably lower carbon footprint than a new build would have caused. We actually also see potential in viewing our customers as being recycled in a way; they remain our customers knowing we can help them find new premises if their circumstances change and they have new requirements.

Ensuring success is a daily task

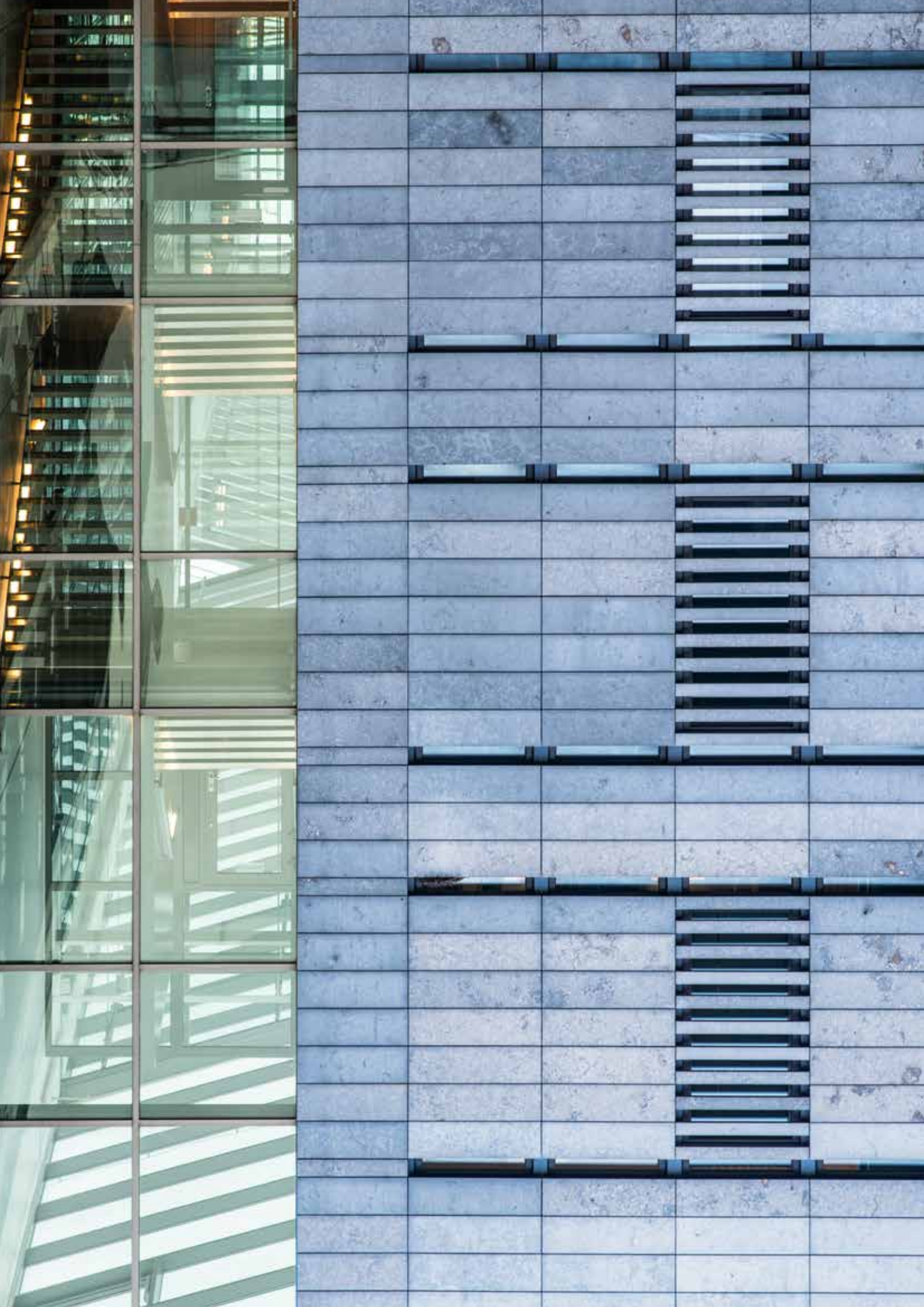
None of our success would have been possible without the energy, drive and skill of our employees. It is therefore that I am both proud and pleased that we figure on Great Place to Work's lists of the best workplaces in Sweden and Denmark. We are also top of the AllBright foundation's list of the most gender-equal Swedish listed companies. Being named on these lists is a wonderful reflection on us all. Together we are creating something meaningful and important for our wider community, our customer and our owners – and thus ultimately for ourselves.

But we're not done, and we will never be done. We will continue each and every day to listen, to take the initiative and strive to live up to our role as a region-builder and the property company that best understands the needs and wishes of the business community. There is always room for more.



Malmö, March 2020
Ulrika Hallengren
Chief Executive Officer





Goals and strategies

Room for more great ideas

How many square metres does a great idea need? That all depends. A grandiose idea can easily be accommodated in a small space. And vice-versa. But all ideas need a place to call home; somewhere to grow into. This is why we always keep our doors open – to let new ideas enter and great ideas blossom. All kinds of operations have a place at Wihlborgs, both large and small, and all with their unique business concept. The collective energy they generate each and every day leads to jobs, development and values that benefit us all. They are a force driving society forward. Our most important task is thus to continue making room for more great ideas.



Our mission

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

Wihlborgs is the leading property company in the Öresund region. Each day, 50,000 people go to work at one of our premises. People in Malmö, Lund, Helsingborg and Copenhagen all meet in workplaces and city spaces created by us.

Our size gives us the opportunity to offer a greater number of more attractive environments than anyone else. It also enables us to offer freedom of choice and flexibility for our customers in terms of the size, location and design of their workplace – and of course the ability to change with the times. We adopt a long-term, sustainable approach – our properties should work well both today and in fifty years' time. In a changing world, the premises need to be able to change in line with customers' needs, and this should be done with consideration for people and the environment.

The Öresund region is our base and our home market. Our conviction that this region offers unique benefits and potential only grows stronger with each passing year. We are located in the centre of a world-class growth region with four million people and 800,000 workplaces in the range of a one-hour commute – we could hardly imagine a better location.

We believe that the region has more to give, meaning there is more potential for ongoing development. And we want to be part of that development. Our size, our commitment and our network all enable us to be a real force in that development – a region-builder.

Strategies

Wihlborgs will operate a business model for growth and will be one of the leading and most profitable property companies on the Nasdaq Stockholm Exchange. To achieve this goal, Wihlborgs will:



Consolidate its market position by concentrating on particularly attractive sub-markets with development potential, where we can contribute to sustainable urban development.



Take active steps to strengthen the Öresund region as a financial growth area.



Continuously improve our property portfolio by adopting a long-term perspective on value growth.



Integrate Environmental, Social and Governance (ESG) criteria into our business.



Reinforce our brand so as to become the preferred choice of new customers and foster pride among existing customers and employees.



Actively cultivate the rental market to acquire new customers and keep ourselves open to new business models.



Continue to strengthen customer relationships via a high level of service and commitment to developing customers' businesses.



Focus on high cost-efficiency throughout operations.

Business model

Wihlborgs has a growth-based business model that rests on two pillars: property management and project management. This business model entails that Wihlborgs continuously works to enhance its property portfolio by:



Managing the property portfolio with our own personnel to assure a focus on high cost-efficiency and a high occupancy rate. By being a market leader in each sub-market, the business model can be developed and strengthened.



Starting new projects and new builds, and acquiring, adding value and selling properties.

Factors driving the value of this business model include Wihlborgs' property portfolio, which encompasses a range of modern properties that are attractive for existing and potential tenants to operate in. By offering modern and flexible premises and the possibility to grow within Wihlborgs' portfolio, we enable growth at the companies that choose to be our tenants. To have an attractive offering, we must actively develop and add value to existing properties in the form of redevelopment and extension, as well as acquire new properties. We are able to create considerable property value by way of both new builds and redevelopment

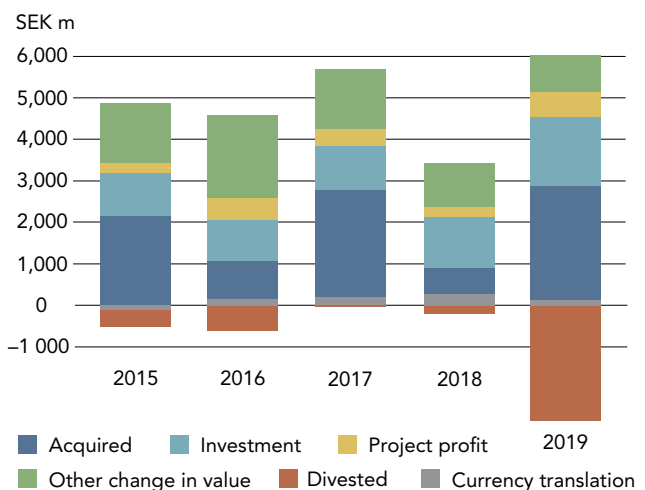
and extension, but also by actively participating in the development of city districts and cities. Appealing urban environments foster attractiveness that also contributes to the overall value.

Prior to each project start, a thorough analysis is conducted of the market conditions, the project's scope and the timing of the construction start.

Outcome 2019

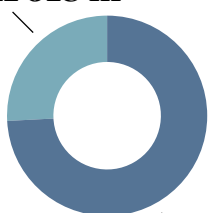
For 2019, Wihlborgs recognised income from property management of SEK 1,775 million (1,406). This increase in income from property management is largely due to strong net lettings, consistently strong cost controls, a lower cost of capital and major acquisitions such as Nya Vattentorget 2 and 4 in Lund and Hermes 10 and 16 in Helsingborg, with a total of some 100,000 m² lettable area. During the year, project development generated value growth of SEK 618 million (243). Wihlborgs has a strong project portfolio and this will prove significant in terms of our development in the future.

Property value trend 2015–2019



Business model Outcome 2019

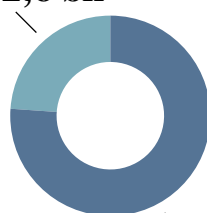
Project development
SEK 618 m



SEK 1,775 m
Property management

Business model Outcome 2015–2019

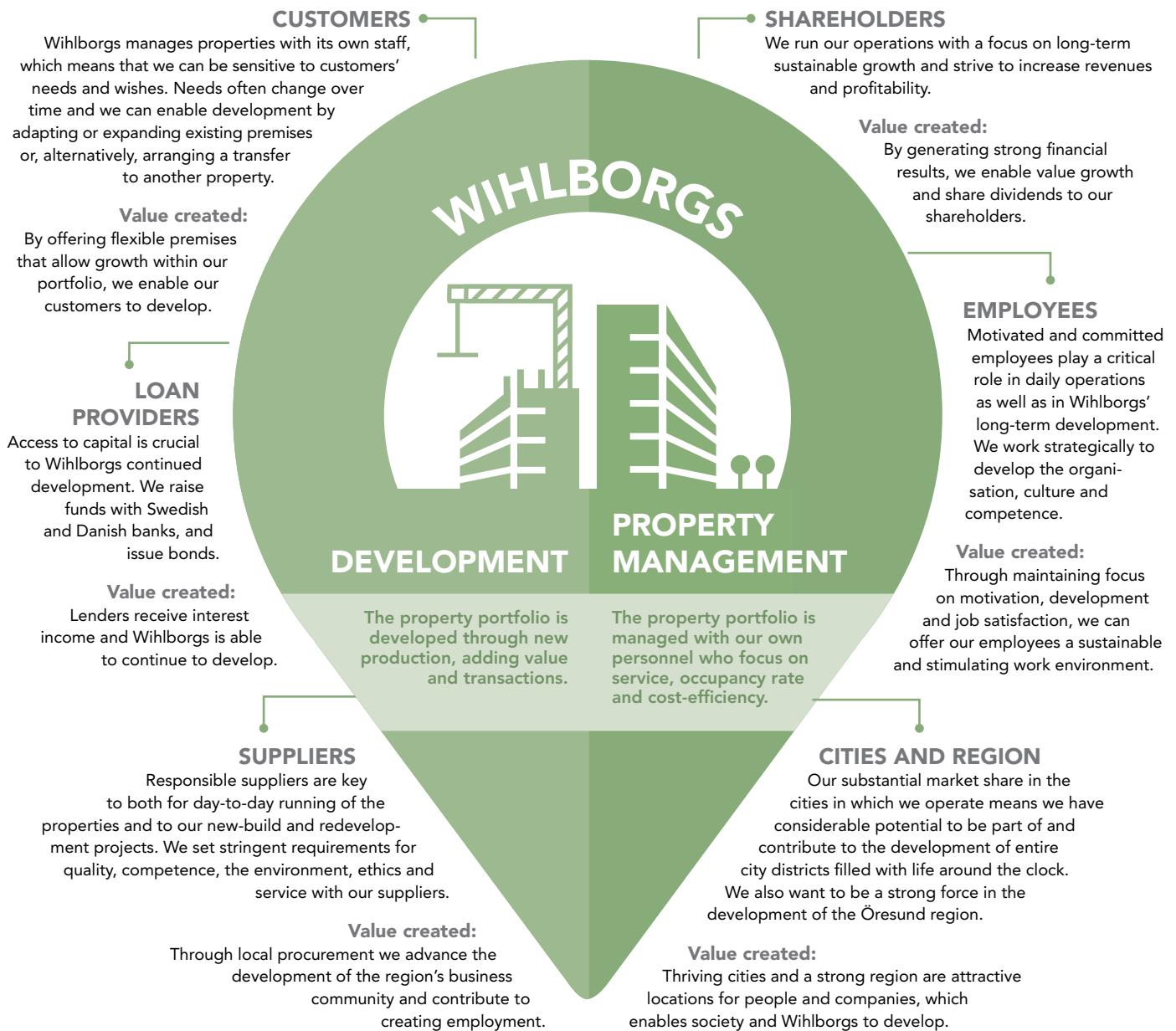
Project development
SEK 2,0 bn



SEK 6,4 bn
Property management

Business model and value drivers

Long-term approach. This is an ambitious concept, that shows our stable and enduring commitment irrespective of the direction the winds choose to blow. For Wihlborgs, our long-term approach is a keystone of our management and development of properties as well as of all our relationships. Our business model for long-term sustainable growth creates possibilities and progress for ourselves, our tenants and the entire Öresund region.



Financial targets

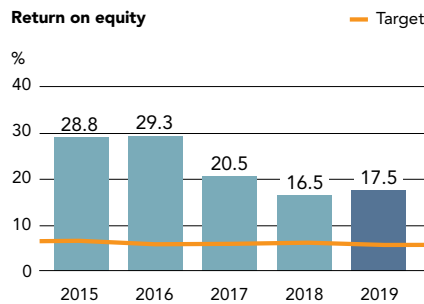
Target

Return on equity

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

Outcome

Return on equity



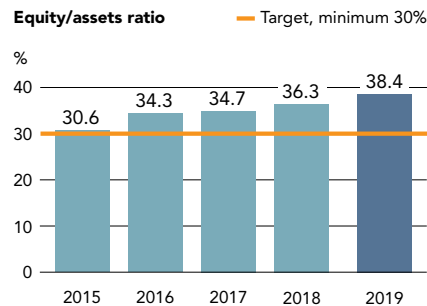
Notes

Return on equity amounted to 17.5 percent in 2019, thereby exceeding the target of achieving six percentage points above the risk-free interest rate by a considerable margin. The average interest rate on a five-year government bond was -0.35 percent, which led to a target of 5.65 percent for 2019. This strong outcome was influenced by substantial positive changes in property values.

Equity/assets ratio

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

Equity/assets ratio

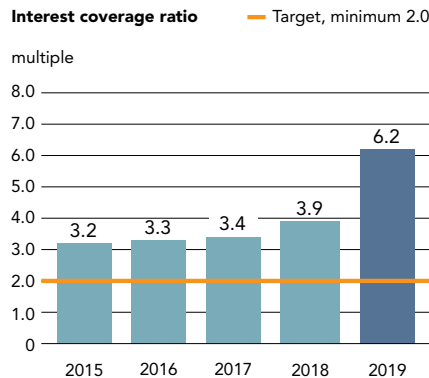


At year end, the equity/assets ratio amounted to 38.4 percent. Despite higher borrowings, the strong results led to an improvement in the equity/assets ratio.

Interest coverage ratio

An interest coverage ratio of no less than 2.0.

Interest coverage ratio

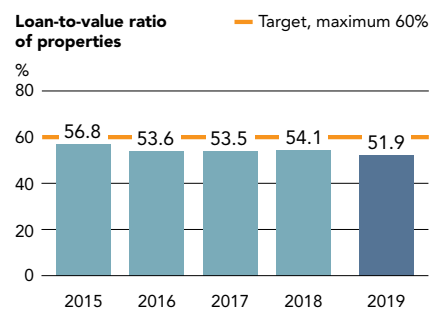


The interest coverage ratio was a multiple of 6.2 in 2019, which is stronger than in 2018. Income from property management increased while interest expenses fell, despite growing borrowings. The average interest-rate level declined during the year, notably following the restructuring of the interest-rate derivative portfolio conducted during the fourth quarter of 2018.

Loan-to-value ratio

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

Loan-to-value ratio of properties



At the end of 2019, the loan-to-value ratio totalled 51.9 percent. A combination of increased income from property management and positive changes in the value of properties led to the loan-to-value ratio being considerably lower than the target of a maximum of 60 percent.

Overall business targets

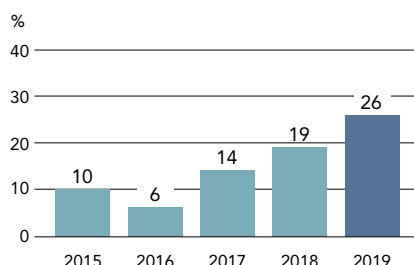
Target

Income from property management

Income from property management is an important gauge of how we are developing our operations, as it reflects the cash flow generated by our operational activities to a great extent. The goal is to have stable annual growth in income from property management to be able to finance our project investments and increase the dividend distributed to our shareholders.

Outcome

Income from property management



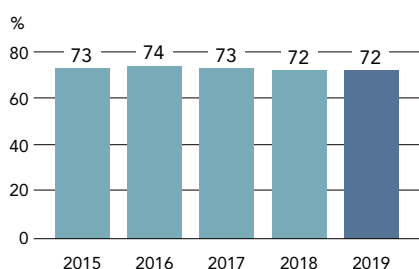
Notes

Growth in income from property management totalled 26 percent in 2019. Lower interest expenses combined with a higher operating surplus contributed to this strong growth.

Surplus ratio

Property management is the core of our operations. The efficiency of our property management can be measured using the surplus ratio, that is, the operating surplus in relation to rental income. We will maintain a high surplus ratio by focusing on rental income, vacancy levels and cost-efficiency.

Surplus ratio

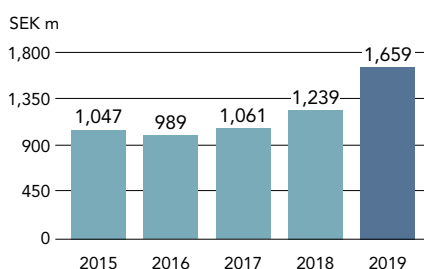


The surplus ratio was 72 percent in 2019. An increase in service income together with an increase in property tax had a negative impact on the surplus ratio.

Project investments

Project investments create value for Wihlborgs through both potential profits and by providing the conditions for higher rental income over time. Wihlborgs will monitor market conditions in order to continuously invest in new projects that will yield healthy returns.

Project investments



Project investments totalled SEK 1,659 million in 2019. Several major projects were completed during the year, but the project volume remains considerable.



All employees are invited to an annual kick-off that aims to strengthen our community, provide new knowledge and offer an opportunity to get to know colleagues from other functions better.

Sustainable business targets

Target

Customers' willingness to recommend

Having satisfied customers creates the conditions for long-term business relationships and can provide us with great ambassadors. An important gauge of customer satisfaction is the willingness to recommend. The target is for at least 75 percent of customers to say they could consider "recommending or highly recommending" Wihlborgs to a colleague or business associate.

Committed employees

Our employees are one of our most vital resources. Our committed and competent employees mean we are able to maintain a high level of quality and focus on customers in our operations. Our target is to obtain a Trust Index of at least 85 percent according to Great Place to Work's measurement methodology. The Trust Index is a gauge of employees' perceptions of trust, pride and friendship at the workplace.

Commitment to the region and its community

As a region-builder, Wihlborgs contributes to the development of the region in multiple ways, including by supporting initiatives focusing on work, education, inclusiveness, diversity and regional development. Through our sponsorships we prioritise endeavours which have some form of community focus. The target is for a majority of our investments in sponsorship activities to be directly connected to societal commitment or other forms of community involvement by the end of 2022.

Environmental certification

Wihlborgs is continually focused on reducing its environmental impact and developing properties with a strong environmental performance and a positive work environment. Environmental certification is one way to measure these efforts. The target is to annually increase the number of environmentally certified properties and to see 80 percent of Wihlborgs' office buildings in Sweden environmentally certified by the end of 2022. The long-term target is for 100 percent of our properties within the Group to be environmentally certified.

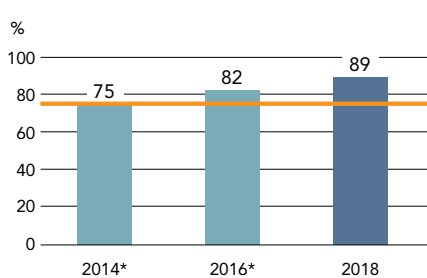
Climate impact

The greatest environmental challenge we face is how we contribute to reducing the climate impact of our operations. Wihlborgs' environmental vision is to continue expanding, while reducing our environmental impact. One of the targets linked to this vision is for Wihlborgs' CO₂ emissions in Scope 1–2* to fall below 1.5 kg CO₂ equivalents per square metre by the end of 2022.

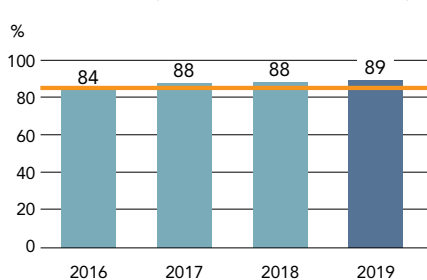
*Scope 1–2 refers to direct emissions from proprietary operations and indirect emissions from purchased energy.

Outcome

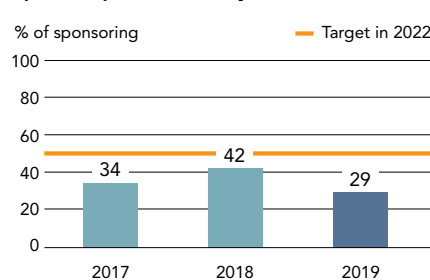
Customers' willingness to recommend



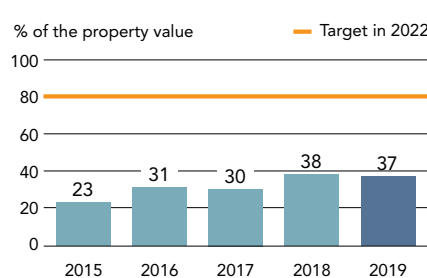
Committed employees (Trust Index®)



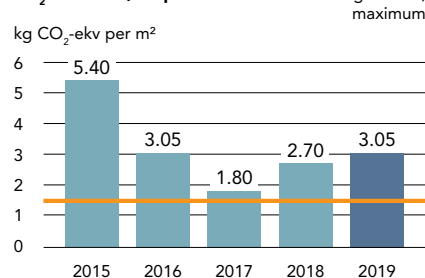
Sponsorship with community orientation



Environmentally certified buildings, offices, Sweden



CO₂ emissions, scope 1–2



Notes

Willingness to recommend is measured in the customer survey conducted every other year. The latest survey was carried out in 2018 and indicated that 89 percent of customers would consider recommending or highly recommending Wihlborgs. The next survey will be carried out in 2020.

*The results for 2014 and 2016 refer exclusively to Wihlborgs in Sweden. The figure for 2018 refers to the Group.

Employee commitment is measured each year by the employee survey that we conduct together with Great Place To Work. In the 2019 survey, Wihlborgs had an average Trust Index of 89 percent.

First year of the survey: 2016.

Our sponsorship activities encompass various, and sometimes several, purposes. The majority are aimed at societal commitment or other forms of community involvement, but we also have several larger sponsorships that focus on the business network. The share of sponsorship with community involvement decreased in 2019 due to our involvement in the Swedish Open tennis championship in Båstad entailed a larger contribution to enable the continuation of women's tennis over the tennis weeks. We do not categorise this as community focused sponsorship.

By the end of 2019, our environmentally certified properties accounted for 37 percent of the property value of our office buildings in Sweden. All three new-build projects completed during the year were certified to SGBC Gold standard. In the case of existing properties, work will begin on certification as soon as the Sweden Green Building Council launches the new certification system Miljöbyggnad iDrift (SGBC In-Use), which is expected in spring 2020.

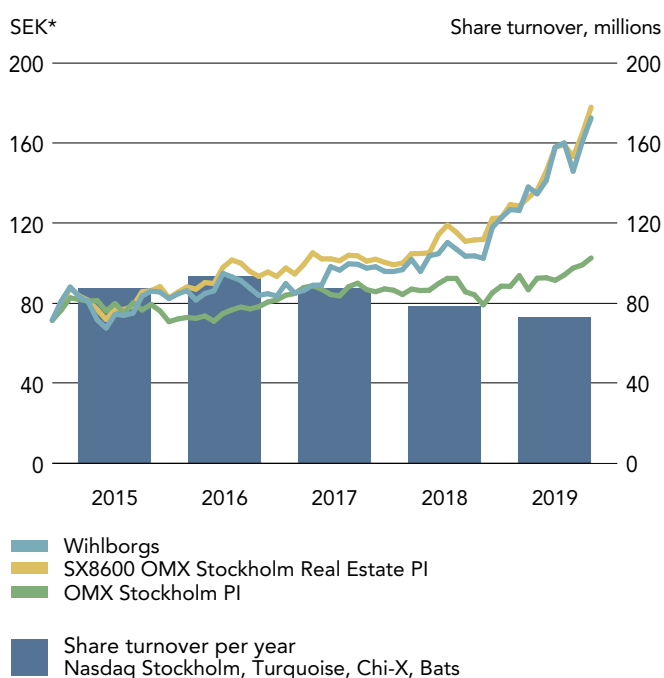
Our climate emissions in scopes 1 and 2 amounted to 3.05 kg per square metre in 2019. The increase over the past few years is mainly due to the fact that we expanded our property portfolio in Denmark considerably, and the transition to renewable energy there has not been as fast as in Sweden. In terms of 2019, some of this increase can be explained by a change in the calculations as we gradually adapt our reporting to the international Greenhouse Gas Protocol (GHG) standard.

The Wihlborgs share

The Wihlborgs share is listed in the Real Estate sector of the Large Cap segment of Nasdaq Stockholm. Wihlborgs was floated on the stock exchange in 2005 following a spin-off from Fabege. Since then, a two-for-one share split has been carried out on three occasions, the most recent of which was carried out in 2018. Each time, one old share has been replaced with two new shares.

Share price performance

Development of share price, 2015–2019



*An adjustment has been made to reflect the two-for-one share split carried out in May 2018.

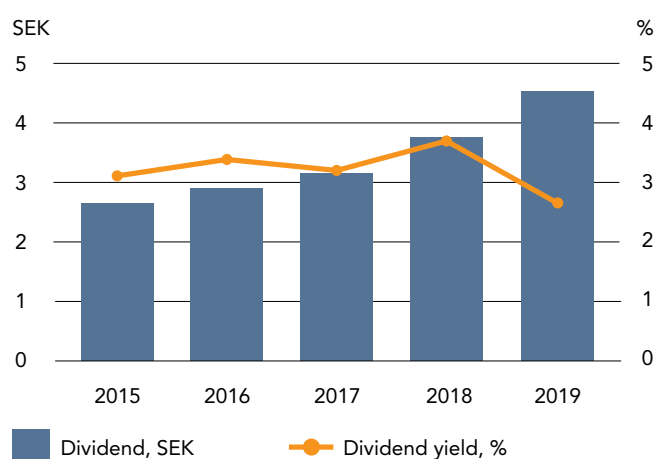
2019 dividend

Wihlborgs' dividend policy is based in part on distributing a proportion of the earnings generated by property management and in part on distributing realised gains from property upgrades. In both cases, a deduction is made for tax at a standard rate of 21.4 percent.

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

The Board proposes a dividend of SEK 4.50 (3.75) for 2019. This corresponds to a dividend yield of 2.6 percent based on the year-end market price. Provided that the AGM adopts the Board's proposed dividend of SEK 4.50 and that the record date is set for 30 April, the dividend will be distributed on 6 May 2020. The shares will then be traded, including dividend, up to and including the day of the AGM, Tuesday, 28 April 2020.

Dividend/share and dividend yield



Wihlborgs – a long-term participant with strong profitability

A profitable company

Wihlborgs has had strong and stable profitability growth for many years. This is due to such factors as cost-efficiency and a continuous focus on increasing the operating surplus and income from property management. Cash flow has also seen stable increases over time.

Strong financial position

Wihlborgs has a strong operating profit relative to borrowings. Interest-rate sensitivity is low as a result of a combination of floating interest rates and interest-rate derivatives.

Value increases

For a long time, Wihlborgs has demonstrated a strong and stable rise in its property values. The value of the property portfolio is dominated by modern, flexible properties in prime locations and is constantly improved through acquisitions and sales. Wihlborgs also has an attractive portfolio of projects that are in progress or planned.

An attractive region

Wihlborgs operates in a region with strong population growth and increasing employment. Investments in research, education and infrastructure benefit the development of enterprise in the region.

Concentrated property portfolio

Wihlborgs is the market leader in Malmö, Lund and Helsingborg. In Copenhagen we are one of the seven largest commercial property owners. The properties are located in selected, stable sub-markets that provide growth and development potential. We have an attractive mix of tenants and a high occupancy rate over time.

Commitment to the region

Wihlborgs is a local player that knows the market well, as the properties are managed by the company's own staff. A high level of service and strong customer focus create long-term relationships with the tenants. Wihlborgs also works actively to ensure the long-term, sustainable development of the Öresund region.

Ownership structure

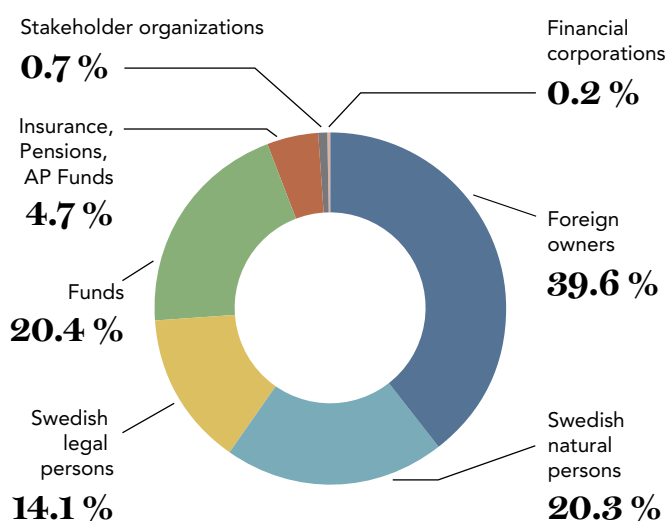
At the end of 2019, the ten largest shareholders in Wihlborgs owned 33 percent of the total number of shares. The number of shareholders was 26,634, up around 2,200 year-on-year.

The number of foreign shareholders was 40 percent, which is a decrease of 3 percentage points year-on-year. Of foreign ownership, the US accounted for 51 percent, the UK for 22 percent, Luxembourg for 8 percent, Belgium for 4 percent and France for 4 percent.



A large number of employees are present at Wihlborgs' annual general meeting to meet shareholders and explain more about our operations and development.

Ownership structure

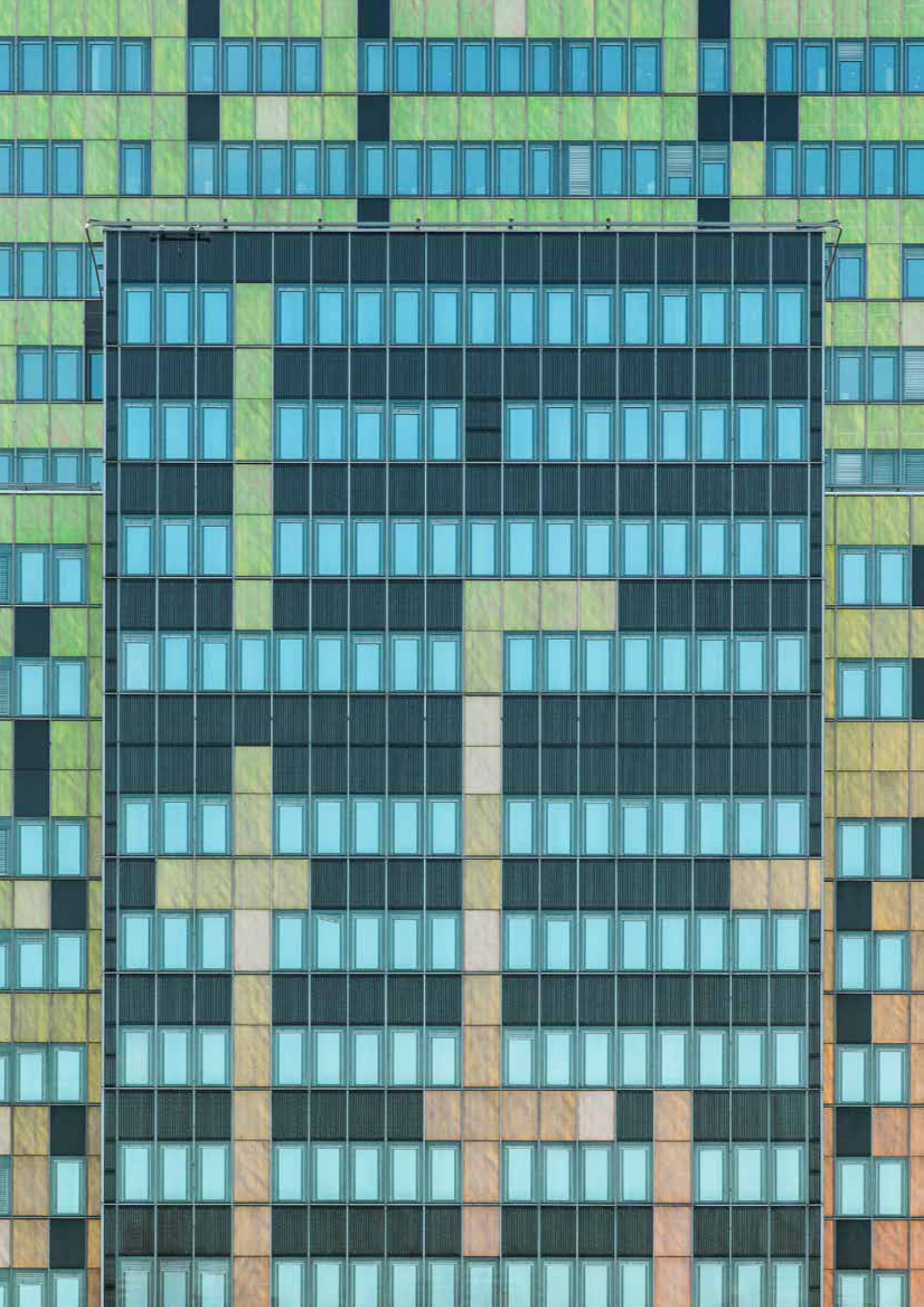


Largest shareholders in Wihlborgs at 31 December 2019

Shareholders	No. of shares, thousand	Share of capital and votes, %
Erik Paulsson and family, privately and through companies	15,766	10.3
SEB Investment Management	11,306	7.4
Länsförsäkringar Fondförvaltning	7,479	4.9
Norges Bank	4,072	2.6
Qviberg family	3,977	2.6
ODIN funds	1,843	1.2
Swedbank Robur funds	1,821	1.2
Handelsbanken Funds	1,784	1.2
The Fourth Swedish National Pension Fund (AP4)	1,753	1.1
Tibia Konsult AB	1,625	1.1
Other shareholders registered in Sweden	47,286	30.7
Other shareholders registered abroad	55,001	35.7
Total number of shares outstanding	153,713	100.0

Share/Key metrics ¹	2019	2018	2017	2016	2015
Share price at year end, SEK	172.50	102.40	98.15	84.70	85.50
Change in share price during the year, %	68.6	4.3	15.9	-0.9	19.8
Earnings per share, SEK	19.02	15.63	16.71	19.36	14.82
EPRA EPS, SEK	10.53	8.06	6.84	6.77	6.3
P/E ratio I, multiple	9.1	6.6	5.9	4.4	5.8
P/E ratio II, multiple	16.4	12.7	14.4	12.5	13.6
EPRA NAV per share, SEK	140.20	122.64	114.00	97.38	77.77
Dividend per share, SEK (2019 = proposed dividend)	4.50	3.75	3.13	2.88	2.63
Dividend yield per share, %	2.6	3.7	3.2	3.4	3.1
Total yield per share, %	72.1	7.5	19.3	2.1	23.1
Number of shares at year end, thousand	153,713	153,713	153,713	153,713	153,713
Average number of shares, thousand	153,713	153,713	153,713	153,713	153,713

¹ An adjustment has been made to reflect the two-for-one share split carried out in May 2018. For definitions of key metrics, see pages 120–121.



Our operations

Room for more new opportunities

It is often said that society needs more people to take their responsibility as adults; more people to look beyond the obvious, who not only see their own interests, but act maturely and sensibly for the greater good. For a parent, the reward comes from seeing their children grow up to become independent, responsible individuals. For Wihlborgs, it is the privilege of being involved and having an impact – creating the space for new opportunities, not just for ourselves, but for the society of which we are a part. As a leading property company, we want to take responsibility for creating long-term, sustainable development in the region. Because that benefits us all.



Market overview

The attractive Öresund region

The Öresund region is continuing to grow. There are currently some 4 million inhabitants, many of whom are young and well educated, here in the Nordic region's most densely populated metropolitan area. Combined with a dynamic business community, this makes the region an attractive market, and to Wihlborgs it seems obvious that we will continue to grow and develop here. It is also self-evident to us that we should play a part in developing the region.

The term "Öresund region" was established in conjunction with the construction of the Öresund Bridge, which connects Sweden and Denmark, in the late 1990s. The Öresund region is a physically cohesive labour market region, which is a prerequisite for growth. The construction of the Öresund Bridge strengthened the road network, and subsequently rail traffic has continued to develop on both sides of the Öresund strait, with developments including the opening of the City Tunnel in 2010 that links Malmö with the Öresund Bridge, and connecting the railway network in Skåne as well as increasing rail traffic capacity.

Several new Pågatåg commuter train lines have opened over the past few years, for example the Trelleborg-Malmö line. In Malmö itself, passenger trains have begun operating on the Continental Line that serves as a loop. In 2020, the Lomma line will open up for passenger traffic and tram traffic will begin operating in Lund. An expansion of the Southern Main Line to provide

a quadruple-track line is under way between Malmö and Lund, with completion expected in 2024. This expansion is extremely significant as the Southern Main Line is the core of the Skåne railway network, and the Malmö-Lund route does not currently have the capacity for increasing rail traffic.

Investments in infrastructure are also continuing on the Danish side. The City Circle Line began operating in 2019 there, and by 2025 the outlying areas of Greater Copenhagen are expected to be connected with the Ring 3 Light rail. In 2019, construction started on the Danish side of the Fehmarn Belt connection, which on completion in 2028, will make it possible to travel by car or train between Malmö and Hamburg in three hours.

Analyses of the need for further fixed connections over the Öresund are currently being conducted. In 2020, Copenhagen Municipality and the City of Malmö will present an inquiry highlighting the need for – and opportunities linked to – the establishment of a metro connection between the cities. This analysis will be presented in September. December 2020 will see the completion of the Interreg project, which involves a strategic analysis of a fixed connection between Helsingborg and Helsingør.

Copenhagen Airport is the Nordic region's largest airport and is naturally of vital importance for the business community and establishment of companies in the region. An extension is under way, which when complete will increase capacity from 30 to almost 40 million passengers per year.

High quality infrastructure has contributed to the major investments in world-class research facilities in the region. Operations are in full swing at MAX IV, the world's most powerful synchrotron-light facility, and the construction of ESS – a unique materials research facility based on the world's most powerful neutron source – is under way.

Öresund collaboration

The Greater Copenhagen Committee is a political collaboration between the 85 municipalities and four regions, with primary focus on working towards a sustainable and integrated region, including a cohesive labour market. They work to influence laws and border-related obstacles that are deemed to hinder growth. STRING is another example of a political collaboration between regions and cities from Hamburg in the south to Oslo in the north. STRING drives development in areas such as infrastructure, sustainable growth, the labour market, research and tourism throughout the region. The aim is to promote development and growth in that entire geographical area.

Collaboration in the Öresund region consists to a large extent of local participants, but even on a national level there are participants who influence development in the region, for instance the Nordic Council, the Nordic Council of Ministers, the Freedom of Movement Council, ambassadors and ministers for collaboration.

Öresundmetro Executive, Öresundsinstytutet and Medicon Valley Alliance are all examples of different network organisations. Within the academic world, we can mention the major European collaboration ESS, or European Spallation Source, and the Centre for Öresund Region Studies, which gathers researchers to examine issues linked to that region.

There are also collaborations in the cultural world. Malmö and Copenhagen will jointly arrange the giant World Pride event and EuroGames 2021, for example.

The rental and property market

There has been strong growth in the Öresund region as well as a positive employment trend. Wihlborgs posted record-high net lettings for 2019; not least in Malmö, one of the engines of the Öresund region, where growth has been strong. Demand is robust for efficient, modern office premises in locations with strong public transport links. Malmö is continuing to attract new headquarters; both Länsförsäkringar Skåne and Diaverum are moving their headquarters to Malmö. The Swedish Tax Agency is establishing a brand-new IT unit in Malmö and needs to recruit some 70 new employees. The move of a large number of the Ikea group's functions to Malmö has had major significance for this development. Between 2017 and 2020, the number of employees in Malmö at Inter Ikea, Ingka and Ikano increased by 1,400 people and in February 2020 the company had a total of 4,200 employees in Malmö, including the Ikea store.

2019 was the strongest transaction year to date in the Swedish property market. According to Newsec, the total transaction volume was slightly more than SEK 218 billion, measured in transactions over SEK 40 million, up SEK 17 billion on the previous record year from 2016. The average transaction size amounted to almost SEK 500 million, an increase of 27 percent. A record number of billion-size transactions were recorded, 42 in total, as well as a number of major portfolio and structural transactions. Nyfosa acquired large parts of Randviken's portfolio for SEK 4.2 billion, while Vonovia followed up last year's acquisition of Victoria Park with the acquisition of Hembla, and SBB made a bid for Hemfosa.

Volatile stock markets coupled with the difficulty of achieving

adequate returns on capital has resulted in increased demand, since generally properties can still generate healthy returns. International interest continued to rise. The number of foreign investors amounted to 30 percent in 2019. The Swedish property market is one of the world's most liquid and property transactions in Sweden are perceived as relatively simple. The country is perceived as stable and predictable, be it economically, politically or legally.

New participants have made inroads into the Swedish property market and, in 2019, there was much discussion about Korean capital showing considerable interest in the Nordic region. In late 2018, AIP Asset Management acquired Novo Nordisk's headquarters in Denmark, while in 2019 Korean capital acquired its first property in Sweden through GLL Real Estate Partners' purchase of Bråviken's logistics properties for SEK 1.8 billion. Japanese Mitsubishi Estate also made its first acquisition in Sweden together with NCAP via Europa Capital.

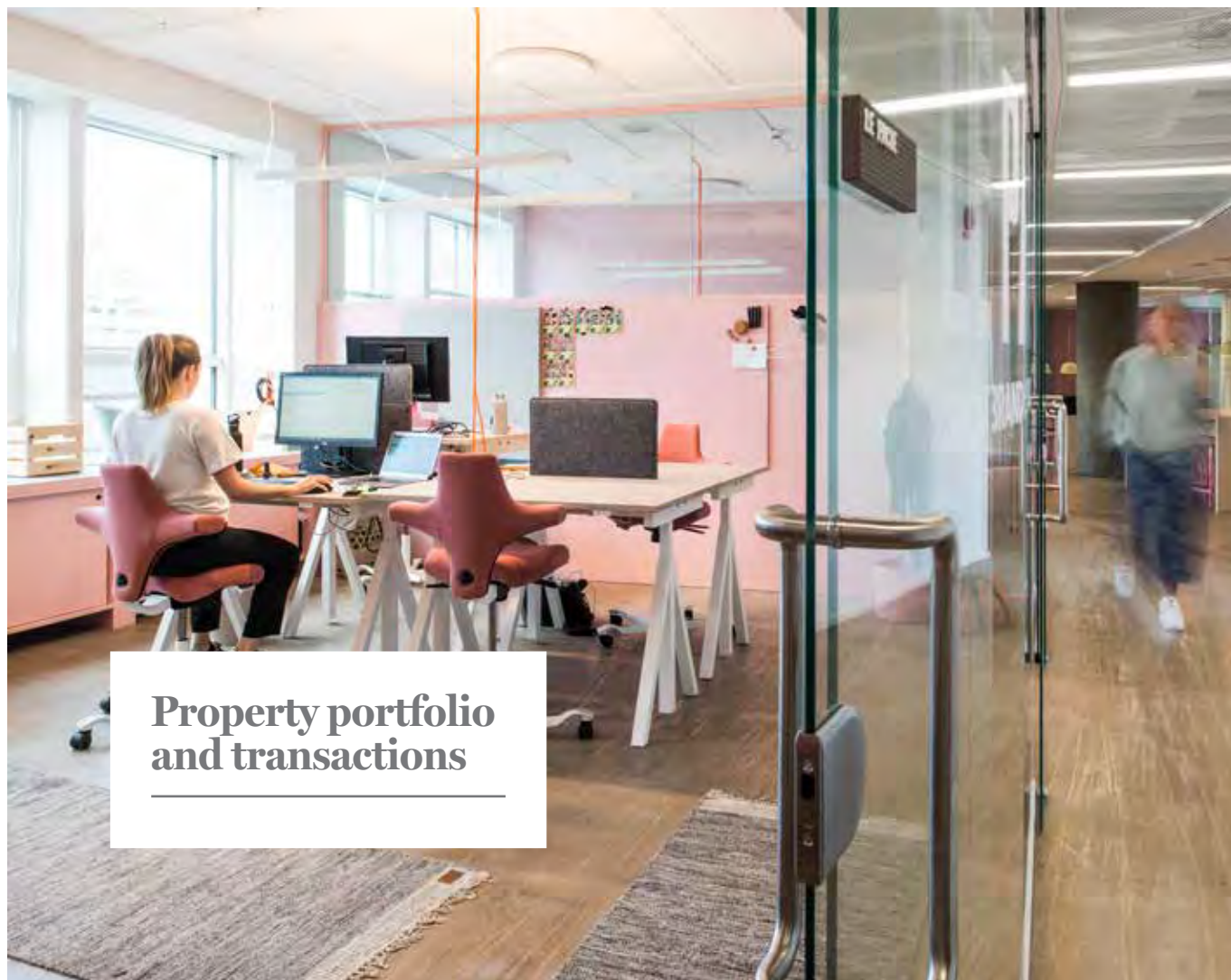
Warehousing, light industry and logistics proved to be record-hot segments in 2019. Corem sold a portfolio of 30 logistics properties for SEK 4.2 billion to Blackstone, while Alecta/Bocksjö sold 11 logistics properties for SEK 3.8 billion to Prologis. In early 2019, NRP's sale of 8 logistics properties in Sweden and Denmark was completed for some SEK 4 billion, of which around SEK 3.5 billion was thought to involve Swedish properties. The buyers were Allianz and CBRE GIP.

Political stability, economic growth and the mortgage-credit system in Denmark all contribute to the perceived stability of the Danish property market. International interest in investment in the Danish property market has therefore strengthened and international investors accounted for about half of the transaction volume. Demand for properties outstrips supply, which resulted in transaction volumes declining 26 percent in 2019 to DKK 55.1 billion compared to DKK 75 billion in 2018. The property transaction market in Denmark is largely concentrated in the Copenhagen area and housing remains the hottest segment.

Sources: Öresundsinstytutet, Newsec, Fastighetsvärlden



The Svea 7 property is located right opposite Helsingborg Central Station. To contribute to a vibrant urban environment and to show off the building's beautiful facade, lighting has been installed that lights up the building during the evening.



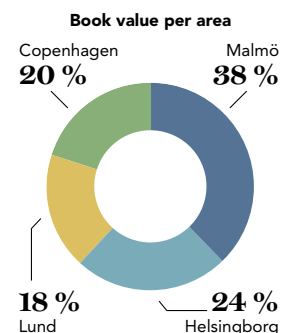
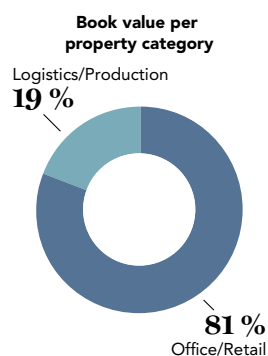
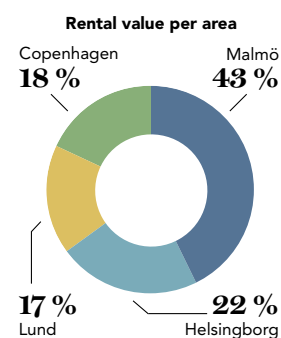
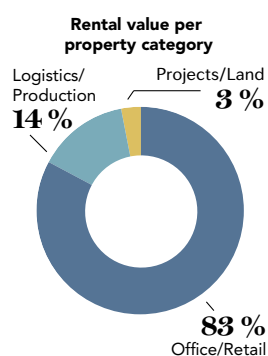
Since 2005, Wihlborgs' property value has increased from SEK 7.2 billion to SEK 45.5 billion at the end of 2019. Our business model is based on growth, and our growth and development is ensured by upgrading properties, new-build projects and acquiring new properties. By expanding our property portfolio, we enhance our ability to meet the needs and requirements of existing and new tenants.

We also want to be an active and significant participant in the dynamic and sustainable development of the Öresund region. Read more about this in the Sustainable business section on pages 60–73.

Property portfolio

Wihlborgs' property portfolio consists of commercial properties located in selected sub-markets in Malmö, Helsingborg, Lund and Copenhagen. By creating a concentrated portfolio and a clear cluster strategy, we are able to ensure cost-effective property management with a high level of service and proximity to customers, which means we can quickly detect any changing needs they have.

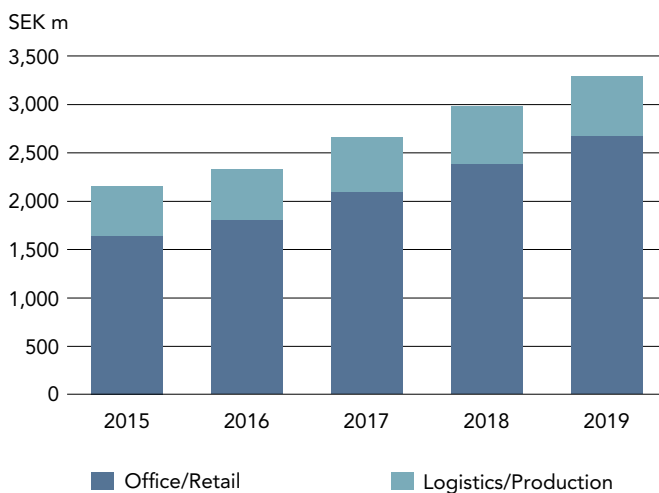
At 31 December 2019, the property portfolio consisted of 312 properties, including ten leasehold properties, with a total lettable area of around 2,181,000 m². The carrying amount totalled SEK 45,519 million.



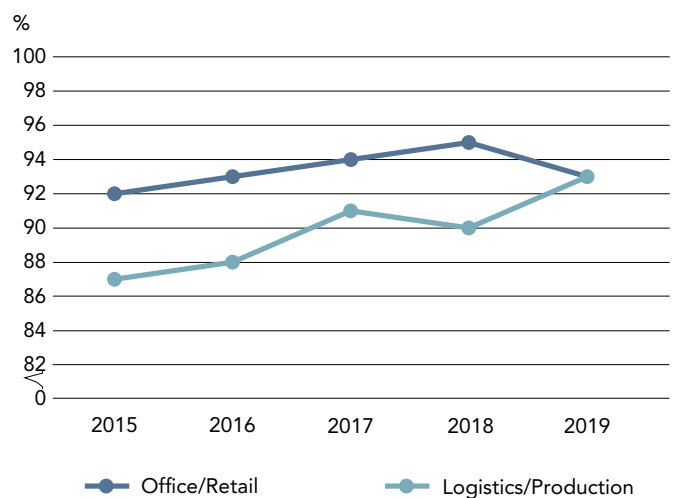
Analysis per property category in each management area

Area/property category	No. of properties	Area, thousand m ²	Carrying amount, SEK m	Rental value, SEK m	Rental value, SEK/m ²	Economic occupancy rate, %	Rental income, SEK m	Operating surplus incl. property mgmt, SEK m	Surplus ratio, %	Operating surplus excl. property mgmt, SEK m	Yield excl. property mgmt, %
MALMÖ											
Office/Retail	51	450	16,500	1,017	2,259	95	963	737	76	767	4.6
Logistics/Production	47	245	2,487	226	920	95	215	162	75	174	7.0
Projects & Land	21	15	760	2	146	–	2	1	–	1	–
Total, Malmö	119	711	19,747	1,245	1,751	95	1,180	899	76	942	4.8
HELSINGBORG											
Office/Retail	31	231	6,320	456	1,972	94	429	326	76	338	5.4
Logistics/Production	62	373	3,225	330	886	91	300	219	73	235	7.3
Projects & Land	12	–	509	0	–	–	–	-1	–	-1	–
Total, Helsingborg	105	604	10,054	787	1,302	93	729	543	75	573	5.7
LUND											
Office/Retail	26	245	7,514	577	2,350	92	530	373	70	416	5.5
Logistics/Production	4	23	197	18	804	99	18	14	80	15	7.7
Projects & Land	3	–	115	–	–	–	–	0	–	0	–
Total, Lund	33	268	7,826	595	2,219	92	548	387	71	432	5.5
COPENHAGEN											
Office/Retail	46	545	7,290	617	1,132	91	560	352	63	378	5.2
Logistics/Production	8	54	581	47	872	90	42	32	75	33	5.7
Projects & Land	1	–	21	–	–	–	–	0	–	0	–
Total, Copenhagen	55	598	7,892	664	1,109	91	602	384	64	411	5.2
Total, Wihlborgs	312	2,181	45,519	3,290	1,508	93	3,059	2,214	72	2,358	5.2
Total, excluding Projects & Land	275	2,166	44,115	3,288	1,518	93	3,057	2,214	72	2,357	5.3

Development of rental value



Development of occupancy rate



Rental value and occupancy rate

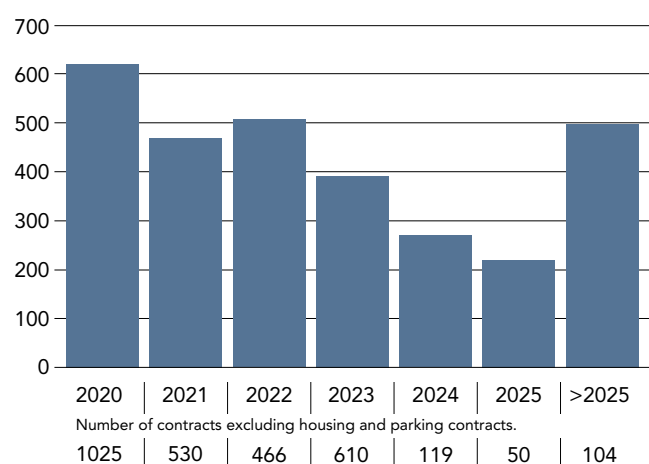
Wihlborgs' rental value amounted to SEK 3,290 million on 1 January 2020. The estimated rental value of vacant premises corresponded to SEK 231 million.

The economic occupancy rate for the entire property portfolio, including the project portfolio, was 93 percent. When divided up geographically, Malmö was at 95 percent, Helsingborg 93 percent, Lund 92 percent and Copenhagen 91 percent.

Divided up by property category, the economic occupancy rate was 93 percent for offices/retail and the same for logistics/production.

Terms of Wihlborgs leases on 1 January 2020

Annual rental value, SEK m



Rental income

Net lettings amounted to SEK 95 million (85) in 2019. Wihlborgs' annualised contractual rental income on 1 January 2020 was SEK 3,059 million. This includes additional rental charges such as property tax, heating and electricity that are passed on to tenants. Rental income from like-for-like portfolios was 3.2 percent higher year-on-year.

At year end, Wihlborgs had about 2,904 commercial lease agreements with contractual rental income totalling SEK 2,967 million and an average term of 3.8 years. Rental income pertaining to contracts for parking places, land, housing, etc. amounted to SEK 91 million.

Leases with a term of three years or more are normally subject to an annual rent adjustment based on changes in the consumer price index or a fixed percentage increase. Annualised rental income from Wihlborgs' ten largest tenants totalled SEK 605 million, corresponding to 20 percent of contractual rental income.

Property costs

Wihlborgs' property costs are divided among operations, repairs, management, property tax and property management. The cost distribution is presented in Note 5 on page 103. Wihlborgs focuses extensively on efficient management and works together with its tenants to reduce operating costs. A major portion of these are charged to tenants in addition to their rental charges.

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

Property tax in 2019 amounted to 1 percent of the tax assessment value for commercial rental properties, 0.5 percent for industrial properties and 0.4 percent for development rights. Special-purpose properties such as schools and health care centres are not charged property tax. The tax assessment value for Wihlborgs' property portfolio in Sweden at 31 December 2019 totalled SEK 12,168 million, while the Group's property tax for 2019 amounted to SEK 199 million. Of this, SEK 141 million was passed on to tenants through additional rental charges.

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



In April, Wihlborgs purchased the Hermes 10 and 16 properties, also known as Tretornfabriken, in Helsingborg. The properties encompass 51,000 m², and tenants include Lund University, Ikea IT, WSP, Capgemini and Mindpark.

Investments

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

In 2019, SEK 1,659 million (1,239) was invested in redevelopment, extensions and new builds. For a more detailed description of project activities, see pages 54–59.

Acquisitions and sales

2019 was a record year in terms of transactions for Wihlborgs, as we implemented three billion-size transactions. Acquisitions amounted to SEK 2,881 million, while sales totalled SEK 2,764 million and net acquisitions SEK 117 million (705).

We started the year strongly with the acquisition of Nya Vattentornet 2 and 4 at Ideon/Brunnshög in Lund from Vasakronan – an addition of 49,000 m² of lettable area. Wihlborgs is now the sole owner of the office properties in the eastern section of Ideon. The tenants include powerful companies such as Sony Mobile, Schneider Electric, Sigma Connectivity and others. Some 20 percent of the buildings were vacant upon acquisition, giving us potential for future development.

Another acquisition of the same size was Hermes 10 and 16, known previously as Tretornfabriken, in central Helsingborg that we purchased from Alecta. The lettable area amounts to 51,000 m², and its tenants include Lund University, Ikea IT, WSP, Capgemini and Mindpark.

We acquired land for project development in both Malmö and Helsingborg. In Malmö, we purchased Pulpeten 5 in Hyllie, which

will become our next new-build project in the area, while in Helsingborg we acquired Ursula 1, at which the Prisma project is in full swing and will be ready for occupancy in late 2020/early 2021.

These acquisitions have expanded our portfolio to include properties with future development potential, and we have thus freed up resources by selling the Landsdomaren 6 public-use property in Lund to Intea. The property is fully let on a long lease to Region Skåne, which operates adult psychiatry facilities at the premises.

Länsförsäkringar has been a tenant of the top six floors of Gängtappen 1 in Dockan since 2016. In 2019 they decided to move their head office to Malmö and that they should own the property in which their head office is located. As Länsförsäkringar appreciated the unique qualities offered by Dockan and Wihlborgs considered it positive for the area's development for more companies to opt to establish their head office here, we chose to sell the property to their property company, Länschem Skåne. This will enable Länsförsäkringar to continue its development in Dockan. The property was essentially fully let upon its sale.

In Denmark, we carried out a few supplementary acquisitions in Herlev and Ballerup, where we purchased two office properties encompassing 17,000 m². The tenants include Coor, Dansk Sundhedssikring, HP Elektronik and Bakholmen Auction. We also made a number of strategic divestments, all of which were linked to the housing market. The first sale was of Glentevej 61–65 and 67–69 – educational properties located in a development area dominated by housing. The properties have major potential to be converted into housing. Engvej 139 in Amager, which currently contains a preschool, was sold to Balder. There are plans to develop housing on the site. We have also sold the part of Munkeengen 4-20 in Hillerød, that comprises 76 owner apartments to Core Property Management.

Property acquisitions and sales

Acquisitions

Quarter	Property	Municipality	Management area	Category	Lettable area, m ²	Price, SEK m	Operating surplus 2019, SEK ^{m 1}
1	Nya Vattentornet 2	Lund	Lund Ideon	Office/Retail	24,000		
1	Nya Vattentornet 4	Lund	Lund Ideon	Office/Retail	25,000		
1	Ursula 1	Helsingborg	Central Helsingborg	Projects & Land	–		
1	Pulpeten 5	Malmö	Malmö City Centre South	Projects & Land	–		
2	Hermes 10	Helsingborg	Central Helsingborg	Office/Retail	51,000		
2	Hermes 16	Helsingborg	Central Helsingborg	Office/Retail	–		
3	Hörkaer 12	Copenhagen	East Copenhagen	Office/Retail	17,000		
3	Brydehusvej 30	Copenhagen	West Copenhagen	Office/Retail			
Total acquisitions, 2019					117,000	2,881	111

Sales

1	Glentevej 61–65	Copenhagen	East Copenhagen	Projects & Land	9,935		
1	Glentevej 67–69	Copenhagen	East Copenhagen	Office/Retail	8,490		
2	Landsdomaren 6	Lund	Lund C./Gastelyckan	Office/Retail	27,500		
4	Munkeengen 4–20 (part of)	Copenhagen	East Copenhagen	Office/Retail	7,040		
4	Gängtappen 1	Malmö	Malmö Dockan	Office/Retail	14,400		
4	Engvej 139	Copenhagen	East Copenhagen	Office/Retail	2,660		
Total sales, 2019					70,025	2,764	56

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

Helsingborg

604,000 m²

105
Properties

SEK 10.1 billion
Property value

Lund

268,000 m²

33
Properties

SEK 7.8 billion
Property value

Copenhagen

598,000 m²

55
Properties

SEK 7.9 billion
Property value

Malmö

711,000 m²

119
Properties

SEK 19.7 billion
Property value



Malmö

Properties: 119 | Value: SEK 19,700 million
Lettable area: 711,000 m²

Fastest growing major city

A whole new Malmö is unfolding. If an old dockyard worker from Kockums' boatyard were to wander along the quay at Dockan or Västra Hamnen, he would hardly be able to recognise it. Hopefully he would think the changes have been for the better, with run-down industrial areas being upgraded and injected with new life. Malmö's journey from an industrial city to a city of knowledge is leaving a positive mark everywhere, from the different urban landscape to all the new opportunities springing up.

In this modern, expansive Malmö, new spaces are constantly being created to make way for more companies and more housing for all the people being attracted to Sweden's fastest-growing major city. The investment by the city and the business community is ambitious: in the district of Nyhamnen alone, the plan is to create around 15,000 workplaces and up to 9,000 homes. Here, as in the other development areas of the city, a vibrant and green district is being planned where people can work and live their lives.

Rapid growth sometimes puts infrastructure to the test, but Malmö's investment in this area is also ambitious. Using the state's "major city package", the city is investing SEK 4 billion in the expansion and electrification of public transport. The Malmö-Expressen electric buses, which will start operating in 2021, will enjoy regular departures and a high level of accessibility thanks to having their own lanes. Malmö is also investing in the expansion of 50 kilometres of new cycle paths.

For those needing to travel to or from Malmö, there are excellent options thanks to a well-established road and public transport network. The Öresund Bridge, which for 20 years has helped shorten travel times to Denmark and beyond, is an obvious example. The Nordic region's largest airport, Copenhagen Airport, is just a 22-minute train journey from Malmö Central Station, and is currently being expanded to handle even greater passenger numbers. All of the investments in and around Malmö will also reinforce the city's status in the future as the largest demographic and economic engine on the Swedish side of the strait.

Market conditions

Malmö's strategic location at the heart of the Öresund region is highly significant for the business community and inhabitants. Many companies see the advantages of establishing in the middle of this expansive region with its more than 4 million inhabitants. 25 percent of Sweden and Denmark's combined population currently lives here. Malmö is also Sweden's youngest major city, with half of the city's 340,000 inhabitants under the age of 35.

With a highly educated population – 33 percent of the population has at least three years of post-secondary education – Malmö is well above the national average of 28 percent. Malmö University is the eighth largest higher education institution in the country, and with its 24,000 students the level of education is expected to rise, as many young people tend to want to stay in metropolitan areas after completing their studies. There are excellent conditions for supplying skills to the business community in Malmö; something rapidly growing service sectors such as the life sciences, gaming industry and IT sector have already realised.

The City of Malmö will continue its efforts to stimulate the local business community, including through its programme "A strong and sustainable business community". The programme aims to promote sustainable growth and create better conditions for establishing and running companies. The business climate is good and, in contrast to the country as a whole, Malmö has shown itself to have positive growth in the number of newly established companies for several years now.

The positive market conditions entail continued strong demand for commercial premises, both offices and industrial premises. Wahlborgs plays an active part in Malmö's urban development, including via ongoing projects in Hyllie and future projects in Nyhamnen. This way we can continue to strengthen our position and be an attractive choice for existing and new customers.

Although developments are positive in Malmö, the city is also facing major challenges linked to the growing population, such as skills supply, equality and self-sufficiency. According to statistics from Arbetsförmedlingen (Sweden's public employment agency), in December 2019, 7.9 percent of Malmö's residents were unemployed, compared with 5.3 percent in Skåne and 4.0 percent nationwide. The number of homeless Malmö residents is continuing to rise, while the number of residents requiring benefits to survive has fallen over several years. The increasing number of children is placing major demands on the expansion of schools and recruitment of staff to ensure quality.

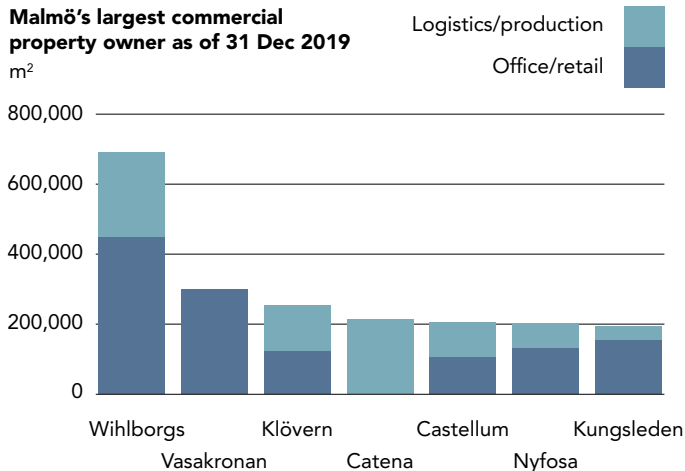
Contributing to development

As a leading actor in Malmö, Wihlborgs wants to help create positive development in several different areas. We achieve this by way of our core operations, whereby we develop positive and attractive urban environments, and by committing to long-term initiatives and partnerships that contribute to education, inclusiveness and diversity. For example, we are involved in Drivkraft Malmö, a collaboration between the City of Malmö and the business community to support students via mentorships and homework help. You can read more about Wihlborgs' societal commitment on pages 72–73. We also want to be part of influencing the construction and property sector in terms of its climate impact, and have therefore signed LFM30, Malmö's local roadmap to a climate-neutral construction sector in 2030.

Wihlborgs in Malmö

Wihlborgs is the largest commercial property owner in Malmö by a wide margin, with approximately 711,000 m² in its portfolio. The property value of our portfolio in Malmö amounts to SEK 19,747 million. Net lettings in Malmö amounted to SEK 66 million in 2019. Demand for offices is strong, with an economic occupancy rate of 95 percent. Demand for logistics/production is also relatively high, with an occupancy rate of 95 percent.

Malmö's largest commercial property owner as of 31 Dec 2019
m²



Malmö Dockan

Properties: 18 | Value: SEK 7,000 million
Lettable area: 149,000 m²

The property management area of Dockan includes the eastern part of Västra Hamnen. It was in this area that Kockums shipyard operated its shipbuilding business for a large part of the 20th century. Once the industrial era had ended, Dockan underwent a major transformation and is now an attractive and vibrant area of the city.

You can still sense the salt-drenched history of this area today at Dockan. The marine surroundings retain clear features from the shipbuilding years, but the boats bobbing around the quays today are much smaller. In the winter the bitter westerly wind howls in the masts of the sailboats, but this is more than compensated by the glittering sun on the sea in spring. Many

have made their home at Dockan, be they companies or residents.

In August 2019, Malmö University opened premises for police training in Kranen 2, where they are leasing 10,700 m² containing practice areas, shooting ranges and lecture halls.

Wihlborgs has worked to complement the restaurant offering in order to expand services in the area, and in 2019 a couple of new restaurants opened in Dockan.

Wihlborgs has several projects in the planning stage aiming to continue these developments in the area. One example is a potential new build at the Kranen 1 property, which thanks to its location by the Klaffbron bridge is able to offer a new, exciting entrance to Dockan. At Östra Varvsgatan, a property with building rights is under development where a potential option could be to combine a five-storey office building with a nursery on the ground floor.

Malmö City Centre North

Properties: 15 | Value: SEK 5,000 million
Lettable area: 129,000 m²

The City Centre North management area includes Nyhamnen and the area surrounding Malmö Central Station, as well as the city centre between Malmö Central Station and Södertull.



Some 70 people work at Wihlborgs' office in Gängtappen 1 in Dockan, Malmö. Here we can see property management trainees Frida Wahlberg and Emilia Johansson.

This is Malmö's old city centre with city and shopping areas such as Stortorget, Södra Förstadsgatan, Gustaf Adolfs torg and the expansive areas around Malmö Live. Here, as in many similar inner-city areas, developments are more focused on experiences and restaurants as a complement to retail.

Nyhamnen is one of Wihlborgs's most important development areas. The central plan was approved in December 2019 and work is now under way on the detailed development plan for the first projects at Smörkajen, where Wihlborgs is planning an office building with a GFA of some 10,000 m². There is also Slagthuset 1 in Nyhamnen, where the co-working company Mindpark has signed a lease for 1,300 m² along with the Swedish Internet Foundation's Goto 10 concept. The company Soft-house has also signed a lease for 1,100 m² in the same property.

The Erik Menved 37 property in the Caroli block is currently undergoing extensive development work. In 2019, Academic Work signed a lease for 1,500 m², while Invoice Finance, Core Service Management and Region Skåne all signed leases for 900 m² each.

S:t Jörgen 21 (Baltzar City) is an office and commercial block in a top location in Malmö city. Several new tenants moved into the property in spring 2019.

Malmö City Centre South

Properties: 13 | Value: SEK 4,400 million
Lettable area: 128,000 m²

The City Centre South management area covers the inner city between Södertull and Triangeln and contains a mix of retail, restaurants and housing.

The expansive development area of Hyllie is one of Malmö's most dynamic areas, with Malmö Arena, the Emporia shopping centre and Hyllie station forming its hub. Wihlborgs completed its first project there in the spring, Dungen, which was also awarded the City of Malmö's Urban Design Prize for 2019. Later in the year the Origo (Bure 2) office building was completed, with Ingka Group signing a lease for all of the 6,800 m² of office space. As part of its ongoing work to develop Hyllie, Wihlborgs is planning to start construction of 20,000 m² GFA of offices in the Kvartetten (Pulpeten 5) office building in 2020. Right next door to this, Wihlborgs has a land allocation with the potential to build a further 20,000 m² GFA of offices and a multistorey car park at the Bläckhornt 1 property.

The knowledge-intensive life-science area Medeon also forms part of City Centre South, where we are constructing a new 4,000 m²-building, with occupancy planned for autumn 2020. The company Galenica signed a lease during the year for 2,600 m² in this property.

Outer Malmö

Properties: 73 | Value: SEK 3,300 million
Lettable area: 305,000 m²

The Outer Malmö management area contains sub-areas such as Limhamn, Fosie, Bulltofta and Arlöv, with strong public transport links along Malmö's ring roads and immediate suburbs. The area primarily contains logistics and production properties, but also offices.



The police training premises in Kranen 2 in Dockan, Malmö were opened in August. Malmö University is leasing 10,700 m² of premises for research, shooting ranges, practice environments, a garage and lecture halls.

In 2019, Wihlborgs signed a lease with Veho Bil, the Nordic region's largest Mercedes-Benz retailer, for 2,950 m² at the Sunnanå 12:54 property in Stora Bernstorp. Planning has begun here on a building that will be certified to SGBC Silver standard and also include a solar cell facility. The building will be used for sales and service of trucks and buses and is expected to be ready for occupancy in the first quarter of 2021.

In early 2019, Wihlborgs signed an agreement with voestalpine Böhler weldCare AB to build a production facility of 4,300 m² at the Stenåldern 7 property in Fosie. This new facility will include production premises for stainless steel surface treatments. Occupancy is planned for autumn 2020.

Focus in 2020

As Malmö's largest commercial property owner, Wihlborgs is in a strong position to help both existing and new customers develop their operations in the right premises. To focus our efforts in an optimal way, we maintain a constant and close dialogue with our customers. In 2020, this ongoing dialogue will be complemented with a customer survey conducted in all of Wihlborgs' regions.

Part of our long-term efforts to offer customers development opportunities is to continue developing current and new properties, as well as taking extensive responsibility for urban development. We work with the City of Malmö to see how we can play a part in developing the city and region further.

Nyhamnen and Hyllie will continue to be our most important areas for development in Malmö for many years to come. There is major potential in these areas to create long-term and sustainable business that will benefit both Wihlborgs and our customers.



Philip Kron

CEO
Jayway

Nyhamnen,
Malmö

1,900 m²
of offices

Jayway combines design with technology

Jayway is a specialist in digital innovation – a rapidly growing IT company that develops software for customers in areas such as retail and finance. Using a design-driven and agile approach, Jayway produces tailor-made solutions focused on the user, with potential being developed in technological areas like the Internet of Things and artificial intelligence.

Magasinet in Nyhamnen was completed in 2012 after a major renovation. This former warehouse property from the 1950s had been transformed into modern office spaces in a top location at the edge of the quay, just a stone's throw away from Malmö Central Station. Jayway was one of the first tenants to move in, occupying a whole storey. But what were the requirements placed on the new premises? Philip Kron is CEO of the Jayway Group:

"When we develop software for our customers, we do so in cross-functional units known as studios. We have 5 studios in Malmö, each consisting of some 25–30 people. The premises we were searching for needed to have the spaces and flexibility to support our work methods – what we refer to as 'creative technology' – while also being situated in an attractive and accessible location."

Employees designed the premises

Offering employees an exciting work environment is vital for Jayway. Competition for talent is fierce, and the work environment is a factor that can determine the outcome of a recruitment. Before moving to Magasinet, Jayway formed working

groups in which employees had extensive influence over the design of the premises.

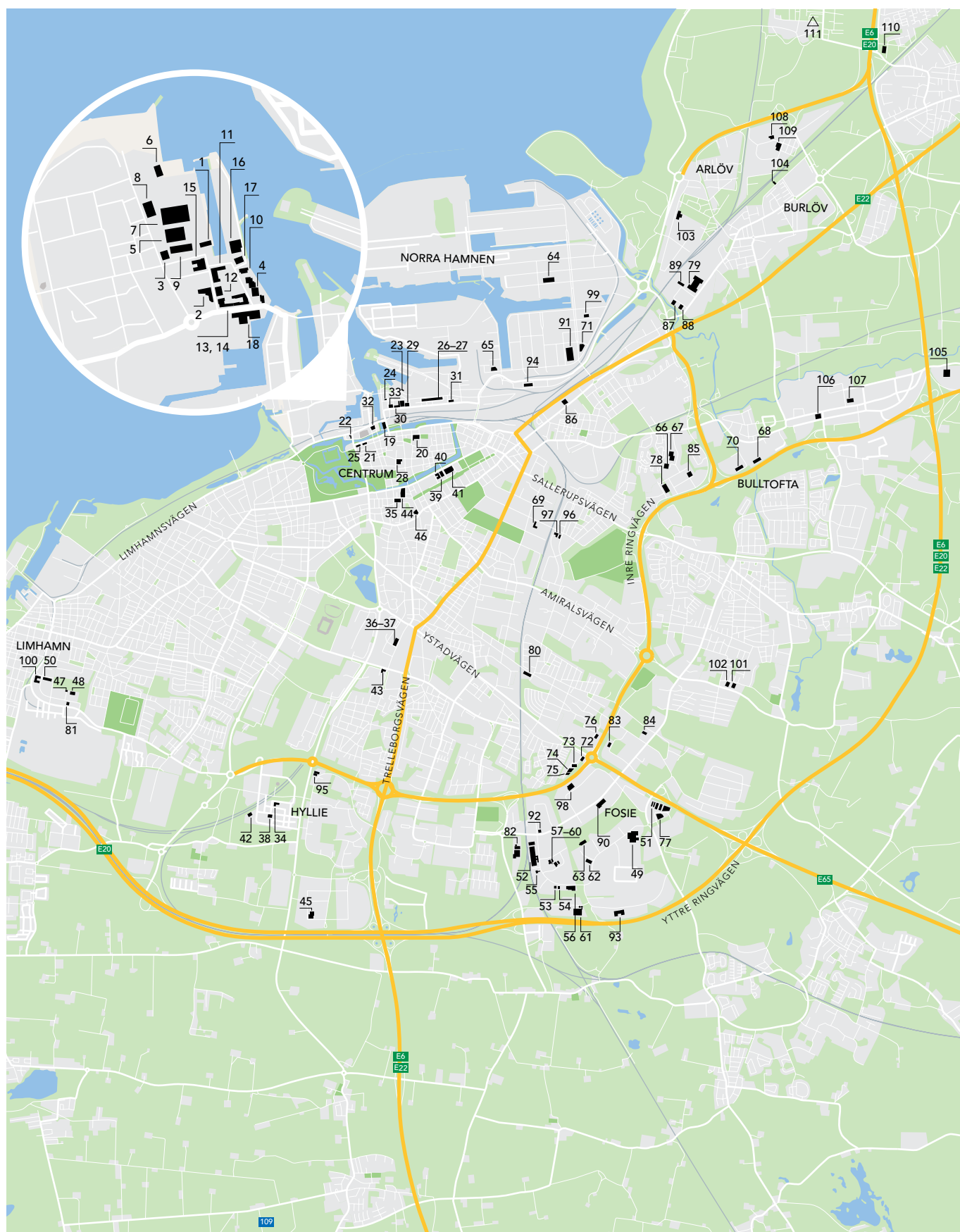
"Each studio had a dedicated space that they were responsible for decorating. There are not many walls at the premises – essentially only for the meeting rooms – and the other spaces are divided up between work spaces and creative oases where employees can interact. We have put lots of resources into realising the ideas of our employees, as well designed premises support our concept," explains Kron.

Flexibility to foster growth

Jayway continued to expand and also became part of the French technology company Devoteam. Five years after they moved in, they reached a point where the space no longer sufficed. At this point, the 4th and 5th floors of Magasinet had become vacant and Jayway opted to move a couple of floors up.

"Choosing Wihlborgs was a strategic decision. Jayway will continue growing and we appreciate having a flexible landlord with the resources to support our development," concludes Kron.

Malmö



Malmö Dockan

No.	Name of property	Address	Municipality	Type of property	Tax ass. val SEK m	Leasehold	Offices, m ²	Retail, m ²	Logistics/ Prod, m ²	Education/ Healthcare, m ²	Other, m ²	Total, m ²
1	Dockporten 1	Dockgatan 1 A–F	Malmö	Office/Retail	119		4,120	450				4,570
2	Gängtappen 2	Hallenb. g 4–12/Lovartsg 2–8	Malmö	Office/Retail	255		9,165	680	19			9,864
3	Hordaland 1	Östra Varvsg 7 B/Fartygsg 1–3	Malmö	Office/Retail	49			117				117
4	Kranen 1	Stora Varvsg 1/Isbergs g 1–13	Malmö	Office/Retail	147		8,219	576		698		9,493
5	Kranen 2	Östra Varvsgatan 11 A–F	Malmö	Office/Retail	0			650	685	15,987		17,322
6	Kranen 4	Östra Varvsgatan 23	Malmö	Office/Retail	56		3,988		25		170	4,182
7	Kranen 6	Östra Varvsgatan 13 A–D	Malmö	Office/Retail	0				5,484	2,830	3,050	11,364
8	Kranen 7	Östra Varvsgatan 15	Malmö	Projects & Land	1		650		3,449			4,099
9	Kranen 8	Östra Varvsg 9 A–B/Dockg 2	Malmö	Office/Retail	305		15,070	375	10			15,455
10	Kranen 9	Isbergs gata 15	Malmö	Office/Retail	123		6,000	177				6,177
11	Skrovet 3	Dockpl 10–18/Hallenb g 9–19	Malmö	Office/Retail	239		8,713	1629	21			10,363
12	Skrovet 4	Hallenborgs gata 7 A–B	Malmö	Office/Retail	54							0
13	Skrovet 5	Hallenb g 1A–5/St Varvsg 9A–C	Malmö	Office/Retail	200		7,422	1242.5				8,664
14	Skrovet 6	Stora Varvsg 3–7/Isbergs g 2	Malmö	Office/Retail	315		12,147	284				12,431
15	Skåneland 1	L Varvsg 53/Dockplatsen 22–26	Malmö	Office/Retail	249		11,206	325				11,531
16	Torrdockan 6	Dockplatsen 1	Malmö	Office/Retail	231		10,674	451			1	11,126
17	Torrdockan 7	Isbergs gata	Malmö	Projects & Land	1							0
18	Ubåten 2	St Varvsg 2–6 A–B/G Dockan 1	Malmö	Office/Retail	192		12,172	369				12,541
Malmö Dockan total					2,537		109,545	7,326	9,693	19,515	3,221	149,299

Malmö City Centre North

No.	Name of property	Address	Municipality	Type of property	Tax ass. val SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/ warehousing, m ²	Education/ Healthcare, m ²	Other, m ²	Total, m ²
19	Börshuset 1	Skeppsbron 2	Malmö	Office/Retail	134		4,358	934	36			5,328
20	Erik Menved 37	M Nilsg/Kattsundsg/Österg	Malmö	Office/Retail	372		17,218	3203	2,142		740	23,303
21	Fisken 18	N Vallg/Västerg/L Bruks	Malmö	Office/Retail	147		5,193		119	1,508		6,820
22	Flundran 1	Gibraltarg 2/Hovrättstorget 5	Malmö	Office/Retail	0					2,451		2,451
23	Hamnen 22:188	Hans Michelsensgatan 8–10	Malmö	Office/Retail	125		6,716	700	1,151			8,567
24	Kolga 4	Jörgen Kocksg 4/Stormg 12	Malmö	Office/Retail	55		2,244		41			2,285
25	Neptun 6	Västerg/Slottsg/N Vallg	Malmö	Office/Retail	89		3,391		293	1,486		5,170
26	Polstjärnan 1	Jupiterg/Jörgen Kocksg/Marsg	Malmö	Projects & Land	16							0
27	Polstjärnan 2	Jupiterg/Jörgen Kocksg/Marsg	Malmö	Projects & Land	2				11,055			11,055
28	Sankt Jörgen 21	Söderg/Baltzarg/Kalendeg	Malmö	Office/Retail	300		7,816	3457	61			11,334
29	Sirius 3	Carlsg/Navigationssg/ Mercuriparken	Malmö	Office/Retail	165		6,828	325	30			7,183
30	Slagthuset 1	Carlsg/Utställng/J Kocksg	Malmö	Office/Retail	403		6,665	8225	30	1,267	10,275	26,462
31	Söderhavet 4	Carlsg 54/Elbeg/Donaug	Malmö	Office/Retail	17			2,940				2,940
32	Väktaren 3	Hjälmareg/Nordenskiöldsg	Malmö	Office/Retail	203		8,276		30			8,306
33	Östersjön 1	Carlsgatan 6–8, Stormgatan 5	Malmö	Office/Retail	184		7,956		80			8,036
Malmö City Centre North, total					2,211		76,661	19,784	15,068	6,712	11,015	129,240

Malmö City Centre South

No.	Name of property	Address	Municipality	Type of property	Tax ass. val SEK m	Leasehold	Offices, m ²	Retail, m ²	Industrial/ warehousing, m ²	Education/ Healthcare, m ²	Other, m ²	Total, m ²
34	Bure 2	Bures g 7–13/Friggs gr 2	Malmö	Office/Retail	115		7,221		12			7,233
35	Elefanten 40	Storg 20/S Förstadsg 12-14	Malmö	Office/Retail	283		12,111	2742	8			14,861
36	Forskaren 1	PA Hanssons v/Cronquist g	Malmö	Office/Retail	215		11,276	225	909		593	13,003
37	Forskaren 4	PA Hanssons väg 35	Malmö	Office/Retail	0		2,730					2,730
38	Gimle 1	Hyllie Allé/Nannas g/Emblas g	Malmö	Office/Retail	118			159	9,007			9,166
39	Karin 13	Fänriks g 2/Drottningg 18	Malmö	Office/Retail	91		6,171		749		181	7,101
40	Karin 14	Kungsg 13/Brandmästareg 2, 4	Malmö	Office/Retail	96		7,219		1,781			9,000
41	Nora 11	Kungsg/Drottningg/ Hj Gullbergsg	Malmö	Office/Retail	390		27,201		1,471			28,672
42	Pulpeten 5	Skrivaregatan	Malmö	Projects & Land	0							0
43	Ritaren 1	Stadiong 10/Ingenjörsg 11	Malmö	Office/Retail	20	L	3,088					3,088
44	Sparven 15	V Kanal 2–8/Storg 15/ Drottng 34/Ö Kanal 3	Malmö	Office/Retail	97		8,311		5,958	6,329		20,598
45	Urnes 3	Långhusgatan 4	Malmö	Office/Retail	39		4,600					4,600
46	Uven 9	Diskontogången/Lugna g	Malmö	Office/Retail	98		7,590					7,590
Malmö City Centre South, total					1,562		97,518	3,126	19,895	6,329	774	127,642

Outer Malmö												
No.	Name of property	Address	Municipality	Type of property	Tax ass. val SEK m	Leasehold	Offices, m²	Retail, m²	Logistics/Prod, m²	Education/Healthcare, m²	Other, m²	Total, m²
47	Balken 7	Schaktugnsgatan 5	Malmö	Logistics/Prod	8		618		1,202			1,820
48	Balken 10	Ringugnsgatan 3	Malmö	Logistics/Prod	22				3,725			3,725
49	Benkammen 16	Kantyxegatan 14	Malmö	Logistics/Prod	38				6,260			6,260
50	Blocket 1	Limhamnsg Allé 3–37/ Krossv g 12	Malmö	Logistics/Prod	38		3,370		2,725		721	6,816
51	Boplatsen 3	Boplatsgatan 4–6–8	Malmö	Office/Retail	142		21,917	660	2,218			24,795
52	Bronsdolken 3	Stenyxegatan 13–15	Malmö	Logistics/Prod	58			4,242	7,332			11,574
53	Bronsdolken 10	Stenyxegatan 27	Malmö	Logistics/Prod	6				1,271			1,271
54	Bronsdolken 11	Stenyxegatan 29	Malmö	Logistics/Prod	6		432		521			953
55	Bronsdolken 18	Stenyxegatan 17	Malmö	Logistics/Prod	9				1,311			1,311
56	Bronsdolken 25	Stenyxegatan 33–35	Malmö	Office/Retail	42		480	6872	2,881			10,233
57	Bronsspannen 5	Trehögsgatan 7	Malmö	Logistics/Prod	3				735			735
58	Bronsspannen 8	Flintyxegatan 3	Malmö	Logistics/Prod	6				1,067			1,067
59	Bronsspannen 9	Flintyxegatan 5	Malmö	Logistics/Prod	10				2,069			2,069
60	Bronsspannen 13	Trehögsgatan 3	Malmö	Logistics/Prod	8				1,765			1,765
61	Bronsåldern 2	Bronsåldersgatan 2	Malmö	Logistics/Prod	64				12,485			12,485
62	Dubbelknappen 15	Kantyxegatan 23	Malmö	Office/Retail	14		1,520		78			1,598
63	Dubbelknappen 23	Risyxegatan 3	Malmö	Logistics/Prod	29				4,027			4,027
64	Finngrundet 4	Blidög 24/Bjurög 25	Malmö	Logistics/Prod	14				3,621			3,621
65	Flintan 3 (Malmö)	Borrg 4/Lodg 3	Malmö	Logistics/Prod	7				1,227		2,050	3,277
66	Flygledaren 9	Höjdroderg 16 & 24 A	Malmö	Logistics/Prod	25				5,573			5,573
67	Flygvärdinnan 5	Höjdrodergatan 28	Malmö	Logistics/Prod	23		5,230					5,230
68	Fältsippan 11	Källvattengatan 6	Malmö	Projects & Land	10							0
69	Grytan 3	Industrigatan 21	Malmö	Logistics/Prod	12		1,263		1,100			2,363
70	Gulsippan 4	Källvattengatan 9	Malmö	Logistics/Prod	16		735		2,662			3,397
71	Hanö 1	Hanögatan 2	Malmö	Logistics/Prod	19		814	270	3,936			5,020
72	Hindbygården 7	Ö Hindbyvägen 70–72	Malmö	Projects & Land	2							0
73	Hindbygården 8	Ö Hindbyvägen 74	Malmö	Office/Retail	15		1,630					1,630
74	Hindbygården 9	Ö Hindbyvägen	Malmö	Projects & Land	2							0
75	Hindbygården 10	Ö Hindbyvägen	Malmö	Projects & Land	1							0
76	Hundlokan 10	Cypressvägen 21–23	Malmö	Logistics/Prod	42				5,985			5,985
77	Hällristningen 5	Boplatsgatan 5	Malmö	Projects & Land	4							0
78	Höjdmätaren 1	Flygledaregatan 5	Malmö	Logistics/Prod	10		840		1,032			1,872
79	Kirseberg 31:53	Strömg 3–5 A/Lundav 146	Malmö	Logistics/Prod	156		1,594	300	23,042			24,936
80	Mandelblomman 5	Lönnngatan 75	Malmö	Logistics/Prod	7		640		1,995			2,635
81	Muren 5	Ringugnsgatan 8	Malmö	Logistics/Prod	7				1,593			1,593
82	Olsgård 8	Olsgårdsgatan 3–5	Malmö	Logistics/Prod	64				8,189			8,189
83	Revolversvarven 11	Jägerhillsgatan 20	Malmö	Office/Retail	10	L		1650				1,650
84	Rosengård 130:403	Agnesfridsvägen 113 B	Malmö	Office/Retail	62		7,798	415				8,213
85	Skevrodret 2	Kabingatan 7	Malmö	Logistics/Prod	6				1,830			1,830
86	Skjutsstallslycken 11	Lundav 60/Rosendalsv 9	Malmö	Logistics/Prod	9			692	3,073			3,765
87	Spillepengshagen 1	Ågatan 8	Malmö	Logistics/Prod	7		115		1,915			2,030
88	Spillepengshagen 3	Lundav 140/Ågatan 4	Malmö	Office/Retail	15	L	323	1916	2,565			4,804
89	Spillepengsmarken 8	Strömgatan 11	Malmö	Office/Retail	21		2,414		610			3,024
90	Spännbucklan 9	Agnesfridsv 182/Skivyxeg 7	Malmö	Logistics/Prod	39				6,800			6,800
91	Stenshuvud 3	Hanög 4–10/Borrg/Brännög	Malmö	Logistics/Prod	63		2,559		15,220			17,779
92	Stenyxan 20	Stenyxegatan 16	Malmö	Office/Retail	9		1,415		175			1,590
93	Stenåldern 7	Stenåldersgatan 9	Malmö	Logistics/Prod	75				9,713			9,713
94	Stocken 2	Västkustvägen 17	Malmö	Logistics/Prod	30				4,390			4,390
95	Sufflören 3	Axel Danielssons väg 259	Malmö	Logistics/Prod	4		828		1,470			2,298
96	Syret 12	Scheeleg 19–21/Industrig 33	Malmö	Logistics/Prod	9	L			1,803			1,803
97	Syret 13	Industrigatan 31–33	Malmö	Logistics/Prod	9		788		797			1,585
98	Trindyxan 3	Bronsyxegatan 9	Malmö	Logistics/Prod	38		576		6,928			7,504
99	Utgrunden 8	Sturkögatan 8–10	Malmö	Logistics/Prod	24	L			10,084			10,084
100	Valvet 1	Krossverksgatan 5 A–M	Malmö	Logistics/Prod	16		2,818		645			3,463
101	Vårbuketten 2	Husievägen 19	Malmö	Logistics/Prod	15				2,837			2,837
102	Vårbuketten 4	Husievägen 17	Malmö	Projects & Land	7							0
103	Arlöv 17:4	Arlösv 23/Västkustv	Burlöv	Logistics/Prod	16	L	212		4,024			4,236
104	Arlöv 19:133	Hantverkaregatan 18	Burlöv	Office/Retail	12		1,662					1,662
105	Sunnanå 12:27	Mor Marnas v 6–10/Starrv 100	Burlöv	Logistics/Prod	72				14,525			14,525
106	Sunnanå 12:53	Vattenverksv/Toftanäsv	Burlöv	Logistics/Prod	21				2,332			2,332
107	Sunnanå 12:54	Staffanstorpsv/Santessons v	Burlöv	Projects & Land	8							0
108	Tågarp 16:19	Hammarvägen 3	Burlöv	Logistics/Prod	14				4,316			4,316
109	Tågarp 16:42	Företagsvn 30/Hammarv 2	Burlöv	Logistics/Prod	30		976		8,235			9,211
110	Åkarp 1:69	Tegelvägen 4	Burlöv	Logistics/Prod	0				5,277			5,277
111	Borgeby 15:51, etc.	Norra Västkustvägen, etc.	Lomma	Projects & Land	0							0
Outer Malmö, total					1,577		63,567	17,017	221,191	0	2,771	304,546
Malmö, total					7,887		347,290	47,253	265,846	32,556	17,781	710,726



Our tenant Tyréns has leased premises at Dockan in Malmö since 2001. The redevelopment of the company's existing premises – spanning 4,000 m² – was completed by Wihlborgs in 2019. Tyréns was already able to move into an extension in late 2018, which offered space for the growing needs of the business. Tyréns now leases a total of 6,000 m² at Kranen 9.



Lund

Properties: 33 | Value: SEK 7,800 million
Lettable area: 268,000 m²

A place for knowledge to grow

Research and enterprise. Knowledge and comedy. Lund is the university city with ancient roots stretching back hundreds of years, but with ideas shaping our future. Everything is possible here. Tens of thousands of students here are shaping their world view and acquiring the knowledge they need to contribute to society and the world. In short, Lund is a student city quite unlike any other. The soil of Skåne's plains has proved to be exceptionally good for cultivating innovation and international relations. It is therefore no surprise that so many knowledge-intensive companies are choosing Lund as a base for their operations.

The list of innovations created in Lund is long. Bluetooth, artificial kidneys, Tetra Pak, the medical ultrasound and asthma medicine are just a few examples of discoveries made in Lund that conquered the world. The special enterprising spirit that runs through Lund constantly attracts new companies who want to work in a setting where the university and research go hand-in-hand with business. Commercial ideas here become research projects at the university and similarly innovations produced within academia are often commercialised here.

Lund was founded as far back as the 900s, and it preserves its historic cityscape. Old buildings may be mixed with modern ones, but this is done in a careful symbiosis in order to preserve the historic sites. In more recent years, opportunities for developing and densifying the city centre have arisen as old industrial areas are now converted into vibrant environments mixing enterprise and housing. A major expansion is also now possible in the northern areas of the city around the MAX IV and ESS research facilities.

Major infrastructure projects are currently under way in Lund, the most dominant of which is investment in the new tramway. The tramline, which will be opened in autumn 2020, will start at Lund Central Station, run via the hospital complex and Ideon before terminating in Brunnshög. The areas lining the tramline – known as the 'Route of Knowledge' – are also subject to densification.

Market conditions

Lund is strategically located with excellent transport links and proximity to both the Öresund Bridge and the Nordic region's largest airport, Copenhagen Airport. This location is highly valued by the many companies dependent upon international relations.

The City of Lund has some 120,000 inhabitants, including 40,000 students. It is not surprising that the level of education here is the second-highest in the country. Fully 53 percent of residents have at least three years of post-secondary education, compared with the national average of 28 percent. There are therefore fantastic conditions for supplying skills to the business community. According to statistics from Arbetsförmedlingen (Sweden's public employment agency), in December 2019 3.7 percent of Lund's residents are unemployed, compared with 5.3 percent in Skåne and 4.0 percent nationwide.

The business climate in Lund is developing in a positive direction. The positive market situation entails consistently strong demand for commercial premises. Lund has long had limited opportunities in terms of modern office premises in the city centre, but the ongoing developing around Lund Central Station is opening up new opportunities for companies to establish themselves in a central location.

Lund is a thriving city in many respects, but it has its challenges too, of course. For example, the few will have to provide for the many as Lund grows, and demographic trends indicate the group of those aged 80 and above will increase by some 70 percent over the coming ten-year period. The population is growing more in the 0–19 and 65+ age groups, among whom demand for municipal services is greatest, than in the 20–64 age group, which provides the largest tax base. Growing demand for municipal services is also expected to lead to a shortage of skilled staff in schools and elderly care, for example.

Contributing to development

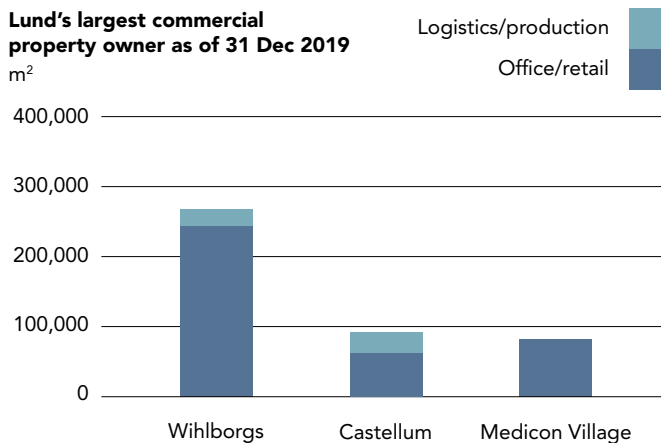
Wihlborgs is highly committed to the local community. In Lund, we contribute through our work in the Climate Alliance, through which we signed the Covenant of Mayors to contribute to and support efforts to achieve Lund's ambitious climate targets.

Another important commitment in Lund is Eos Cares, the social programme within the IK Eos sports association. We make a contribution here, for instance by sitting on the steering committee to promote integration in the association.

We also contribute to cultural events and meetings by supporting the annual Lund Comedy Festival and Late Night Lund talk show.

Wihlborgs in Lund

Wihlborgs' portfolio in Lund is concentrated in two management areas: Ideon and Central Lund/Gastelyckan. Wihlborgs is the largest commercial property owner in Lund, with approximately 268,000 m² in its portfolio. The property value amounts to SEK 7,826 million. Net lettings in Lund amounted to negative SEK 3.5 million in 2019. The economic occupancy rate for offices/retail is at 92 percent and 99 percent for logistics/production. Demand is stable and growing.



Lund Ideon

Properties: 19 | Value: SEK 5,600 million
Lettable area: 183,000 m²

The management area of Ideon spans the area of eastern Lund in which Ideon Science Park is located. Ideon borders Lund University's Faculty of Engineering and is a dynamic place where research meets enterprise. Wihlborgs owns the entire original Ideon area, though today Edison Park, Lundaporten and the area east of the E22 motorway (southern part of Brunnshög) containing Nya Vattentorget 2, 3 and 4, also belong to Ideon.

One of the most interesting events at Ideon in 2019 was that the UN opened the doors of its UNOPS incubator in Alfahuset. UNOPS works to create sustainable innovations that solve global sustainability challenges, and is a sought-after partner for companies across the world. Choosing Lund and Ideon as its location is expected to have positive synergy effects for a long time into the future.

In 2019, Wihlborgs acquired Nya Vattentorget 2, Mobile Heights Center (MHC), and Nya Vattentorget 4, with Sony Mobile the largest tenant, from Vasakronan. Both properties are situated east of the E22 motorway, in the same area as Nya Vattentorget 3, which was acquired back in 2018. Now only Wihlborgs and Castellum remain in Ideon AB, with Wihlborgs owning around 80 percent. As the dominant property owner, we are now able to offer further opportunities to those customers of ours who need to expand in Ideon. It will also be easier to adopt a comprehensive approach to the area's development once parking areas and services are united under the same organisation.

Wihlborgs is planning to build the Zenit office building containing around 16,000 m² GFA next to the Ideontorget tram stop.

The new building will, in principle, connect to Gammahuset (Syret 8) and contain services, restaurants and shops. In addition to this project, there is potential to build a further 14,000 m² on the southern side of the square.

A general upgrade to facades and entrances is being undertaken at Ideon, with Alfahuset (Studentkåren 2) recently undergoing a renovation. Several of the buildings will gain more obvious entrances to the tramline and thus a more welcoming feel and improved logistical connections.

A new city district, Science Village, is being built between the research facilities MAX IV and ESS in Brunnshög. The iconic building in the area will be the Space research hotel (Vetskapen 1), which will be built by Wihlborgs starting in 2020.

Central Lund/Gastelyckan

Properties: 14 | Value: SEK 2,200 million
Lettable area: 85,000 m²

The Central Lund/Gastelyckan management area refers to Lund's city centre and the outlying area of Gastelyckan.

In Central Lund, the first tenant – LKP – has moved into premises in the Sockerbiten (Raffinaderiet 5) building right next to Lund Central Station. The building was completed in December 2019 and contains a total of 1,900 m². In the neighbouring building, Raffinaderiet 3, we are planning an extensive renovation and redevelopment. The property is listed in certain parts, meaning care must be taken with the design to ensure the preservation of the cityscape. We also have the opportunity to continue with our successful Posthornet 1 office project by building a second stage. The detailed development plan for the area is expected to be approved and to enter force in 2020.

At Gastelyckan, Wihlborgs has redeveloped part of Diabasen 3, with the company Bevego moving into 1,600 m² in December 2019.

During the year, Optimera moved into the new building containing 3,000 m² that Wihlborgs built at Diabasen 1.

Focus in 2020

One of the most important milestones in 2020 will be achieving a completed detailed development plan for Ideontorget. Once this is ready, we will be able to begin constructing the Zenit (Syret 8) office project right next to the tram stop, which will begin operating in December 2020. Ideontorget will become the Ideon's new centre with new, modern work environments and meeting places that foster life and activity around the clock. Construction is planned to begin in autumn 2020.

In 2020, we will continue to develop the existing properties at Ideon, for example by renovating facades and entrances. This forms part of our ongoing efforts to offer our tenants an attractive and suitable environment. We are able to detect new or changing needs among tenants by maintaining a close customer dialogue.

Another project on which we will focus in 2020 is the development of Raffinaderiet 3 in central Lund, where we are planning to renovate existing buildings and will have the opportunity to add new buildings alongside those already there.



Christer Ljungberg

CEO

Trivector AB

City centre,
Lund

850 m²
of offices

Trivector opted for sustainable and activity-based office

Trivector focuses on traffic solutions, traffic information systems and operational development. With its roots in traffic research at Lund University's Faculty of Engineering (LTH), Trivector uses a scientific approach to create sustainable solutions to challenges in the areas of mobility and operations. The company was founded in 1987 and has its head office in Lund.

Posthornet 1 was completed in spring 2018 and is a modern and sustainable property certified to SGBC Gold. One of the first tenants was Trivector, which moved into 850 m² at this top location next to Lund Central Station. Christer Ljungberg is CEO and Group Director:

"We had had premises in a Wihlborgs property on Åldermansgatan for a long time. When Wihlborgs presented its plans for Posthornet, we saw an opportunity to improve the commuting situation for our employees and customers. And given Trivector's sustainability focus, it was yet another bonus that the property is environmentally certified."

Smaller spaces – more flexibility

The Trivector Group comprises around one hundred employees in three different companies and a Group staff unit, of which around forty moved to Posthornet. Before the move the employees formed a working group that planned the new office in close dialogue with White Arkitekter and Wihlborgs. Staff had worked in traditional office spaces in their old premises, but this time their ideas took them in a different direction.

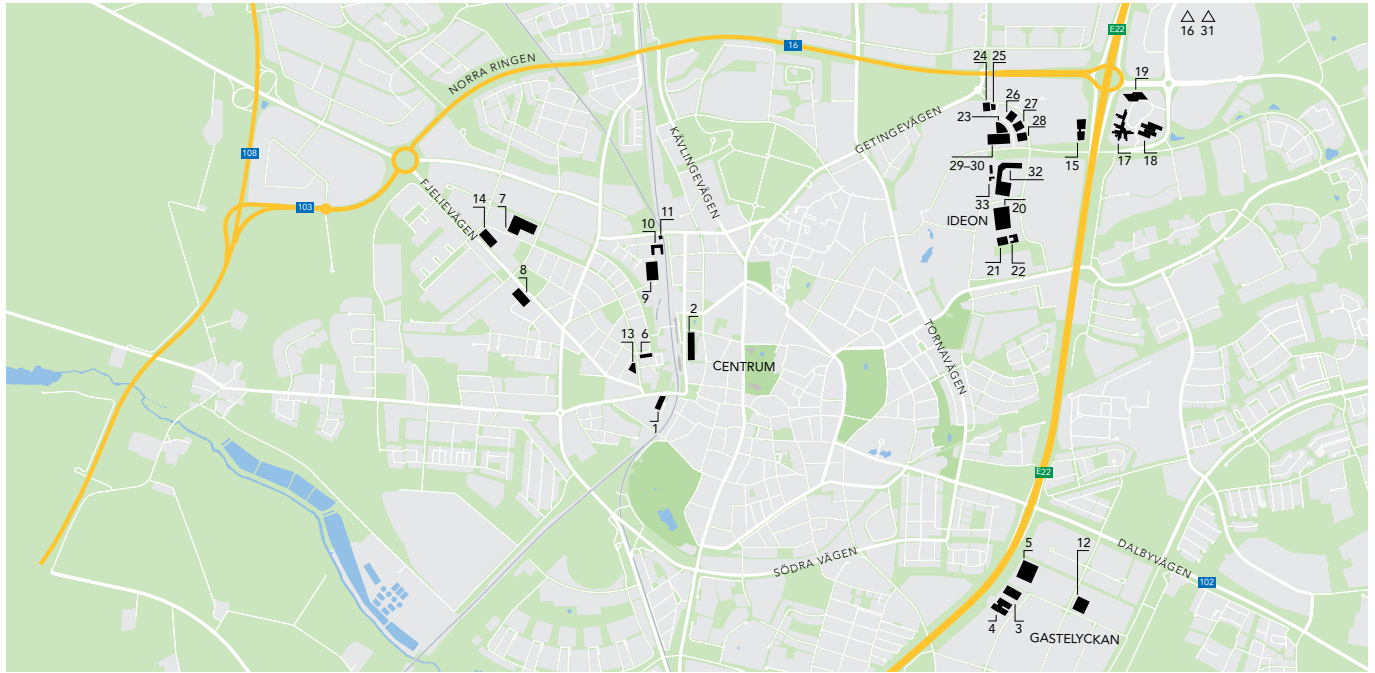
"Some employees conveyed a desire to work in an activity-based manner. As we are consultants working in teams, we thought this working method ought to suit us. It would also mean we could manage in a smaller space, which is both cost-effective and more sustainable," explains Christer Ljungberg.

Functional zones

The result was an office divided up into three functional zones. The "Platform" is the liveliest zone, where people are free to talk. The "East and West Forest" are inspired by nature and have a slightly lower noise level. Finally, the "Library" must be kept silent. Depending upon their work task and mood, employees can choose where they want to sit.

"In the beginning I thought it was a major adjustment to not have a fixed desk, but now we all appreciate the flexible way of working. In addition to the activity zones, we have plenty of meeting rooms, seating areas and small telephone booths. The spaces are well set-out, and it would be no problem to add a few more people. The benefits are efficiency, flexibility and sustainability," concludes Ljungberg.

Lund



Central Lund/Gastelyckan

No.	Name of property	Address	Municipality	Type of property	Tax ass. val SEK m	Leasehold	Offices, m ²	Retail, m ²	Logistics/ Prod, m ²	Education/ healthcare, m ²	Other, m ²	Total, m ²
1	Armaturen 4	Trollebergsv 1/Gasverksg 1-9	Lund	Office/Retail	81		6,680		50		208	6,938
2	Bytarebacken 39	Bangatan 10-12/Clemenst 5	Lund	Office/Retail	227		4,384	6920	1,057	3,078	167	15,606
3	Diabasen 1	Skiffervägen 26 A-B	Lund	Industrial/Warehousing	15		661	2,972	2,245			5,878
4	Diabasen 3	Skiffervägen 30-86	Lund	Office/Retail	42		2,250		5,870			8,120
5	Flintan 3	Skiffervägen 24	Lund	Industrial/Warehousing	27				5,979			5,979
6	Landstinget 2	Byggmästaregatan 4	Lund	Office/Retail	60		3,215				4	3,219
7	Länsmannen 1	Åldermansg 2/Mäsv 23	Lund	Industrial/Warehousing	36		220		7,740			7,960
8	Måsen 17	Starv 19/Grisslev 15-19	Lund	Office/Retail	42		3,828		452			4,280
9	Posthornet 1	Bruksgr 8/Våvareg 21-23	Lund	Office/Retail	343		10,588	197	103			10,888
10	Raffinaderiet 3	Fabriksgatan 2 A-F	Lund	Office/Retail	63		4,849		18		22	4,889
11	Raffinaderiet 5	Kung Oskars Väg 11 A-D	Lund	Office/Retail	20		1,865		42			1,907
12	Skiffern 2	Skiffervn 14/Portfyr 7	Lund	Industrial/Warehousing	11				2,910			2,910
13	Spettet 11	Byggmästaregatan 5	Lund	Office/Retail	22		1,486		41			1,527
14	Töebacken 7	Bondev 2/Fjeliev 68/Åldermansg 13	Lund	Office/Retail	42		2,845	1482	448			4,775

Central Lund/Gastelyckan, total					1,030		42,871	11,571	26,955	3,078	401	84,876
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Lund Ideon

No.	Name of property	Address	Municipality	Type of property	Tax ass. val SEK m	Leasehold	Offices, m ²	Retail, m ²	Logistics/ Prod, m ²	Education/ healthcare, m ²	Other, m ²	Total, m ²
15	Forskaren 3	Scheelevägen 24-26	Lund	Office/Retail	218		11,253					11,253
16	Kunskapen 1	Partikelgatan	Lund	Projects & Land	8							0
17	Nya Vattentornet 2	Mobilv 10/Sölveg 51	Lund	Office/Retail	317		21,486	1456	1,273		579	24,794
18	Nya Vattentornet 3	Mobilv 1, 12/Sölveg 53	Lund	Office/Retail	375		18,497	1231	1,118			20,846
19	Nya Vattentornet 4	Mobilvägen 4-6	Lund	Office/Retail	520		22,896	1477	726			25,099
20	Studentkåren 2 (Alfa)	Scheelev 15/Ole Römers v 16	Lund	Office/Retail	71		9,288	1183	285		22	10,778
21	Studentkåren 5	Scheelevägen 15 B-D	Lund	Office/Retail	0		8,150					8,150
22	Studentkåren 6	Scheelevägen 15 A	Lund	Office/Retail	35		4,510		21			4,531
23	Syret 1 (Delta P-hus)	Molekylvägen 3	Lund	Office/Retail	14							0
24	Syret 3 (Gateway)	Scheelevägen 27	Lund	Office/Retail	392		9,105		257		8,217	17,579
25	Syret 4 (Delta 2)	Scheelevägen 25	Lund	Projects & Land	2							0
26	Syret 5 (Delta 3)	Scheelevägen 23	Lund	Office/Retail	39		5,459		496			5,955
27	Syret 6 (Delta 4)	Scheelevägen 21	Lund	Office/Retail	48		8,050		406			8,456
28	Syret 7 (Delta 5)	Scheelevägen 19	Lund	Office/Retail	42		6,016		205			6,221
29	Syret 8 (Gamma)	Sölvegatan 41	Lund	Office/Retail	45		10,238		87			10,325
30	Syret 9 (Delta 6)	Sölvegatan 43	Lund	Office/Retail	21		3,309		41			3,350
31	Vetskapen 1	Partikelgatan	Lund	Projects & Land	8							0
32	Vätet 1 (Beta 1-6)	Scheelevägen 17	Lund	Office/Retail	160		22,524	710	1,198	1,016	5	25,453
33	Vätet 3 (Minideon)	Ole Römers väg 5	Lund	Office/Retail	0					335		335

Lund Ideon, total					2,314		160,781	6,057	6,113	1,351	8,823	183,125
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Lund, total					3,344		203,652	17,628	33,068	4,429	9,224	268,001
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Helsingborg

Properties: 105 | Value: SEK 10,100 million
Lettable area: 604,000 m²

Centre for logistics and trade

On the top of the Landborgen ridge stands the old fortified tower of Kärnan, which looks out over the Öresund towards Denmark. The tower has stood here since the 14th century, but Helsingborg is considerably older than this. Traces of settlements have been found from as far back as the Viking Age at the end of the 10th century. Then as now, Helsingborg's strategic location at the narrowest part of the Öresund strait has made the city a centre for shipping and trade.

Ships have operated on the Helsingborg-Helsingør line since the 15th century, and today it is one of the world's most heavily operated ferry routes. Two ferry companies, one of which has entirely electrified ferries and departures every fifteen minutes, efficiently connect the two countries. Despite the competition from the Öresund Bridge, the Helsingborg-Helsingør line accounts for around 1.8 million of the total 7.5 million vehicles that cross the Öresund each year.

Helsingborg also has the second largest container port in Sweden. Together with its well-developed rail network and proximity to the E4 and E6 motorway arteries that intersect just north of the city, Helsingborg's infrastructure forms a natural logistics hub. E-commerce in particular has had a beneficial impact in terms of further reinforcing Helsingborg's role as an expansive logistics centre.

Helsingborg is one of Sweden's fastest-growing cities. To enable this expansion, H+ – one of the largest city regeneration projects in Helsingborg in modern times – is now under way. The old port and industrial areas around Helsingborg Central station are being transformed into central, vibrant city districts. The areas of Oceanhamnen, the university, Husar and Gåseback will all be connected to the city centre. The new Oceanhamnen area, which is currently being developed, will help create a blue-green zone with space for work, housing, meetings and recreation.

Market conditions

Some 145,000 people live in Helsingborg Municipality, which makes Helsingborg Sweden's eighth largest municipality. The city remains attractive and it is estimated that the number of inhabitants will increase by a further 40,000 by 2035.

Helsingborg has a population in which 24 percent of people have at least three years of post-secondary education, compared with the national average of 28 percent. The city's growth over the coming years is expected to largely comprise young, highly educated people attracted by the expansive, urban environment. The ongoing investment in Campus Helsingborg, which is part of Lund University, is also expected to contribute to the long-term rise in the level of education in the city.

The business climate in Helsingborg is very strong – something which is further supported by an active business programme that aims to "equip Helsingborg with the best climate for enterprising people." There is a long tradition of logistics and retail/wholesale trade in the city, and these industries jointly employ 25 percent of the labour force. Business services and manufacturing are important sectors. Jobs are broadly distributed across a large number of medium-sized and small companies, making Helsingborg less dependent upon a small number of major employers.

Like all cities, Helsingborg also has its challenges. According to statistics from Arbetsförmedlingen (Sweden's public employment agency), in December 2019, 5.8 percent of Helsingborg's residents were unemployed, compared with 5.3 percent in Skåne and 4.0 percent nationwide. Unemployment is rising in particular among those without any kind of upper secondary education. Helsingborg residents also generally feel more unsafe than inhabitants in the rest of the country. The city is also facing challenges in terms of differences in quality between the schools with the highest and the lowest results.

Contributing to development

With our position as Helsingborg's largest commercial property owner come expectations that we should be involved in significant issues facing the city and community. One of our most important contributions is via our commitment to Helsingborg's Citysamverkan project, in which we collaborate with the city and business community to create beneficial conditions for a vibrant city centre.

Wihlborgs also has a close collaboration and dialogue with officials and politicians in Helsingborg on issues such as urban development, the business climate and security. At and around Helsingborg Central Station, for example, there are many joint

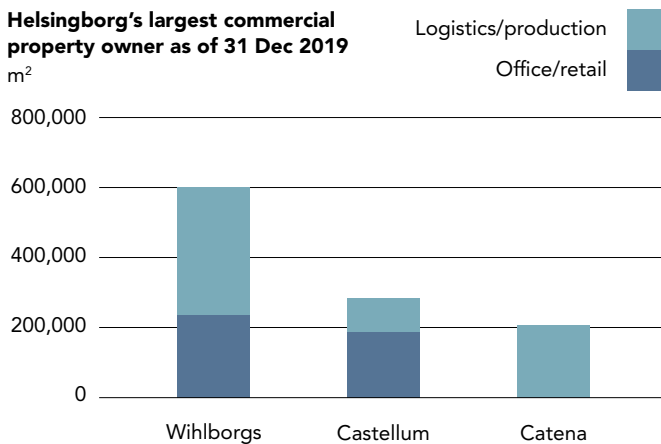
investments being made to increase security, of which the ongoing extensive redevelopment of the station is a vital part.

The City of Helsingborg is pursuing ambitious plans to drive the transition towards a climate-friendly society. The municipal energy company Öresundskraft has joined the national 'Climate Dialogue' initiative, in which district heating suppliers, customers and other participants share a dialogue and produce plans for how to work locally on climate and environmental issues. Wihlborgs is committed to this as a collaborating member. Our societal commitment is also reflected in Drivkraft Helsingborg – a collaboration between the City of Helsingborg and the business community that aims to support students via mentorships and homework help. Together with Öresundskraft, we are also part of Helsingborgs IF football club's investment in girls' football, which launched in 2019. Read more about our societal commitment on pages 72–73.

Wihlborgs in Helsingborg

Wihlborgs is the largest commercial property owner in Helsingborg, owning approximately 604,000 m² with a property value of SEK 10,054 million. Net lettings in Helsingborg amounted to SEK 2.6 million in 2019. The economic occupancy rate was 94 percent for offices/retail and 91 percent for logistics/production.

Helsingborg's largest commercial property owner as of 31 Dec 2019
m²



Central Helsingborg

Properties: 20 | Value: SEK 5,800 million
Lettable area: 168,000 m²

The Central Helsingborg management area contains the transport hub of Helsingborg Central Station with rail, bus and ferry traffic. This is also part of the urban regeneration project H+, which will fundamentally change the city centre by 2035.

In 2019, Wihlborgs acquired the Hermes 10 and 16 properties, known as Tretornfabriken. These properties contain 51,000 m² of lettable area, primarily office and educational premises, and some 1,000 parking spaces right next to Helsingborg Central Station. The acquisition strengthens Wihlborgs' position in Helsingborg, and eventually this area will become part of Oceanhamnen. Wihlborgs also has planning permission in the area for 10,000 m² that will contribute to the development of this area of the city.

The Prisma office building is Wihlborgs' first project to be realised in Oceanhamnen. In late 2020, we will complete around 13,000 m² of top-class premises at a fantastic location alongside

the water here. The tech hub Hetch will move into 1,900 m² at the premises, with an option to take a further 1,800 m². Hetch will help Helsingborg become the leading tech city in the country. KPMG, EY and Assistansbolaget Försäkring Sverige AB will be among the tenants at Prisma.

North Helsingborg

Properties: 44 | Value: SEK 2,500 million
Lettable area: 218,000 m²

The North Helsingborg management area is an attractive business area that includes Berga, Långeberga and Väla södra och norra. Thanks to its strategic position near the E4, E6 and E20 motorways, this is a sought-after area with few vacancies.

In 2019, Wihlborgs signed a ten-year lease with defence company MilDef for 4,400 m² of new-build premises in Berga. The new facility is being constructed at the Musköten 20 property and will be certified to SGBC Gold standard. Occupancy is scheduled for autumn 2020.

Wihlborgs has planning permission at the Huggjärnet 13 property in Berga for a building larger than the current one, and we are currently assessing options for future development.

South Helsingborg

Properties: 41 | Value: SEK 1,700 million
Lettable area: 218,000 m²

The South Helsingborg management area contains the sub-areas of Hamncity, Ättekulla, Gåsebäck and Planteringen. This part of the city has a clear focus on logistics/production, which accounts for more than 70 percent of the premises' floor space.

As part of the H+ urban regeneration project, the Planteringsvägen through road has been developed with new bus lanes, new stops and more green spaces. The HelsingborgsExpressen bus line started operating in the area in 2019, which has increased accessibility and reduced travel times.

Wihlborgs is planning a new-build logistics facility containing 10,000 m² at the Plåtförädlingen 15 property in Hamncity. With its excellent logistics location next to the container port and access roads, this will be a welcome addition to a sector that has major demand for premises. Construction start is planned for 2020.

Focus in 2020

The second stage of the renovation of Helsingborg Central station will be completed in 2020. The aim of the project is to create a safer, more modern and more pleasant environment for the 45,000 travellers who pass through the station each day. We are also creating new co-working spaces and a brand-new restaurant section.

The Prisma office building in Oceanhamnen will be completed with the first tenants moving into the property in late 2020. Prisma will also form part of the coming H22 – A Smarter City expo, where it will show examples of how to make use of modern, digital technology in a building. Wihlborgs is playing a proactive part in the H+ urban regeneration project, which aims to create vibrant new districts in central Helsingborg. Wihlborgs needs to source more development land if it is to continue growing, and we are working together with the City of Helsingborg on this to produce plans for new business districts.

Åke Rosén

Research and Development
Manager, Founder
GAIA Biomaterials AB

South
Helsingborg

4,000 m²
of logistics/
production



Gaia BioMaterials produces sustainable packaging

What is the perfect packaging? The egg shell, of course. Practical, strong and hygienic, it is part of the natural cycle. The egg shell was in fact the source of inspiration for Gaia BioMaterials, the packaging company that develops and produces biodegradable materials. With a strong focus on the environment, they offer sustainable alternatives to fossil plastic products.

Åke Rosén is an innovator and entrepreneur with over 60 patents in his portfolio. He is also behind a range of packaging companies, including Ecolean that he managed together with Hans Rausing. Then as now, the guiding concept was to manufacture packaging based on calcium carbonate.

"When I started my development work on calcium carbonate-based packaging many years ago, global commitment to the environment was not as extensive as it is today. Things have changed, however, and we see major interest wherever we go. The explanation is our renewable biomaterial that could replace 80 percent of all volume plastics. The opportunities for application are endless – this could be used for manufacturing everything from carrier bags to bottles and cutlery."

Long-term relationships

Gaia BioMaterials was launched in 2011, but the fact is that Åke Rosén has been running businesses in a range of different Wihlborgs premises since the 1970s:

"A development company faces many challenges, but one of these is being able to act quickly when market conditions change. The relationship with a landlord is vital in this, as our

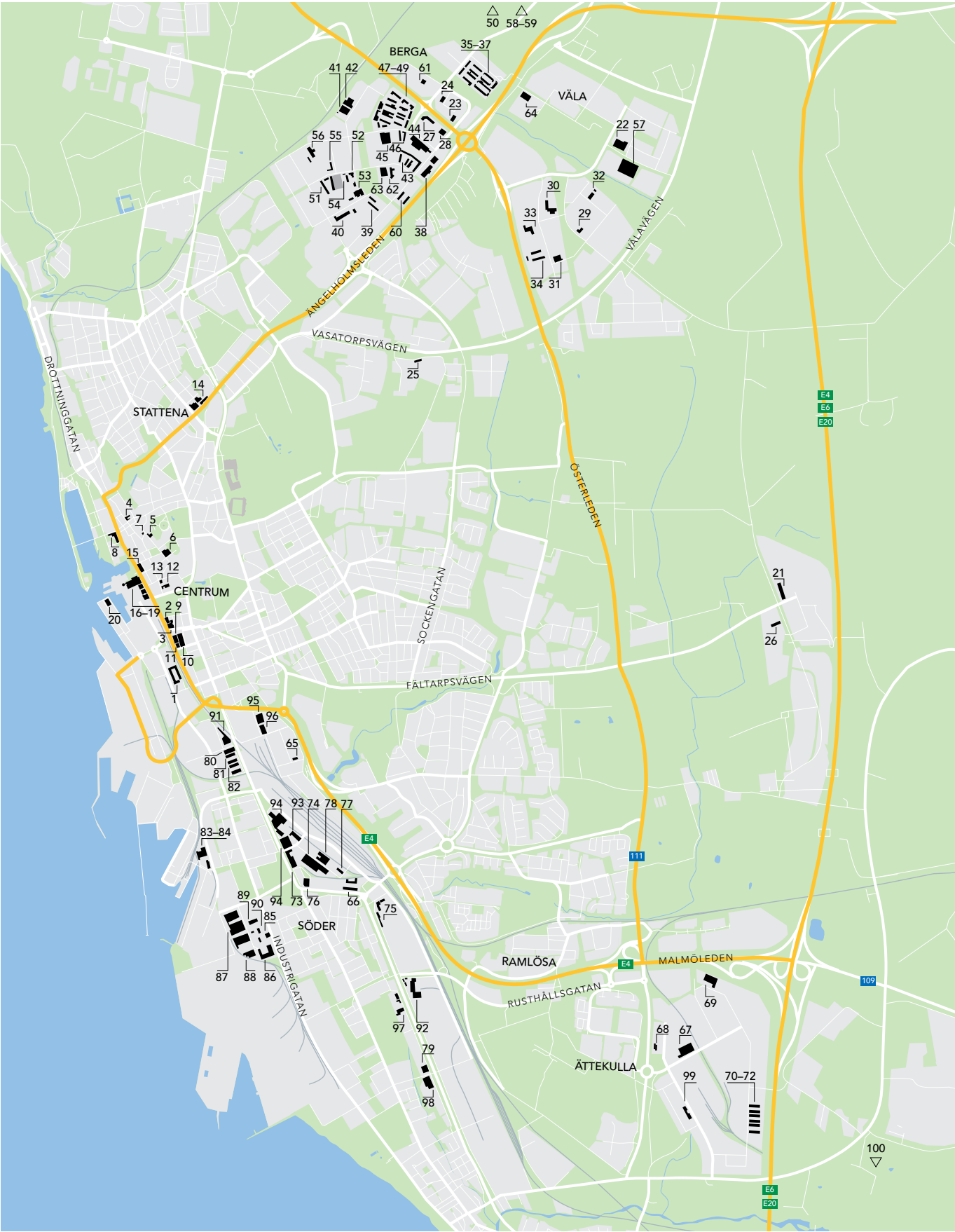
premises influence our ability to deliver. My experience is that Wihlborgs has both the interest and the resources to meet our needs when they change. This is why our relationship has lasted for decades."

Scaleability vital

The property in which Gaia BioMaterials operates is located in Ätekulla in Helsingborg. A head office and industrial space for development and manufacturing is contained within 4,000 m². There is also an option for a further 2,000 m² to be used whenever further expansion may be needed.

"Scaleability is important, so the premises must be in sync with our needs. The premises also need to be adapted to our type of operations, which involve large spaces, high ceilings and a high level of hygiene. But we have found our home. For me, Helsingborg is the ideal base thanks to its excellent connections and access to qualified employees. Although we are about to start production in countries like Vietnam, our research base and our technical teams will be based out of the premises here in Ätekulla," concludes Rosén.

Helsingborg



Central Helsingborg												
No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Lease-hold	Offices, m²	Retail, m²	Logistics/ Prod, m²	Education/ healthcare, m²	Other, m²	Total, m²
1	Hermes 10	Rönnowsg 4–12/Bredg 7–11/ Universitetspl 2	Helsingborg	Office/Retail	360		28,886	872	1,501	19,190	538	50,987
2	Kalifornien 10	Järnvägsgatan 35–37	Helsingborg	Office/Retail	82		5,831				77	5,908
3	Kalifornien 11	Gasverksg 9/Järnvägsg 39 & 41/Kalifornieg 4	Helsingborg	Office/Retail	75		3,069		29	1,334	2,010	6,442
4	Kullen Västra 19	Kullagatan 30	Helsingborg	Office/Retail	30		1,089	402			372	1,863
5	Kärnan Norra 21	Stortorget 17/Norra Storg 6	Helsingborg	Office/Retail	36		2,309	303	159			2,771
6	Kärnan Södra 9	Södra Storg 9, 11–13	Helsingborg	Office/Retail	0		382	1002	16	1,366	3,543	6,309
7	Magnus Stenbock 7	Strömgränd 3/N Storgatan 7	Helsingborg	Office/Retail	9		393	200				593
8	Najaden 14	Drottningg 7 & 11/ Sundstorget 2–6	Helsingborg	Office/Retail	191		8,635	1552	602	2,775	42	13,606
9	Polisen 5	Konsul Perssons plats 1	Helsingborg	Office/Retail	176		8,987					8,987
10	Polisen 6	Carl Krooksgatan 24	Helsingborg	Office/Retail	134		6,896		132	1,457		8,485
11	Polisen 7	Nedre Holländaregatan 1	Helsingborg	Projects & Land	27							0
12	Ruuth 23	Bruksgatan 29	Helsingborg	Office/Retail	0		1,145	313		2,740		4,198
13	Ruuth 35	Bruksg 25/Prästg 10	Helsingborg	Office/Retail	0			589	136	1,730		2,455
14	Stattena 7	Stattena Cent/ Nelly Krooksg 2/Hälsov 47	Helsingborg	Office/Retail	77		1,858	4837		124	2,766	9,585
15	Svea 7	Järnvägsg 7–11/ Södra Strandg 2–6	Helsingborg	Office/Retail	116		5,000	2009	62		313	7,384
16	Terminalen 1	Järnvägsg 10/Kungstorget 8/ Terminalg 1	Helsingborg	Office/Retail	0	L	15,703	7,424	226	705	1,215	25,273
17	Terminalen 3	Järnvägsgatan 14	Helsingborg	Office/Retail	59	L	2,938	151		1,076		4,165
18	Terminalen 4	Järnvägsgatan 18	Helsingborg	Office/Retail	53	L	3,348				25	3,373
19	Terminalen 5	Järnvägsgatan 22–24	Helsingborg	Office/Retail	85	L	5,591	142				5,733
20	Ursula 1	Redareg 48–50/Henckels torg 3	Helsingborg	Projects & Land	55							0
Central Helsingborg total					1,565		102,060	19,796	2,863	32,497	10,901	168,117

North Helsingborg												
No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Lease- hold	Offices, m²	Retail, m²	Logistics/ Prod, m²	Education/ healthcare, m²	Other, m²	Total, m²
21	Ackumulatörn 17	Knut Påls väg 1	Helsingborg	Industrial/Warehousing	25				4,214			4,214
22	Ametisten 5	Porfyrgatan 1	Helsingborg	Industrial/Warehousing	42		619		7,050			7,669
23	Armborstet 4	Lilla Garnisonsgatan 31	Helsingborg	Industrial/Warehousing	12		899	1,970				2,869
24	Armborstet 6	Lilla Garnisonsgatan 41	Helsingborg	Industrial/Warehousing	13		421	3,798				4,219
25	Barrikaden 3	Fyrverkaregatan	Helsingborg	Projects & Land								0
26	Cylindern 2	Fältarpsvägen 396	Helsingborg	Industrial/Warehousing	15				2,173			2,173
27	Floretten 3	Garnisonsgatan 25 A–C	Helsingborg	Office/Retail	50		5,392	44	444			5,880
28	Floretten 4	Garnisonsgatan 23	Helsingborg	Office/Retail	79		4,648	138				4,786
29	Grusbacken 1	Mogatan 12	Helsingborg	Industrial/Warehousing	12				1,278			1,278
30	Grusgropen 3	Grustagsgatan 22	Helsingborg	Industrial/Warehousing	30		531		4,776			5,307
31	Grushögen 2	Makadamgatan 1	Helsingborg	Industrial/Warehousing	12				3,150			3,150
32	Grusplanen 2	Blockgatan 8	Helsingborg	Industrial/Warehousing	13		405		2,937			3,342
33	Grustaget 1	Grustagsgatan 35–37	Helsingborg	Office/Retail	21		4,008					4,008
34	Grustaget 2	Grustagsgatan 11–15	Helsingborg	Industrial/Warehousing	22		1,316		2,388			3,704
35	Hakebössan 1	Karbingatan 28–32	Helsingborg	Industrial/Warehousing	22		997		3,886			4,883
36	Hakebössan 2	Karbingatan 10–20	Helsingborg	Industrial/Warehousing	42		823	366	8,185			9,374
37	Hakebössan 3	Karbingatan 22 & 26	Helsingborg	Industrial/Warehousing	24		1,123		4,201			5,324
38	Hillebarden 1	Garnisonsgatan 16, 18 A–B	Helsingborg	Industrial/Warehousing	38		2,014	2,732	4,285			9,031
39	Huggjärnet 12	Garnisonsg 7 A/Kastellg 8	Helsingborg	Office/Retail	37		4,622		860			5,482
40	Huggjärnet 13	Kastellgatan 2	Helsingborg	Industrial/Warehousing	16			600	3,932			4,532
41	Kniven 2	Mörsaregatan 17	Helsingborg	Industrial/Warehousing	21				3,515			3,515
42	Kniven 3	Mörsaregatan 19	Helsingborg	Industrial/Warehousing	18		200		4,591			4,791
43	Kroksabeln 11	Muskötg 17–27/ Garnisonsg 17	Helsingborg	Industrial/Warehousing	30		488	1,511	5,927			7,926
44	Kroksabeln 12	Garnisonsgatan 19	Helsingborg	Industrial/Warehousing	77		2,810	3,982	8,260			15,052
45	Kroksabeln 19	Florettgatan 14	Helsingborg	Industrial/Warehousing	24		866	562	6,618			8,046
46	Kroksabeln 20	Florettgatan 16	Helsingborg	Office/Retail	29		972	2,463	842			4,277
47	Lansen 1	Florettgatan 15–29 B–C	Helsingborg	Industrial/Warehousing	113		9,532		13,644			23,176
48	Lansen 2	Florettgatan 31–39	Helsingborg	Industrial/Warehousing	23		1,248		4,425		30	5,703
49	Lansen 3	Florettgatan 29 A	Helsingborg	Office/Retail	8				1,340			1,340
50	Lövskogen 3	Ekvåndan	Helsingborg	Projects & Land	0							0
51	Musköten 9	Muskötgatan 4	Helsingborg	Office/Retail	16		975	2,805	1,360			5,140
52	Musköten 13	Muskötgatan 8 B	Helsingborg	Office/Retail	20		2,087					2,087
53	Musköten 17	Kastellgatan 5	Helsingborg	Industrial/Warehousing	31				6,807			6,807
54	Musköten 20	Muskötgatan 6–8	Helsingborg	Industrial/Warehousing	17				2,380			2,380
55	Mörsaren Västra 5	Muskötgatan 5	Helsingborg	Industrial/Warehousing	8		1,701					1,701
56	Mörsaren Västra 13	Florettgatan 4	Helsingborg	Industrial/Warehousing	17		404		3,566			3,970
57	Rubinen 1	Basaltgatan 9	Helsingborg	Industrial/Warehousing	53		1,525		9,502			11,027

continued on next page

North Helsingborg												
No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Lease-hold	Offices, m²	Retail, m²	Logistics/ Prod, m²	Education/ healthcare, m²	Other, m²	Total, m²
58	Snårskogen 4	Ekvändan 5	Helsingborg	Industrial/Warehousing	16				3,015			3,015
59	Snårskogen 5	Ekvändan	Helsingborg	Projects & Land	2							0
60	Spjutet 1	Garnisonsgatan 12	Helsingborg	Industrial/Warehousing	14		168	1,328	1,512			3,008
61	Visiret 5	Garnisonsgatan 47 A	Helsingborg	Industrial/Warehousing	11				1,800			1,800
62	Värjan 12	Muskötgatan 12	Helsingborg	Office/Retail	16		1,871					1,871
63	Värjan 13	Muskötgatan 10	Helsingborg	Industrial/Warehousing	23				5,145			5,145
64	Zirkonen 2	Andesitgatan 16	Helsingborg	Industrial/Warehousing	29			4,628				4,628
Helsingborg, total					1,142		52,665	26,927	138,008		0	30 217,630
South Helsingborg												
No.	Name of property	Address	Municipality	Type of property	Tax ass. val. SEK m	Lease-hold	Offices, m²	Retail, m²	Logistics/ Prod, m²	Education/ healthcare, m²	Other, m²	Total, m²
65	Afrika 18	Verkstadsg 13/Rågångsg 7	Helsingborg	Industrial/Warehousing	10		1,434					1,434
66	Brottaren 15	Kapplöpningsgatan 14 & 16	Helsingborg	Industrial/Warehousing	22		3,221	100	1,005			4,326
67	Bunkagården Västra 8	Bunkalundsvägen 5	Helsingborg	Industrial/Warehousing	38		30		10,674			10,704
68	Bunkagårdet 6	Torbornavägen 6	Helsingborg	Industrial/Warehousing	5				556			556
69	Bunkalund Östra 8	Bunkagårdsgatan 13	Helsingborg	Industrial/Warehousing	20				6,300			6,300
70	Flintyxan 1	Stenbrovägen 40–42	Helsingborg	Industrial/Warehousing	11				3,113			3,113
71	Flintyxan 3	Stenbrovägen 36–38	Helsingborg	Industrial/Warehousing	11				3,129			3,129
72	Flintyxan 5	Stenbrovägen 32–34	Helsingborg	Industrial/Warehousing	18		324		4,523			4,847
73	Gymnasten 4	Planteringsvägen 11	Helsingborg	Office/Retail	32		65	3,040	2,865		60	6,030
74	Gymnasten 9	Kapplöpningsgatan 6	Helsingborg	Industrial/Warehousing	47		2,248		15,353			17,601
75	Hästhagen 7	La Cours g 2–6/ Landskronav 1–3	Helsingborg	Office/Retail	65		7,402	1,289	1,062	1,297	320	11,370
76	Manövern 3	Hästhagsvägen 1	Helsingborg	Office/Retail	25		616	3,621	762			4,999
77	Olympiaden 7	Kapplöpningsgatan 5	Helsingborg	Industrial/Warehousing	8		812		930			1,742
78	Olympiaden 8	Kapplöpningsgatan 3	Helsingborg	Industrial/Warehousing	20		1,190		5,910			7,100
79	Orkanen 5	Landskronavägen 18	Helsingborg	Industrial/Warehousing	8		498		2,681			3,179
80	Persien 1	V Sandg 10–12/Cindersg 11	Helsingborg	Industrial/Warehousing	7		104		3,233		515	3,852
81	Persien 14	Cindersgatan 13–15	Helsingborg	Industrial/Warehousing	12		44		2,824	1,022		3,890
82	Persien 15	Cindersgatan 17–19	Helsingborg	Industrial/Warehousing	0					4,026		4,026
83	Planteringen 1:8	V Tallgatan 32	Helsingborg	Industrial/Warehousing	6		540		1,317			1,857
84	Planteringen 1:9	V Tallgatan 32	Helsingborg	Industrial/Warehousing	17		979		5,217			6,196
85	Plåtförädlingen 7	Strandbadsvägen 11	Helsingborg	Industrial/Warehousing	5				1,230			1,230
86	Plåtförädlingen 8	Strandbadsvägen 13	Helsingborg	Industrial/Warehousing	47		10,792		1,236			12,028
87	Plåtförädlingen 11	Strandbadsvägen 19–21	Helsingborg	Industrial/Warehousing	78		2,759	276	18,231			21,266
88	Plåtförädlingen 13	Strandbadsvägen 15–17	Helsingborg	Industrial/Warehousing	74		1,674		15,193			16,867
89	Plåtförädlingen 15	Strandbadsvägen 7	Helsingborg	Industrial/Warehousing	21				2,496			2,496
90	Plåtförädlingen 18	Strandbadsvägen 9	Helsingborg	Industrial/Warehousing	11		70		2,438			2,508
91	Posten 1	Västra Sandgatan 7	Helsingborg	Office/Retail	0		3,051		2,949			6,000
92	Rausgård 21	Landskronavägen 9	Helsingborg	Industrial/Warehousing	52		4,312		5,947		190	10,449
93	Sadelplatsen 10	Fäktmästaregatan 5	Helsingborg	Industrial/Warehousing	8		350		2,725			3,075
94	Sadelplatsen 13	Planteringsv 5–9/ Fäktmästareg 1	Helsingborg	Industrial/Warehousing	49		728	5,680	11,344	1,270	520	19,542
95	Spanien 5	Gåsebäcksv 6/Motorg 1	Helsingborg	Projects & Land	1		0					0
96	Spanien 11	Kvarnstensg 6–8/ Motorg 5–7/Ö Sandg 7	Helsingborg	Industrial/Warehousing	31		2,253	451	2,841			5,545
97	Stormen 13	Landskronavägen 2–12	Helsingborg	Industrial/Warehousing	18		1,480		2,746		20	4,246
98	Tyfonen 1	Landskronavägen 20	Helsingborg	Industrial/Warehousing	19		1,095		2,519		700	4,314
99	Ättehögen Mellersta 6	Torbornavägen 22	Helsingborg	Industrial/Warehousing	11		385		2,221			2,606
100	Bilrutan 5, etc.	Kamgatan, etc.	Landskrona	Projects & Land	2							0
South Helsingborg, total					810		48,456	14,457	145,570	7,615	2,325	218,423
Helsingborg, total					3,517		203,181	61,180	286,441	40,112	13,256	604,170



Copenhagen

Properties: 55 | Value: SEK 7,900 million
Lettable area: 598,000 m²

Best in Europe for business

Denmark is world-renowned for its 'hygge'. This life-affirming cosiness is just as much a part of the Danish spirit as smørrebrød (open sandwiches). Is this one of the explanations as to why the Danes are ranked as the world's second-happiest people? Is hygge part of the reason that Denmark has once again been rated as the easiest country in Europe in which to do business? Perhaps, but other explanations for this top ranking by the World Bank's Doing Business 2020 report include its efficient processes to deal with issues such as construction permits, contracts and cross-border trade. High financial stability, a relatively low corporate tax rate of 22 percent and a flexible labour market also play a part.

Copenhagen is the hub of the Öresund region, or Greater Copenhagen as the business and political collaboration in eastern Denmark and southern Sweden is known. Copenhagen's history began back in the 1100s when its strategic location by the Öresund turned it into an important trading centre – the 'köp-männens hamn', or 'merchant's port'. Over the centuries Copenhagen consolidated its position as a financial centre, and today the city is a modern metropolis with a high quality of life.

With its strong focus on sustainability, Copenhagen is world-renowned for its efforts in terms of energy, waste management and transport. The city prioritises cycling, for example, with new cycle paths challenging road traffic. Copenhageners love this, as surveys have shown that cycling is the preferred mode of transport.

Public transport is well developed throughout the capital region. The local S-train commuter services combine with the metro and buses to offer an efficient transport network. This will be supplemented by the fast new Ring 3 Light rail, which is planned to open in 2025. The Öresund-trains provide cross-border public transportation across the bridge. Copenhagen and Malmö are currently a business and labour market with major trade between the cities, with the Öresund Bridge encouraging mobility across national borders.

Copenhagen Airport is the Nordic region's largest airport with some 30 million passengers per year – a figure that could increase to 40 million after a major extension.

Market conditions

The City of Copenhagen has around 600,000 inhabitants, while the whole of Capital Region of Denmark has a population of around 1.3 million. This is almost a quarter of Denmark's entire population, which totals 5.6 million.

There is excellent access to skills, and like many other major cities, Copenhagen attracts a highly educated labour force. This makes the city attractive to knowledge-intensive sectors like IT, telecoms and life sciences. Copenhagen's unemployment rate is falling and currently stands at a low 4.4 percent.

Growth among Copenhagen's companies is largely occurring in the expansive outer suburbs. Multi-functionality and a high level of accessibility are important, and these aspects are supported by Copenhagen's urban development and infrastructure initiatives.

As a major city undergoing rapid growth, Copenhagen is also facing challenges. Over the past ten years, the number of Danes has increased by some 300,000 people, for which Copenhagen accounts for a third of the increase. While this has helped develop the city, it has also led to a need for major investments in new districts, housing, roads, care facilities and schools, for example. Copenhagen also faces common major city challenges, such as an over-representation of socially vulnerable citizens and major differences between different districts, meaning the social balance will remain an important issue in the future.

Contributing to development

Wihlborgs has an active societal commitment to our Danish areas in Greater Copenhagen. There is broad consensus here about the importance of creating vibrant city districts with a mix of companies and housing. We participate in and drive many neighbourhood development projects that aim to provide greater security and a better quality of life. Among our commitments is Mindsteps, a training centre for children and young people with brain injuries, for whom Wihlborgs provides premises. Wihlborgs is also involved in the Cphbusiness case competition – an initiative within the Copenhagen Business Academy that showcases the innovation of its students.

Wihlborgs in Copenhagen

Wihlborgs is continuing its strategic efforts to expand in Copenhagen. During the year we acquired properties encompassing 37,000 m² in areas we have previously had properties, and we divested properties totalling 27,000 m² in areas that will primarily be used for housing. Wihlborgs owns and manages properties comprising 598,000 m² with a property value of SEK 7,891 million, which places us in the top seven largest commercial property owners in Copenhagen. Net lettings in Copenhagen amounted to SEK 29.9 million in 2019.

Around 90 percent of our property portfolio is concentrated in the districts of Herlev, Ballerup, Høje-Taastrup, Glostrup and Brøndby in western Copenhagen. These municipalities are among the most expansive in Denmark with the largest increase in workplaces.

Part of Wihlborgs' unique offering is our services in the form lunch canteens, conference facilities and receptions, all staffed by our own personnel. These services are a decisive factor in attracting tenants, and the many daily meetings also give us the opportunity to build close relationships with those tenants.

North Copenhagen

Properties: 10 | Value: SEK 1,200 million
Lettable area: 88,000 m²

The North Copenhagen management area contains areas such as Hillerød, Allerød, Kr. Værløse, Holte, and Hørsholm. North Zealand is characterised by large green areas and a relatively high share of housing.

In 2019, Hørsholm Municipality signed a lease for 7,000 m² at Slotsmarken 13–15, where Hørsholm City Hall can now bring together all of its employees and public services in just one Wihlborgs property. The signing was a breakthrough in our ambition to establish business ties with municipal operations in Denmark.

East Copenhagen

Properties: 22 | Value: SEK 2,000 million
Lettable area: 184,000 m²

East Copenhagen is a wide-ranging management area starting in Herlev to the west and stretching to Amager in the east. Wihlborgs owns 11 properties in Herlev, which is some 12 kilometres from Copenhagen, and has also based its Danish head office there. During the year we moved into the entirely newly renovated property at Mileparken 22.

The property has a co-working concept in which tenants can move freely through the spaces and share the joint resources. Mileparken 22 is a welcome addition to an area that has major demand.

West Copenhagen

Properties: 10 | Value: SEK 2,000 million
Lettable area: 116,000 m²

Ballerup is located in West Copenhagen and represents one of Wihlborgs' core areas with its nine properties concentrated in the block around Lautrup Park. Ballerup is located 14 kilometres west of Copenhagen and is known for its sports facilities, among other things. The area has several commuter train stations, a number of bus routes and fast connections to major roads.

South Copenhagen

Properties: 13 | Value: SEK 2,700 million
Lettable area: 211,000 m²

The South Copenhagen management area is a logistics hub with many transport-related businesses. Major infrastructure projects are under way here, as in the rest of the capital region, as well as densification of housing areas. Wihlborgs owns properties in Brøndby and Høje-Taastrup, which are connected to the motorway network and railway stations, have generally good public transport links and are near Copenhagen Airport. The area also contains Glostrup and Roskilde.

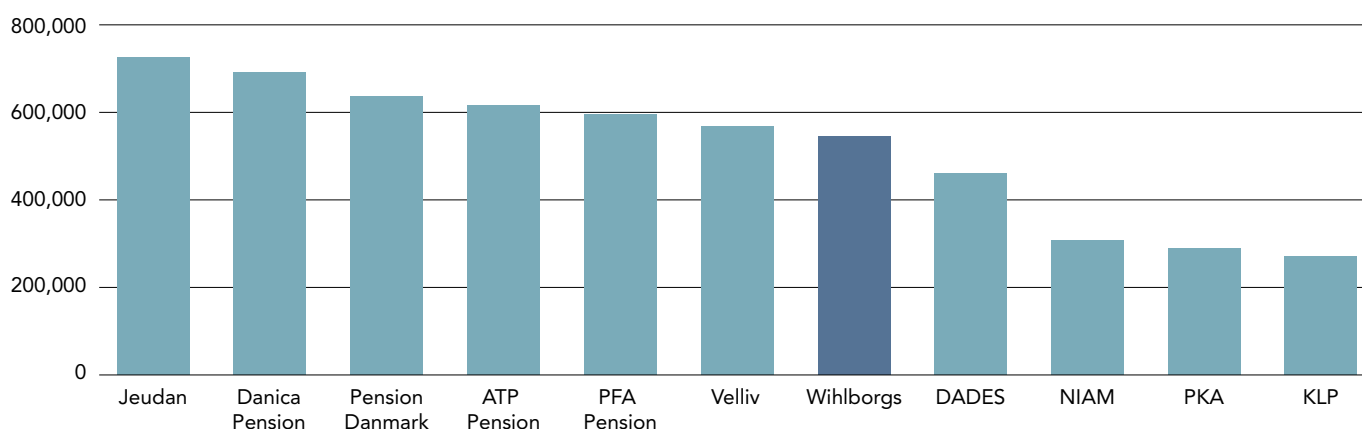
Focus in 2020

Wihlborgs has grown rapidly in Denmark. We place major emphasis on our employees being motivated and highly educated. Tenants meet Wihlborgs employees at our properties every day, and the relationship between them is vital in terms of how satisfied our tenants are.

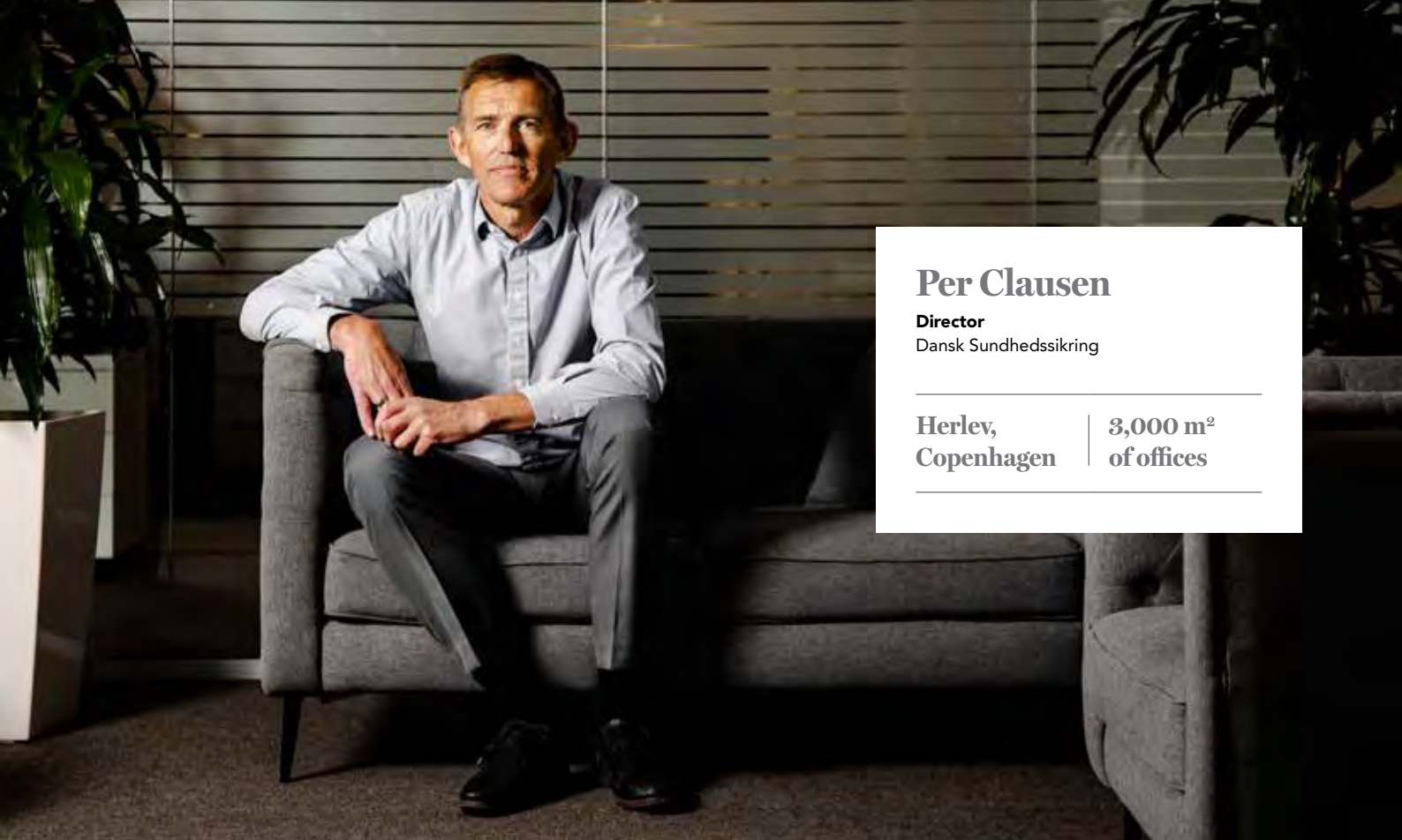
We will use the experience gained from our lease with Hørsholm Municipality in our ongoing efforts to attract more public sector operations.

The issue of sustainability is becoming increasingly important in Denmark, and Wihlborgs will continue its work to optimise properties in terms of their consumption of energy and resources. We will install more solar power systems in 2020. We will also increase focus on the renovation of existing properties, as this can lead to major sustainability benefits compared to new builds.

Property owners office, Copenhagen (Capital Region) 31 Dec 2019



Source: Colliers International Danmark A/S



Per Clausen

Director
Dansk Sundhedssikring

**Herlev,
Copenhagen**

**3,000 m²
of offices**

Dansk Sundhedssikring is renewing the insurance sector

Dansk Sundhedssikring in Copenhagen challenges the traditional insurance companies with its niche focus on healthcare insurance. With its own nurses and doctors, they guide their customers through the healthcare system in order to offer better healthcare. The concept has proved to be successful – in just seven years they have grown tenfold from 15 to 150 employees, and in 2020 the concept will also be launched in Sweden.

Most insurance companies in Denmark treat healthcare insurance as a minor part of their offerings. Dansk Sundhedssikring takes the opposite approach and works with companies that want to offer their employees a pure healthcare insurance. Per Clausen is Director:

“Specialisation is our success factor. Our customers feel they are treated in a professional manner thanks to our in-house medical experts. When customers contact us with a problem, they can immediately talk to an experienced nurse instead of an insurance administrator. We know that this fosters confidence.”

Flexibility to grow

Dansk Sundhedssikring's headquarters are located in Herlev, north-western Copenhagen. They have been in their current premises since 2018, which contain 3,082 m² over two storeys, with the option of taking a third.

“We put a lot of effort into the finding the right place. Above all, it was a question of finding premises that meet our

needs today but which have the flexibility to grow with us. The premises currently accommodate 150 employees who mostly work in open-plan offices, but we also ensured we had plenty of meeting rooms,” explains Clausen.

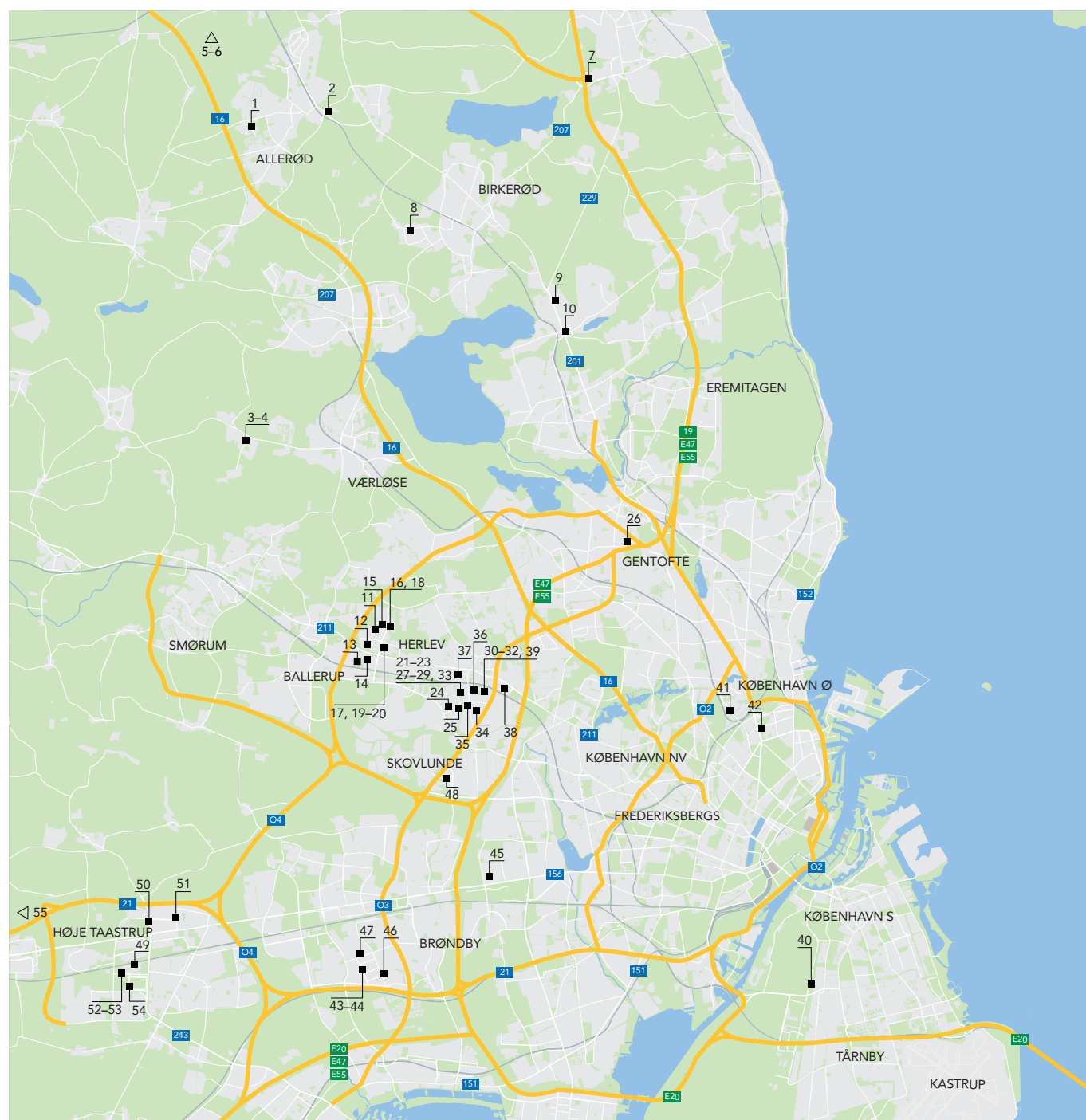
Good services in the building

The Herlev premises were originally designed to have traditional offices, but before it was leased to Dansk Sundhedssikring it underwent an extensive renovation. All of the walls were torn down, creating large, airy spaces instead.

“There are major benefits to open-plan offices, both in terms of employees and space-efficiency. What we value about the location in Herlev are the excellent commuting options – we are just five minutes' walk from the train station.

We also appreciate the good level of service in the building, both in terms of the building's own restaurant and the fact that Wihlborgs is perceptive and quick to satisfy our requests,” concludes Clausen.

Copenhagen



North Copenhagen

No.	Name of property	Address	Municipality	Type of property	Tax ass. SEK m	Leasehold	Offices, m ²	Retail, m ²	Logistics/Prod, m ²	Education/Healthcare, m ²	Other, m ²	Total, m ²
1	Engholm Parkvej 8	Engholm Parkvej 8	Allerød	Office/Retail			10,768				1,111	11,879
2	Sortemosevej 2	Sortemosevej 2	Allerød	Office/Retail			7,252				2,005	9,257
3	Lejrvej 1	Lejrvej 1	Furesø	Industrial/Warehousing			183		1,219			1,402
4	Lejrvej 15-19	Lejrvej 15-19	Furesø	Office/Retail			8,047		288		750	9,085
5	Bymosevej 4	Bymosevej 4	Gribskov	Office/Retail			2,943				1,029	3,972
6	Munkeengen 4-32	Munkeengen 4-32	Hillerød	Office/Retail			3,586			4,312	1,254	9,152
7	Slotsmarken 10-18	Slotsmarken 10-18	Hørsholm	Office/Retail			22,544				2,685	25,469
8	Blokken 84	Blokken 84	Rudersdal	Industrial/Warehousing					8,606			8,606
9	Kongevejen 400	Kongevejen 400	Rudersdal	Office/Retail			4,629					4,629
10	Røjelskær 11-15	Røjelskær 11-15	Rudersdal	Office/Retail			4,358					4,358
North Copenhagen, total					0		64,310	0	10,353	4,312	8,834	87,809

West Copenhagen												
No.	Name of property	Address	Municipality	Type of property	Tax ass. val SEK m	Lease- hold	Offices, m ²	Retail, m ²	Logistics/ Prod, m ²	Education/ Healthcare, m ²	Other, m ²	Total, m ²
11	Borupvang 2/ Lautrupc.	Borupvang 2/Lautrupcentret	Ballerup	Office/Retail			8,234	5,268		170	6,235	19,907
12	Borupvang 5	Borupvang 5	Ballerup	Office/Retail			10,358				429	10,787
13	Brydehusvej 30	Brydehusvej 30	Ballerup	Office/Retail			4,458		200			4,658
14	Industriparken 29	Industriparken 29	Ballerup	Office/Retail			3,118					3,118
15	Lautruphøj 8–10	Lautruphøj 8–10	Ballerup	Office/Retail			13,548				2,428	15,976
16	Lautrupvang 1 A–B	Lautrupvang 1 A–B	Ballerup	Office/Retail			11,619		2,939			14,558
17	Lautrupvang 2	Lautrupvang 2	Ballerup	Office/Retail			12,560				58	12,618
18	Lautrupvang 3	Lautrupvang 3	Ballerup	Office/Retail			11,514				1,928	13,442
19	Lautrupvang 8	Lautrupvang 8	Ballerup	Office/Retail			9,393				2,094	11,487
20	Lautrupvang 12	Lautrupvang 12	Ballerup	Office/Retail			8,135				1,261	9,396
West Copenhagen, total					0		92,937	5,268	3,139	170	14,433	115,947
East Copenhagen												
No.	Name of property	Address	Municipality	Type of property	Tax ass. val SEK m	Lease- hold	Offices, m ²	Retail, m ²	Logistics/ Prod, m ²	Education/ Healthcare, m ²	Other, m ²	Total, m ²
21	Literbuen 6–10	Literbuen 6–10	Ballerup	Office/Retail			1,602		9,672		450	11,724
22	Literbuen 16–18	Literbuen 16	Ballerup	Office/Retail			4,696		3,637			8,333
23	Meterbuen 27	Meterbuen 27	Ballerup	Office/Retail			17,255					17,255
24	Mileparken 9 A	Mileparken 9 A	Ballerup	Industrial/ Warehousing					4,976			4,976
25	Mileparken 22	Mileparken 22	Ballerup	Office/Retail			9,382		2,098			11,480
26	Sandtoften 9	Sandtoften 9	Gentofte	Office/Retail			4,970					4,970
27	Ellekær 2–4	Ellekær 2–4	Herlev	Office/Retail					4,828			4,828
28	Ellekær 6	Ellekær 6	Herlev	Office/Retail			4,763		1,071			5,834
29	Ellekær 9	Ellekær 9	Herlev	Office/Retail			6,444		1,127			7,571
30	Hørkær 12, 1 sal	Hørkær 12, 1 sal	Herlev	Office/Retail			11,733		464			12,197
31	Hørkær 14 & 26	Hørkær 14 & 26	Herlev	Office/Retail			4,298				936	5,234
32	Hørkær 16–28	Hørkær 16–28	Herlev	Office/Retail			23,552		3,199	2,781	5,117	34,649
33	Knapholm 7	Knapholm 7	Herlev	Office/Retail			3,977		528		1,120	5,625
34	Lyskær 9	Lyskær 9	Herlev	Office/Retail			4,992				437	5,429
35	Marielundvej 28–30	Marielundvej 28–30	Herlev	Office/Retail			2,420		6,798		294	9,512
36	Marielundvej 29	Marielundvej 29	Herlev	Industrial/ Warehousing			1,619		2,221		602	4,442
37	Smedeholm 10	Smedeholm 10	Herlev	Office/Retail			3,069				216	3,285
38	Stationsalleen 40–46	Stationsalléen 40–46	Herlev	Office/Retail			2,414	914		1,549	1,078	5,955
39	Vasekær 9	Vasekær 9	Herlev	Projects & Land								
40	Digevej 114	Digevej 114	Copenhagen	Office/Retail			7,452				30	7,482
41	Lersø Park Alle 103–105	Lersø Park Alle 103–105	Copenhagen	Office/Retail			9,859					9,859
42	Lyngbyvej 20	Lyngbyvej 20	Copenhagen	Office/Retail			2,720				571	3,291
East Copenhagen, total					0		127,217	914	40,619	4,330	10,851	183,931
South Copenhagen												
No.	Name of property	Address	Municipality	Type of property	Tax ass. val SEK m	Lease- hold	Offices, m ²	Retail, m ²	Logistics/ Prod, m ²	Education/ Healthcare, m ²	Other, m ²	Total, m ²
43	Abildager 8–14	Abildager 8–14	Brøndby	Industrial/ Warehousing			322		14,137			14,459
44	Abildager 16	Abildager 16	Brøndby	Industrial/ Warehousing					7,683			7,683
45	H.J. Holst vej 3–5	H.J. Holst vej 3–5	Brøndby	Office/Retail			7,263				844	8,107
46	Midtager 35	Midtager 35	Brøndby	Industrial/ Warehousing					7,938			7,938
47	Park Allé 363	Park Allé 363	Brøndby	Industrial/ Warehousing			4,000					4,000
48	Ejby Industrivej 41	Ejby Industrivej 41	Glostrup	Office/Retail			25,480				23,695	49,175
49	Girostrøget 1	Girostrøget 1	Høje-Taastrup	Office/Retail			46,759				15,153	61,912
50	Helgeshøj Alle 9–15 & 49–55	Helgeshøj Alle 9–15 & 49–55	Høje-Taastrup	Office/Retail			13,347					13,347
51	Husby Alle 8	Husby Alle 8	Høje-Taastrup	Office/Retail			2,114				329	2,443
52	Høje-Taastrup Boulevard 33–39	Høje-Taastrup Boulevard 33–39	Høje-Taastrup	Office/Retail			4,121	294		888	1,239	6,542
53	Høje Taastrup Boulevard 52–58	Høje-Taastrup Boulevard 52–58	Høje-Taastrup	Office/Retail			2,636	926			720	4,282
54	Oldenburg Alle 1–5	Oldenburg Alle 1–5	Høje-Taastrup	Office/Retail			13,075				1,612	14,687
55	Ny Østergade 7–11	Ny Østergade 7–11	Roskilde	Office/Retail			15,129		137	339	595	16,200
South Copenhagen, total					0		134,245	1,220	29,895	1,227	44,187	210,774
Copenhagen, total					0		418,709	7,402	84,006	10,039	78,305	598,461



Projects and development

Wihlborgs has a growth-based business model that rests on two pillars: property management and project development. Continuously developing new and profitable projects is essential for our continued growth. Our project development takes two forms: redevelopment and extension of existing properties, and new construction on undeveloped land or densification of land on developed properties. We continuously work to locate new land and develop new detailed development plans that can supply future market needs.

Completed and ongoing projects

In 2019, SEK 1,659 million was invested in redevelopment, extensions and new builds. Approved investments in ongoing projects amount to SEK 1,585 million, of which SEK 640 million had been invested at the turn of the year. During the year, some ten projects requiring investments of over SEK 10 million were completed, the largest of which were Gimle 1 (Dungen) and Bure 2 (Origo). To read more about this, see pages 56–57.

There were 13 ongoing projects requiring investments of more than SEK 10 million at the end of 2019. In total, around 250 development projects of varying scope and character are under way, managed by our project organisation consisting of around 15 project managers and specialists in the area of property development. A list of ongoing and completed projects of over SEK 10 million can be found on pages 56–59.

Future development opportunities

A crucial factor governing our ability to rapidly develop new projects is our existing planning permission portfolio. Wihlborgs has a varied and mixed portfolio of development rights that are largely ready to launch. At the end of 2019, we had a total of 490,000 m² of planning permissions distributed across Malmö, Lund, Helsingborg and Copenhagen. See the diagram on the next page. Future development opportunities in each city are described on pages 31–53.

Commitment and long-term approach

Wihlborgs' overall market – concentrated in four cities and selected sub-areas in each city – offers us the opportunity and incentive to actively develop those cities and city districts.

We produce new builds with a view to owning and managing them long-term, and with that as our starting point, we prioritise high quality in terms of architecture, building materials and technical installations. A consistently high level of quality creates the conditions for efficient property management and a healthy work environment for those who will work in the environments and areas we develop.

This long-term approach also makes it important for us to

develop properties and city districts that are attractive and vibrant every hour of the day. Our priority is enabling restaurants, shops and other services to run profitable businesses in all of our areas. We are convinced that properties located in dynamic, vibrant districts are more attractive and can attract new tenants to our buildings.

Proximity and implementation potential

Our concentrated market, and the fact that our head office is located in the region, facilitates in dialogue with municipalities on issues such as land allocation, central plans and detailed development plans. We are able to maintain a close dialogue and gain a keen sense of what matters to the municipalities, as well as contribute our expertise and commitment to the development of attractive urban environments.

Proximity to the market also enables to sense trends and changes in customers' wishes and demands at an early stage. We are highly knowledgeable about the most attractive locations for different customer groups, and have refined and developed our property portfolio over a long period to enable us to build a property portfolio that today contains properties and planning permissions in the most strategic locations. Our proximity to the market and strong financial position provide us with extensive implementation potential and plenty of resources for planning, launching, managing and completing projects.

Sustainability focus within projects

Sustainability is a central and obvious part of our project development. All of our new-build projects are certified to Gold standard by SGBC. We work continuously to reduce the climate impact of our projects, and in 2019 we began work on creating processes and developing skills to shift our project operations towards climate-neutral construction. During a project, we focus on the choice of materials to reduce our climate impact, reuse of materials, waste management and a wide range of other areas, all of which are described in our project-tailored environmental programme.

We also take part in various development projects run by cities and other participants. At Science Village in Lund, where Wihlborgs is developing the research hotel Space, a project focusing on low-temperature district heating is under way that is entirely based on recovered surplus heat. By using this method, our building will be climate neutral in terms of its energy use.

Health and the work environment are becoming increasingly important for our customers, meaning we will plan to start certifying two projects in line with the health-focused WELL certification system in 2020. Read more about our sustainable property practices on pages 66–69.

Safety and the work environment are vital aspects of Wihlborgs' sustainability efforts, and we place strict requirements on the contractors with whom we collaborate. These contractors are responsible for the work environment and safety at construction sites, but in order to place extra focus on safety, Wihlborgs participates in meetings with staff working on our projects. Together with the contractors, we communicate our desire to always see safety prioritised in any work on a Wihlborgs project.

Read about the reporting of accidents and near-accidents in the Sustainability appendix for 2019 available at wihlborgs.se/en/about-us/sustainability/

Jointly owned projects

MAX IV

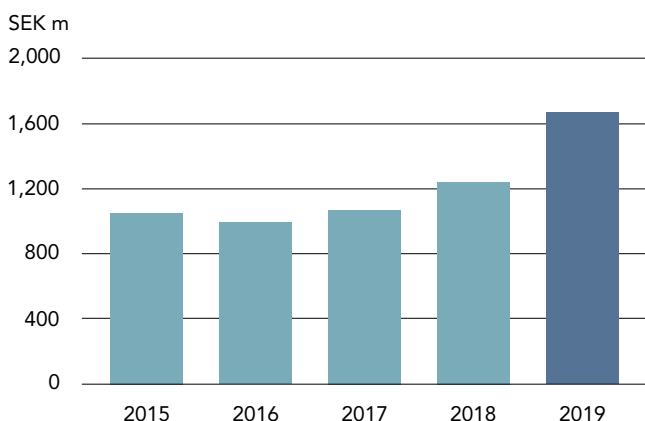
Wihlborgs and Peab jointly own Fastighets AB ML4, the company that built and owns the synchrotron-light facility MAX IV in Lund, which was opened in 2016. Lund University is the tenant and has a 25-year lease. The facility consists of around 20 buildings with a GFA of approximately 50,000 m². In 2019, construction began on a further beam-tube facility, ForMAX, as well as a research building for the Lund University's Faculty of Medicine. Discussions are being held continuously with Lund University regarding further new builds and extensions.

Hälsostaden Ängelholm AB

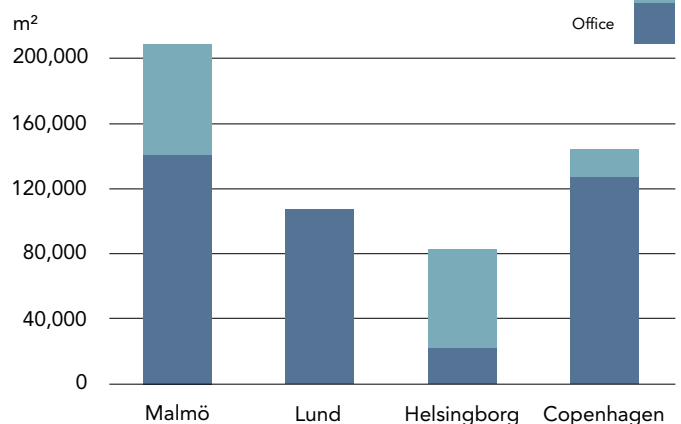
Hälsostaden Ängelholm AB is a joint venture between Region Skåne, Peab and Wihlborgs. The company owns, develops and manages the properties at the Ängelholm Hospital site.

At the start of the year, the Parkhuset property in Lindhaga park was completed with the municipality of Ängelholm as the tenant. A short-term healthcare and care facility is run here. The detailed development plan for a new health hotel has been delayed, but approval of the plan is expected in early 2020. In 2019, Hälsostaden acquired a property connected to the northern area of the hospital for future development. A lease was signed with Region Skåne for a new care facility in the northern part of the site in order to enable the premises in the southern part to be decommissioned by 2022 at the latest. Once this is complete, an entirely new city district can be developed there, close to the city centre and public transport.

Total investments



Development rights



Completed projects over SEK 10 million



Gimle 1 (Dungen), Malmö

AREA: 9,000 m²

LOCATION: Hyllie, Malmö

COMPLETION: Q2, 2019

INVESTMENT: SEK 390 million

The Dungen office building is Wihlborgs' first project in Hyllie and is situated right next to Hyllie station. The largest tenant is Swedish Customs, which is renting 7,500 m². Other tenants include Ferrero Scandinavia, DC Hud and Schröder.

Dungen is a green building in several regards. The building has been environmentally certified in line with SGBC Gold and has its own solar cell facility. The spacious atrium at the heart of the building provides a meeting place where large trees create a vibrant and green environment, inspired by the verdant garden of the farm previously located on the site.

The exterior consists of a glass facade combined with a light, corrugated facade. Dungen received the City of Malmö's Urban Design Prize for 2019.



Bure 2 (Origo), Malmö

AREA: 6,800 m²

LOCATION: Hyllie, Malmö

COMPLETION:

Q4, 2019

INVESTMENT:

SEK 205 million

Origo is Wihlborgs' second office project in Hyllie. Ingka Services AB moved in to the entirety of the office space in late 2019. There are several balconies on each storey. The building is certified to SGBC Gold and has a roof-top solar cell facility.



Kranen 2, Malmö

AREA: 10,700 m²

LOCATION: Dockan, Malmö

COMPLETION:

Q3, 2019

INVESTMENT:

SEK 267 million

At Kranen 2, 10,700 m² was redeveloped for police training at Malmö University. The project involves premises for research, shooting ranges, training areas, a garage and lecture halls.



Elefanten 40, Malmö

AREA: 8,200 m²

LOCATION: City centre, Malmö

COMPLETION: Q4, 2019

INVESTMENT: SEK 58 million

Since the City of Malmö signed a ten-year lease for 8,200 m² for the medical, health and social care administration (HVO), Wihlborgs has redeveloped and renovated the premises to suit the administration's needs. New ventilation and cooling equipment were also installed.



Boplatzen 3, Malmö

AREA: 3,900 m²

LOCATION: Fosie, Malmö

COMPLETION: Q4, 2019

INVESTMENT: SEK 38 million

ABB has been a tenant at this address for more than 20 years, and a new ten-year agreement will create the opportunity to modernise and develop the property. The office premises are being adapted to ABB's needs and we are creating a new conference centre that will also be accessible to other companies.



Diabasen 1, Lund

AREA: 3,000 m²

LOCATION: Gastelyckan, Lund

COMPLETION: Q1, 2019

INVESTMENT: SEK 50 million

At Gastelyckan in east Lund, Wihlborgs has built a new store with offices and warehouses for the hardware store chain Optimera. The building has been environmentally certified in line with SGBC Silver.



Raffinad. 5 (Sockerbiten), Lund

AREA: 1,900 m²

LOCATION: City centre, Lund

COMPLETION: Q4, 2019

INVESTMENT: SEK 57 million

Wihlborgs completed the Posthornet 1 office building in 2018 in the Sockerbruket area just west of the railway. The next office project – Sockerbiten at the Raffinaderiet 5 property just north of Posthornet – was completed in late 2020.

The smaller scale of this building enables cosy floor plans with space for some twenty employees on each storey.

The property is in an easily accessible location for transport links, just a couple of minutes' walk from Lund Central Station. The building has been certified to SGBC Gold.

The largest tenant in the building is the municipal parking company LKP.



Polisen 5, Helsingborg

AREA: 4,000 m² + 5,000 m²

LOCATION: City centre, Helsingborg

COMPLETION: Q3, 2019

INVESTMENT: SEK 178 million

Helsingborg District Court's premises have been extended by 4,000 m², which came into use in 2018. 2019 saw the completion of a redevelopment of 5,000 m² of existing floor space. The new building has been certified in line with SGBC Gold and the existing, redeveloped space in line with SGBC Silver.



Abildager 8-14, Copenhagen

AREA: 14,500 m²

LOCATION: Brøndby, Copenhagen

COMPLETION: Q4, 2019

INVESTMENT: SEK 48 million

14,000 m² of warehouse space was renovated for the tenant RTC Transport A/S, with previous office and canteen buildings also being demolished to make way for 1,000 m² of new office space. The property's external spaces also underwent a thorough renovation.



Mileparken 22, Copenhagen

AREA: 11,000 m²

LOCATION: Ballerup, Copenhagen

COMPLETION: Q1, 2019

INVESTMENT: SEK 143 million

The property has been totally renovated into a modern multi/tenant and co-working property with a number of major and minor tenants. A shared restaurant for all of the tenants has been installed on the ground floor.

Ongoing projects over SEK 10 million



Stenåldern 7, Malmö

AREA: 4,400 m²

LOCATION: Fosie, Malmö

COMPLETION: Q4, 2020

INVESTMENT: SEK 78 million

In Fosie, Wihlborgs is building an entirely new chemical production and logistics facility with a small office section for its tenant Voestalpine Böhler weldCare AG, which is a global supplier of consumables for welding and soldering.



Hamnen 22:188, Malmö

AREA: 930 m²

LOCATION: City centre, Malmö

COMPLETION: Q2, 2020

INVESTMENT: SEK 21 million

Wihlborgs is upgrading the old Tullhuset next to Magasinet in Nyhamnen for the tenant Altran, who signed a lease for the entire building encompassing 930 m². The property was built in 1931 on behalf of the Customs service and is one of the area's oldest buildings.



Mileparken 9a, Copenhagen

AREA: 2,300 m²

LOCATION: Ballerup, Copenhagen

COMPLETION: Q1, 2020

INVESTMENT: SEK 13 million

The premises have been totally renovated into a modern office and warehouse facility for the tenant Caverion. Caverion has a showroom and its head office for the Copenhagen region here.

Ongoing projects over SEK 10 million



Ursula 1 (Prisma), Helsingborg

AREA: 13,000 m²

LOCATION: City centre, Helsingborg

COMPLETION: Q4, 2020

INVESTMENT: SEK 405 million

Oceanhamnen is a completely new city district right opposite Helsingborg Central Station that is currently being constructed with a mix of offices and housing. Wihlborgs is building the Prisma office building (Ursula 1) here, which with its unique architecture will become an iconic building in the area.

Prisma was designed by Erik Giudice Architects, who were inspired by the light, the views toward Denmark and the constantly moving ferries. The result is a building with graceful, maritime lines, an airy atmosphere and a playful facade.

Helsingborg's new tech hub Hetch will form the core of the building, creating an exciting mix of tech start-ups and established companies in the building. Among the tenants to have signed leases are EY, KPMG and Assistansbolaget.



Terminalen 1, Helsingborg

AREA: 8,800 m²

LOCATION: City centre, Helsingborg

COMPLETION: Q4, 2020

INVESTMENT: SEK 257 million

Helsingborg C is undergoing a transformation with the building gaining a new facade, new entrances and a new restaurant area. At the same time, the terminal building is also being upgraded to turn it into an attractive, modern and secure environment for passengers and visitors. Additionally, new modern office space is being added.



Forskaren 1 (Medeon), Malmö

AREA: 4,000 m²

LOCATION: City centre, Malmö

COMPLETION: Q3, 2020

INVESTMENT: SEK 97 million

The life science cluster, Medeon Science Park, is being expanded through the addition of a new building that will allow existing tenants to develop and create space for new companies. The largest tenant will be Galenica, which started at Medeon in 1999. The building will be certified Gold by SGBC.



Sunnanå 12:54, Malmö

AREA: 3,600 m²

LOCATION: Stora Bernstorp, Malmö/Burlöv

COMPLETION: Q1, 2021

INVESTMENT: SEK 96 million

At Stora Bernstorp, Wihlborgs is building a new service centre for Veho Bil – the Nordic region's largest Mercedes-Benz dealer. The building will be used for sales and service of trucks and buses. The building will be certified Silver by SGBC.



Spillepengshagen 3, Malmö

AREA: 1,300 m²

LOCATION: Arlöv, Malmö

COMPLETION: Q1, 2020

INVESTMENT: SEK 15 million

Maintenance work and redevelopment of 1,300 m² of previously unused space is under way at Spillepengshagen 3 in Arlöv for the construction company Servicekuben, who will be a new tenant for Wihlborgs.



Erik Menved 37, Malmö

AREA: 1,500 m²

LOCATION: City centre, Malmö

COMPLETION: Q1, 2020

INVESTMENT: SEK 13 million

At Erik Menved 37, just a few minutes from Malmö Central Station, a redevelopment is being carried out for the tenant Academic Work, who will move in to 1,500 m² of the building in early 2020.



Syret 5, Lund

AREA: 7,000 m²

LOCATION: Ideon, Lund

COMPLETION: Q2, 2020

INVESTMENT: SEK 13 million

In 2016, Volvo Cars established a 600 m² research and development centre at Ideon in Lund; since then, the operations have gradually expanded. The entire property, which contains a total of 7,000 m², is now being adapted to Volvo's needs.



Musköten 20, Helsingborg

AREA: 4,400 m²
LOCATION: North Helsingborg
COMPLETION: Q4, 2020
INVESTMENT: SEK 97 million

Defence company MilDef is already a Wihlborgs tenant. The company is in the midst of strong growth, and the new facilities being built will more than double the space for operations.



Borupvang 5d, Copenhagen

AREA: 4,000 m²
LOCATION: Ballerup, Copenhagen
COMPLETION: Q4, 2020
INVESTMENT: SEK 54 million

The property is undergoing a total renovation with new installations and a new roof. The premises will contain a new Danish head office for security company Assa Abloy.



Hörkaer 12, Copenhagen

AREA: 2,600 m²
LOCATION: Ballerup, Copenhagen
COMPLETION: Q2, 2020
INVESTMENT: SEK 13 million

The shell of the building is being transformed into completely modernised premises with air conditioning for the IT company ECIT and Dansk Sundhedssikring, which is the largest tenant at the property.

Future projects (selection)



Pulpeten 5 (Kvartetten), Malmö

AREA: Approx. 20,000 m² GFA
LOCATION: Hyllie, Malmö
CONSTRUCTION START: Not decided, possible construction start 2020.

In Hyllie, Wihlborgs is now planning a third office project, Kvartetten, involving 20,000 m². We are creating an exciting building with several different facades, all of which are inspired by the Öresund region. The design and size of the building will enable large floor plans with views in every direction. At the core of the building will be a generous atrium courtyard.

Right next to this, Wihlborgs has acquired Bläckhornet 1 with potential for 20,000 m² of office space and a multistorey car park.



Nyhamnen, Malmö

AREA: Approx. 10,000 m² GFA
LOCATION: Nyhamnen, Malmö
CONSTRUCTION START: Not decided, possible construction start prel. 2022

The development in Nyhamnen can now start gathering pace since the central plan for the area was approved in December 2019. Wihlborgs is a major property owner in the area and has been allocated land for the new construction of some 25,000 m² of offices. The first project, which is still in the planning phase, is situated in the area known as Smörkajen. Construction can be started as soon as the detailed development plan is complete, which is expected by the end of 2021.



Posthornet 1, Lund

AREA: Approx. 10,000 m² GFA
LOCATION: City centre, Lund
CONSTRUCTION START: Not decided

Wihlborgs has completed the Posthornet and Sockerbiten (Raffinaderiet 5) office buildings over the past few years in the Sockerbruket area bordering Lund Central Station. Plans are now under way for the development of more office space at the Posthornet 1 property. The detailed development plan is expected to enter force in 2020.



Syret 8 (Zenit), Lund

AREA: Approx. 30,000 m² GFA
LOCATION: Ideon, Lund
CONSTRUCTION START: Not decided, possible construction start 2020

The tramway in Lund will be opened in December 2020. Right next to the Ideontorget stop, Wihlborgs is planning new innovation environments, workplaces, shops, restaurants and other services. There is an opportunity here to build up to 30,000 m² spread across several stages. The detailed development plan is expected to enter force in spring 2020.



Polisen 7, Helsingborg

AREA: 6,000 m²
LOCATION: City centre, Helsingborg
CONSTRUCTION START: Not decided.

Wihlborgs completed a redevelopment and extension of Helsingborg District Court at Polisen 5 in 2019, just south of Helsingborg Central Station. Wihlborgs is planning new office space in a high-rise building at the neighbouring property, with its excellent location for transport links in central Helsingborg.



Sustainable Business

Wihlborgs' responsibility as a leading property company in the region weighs heavily. We are happy to bear that responsibility, however, as we know that our sustained and determined efforts will contribute to sustainable development. We believe it is important to take responsibility for all areas pertaining to sustainability, from the environment and social sustainability to corporate governance, risk management and reporting. Sustainable urban development has become a central issue as the populations of our cities rise, and this is an area in which Wihlborgs can make a contribution through our own operations as well as through collaboration with other stakeholders. There are major global environmental challenges and we are aware that we work in a sector that accounts for one-third of Sweden's energy use and that our development projects have a major impact on the climate. We want to make sure we do our bit in the struggle to reduce our climate impact. Issues linked to social sustainability, such as the work environment and human rights are always present, for example in terms of the risk of accidents, but also as we want to be an attractive employer with committed employees able to contribute to the development of our business and to have a positive influence on our tenants.

By acting in the right way in matters both large and small, we will be able to contribute to change internally – as well as among our customers, business partners and the region as a whole. We work in a structured, long-term manner to minimise risks and negative effects. This creates space for more opportunities and sustainable development.

For us, sustainability is so much more than a section of the website or a chapter in our annual report. Sustainability is an integral part of our business strategy and will therefore form a natural part of our operations. We want to be a responsible participant in society as well as a role model, which is why we use our position to influence customers, suppliers and society to adopt a sustainable approach.

Wihlborgs' sustainability reporting is conducted in line with the Global Reporting Initiative (GRI) and uses our own framework as a basis. Within our framework, one of the main goals is to develop the Öresund region, with urban development, infrastructure, education, the labour market and diversity all examples of issues that we deem to be vital in terms of exploiting the major potential of this region. As a region-builder, we ideally enter into collaborations with other participants to join forces and create positive conditions for business and investment over the long term. When all is said and done, we are building a strong and profitable Wihlborgs.

The whole area of sustainability is complex and constantly changing, often driven by greater awareness and knowledge. This means Wihlborgs must take both external requirements and the expectations of stakeholders into account. One current example is the desire of customers to see better utilisation and sharing of resources, which we attempt to satisfy by offering flexible work spaces and shared meeting rooms that can be hired as necessary.

Another example is the sharing of resources via car and bike pools for tenants at our properties. We will continue to highlight sustainability issues in the future, ensure more efficient governance and guarantee that all employees understand their own responsibility and potential to make an impact. It is also important to be able to convey these values in our day-to-day dialogue with customers. The fact that we have local roots and are close to customers also means we are in a position to constantly listen to any new needs or expectations that arise. These lessons need to be converted into concrete offerings and knowledge needs to be shared internally. As part of our efforts to achieve all of this, we will introduce Sustainable Business as a new business area in 2020, with its own representation in Group Management. In Sustainable Business we will bring together functions such as environment, purchasing, HR, business development and strategic partnerships.

"I am proud of how we as
a company contribute to society"

91 %

Source: 2019 employee survey

Stakeholder expectations

Wihlborgs' main stakeholders are our tenants, employees, shareholders, Board of Directors, loan providers and wider society. As part of our efforts to identify focus areas for our sustainability initiatives, we carried out an extensive stakeholder dialogue in 2014–2015. This revealed how stakeholders themselves are engaging with sustainability and what expectations they have of Wihlborgs' sustainability initiatives. The result of this dialogue, in combination with our internal efforts, gave us the basis to



Being an attractive workplace is a priority for Wihlborgs. This is important in order to recruit new employees, but above all to ensure that existing employees are happy, able to develop and serve as good ambassadors.

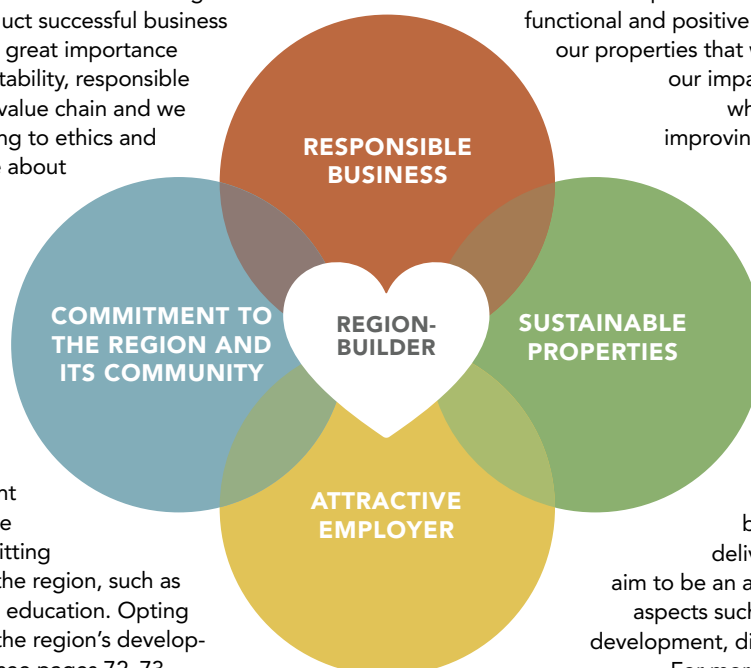
formulate the four focus areas in line with which we currently work and report on. Subsequently we have annually conducted new and more in-depth dialogues with various groups. In 2016, we added questions about sustainability to our customer survey, while in 2017 we conducted in-depth interviews with suppliers and in 2018 we carried out dialogues with the municipalities to learn more about how they engage with the UN's Sustainable Development Goals (SDGs). We have now inserted questions about our performance related to the area of sustainability in both the customer survey, which is conducted every other year, and our employee survey, which is conducted annually. The ongoing discussions we have as part of our day-to-day work are also valuable in terms of picking up on expectations and trends. These give us an insight into how customers view sustainability, but we are also seeing a greater focus on sustainability issues from investors and loan providers. More information about the stakeholder dialogue and the materiality analysis is presented in the sustainability appendix available at wihlborgs.se/en/about-us/sustainability.

Responsible business

Taking responsibility for our relationships with customers, suppliers and partners is vital in terms of fostering confidence and our ability to conduct successful business over the long term. We place great importance on ensuring strong financial stability, responsible relationships throughout the value chain and we also prioritise initiatives relating to ethics and anti-corruption. To read more about this, see pages 63–65.

Commitment to the region and its community

A prerequisite for our operations is that the region is attractive for the business community. We contribute to the development of the region through our core operations but also by committing to initiatives that strengthen the region, such as infrastructure, innovation and education. Opting for local suppliers also helps the region's development. For more information, see pages 72–73.



Sustainable properties

It is important for our properties to be energy-efficient, to have a low impact on the climate and to contribute to a functional and positive work environment. It is through our properties that we can do the most to minimise our impact on the environment, which is why we focus on reporting on and improving our properties' environmental performance, energy use and climate impact. For more information, see pages 66–69.

Attractive employer

Our employees' happiness, commitment and ability to develop has a direct impact on our customers' experience of their relationship with Wihlborgs, as well as on our ability to deliver strong results. As part of our aim to be an attractive employer, we prioritise aspects such as the work environment, skills development, diversity and equal opportunities. For more information, see pages 70–71.

Focus areas and governance

The framework for Wihlborgs' sustainability initiatives contains four focus areas, each of which is managed by a specific manager particularly committed to that issue (see illustration on page 61). The focus areas have been identified based on information produced from our stakeholder dialogues and have been prioritised based on the degree of importance for Wihlborgs' long-term development and potential to have a positive influence. The prioritised aspects chosen for each focus area are also based on the stakeholder dialogues, supplemented by our own assessments of sustainability-related risks and opportunities.

An important part of developing our sustainability initiatives is to measure the results of our efforts, which is why we have formulated clear and measurable targets for each of the focus areas. As we strive to improve, we work continuously to refine our measurement performance to obtain the most correct data possible. Continuously analysing risks is therefore another important part of our sustainability initiatives and an area where we will place a greater focus in the future. Our risks are described in the administration report on pages 79–84 and in the sustainability appendix available at wihlborgs.se/en/about-us/sustainability/.

The UN's 17 SDGs

Our focus is on the Öresund region, but we are also part of a larger, global context. We are convinced that by acting forcefully at a local level, we can contribute to global developments, both through tangible changes and by our work having a ripple effect as other participants are inspired by – or must relate to – our

working methods. This applies in no small part to the UN's 2030 Agenda. The 17 SDGs are an ambitious initiative aiming to eradicate extreme poverty across the globe, reduce inequality and injustice, promote peace and justice and solve the climate crisis. No individual company or country can achieve these goals alone. That said, we note that the intentions of our sustainability efforts are well aligned with the goals and that the goals serve as a common strategic objective for us and the cities in which we operate. This has been confirmed through our stakeholder dialogues with the municipalities. In 2019, we conducted a general analysis to ensure that our sustainability initiatives are contributing to the SDGs. This analysis showed that five of the goals are particularly relevant to our operations and represent areas in which we have considerable potential to have a positive influence:



As we introduce our new business area, Sustainable Business, in 2020, we will also conduct a detailed analysis of how our sustainability initiatives support the SDGs. This is in order to clarify the connection between global and local goals for our employees, suppliers and customers.



Sustainability reporting

Wihlborgs reports on sustainability in line with the Global Reporting Initiative (GRI). For 2019, we have reported in accordance with the GRI Standards: Core option. This Annual and Sustainability Report with its accompanying Sustainability appendix for 2019 comprises Wihlborgs' Sustainability Report for 2019. The index of indicators reported in line with GRI and the Annual Accounts Act can be found on pages 130–134. The Sustainability appendix for 2019 includes reporting in relation to certain indicators, more detailed information about our stakeholder dialogue, prioritisation of topics, risks, governance and monitoring. The Sustainability appendix is available at wihlborgs.se/en/about-us/sustainability. We also report to the UN Global Compact and GRESB (Global Real Estate Sustainability Benchmark).

Responsible business

– that builds trust

Trust is not built easily or by chance. It is something that is built up over time and that must be earned each and every day. Trust capital is an important asset and the basis of all long-term business operations – and this applies equally to Wihlborgs.

We need our customers, suppliers and other stakeholders – as well as wider society – to have trust in us. We earn the community's trust by conducting ourselves to high business ethical standards and promoting decent conditions and long-term sustainable development. This has brought us to where we are today, and this is how we want to continue developing Wihlborgs.

When Wihlborgs delivers strong financial results, this gives us the means and the tools to serve as the driving force we want to be in this region. A vibrant and attractive region in turn continues to strengthen Wihlborgs' business and growth.

Responsible business starts with us before spreading out in a ripple effect through the supplier chain and different sections of society. To enable us to have this positive impact on our community, we need to ensure that our own operations are based on stable financial foundations. In our overall goals and strategies, we state that Wihlborgs will operate a business model for long-term, sustainable growth and will be one of the leading and most profitable property companies. Read more on pages 14–19.

Financial performance

A stable economy, in which we continuously deliver strong financial results, is a prerequisite for continued growth and profitability. With a foundation of stable and sound finances, we have the strength to exploit opportunities for new investments in the form of property acquisitions as well as new-build or redevelopment projects. In turn, these opportunities put us in a position to keep expanding our profitability.

Our business partners also assess us based on our financial performance. It clearly demonstrates the ability of our operations to guarantee profitability, as well as how good we are at maintaining stable and long-term relationships. This is also important from the perspective of our employees. Strong profitability affects both our ability to attract skilled employees and offer them the right opportunities for development.

Wihlborgs has a strategic focus on creating enduring and sustainable value. In our operations, new value is primarily created by our rental income. To guarantee this, we focus on maintaining a high level of quality at our premises and a high level of service to our tenants. The occupancy rate and rental income have a direct impact on the value of our properties.

The economic value we create is distributed across several groups: employees, loan providers, shareholders, suppliers and society. A large proportion is used in investments in projects and properties, with the aim of creating further sustainable growth.

Customer relationships

The relationship we have with our customers is vital for Wihlborgs. We have chosen to manage our properties in-house to ensure we can maintain a close dialogue and quickly take on board the viewpoints and needs of our customers. We have also opted to have



Wihlborgs' annual general meeting is a great occasion for employees and shareholders to meet and exchange ideas and experiences.

our own property caretakers, who are present at the properties and meet our customers every day. The direct contact created between our employees and tenants in our day-to-day operations is invaluable for building trust and long-term relationships with our customers.

Every other year, we conduct a customer survey in which tenants get the opportunity to put forward their view of Wihlborgs' offering and practices. This enables them to influence our working methods and offering over the long term. The 2018 customer survey produced the overall score of 4.15 on a five-point scale. In 2019, we continued to work on local improvement plans based on the customer survey results, and we are continuing our efforts to take on board new viewpoints via our day-to-day customer dialogues.

To improve our customer relationships and make them more efficient, we installed a new case management system in 2019 that makes it easier for customers to track the service cases they report to us. This system also gives us the option to track trends systematically and thus take action at an earlier stage in the case of potentially recurrent faults at properties. This could lead to more satisfied customers and lower property management costs.

Supplier relationships

The relationship we have with our suppliers is important from both a quality and sustainability perspective. It is vital for us to have responsible suppliers both for day-to-day running of the properties and in our new-build and redevelopment projects. Wihlborgs is a major purchaser and customer, and we always prioritise suppliers with whom we have a framework agreement. Some of the suppliers in turn contract subcontractors. At year-end 2019, we had 487 framework agreements (440) with 364 different suppliers (306). In terms of purchasing volumes, the largest groups are:

- Construction and civil engineering contractors
- Electrical contractors
- Energy
- Consultancy services
- Ventilation



Wihlborgs has its own property caretakers responsible for specific properties. They handle the day-to-day contact with tenants, manage faults and service cases and contact the suppliers who carry out works on the properties.

We are dependent upon the suppliers in terms of running our operations with a long-term approach, and we need to secure resources for our development. Our operations are also impacted by the conduct of our suppliers. This is a complex area in which the value chain consists of many parts, with our suppliers sometimes contracting subcontractors and purchasing materials on our behalf. We view our supplier relationships as an ongoing process in which we can work together to achieve a lot in our shared sustainability initiatives. Whenever we have the opportunity, we gladly help any supplier who does not meet our requirements to develop their sustainability initiatives. This way we can have a positive influence and help them take responsibility for their part of the value chain. From Wihlborgs' perspective, we naturally also want everyone who works on behalf of our company to have acceptable working conditions and a good work environment.

However, our impact and ability to influence others depends on where in the value chain that contact occurs. When we have direct contact, naturally we have greater influence than with contacts further back in the value chain – such as subcontractors to our contractors.

The suppliers who have direct contact with our tenants have a particularly major impact on Wihlborgs. Sometimes these suppliers can even be thought of as actual Wihlborgs staff, which places particularly strict demands on their business ethics, professional competence and level of service.

In all sub-markets, we prioritise doing business with local suppliers, as this forms part of our efforts to build a strong and

sustainable Öresund region over the long term. By prioritising companies located in the region, we contribute to the growth of those companies and to the creation of new jobs. Read more about this in the Commitment to the region and its community section, on pages 72–73.

Systematic purchasing process

Wihlborgs' purchasing function is responsible for ensuring we select suppliers who are sustainable from every perspective. We have a systematic purchasing process whereby we sign framework agreements with a majority of the suppliers used in our property management, and in connection to this, we check that they have sound finances and have signed Wihlborgs' Code of Conduct.

Our guidelines state that we should always contract framework agreement suppliers in the first instance. In terms of purchasing products or services where framework agreements are lacking, the purchasing department normally conducts a credit check to ensure a basic level has been achieved, meaning the supplier has sound finances and no unpaid taxes or other warning signs.

The same framework agreements are largely used in our project activities as in the property management operations. However, in the case of major construction projects, we often produce project agreements with even stricter requirements than those contained in our Code of Conduct, particularly in terms of the environment and work environment. Major contractors are used for these projects, and they are often signatories of the UN Global Compact and pursue their own active sustainability initiatives.

Wihlborgs' Code of Conduct

Wihlborgs' Code of Conduct is based on the UN Global Compact. Our Code of Conduct details a range of requirements that the supplier must fulfil in terms of the environment, work environment, quality, ethics and anti-corruption. By signing the Code of Conduct, the suppliers attest that they have familiarised themselves with Wihlborgs' guidelines and that they undertake to comply with those guidelines during the period of the agreement. The suppliers should also complete a self-declaration regarding management of areas such as environment, quality, work environment and ethics, which then forms the basis of Wihlborgs' risk assessment before a new supplier is approved.

To guarantee responsibility throughout the value chain, we require our suppliers to take responsibility for the subcontractors they engage.

In the long term, our ambition is for the suppliers themselves to be able to manage and update their status using a digital system, and to rise in terms of ranking by being proactive. This tool could then be used to prioritise suppliers who take responsibility for sustainable operations.

Another aspect of the supplier relationship is the requirements we place on minimising the impact of materials and products used by the suppliers on the climate. We already currently place requirements on products used in day-to-day property maintenance, but when it comes to the climate impact from building materials, both Wihlborgs and the wider sector has a lot of work left to do. Read more in the Sustainable properties section on pages 66–69.

In Wihlborgs' Danish operations, work is continuing to implement the Code of Conduct. During the year, the Swedish supplier agreement templates were adapted to suit Danish

conditions, and we produced a self-declaration that will be sent to new suppliers from now on. The environment has become an increasingly important issue in the Danish social debate in recent years. We note that the market is beginning to accept Wihlborgs' professionalisation of the purchasing process and is starting to comprehend the business benefits it can bring.

Ethics and anti-corruption

Wihlborgs is the leading property company in the region. The way we conduct ourselves has a major impact on our business relationships, but also on wider society. We therefore need to act correctly in terms of business ethics and serve as a role model. We must be led in everything we do by our values: knowledge, honesty, action and community. If these values permeate our business relationships, there will be major opportunities to have a positive influence on customers, suppliers and other stakeholders.

We want to promote a sustainable business climate based on sound principles, and this is reflected in Wihlborgs' ethical guidelines. These apply to employees and Board members, as well as our suppliers and contractors. All new employees are required to undergo practical training in business ethics, and as a complement to this, the "Wihlborgs' business ethics" guide also offers concrete examples and advice. As a listed company, Wihlborgs is obliged to adhere to relevant rules regarding distribution of information and insider information. New employees are informed about these rules in connection with their introductory training.

The risk of corruption is evaluated annually at Wihlborgs by Group Management. The project management and administration units, together with the central purchasing function, are deemed to be most vulnerable, as they are the ones responsible for purchasing goods and services and have well-established relationships with suppliers. To manage these risks, Wihlborgs uses a systematic procurement process. We also strive for transparency by allowing several different people to take part in the procurements.

Our approach is that ethical issues should be managed openly in the first instance. If some type of ethical dilemma arises, it should be discussed with a manager, or with the Director of HR and CSR. If this is not possible for some reason, we have a whistle-blower function that can be used to anonymously report suspicions of corruption or other improprieties. No confirmed corruption-related incidents occurred during the year. However, when one supplier agreement ended, information came to light that, at some time in the past, one or more people at Wihlborgs may have used their position for their own benefit. As the supplier did not want to name anyone, we were unable to determine whether there was any truth in the claim, but in light of the information, the CEO issued a clarification of applicable procedures and ethical guidelines via the intranet.

Ambitions and targets moving forward

Wihlborgs takes active steps to improve every sub-area in the area of responsible business and consistently works toward the targets established by the Board – something we achieve by systematically following our mission and strategy.

We maintain an open dialogue concerning ethics and morals and discuss practical dilemmas that could occur during day-to-day work. By remaining open and aware of the complexity of these issues, we can prevent the risk of individuals making erroneous assessments.

Even though we are already achieving a high level of customer satisfaction and employee commitment, our aim is always to keep improving. We use input from customer and employee surveys and the information that comes to us through daily dialogue. By trying to improve all the time, we are building a brand that is attractive to our customers, employees and stakeholders.

We are maintaining broad efforts to ensure we have responsible suppliers. We will make these efforts more systematic by implementing a web-based tool for managing the Code of Conduct and monitoring suppliers.

We are also planning to conduct random checks and site visits of selected supplier groups.

We will also maintain our dialogue with the market, including at our recurring "supplier days" during which we talk about our sustainability efforts and attempt to foster understanding of why we place such strict requirements on our suppliers. Our aim is also to improve in terms of conveying best practices and highlighting the challenges facing our suppliers. Work will continue in Denmark to implement our own Code of Conduct among new and existing suppliers.

More information and statistics in the area of Responsible business are presented in the Sustainability appendix for 2019 available at wihlborgs.se/en/about-us/sustainability.



Wihlborgs has a close collaboration with its suppliers and places clear requirements on their sustainability initiatives, both in terms of property management and project activities.

Sustainable properties

– that last for generations

What would a city be without all of its buildings? We live our lives, work, socialise and do business in all of the buildings that comprise a community. Some of the buildings are newly built, high-tech and have futuristic architecture. Others are well-known landmarks with a design that reflects bygone eras. Irrespective of when a building was constructed, we know one thing: it should last for generations. That is why a long-term approach is a positive quality for the property sector.

Sustainable properties are a central part of our sustainability initiatives, in which we prioritise environmental aspects such as the climate impact, resource optimisation, environmental certifications and the life-cycle perspective. The work environment, contentment, health and the economy are other important aspects.

To create drive and to render our environmental and climate efforts more systematic, Wihlborgs has a Group-wide environmental programme and a joint environmental management structure. Our operations are governed by Swedish and Danish law and are not subject to requirements for licensing or notification for environmentally hazardous operations.

Environmental targets and environmental programme

In the area of sustainable properties, we have decided to institute climate-neutral property management in Sweden, to begin producing new environmental targets for 2020–2022 and initiated work on science-based climate targets in line with the Science Based Targets Initiative.

For 2019, we had tangible environmental targets linked to our prioritised aspects in the areas of climate, energy, green leases, environmental certifications and transportation. The most significant targets and their outcomes are described briefly below and in the Sustainability appendix for 2019 available at wihlborgs.se/en/about-us/sustainability. A description of our environmental targets for 2020–2022 can be found at wihlborgs.se/en/about-us/sustainability.

Climate impact

Wihlborgs' greatest environmental challenge is to contribute to reducing the climate impact of our own operations and those in the different parts of the value chain. Our environmental policy states that we should promote resource-efficient operations based on a climate and eco-cycle perspective. When assessed over time, we have achieved a clear reduction in direct and energy-related climate emissions.

We are reducing our climate impact by enhancing energy efficiency, moving towards renewable sources of energy, selecting means of transport and focusing on a high level of environmental performance for new builds and redevelopments. A specific environmental programme is in place for our construction projects, which aims to minimise our climate impact through efficient design and requirements on building materials and services.

We also develop our own cooling facilities with a very low climate impact, see for example at the foot of page 67. At the end of 2019, 13 installations were up and running with a further five planned. Our commitment means we are driving developments in the cooling sector toward more environmentally friendly alternatives.

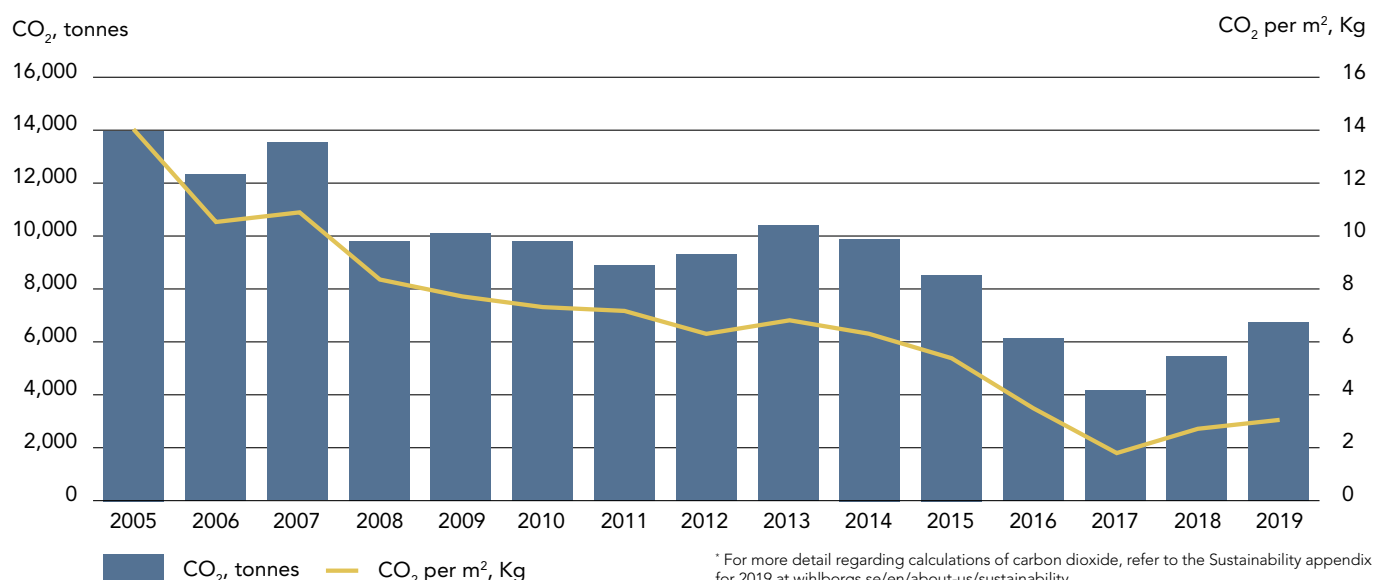
Wihlborgs' total CO₂ emissions for Scope 1–3 amounted to 7,239 tonnes in 2019. Compared with 2005, when Wihlborgs was established in its current form, our total CO₂ emissions were 52 percent lower in 2019. We have not achieved the target for 2019 of total CO₂ emissions being 60 percent lower (<5,600 tonnes of CO₂e) compared with the base year 2005.

For Scope 1 and 2, reported CO₂ emissions amounted in 2019 to 6,658 tonnes (5,759), which corresponds to 3.05 kg CO₂e per square metre. One reason behind this increase is a change in the calculations as we gradually adapt our reporting to the international Greenhouse Gas Protocol (GHG) standard. For Scope 3 (indirect emissions), calculated CO₂ emissions amounted to 581 tonnes (268). Historical data for each Scope can be found in the Sustainability appendix for 2019 at wihlborgs.se/en/about-us/sustainability.

For 2019, we set a target for our Swedish operations to be climate neutral. We set that target in part to stimulate further improvement through setting a price on our climate impact, and in part to generate discussion as to what climate neutrality actually is.

Trend concerning our climate impact

Climate emissions for Scope 1 and 2. The property portfolio has grown since 2005 from 994,700 m² to 2,181,000 m².*



* For more detail regarding calculations of carbon dioxide, refer to the Sustainability appendix for 2019 at wihlborgs.se/en/about-us/sustainability.

Breakdown of climate emissions***Scope 1**

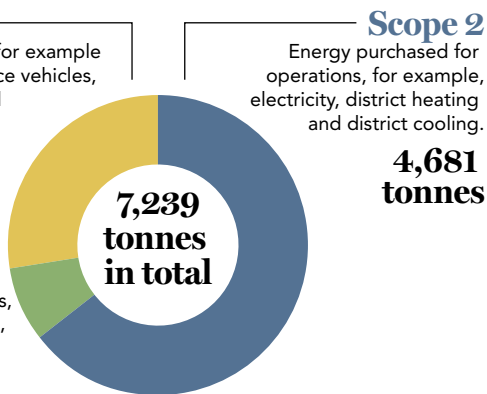
Own operations, for example refrigerants, service vehicles, company cars and gas consumption.

1,977 tonnes

Scope 3

Purchasing goods and services, for example waste, flights, work trips in vehicles (private vehicles).

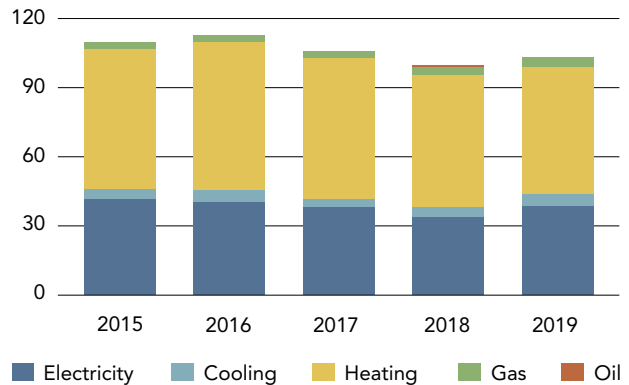
581 tonnes



* For more detail regarding calculations of carbon dioxide, refer to the Sustainability appendix for 2019 at wihlborgs.se/en/about-us/sustainability.

Energy consumption*

kWh/m²



* This information has been compiled based on energy purchased for Wihlborgs' properties. Certain tenants have private contracts for their premises and these are therefore excluded.

We are convinced that the measurement methods and arguments need further development and that this challenge is shared by many of us. As expected, we need to climate compensate for our net debt, which we achieve through investments in approved certificates for international climate projects based on the Gold Standard and through regional investments in renewable energy from solar panels.

Our climate emission calculations are based on the Greenhouse Gas Protocol (GHG). For more information, see the Key figures and calculations section of the Sustainability appendix for 2019 at wihlborgs.se/en/about-us/sustainability. We will gradually develop our climate reporting and it will be quality-assured and developed further when we adapt to the Science Based Targets initiative.

In late 2019, we carried out an analysis of our indirect climate emissions (Scope 3) in line with the Greenhouse Gas Protocol. The analysis showed that indirect emissions from building materials and emissions from older buildings we have acquired both have a major climate impact. It is therefore a priority to develop

environmental data and targets for Scope 3. Much work remains to be done in terms of the climate, and moving forward we need to climate-optimize our operations in Denmark, enhance our capacity for climate adaptation and, together with the sector, develop processes and methods to reduce the climate impact of our project activities.

Energy

Our energy consumption and the types of energy we select have a major impact on the environment. We make systematic efforts to reduce our energy demand and transition to renewable sources of energy.

In 2019, Wihlborgs' total energy consumption amounted to 224 GWh of purchased energy – an increase of 7 percent compared with 2018. We reached our target to reduce the energy consumption of our total property portfolio (comparable holdings) by a total of 1 percent.

**Specially adapted technology minimises climate impact**

In 2018–2019, Wihlborgs implemented an energy project in Ubåten 2 at Dockan, the result of which was a building that can be operated in a resource-efficient and climate-neutral way. There were old cooling machines that needed replacing in the property. As leakage from traditional cooling facilities has a major climate impact, we wanted to show that it is possible to create a climate-neutral solution. In 2019, we installed a new cooling machine designed by Wihlborgs' operations manager, Jan Larsson, together with the supplier Klimat kyl and manufacturer SCM Ref AB. The building is now cooled by modern equipment that uses a small amount of natural refrigerant (propane), which has a very minor climate impact in the event of leakage and is run on electricity from the building's own solar power system. The remaining energy comes from renewable electricity from wind power and bio-based district heating, which means the building is operated climate-neutrally in terms of its energy. The project entails an annual saving of 90 MWh of electricity and 50 MWh of district heating.

In our comparable holdings in Sweden, the majority of which consist of office properties, we had an average consumption of 157 kWh per m² of lettable area. Detailed reporting of our energy consumption and bases of calculation can be found in the Sustainability appendix for 2019 at wihlborgs.se/en/about-us/sustainability.

Energy consumption

Each year we take measures in properties where we can see potential to save energy. It is often a question of fine-tuning each building's energy system and optimising the ventilation system, but also taking tenants' desire for comfort and a healthy indoor climate into account.

In 2019, we launched a new methodology for self-checks, whereby all property caretakers regularly report both technical and environmentally-related data via a mobile app. In this way we gain access to data that enables us to ensure compliance with environmental instructions pertaining to reduced energy consumption and legislative requirements.

In Denmark, more focus was placed on energy-efficiency enhancement efforts in 2019, in part thanks to a resource-optimisation system that makes it possible to measure water, electricity and heat consumption in each building.

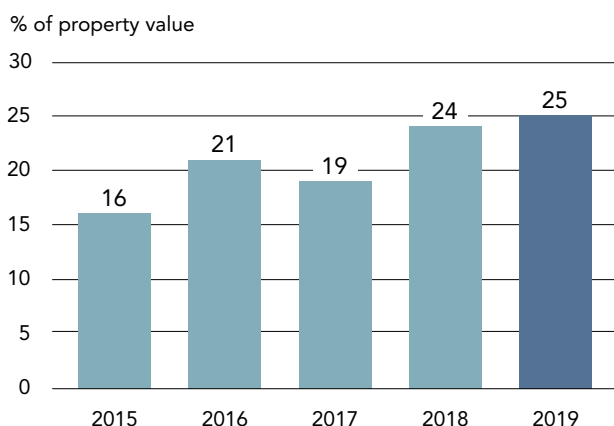
Energy sources

The energy sources we choose are of crucial importance to our environmental impact. As of 2019, we primarily use environmentally certified electricity from renewable sources such as solar, wind and hydro power in the entire Group, which is in line with our target to only purchase renewable electricity. For other sources of energy, the goal is to prioritise the use of renewable energy wherever possible. In Sweden, we purchase district heating and district cooling, which has a minor climate impact. In cases where we use gas, for example in service vehicles and facilities using gas heating, we use exclusively biogas in Sweden. In Denmark, there is work left to do to increase the proportion of renewable district heating and to find alternatives to fossil gas used to heat certain properties.

Our own solar power systems

Technology linked to solar energy is developing rapidly, which means ever-lower investment costs and higher efficiency. During the year, we installed new solar power systems in six properties and we now have solar panels at a total of 17 properties. During the year, our own solar power systems produced 803,000 kWh of renewable energy, with the majority being used directly in the building where the solar power system is located.

Share of environmentally certified buildings, Group



Certified buildings

An environmental certification is one way of showing that a building is sustainable from an environmental and energy perspective. Certification is an independent stamp of quality and serves as a guarantee that Wihlborgs and the building keep to what is promised.

Compliance with a leading environmental certification programme minimises risks connected with existing and potential new regulatory requirements. Demand for environmentally certified buildings is increasing and we regularly receive procurement requirements in which tenants are exclusively looking for certified premises. More and more investors are measuring and monitoring the number of environmentally certified buildings in our portfolio.

Our aim in Sweden is for all new-build projects to be certified in line with SGBC Gold. In 2019, three completed new-build projects were certified to this level. A total of 25 of our properties are certified, which corresponds to 37 percent of the property value and 33 percent of the floor space in our office property portfolio in Sweden. Figures for the Group are shown in the following diagram. No properties have been certified in Denmark. Refer also to the Sustainability appendix for 2019 at wihlborgs.se/en/about-us/sustainability.

In Sweden the standard is set by the Sweden Green Building Council, or SGBC, one of the most common certification systems and the system we have chosen to work with. In Denmark, environmentally certified buildings are not in demand to the same extent and the systems are not as well developed.

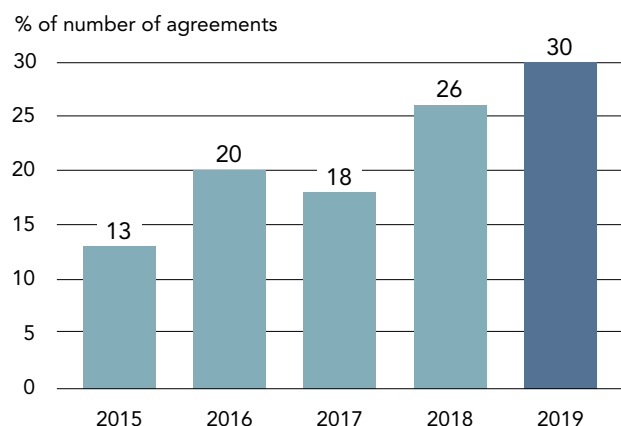
Demand is increasing among both customers and investors for us to certify our existing properties too. In 2020, SGBC will launch Miljöbyggnad iDrift (SGBC In-Use). As soon as this is launched, we will place a lot of focus on systematically certifying our existing office properties with the aim of 80 percent of our office properties in Sweden being certified by the end of 2022.

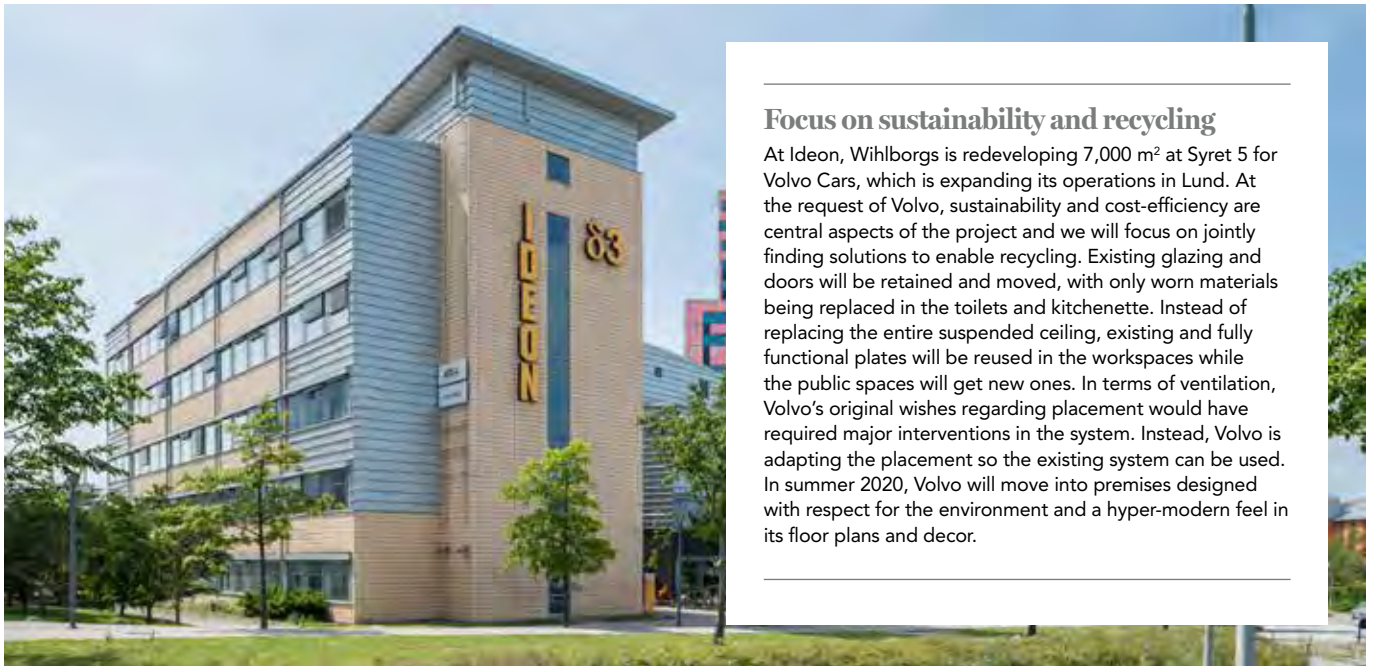
Collaboration with tenants

Green leases are the sector's standard for introducing an environmental focus to the relationship between tenant and landlord. What is known as the green appendix ensures mutual commitment to issues such as energy, the indoor environment, choice of materials and waste management. The parties should work together to optimise aspects such as operating times for heating, cooling and ventilation.

Our ambition is to gradually increase the number of green leases, and today these are the standard in Sweden when signing new leases. At year end, the proportion of active green leases in Sweden corresponded to 30 percent of the total number of lease contracts.

Share of green leases, Sweden





Focus on sustainability and recycling

At Ideon, Wihlborgs is redeveloping 7,000 m² at Syret 5 for Volvo Cars, which is expanding its operations in Lund. At the request of Volvo, sustainability and cost-efficiency are central aspects of the project and we will focus on jointly finding solutions to enable recycling. Existing glazing and doors will be retained and moved, with only worn materials being replaced in the toilets and kitchenette. Instead of replacing the entire suspended ceiling, existing and fully functional plates will be reused in the workspaces while the public spaces will get new ones. In terms of ventilation, Volvo's original wishes regarding placement would have required major interventions in the system. Instead, Volvo is adapting the placement so the existing system can be used. In summer 2020, Volvo will move into premises designed with respect for the environment and a hyper-modern feel in its floor plans and decor.

The increase in the proportion of green leases is slowed by the fact that the lease turnover rate is low and that green leases have historically been used for office premises. Green leases are not currently used in Denmark.

There are many opportunities to have a positive impact in the collaboration with our tenants. A relatively new option is to create what is known as a green roadmap in connection with the construction of a new property. The roadmap should contain measures expected to reduce demand for parking spaces among those who work in the building and, in return, the municipality will lower the required number of parking spaces we are obliged to supply. Examples of such measures are car and bike pools at the property, changing rooms, bike workshops and other things that stimulate commuting by bike, and corporate subscriptions for journeys by public transport. Our first green roadmap will be produced in connection with the impending new construction at Posthornet 1 by Lund Central Station, whose construction is expected to start in 2021/2022.

Biodiversity

Our efforts to promote biodiversity continued in 2019, a year in which we installed more bird boxes, bee hives and insect hotels around our properties. We also continued to develop green spaces to increase the number of pollinating plants and local cultivated plants. We are also increasing the number of initiatives relating to greenery, biodiversity and ecosystem services in our new-build projects. This involves the development of biotope roofs, for example, as well as the way we manage local rainwater runoff (irrigation) and the plant choices we make on roof terraces and in green spaces around the building. These issues are often managed and developed in collaboration with municipalities and encouraged by environmental certification systems.

The operating environment and collaboration

We have a major responsibility to reduce the climate impact of our operations. However, it is by working with others that we can do even more good. This is why we take an active role in several associations and networks to learn more ourselves, to contribute to the development of the cities and region, and to help develop

the systems that measure environmental and climate impact. We are present on the Boards of NMC – the Swedish Association for Sustainable Business – and Region Solar Skåne, for example. Wihlborgs has signed a declaration of intent for the Science Based Targets initiative (SBTi). This is an initiative that uses science to encourage companies to adapt their greenhouse-gas emissions and thus limit the rise in the temperature of the Earth to a maximum of 1.5°C. Wihlborgs' long-term climate targets and data collection will be reviewed and approved by the initiative and its researchers. We have also thrown our support behind Fossil-free Sweden's national roadmap for 2045 with its aim of zero net emissions of greenhouse gases in Scope 1, 2 and 3, and we have signed LFM30, the local roadmap for a climate-neutral construction sector in Malmö by 2030.

Ambitions and targets moving forward

We are continuing to work on the implementation of the SGBC 3.0 environmental certification, an updated standard with stricter monitoring requirements in the management stage. Our new build for MilDef at Musköten 20 will be completed in 2020 and will become our first building to be certified SGBC Gold 3.0. We are also planning to launch WELL health certification in two new-build projects.

We are also continuing work to install solar power systems at our properties. Demand for this among tenants is high, as is the desire to see charging options for electric cars.

We will also focus on optimising the consumption of energy and water, and the conversion of heating facilities run on fossil fuels into more environmentally friendly district heating.

Our environmental reporting will continue to be expanded with the aim of including the climate impact of building materials and building waste, as well as climate emissions in different parts of the value chain. Work on the City of Malmö's local roadmap (LFM30) will be intensified, both internally and in collaboration with other sector participants. We will also begin our first climate certification in a project based on the Noll CO₂ (Zero CO₂) environmental certification from SGBC.

More information and statistics in the area of Sustainable properties are presented in the Sustainability appendix for 2019 available at wihlborgs.se/en/about-us/sustainability.

Attractive employer

- who fosters commitment

Wihlborgs' vision is to be the best workplace in the property sector. A workplace where everyone thrives and has the tools to develop, both professionally and as people; where exciting challenges go hand-in-hand with a healthy work-life balance.

We launched a collaboration with Great Place to Work in 2016, which assesses trust, pride and community spirit among employees and builds upon research into aspects that foster commitment. Since then we have been certified every year at our Swedish operations as an excellent workplace, and over the past few years we have even exceeded the sector average for every parameter. We figured on Great Place to Work's list of the best Swedish workplaces in both 2018 and 2019. Our Danish operations were also certified in 2019 and immediately qualified for the list of Denmark's best workplaces. For information about the definition and measurement of our target of becoming the best workplace in the sector, refer to the GRI Sustainability Index for 2019 at wihlborgs.se/en/about-us/sustainability.

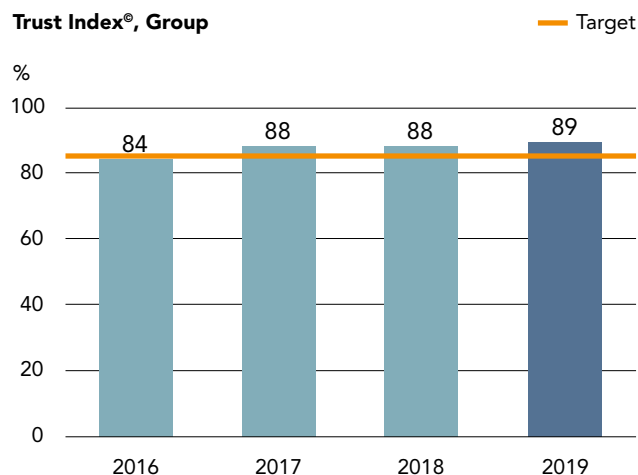
It is important to be a great workplace for a number of reasons. It affects our ability to attract new talent, which is strategically important as we undergo a generational transition. We not only recruit into specialist roles from the property sector, where Wihlborgs is well-known, but also from other sectors. Having a stamp of quality in the form of a Great Place to Work certification can lead to more people becoming curious about Wihlborgs.

The most important thing, however, is that our employees have trust, confidence and pride in their workplace. This is when they stay put and can serve as genuine ambassadors. Committed, knowledgeable and thriving employees are also the best way to ensure a high level of customer satisfaction – and a strong financial performance in the long term.

Trust Index®, %

	Property sector average, Sweden	Wihlborgs Sweden	Wihlborgs Denmark
2019	80	91	87
2018	80	87	89
2017	84	88	86
2016	81	83	88

Trust Index®, Group



"I would recommend my employer to others."

96%

Source: 2019 employee survey

Organisation, culture, competence

During the year we expanded via several acquisitions in both Sweden and Denmark. This growth requires us to be in a position to quickly adapt our organisation and staffing. In Denmark in 2019, we focused on allocating roles and the organisational structure. Today we work equally on introduction and culture on both sides of the strait.

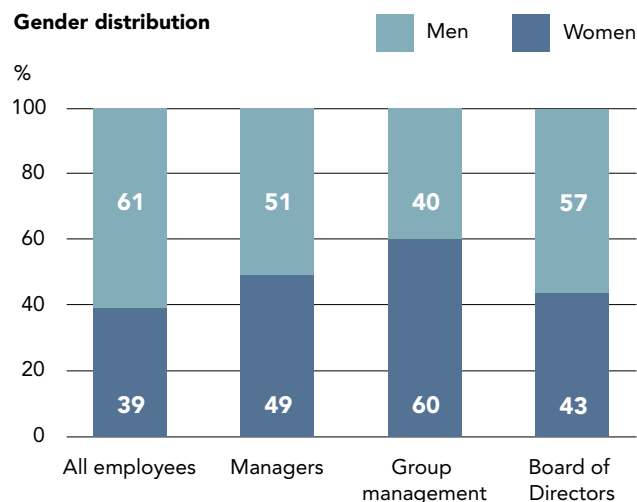
The culture that characterises Wihlborgs is based on our values: Action, Honesty, Knowledge and Community. These words form the basis of everything we do and are something that is found in the essence of our buildings, and in our staff, rather than in formal documents. The framework for our work and our approach is embodied in our Code of Conduct, ethical guidelines and policies.

At Wihlborgs, all roles have broad areas of responsibility in which staff are expected to be purposeful, accept any help they need to manage their task and offer help to colleagues. We encourage employees to develop by participating in cross-functional groups, networks and development projects. By discussing customers' expectations on a daily basis and connecting our strategic plan to each working group, employees gain an understanding of how they can contribute to the whole. These efforts are monitored constantly through meetings and coaching.

In 2019, we continued to develop the organisation via a range of strategic recruitments and skills development for different professional groups. We also developed our working methods, including a new case management system that will offer better service to customers and simplify our employees' work. We also obtain structured knowledge about what is happening at our properties.

During the year, we launched our digital skills portal: the Wihlborgs Academy. The purpose of this is partly to bring together skills and lessons on one portal and partly to bring order to our certifications and skills requirements. For example, employees can see a reminder when the certificate for a Health and Safety Coordinator for Implementation or Planning expires. The portal also facilitates continuous learning by providing an overview of future training courses.

Gender distribution





Wihlborgs has grown considerably in Denmark and staffing levels are greater here, mainly because we in Denmark have our own employees who take care of restaurants, conference facilities and green spaces, for example.

Health, environment and safety

If we are to be a sustainable organisation, we need to offer a secure, safe and healthy workplace. As today's working life is ever faster paced and people are connected all hours of the day, we need to find new ways of working to prevent poor health.

In 2019, sick leave amounted to 2.22 percent (2.35) in Sweden and 3.42 percent in Denmark (2.98). In 2019, we had four near-accidents (five), five work-related accidents/injuries (five), two cases of work-related illnesses (two) and no fatalities (zero). Contractors are responsible for the work environment within our construction projects, but as the purchaser we want to do all we can to ensure the construction sites are safe. For this reason, we collect statistics from contractors that can be used in preventive work (see Sustainability appendix for 2019 at wihlborgs.se/en/about-us/sustainability.)

Wihlborgs' work environment committees in Sweden and Denmark are tasked with reinforcing our safety approach, reducing the risk of accidents and poor health and initiating health-promoting activities. Health initiatives have become increasingly important, both in terms of physical activity and day-to-day recovery. Therefore, all employees are offered health checks, a wellness allowance and lectures about health.

We also have the Wihlborgs Classic, which involves runs and activities that contribute to a sense of community and enhance motivation and awareness of health and wellness.

This year's Wihlborgs Classic involved activities in both Sweden and Denmark and a majority of employees took part in one of the activities, which ranged from city walks to spinning, running and dance.

Equality and diversity

To be an attractive workplace for everyone, there must be an inclusive and diverse culture in terms of age, gender, ethnicity and sexual orientation. For us, however, this issue is much bigger than that. Part of our sustainable business is contributing to inclusiveness across society. We want to make an active contribution to a society where more people can get an education and find work. We are also convinced that diversity among



For the second year in a row, Wihlborgs was on Great Place to Work's list of Sweden's best workplaces. Some ten employees were able to travel to the gala in Stockholm to receive the award.

our employees can help us better understand our customers as well as stimulate creativity and secure skills over the long term.

There are employees of every age at Wihlborgs. The average age in the Group is 43.

In 2019, the property sector was named Sweden's first gender-equal sector by the AllBright foundation. Over the past few years, Wihlborgs has been at the top of AllBright's Green List of the most gender-equal listed companies thanks to its equal gender distribution on the Board, in Group Management and among management in general.

We are taking more steps to find new ways of tackling the professional categories that still have an uneven gender distribution. In 2019, for example, we initiated a trainee programme for property caretakers – a role where the majority of employees are traditionally men. The trainee programme started in early 2020 and the aim is to secure long-term skills and encourage more women to apply for that role. Two of the three new trainees are women.

Ambitions and targets moving forward

Some tangible examples of activities that are planned for 2020 include a focus on skills-development for our property caretakers, through practical day-to-day learning that will help ensure more efficient operation of the properties and enhance our customer relationships. We will also give our managers and employees sustainable work environment training to create even better conditions for a healthy work-life balance.

In 2020, we will continue to develop the organisation, work environment, collaborations and shared working methods. By working on these issues in a broad manner, we will ensure our organisation becomes sustainable over time. Our ambition remains to be the best workplace in the sector and to ensure that pride, community spirit and trust spreads beyond our organisation too.

More information and statistics in the area of Attractive employer are presented in the Sustainability appendix for 2019 available at wihlborgs.se/en/about-us/sustainability.

Commitment to the region and its community

– that drives development

One of the pillars of Wihlborgs' strategies is to serve as a region-builder, and to use our position as a leading property company to be a catalyst for sustainable societal development. We achieve this in part through our own operations, whereby we actively contribute to urban development and improved infrastructure, and partly via a number of sponsorship activities and collaboration agreements with other societal participants.

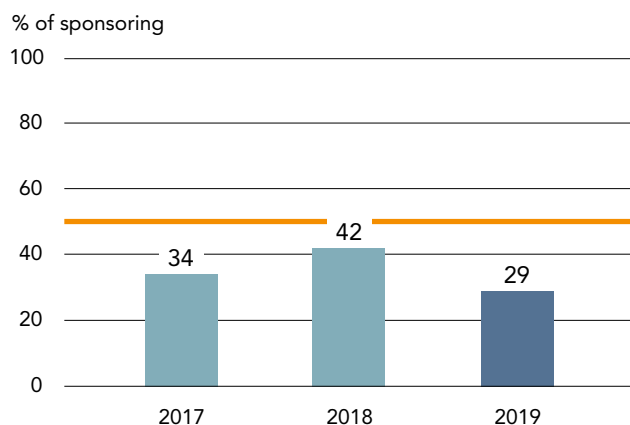
Wihlborgs' commitment to the region involves being a major player who wants to take on great responsibility. Many of our stakeholders have also expressed an expectation that we should be involved in driving the development of the region. Our commitment helps the region grow and remain attractive to the business community and the companies we have as tenants. In this regard it could be said that our efforts benefit wider society and thus also Wihlborgs.

Our various commitments involve us working with cities, non-profits and other businesses. We contribute to the different initiatives via financial grants, but also by sharing our knowledge and networks. When Wihlborgs' employees take on a Board assignment or serve as a consultant or mentor, we are able to help people and organisations grow. Experience has shown that our commitment often has the greatest effect in long-term collaborations. For this reason, we often commit to a period of several years in order to create the continuity required to achieve established targets.

Focus on societal commitment

As part of Wihlborgs' increased focus on sustainability, we have in recent years opted to reduce the amount of traditional sponsorships, for example of elite sporting associations, instead supporting initiatives with a clear societal commitment. We prioritise initiatives within the areas of work, education, inclusion, equality and regional development. In doing so, we strive to broadly distribute our support across the initiatives, and we ideally enter into partnerships with the business community, academia, volunteer organisations, authorities and municipalities to join forces and create positive change. In total, Wihlborgs supports some 50 initiatives within the framework of its Commitment to the region and its community.

Sponsorship with community orientation — Target in 2022



These efforts are governed by a sponsorship policy that is continuously evaluated to ensure it remains in line with our overall strategies. In 2019, 29 percent (42) of the investments we made in sponsorship activities were directly connected to societal commitment and other forms of community commitment. The share of sponsorship with community involvement decreased in 2019 due to our multi-year commitment to the Swedish Open tennis championship in Båstad, which entailed a larger contribution to enable the continuation of women's tennis over the tennis weeks in Båstad for the next few years. We do not categorise this as community oriented sponsorship.

The fact that we no longer sponsor elite sport to such a large extent does not mean that sport has disappeared from our commitments. Sport fulfils an important function for integration in society, not least for young people, and this is why it remains important to support social projects within the sport movement. Our support to Malmö FF football club is now focused on the umbrella project "MFF i samhället" (MFF in society) which runs career academies, summer football camps and school football initiatives against racism. We also contribute to Eos Cares, which is a social programme within IK Eos Basketball club in Lund. Wihlborgs sits on its steering committee which works to promote integration via the association. We also support Boost by FC Rosengård that aims to help young people enter the labour market.



In 2019, Wihlborgs entered into a partnership with Eos Cares in Lund, the basketball club IK Eos's integration programme. During the year, the programme involved over 2,000 participants in everything from beginners' basketball, language training in Swedish and native-language training in Arabic to days out in Lund and surrounding areas to tackle isolation.



How are our brains affected by the pace of digital change and how can we create a healthy and sustainable workplace while exploiting digital tools in a smart way? These were the themes of Wihlborgs' Kontaktyta forum in November. The panel included Anna Werntoft, Nordic Leader Digital Strategy & iX, IBM, Sandy Errestad, Head of Communications at Mapillary and Calle Rosengren, Researcher in Working Life at Lund University. The discussion was led by our Wihlborgs colleagues Hans Andersson, Business Developer, and Anna Nambord, Director of HR and CSR.

In the category of education, we support the organisation Drivkraft in Malmö and Helsingborg that provides mentors to both students and parents and arranges homework assistance. The overall aim is to offer everyone the same opportunity to succeed at school.

Wihlborgs also supports the development of Funnys Äventyr in Malmö, a cultural centre for children that will open in 2020 and aims to get children to discover the world of literature. By inspiring children to read, we lay the foundations for greater knowledge and development, which in the long term benefits both the children and society. Among the cultural projects we support are Lund Comedy Festival and Skånes Dansteater, which is also one of our tenants. In Denmark, we are committed to a range of local meeting places where the business community and municipality collaborate, for example the corporate network Team Herlev and the cultural centre Medborgerhuset Herlev.

To benefit the climate of innovation in the region, Wihlborgs supports institutions such as Ideon, Medeon, Media Evolution City, the Swedish Jobs and Society Foundation and the Citysamverkan partnerships of our cities. In Helsingborg, we are a partner of the city expo, H22 – A Smarter City, which will get under way for five weeks in the summer of 2022 and aims to demonstrate, test and collaborate on new technical solutions for the smart, sustainable city. In Denmark, Wihlborgs supports the Cphbusiness case competition – an initiative within the Copenhagen Business Academy that showcases the innovation of its students.

We are also a partner to the ØresundsInstitutet – a Danish-Swedish centre of knowledge that helps spread awareness of development within the region. This partnership also gives us access to valuable knowledge and statistics.

The Diversity Index Award awards annual prizes to people, companies or organisations that take steps to enhance diversity, tolerance and justice. We support this initiative, including by offering our skills to the Board of Directors' advisory board.

We are also a partner to The Conference, an annual event focused on digital development. In 2019, we entered into a

new collaboration as a partner to the City of Malmö's "Business Community Gala", which aims to highlight the local business community.

Wihlborgs' Kontaktyta forum

Wihlborgs' "Kontaktyta" is our own platform for collaboration and knowledge exchange. We discuss current topics there and invite customers, business partners and decision-makers to come together and discuss issues that affect our respective operations. The platform and the format offer the opportunity for close and personal discussions, and it serves as a meeting place where the aim is to enable new contacts, exchanges and business relationships. In autumn 2019, the theme was "The digital workplace", and discussions focused on how to create a healthy and sustainable workplace while exploiting digital tools.

Wihlborgs' forum helped
me find new contacts"

71%

Source: Evaluation of Wihlborgs' Kontaktyta forum, November 2019

Local investments and purchasing

Having a local presence and local operations is an integral part of Wihlborgs' strategies, as our business is exclusively concentrated in the Öresund region. To support the development of the local business community and create jobs here, our priority is to purchase from suppliers established in this region. Reducing transportation also has a positive effect on the environment, something which our local purchasing strategy can support. Wihlborgs has 483 frame agreements distributed across 364 suppliers, of which 97 percent are local. Read more about our purchasing procedures on pages 63–65.

Ambitions and targets moving forward

Wihlborgs is a major player in the Öresund region and will continue to use its position in the future to contribute to societal development. Our commitment benefits the local business community, the communities on both sides of the Öresund strait and not least ourselves as a company. We will continue to focus our support on initiatives aiming to help society until we have reached our target of 50 percent, at which point, we will evaluate raising the target even higher.

We have worked systematically on these issues in Sweden for a long time, and in 2020 our aim is to clarify and prioritise commitments in line with our goal in Denmark too. In order to evaluate our efforts in a relevant way, we also try to find the right tools to measure the results of our work – something we do in collaboration with some of the organisations we support. Our work with local suppliers remains vital to us and our ambition is to retain the high number of local suppliers.

More information and statistics in the area of Commitment to the region and its community are presented in the Sustainability appendix for 2019 available at wihlborgs.se/en/about-us/sustainability and in description of each city on pages 31–53.



Financial information

Room for a greater sense of community

Adding one plus one is not an art form. The true challenge lies in creating a context where the sum is greater than the total of the parts. Where the input values grow and cross-pollinate each other, giving rise to a result that is many times larger. This is neither magic nor mathematical fallacy; this is about leveraging people's inherent power. Creating room for a greater sense of community and exchange of knowledge. At Wihlborgs, we encourage building relationships, action and entrepreneurship. We know these are key prerequisites for generating results that exceed expectations.

Administration Report

The Board of Directors and CEO of Wihlborgs Fastigheter AB (publ), corporate registration number 556367-0230, hereby present their 2019 Annual Report for the Group and Parent Company.

Review of 2019

Operations

Wihlborgs is a property company with operations focused in the Öresund region. The company's property portfolio comprises 312 (310) commercial properties, located primarily in Malmö, Helsingborg, Lund and Copenhagen with a carrying amount on the balance-sheet date of SEK 45,519 million (42,146). At 1 January 2020, the total rental value excluding projects and land was SEK 3,288 million (2,973) and the corresponding contractual rental income on an annualised basis was SEK 3,057 million (2,792). This gave an economic occupancy rate, excluding projects and land, of 93 percent (94).

Organisation

Wihlborgs' operational organisation comprises property management and project development. Property management is adapted to local market conditions and organised in four regions, which in turn are divided into ten geographical sub-areas for efficient, customer-centric management. All property management is performed by company employees. During the year, the workforce was strengthened, primarily in Lund and Copenhagen, as a result of an expanded property portfolio. The project development operation, with in-house project managers, is responsible for new-build and redevelopment projects, procurement and follow-up. The company head office accommodates central functions such as accounting/finance, IT, communication/marketing, HR/CSR, purchasing, environment and business development. These functions drive Group-wide development initiatives and supply functional expertise to support the administration and the project department. The head office is located at the Gängtappen 1 property in the Dockan area, which was sold on 1 December 2019 to Länskem Skåne. In addition, local offices are located in Helsingborg, Lund and Copenhagen. The year-end number of full-time employees was 221, compared with 187 year-on-year, and the average age decreased from 44 to 43. See pages 70–71 for further information on our workplace culture at Wihlborgs.

Results

In 2019, Group rental income rose 11 percent to SEK 2,983 million (2,684). Property acquisitions and sales contributed SEK 129 million net to the increase in income, and a stronger Danish krona contributed a further increase in income of SEK 17 million. The remaining increase was attributable to completed projects, positive net lettings and the indexation of contracts. Rental income from like-for-like portfolios was 3.2 percent higher year-on-year. The demand for premises remained high during the year, which led to strong net lettings for the full-year 2019, amounting to SEK 95 million (85). Property costs totalled SEK 843 million, compared with SEK 743 million for the preceding year. Of the increase of SEK 100 million, just under half, SEK 48 million, pertained to increased operating costs, largely attributable to property acquisitions and completed projects. In addition, SEK 44 million pertained to increased property tax as a result of higher tax assessment values following the general property taxation review in 2019. The operating surplus increased SEK 199 million to SEK 2,140 million (1,941). The surplus ratio remained unchanged at 72 percent.

Interest income totalled SEK 14 million (12). Interest expenses, including realised effects of interest-rate derivatives and which also included ground rents from 1 January 2019, amounted to SEK 341 million (482). The decrease in interest expense was mainly due to the restructuring of the Group's interest-rate derivative portfolio conducted during the fourth quarter of 2018. Interest expense relating to interest-rate derivatives amounted to SEK 60 million (272). The average interest rate was 1.28 percent (1.40) at year end, including the cost of interest-rate derivatives and credit agreements. During the year, the shares in Fastighets AB ML4 were reclassified from participations in other companies to participations in joint ventures, which had an earnings impact of SEK 34 million.

The rise in the value of the property portfolio during the year was SEK 1,479 million (1,312). Almost half of the increase in value was generated by project development. Moreover, increased net operating income and lower yield requirements contributed equally to the increase in value.

The changes in value for derivatives were positive during the year and totalled SEK 13 million (37), of which a negative SEK 55 million (positive 37) was attributable to interest-rate derivatives and a positive SEK 68 million (0) to other financial items.

The measurement of interest-rate derivatives is based on forecast interest rates until expiry, and utilises data from external

parties (banks) related to interest-rate curves, etc.

Cash flow and financial position

Cash flow from operating activities generated a surplus of SEK 1,684 million, compared with SEK 1,489 million in the preceding year, mainly through a higher operating surplus and lower interest expense. During the year, transaction and investment volumes in existing properties set new records and total cash flow from investment activities resulted in an outflow of SEK 1,784 million (outflow: 1,986). Investments and acquisitions are partially financed through loans and borrowings increased SEK 774 million (1,896) during the year. A dividend of SEK 576 million (480) was distributed to shareholders in 2019. Total cash flow for the Group during the year was a net inflow of SEK 97 million (4).

The Group's equity increased SEK 2,357 million to SEK 17,887 million, giving an equity/assets ratio of 38.4 percent (36.3) at year end. Interest-bearing liabilities at year end totalled SEK 23,628 million (22,814), resulting in a loan-to-value ratio of 51.9 percent (54.1). All of the Group's financial targets (return on equity, equity/assets ratio, interest coverage ratio and loan-to-value ratio) were met at the end of 2019.

Acquisition and sale of properties and subsidiaries

In 2019, a total of eight (ten) properties were acquired, including two project properties, for a total of SEK 2,881 million (900). Three of the acquisitions were in Helsingborg, two each in Lund and Copenhagen and one in Malmö. Two of these acquisitions were in the form of a corporate wrapper. Six (six) properties were sold for SEK 2,764 million (195). For more information on changes to the property portfolio during the year, refer to Acquisitions and Sales on page 29.

Investments in existing properties and ongoing projects

Investing in the property portfolio is an important part of operations and 2019 was an intense year even in terms of projects. During the year, SEK 1,659 million (1,239) was invested in existing properties. At year end, approved investments in ongoing projects amounted to SEK 1,585 million (2,295), of which SEK 640 million (1,083) had been invested at the turn of the year. During the year, two office properties were completed by Hyllie station in Malmö, namely Gimle 1 and Bure 2. In addition, four major redevelopments for new and existing tenants were completed at the Kranen 2, Elefanten 40, Stenshuvud 3 and Boplatsen 3 properties. Two new properties were also completed in Lund during the year: Raffinaderiet 5 in central Lund as well as offices and retail space at Diabasen 1. In Helsingborg, the redevelopment of Tingsrätten was completed and in Copenhagen, Abildager 8–14 and Mileparken 22 underwent major redevelopments. At the end of the year, six major projects were in progress, of which five were new builds and the sixth a redevelopment of Helsingborg C. Refer to pages 54–59 for more detailed descriptions of the above projects and of future projects.

Parent Company

The Parent Company does not have any property holdings itself and, instead, manages issues related to the stock market and Group-wide management, administration and financial services. Sales amounted to SEK 192 million (162), primarily from the sale

of services to other companies within the Group. Profit for the year totalled SEK 1,909 million (1,220). The improved earnings resulted from a higher result from participations in Group companies, lower interest expense and Group contributions received.

During the year, the Parent Company invested SEK 972 million (830), in shares in subsidiaries, including shareholders' contributions.

The Wihlborgs share

Since 1 January 2016, the Wihlborgs share has been listed in the Real Estate sector of the Large Cap segment of Nasdaq Stockholm. The share capital totalled SEK 192 million and was allocated over 153,713,456 shares. Each share has a quotient value of SEK 1.25. All shares carry equal voting rights, one vote per share. During the year, the Board did not exercise its mandate to buy back and transfer a maximum of 10 percent of the registered shares, or its mandate to approve a new issue of shares amounting to not more than 10 percent of the shares registered.

A total of 58.4 million (61.8) Wihlborgs shares were traded on the Nasdaq Stockholm at a total value of SEK 8.2 billion (6.3), corresponding to a daily turnover of 235,000 shares (247,000). This represents a turnover rate of 38 percent (40) of the number of shares outstanding. See page 21 for a summary of the largest shareholders at 31 December 2019.

At 31 December 2019, the market capitalisation was SEK 26.5 billion, compared with SEK 15.7 billion last year. The EPRA NAV per share was SEK 140.20 (122.64) at year end. The share price at the same date was SEK 172.50 (102.40).

The Board of Directors proposes that the Annual General Meeting (AGM) renew the Board's mandate firstly to repurchase a maximum of 10 percent of the shares registered in the company, which could mean the acquisition of a maximum of 15,371,345 shares, and secondly to authorise a new share issue corresponding to not more than 10 percent of the shares registered.

Ownership

With 10.3 percent (10.3) of both the shares outstanding and the voting rights at 31 December 2019, the largest shareholder in Wihlborgs is Erik Paulsson and family, privately and through companies. The proportion of shareholders registered abroad was 40 percent (43). At year end, the ten largest Swedish shareholders in Wihlborgs held 33.6 percent (30.5) of the shares registered. The number of shareholders at year end totalled 27,000 (24,000).

Profit-Sharing Fund

At 31 December 2019, employee holdings of shares via Wihlborgs' profit-sharing fund totalled 554,824 shares (559,724).

Sustainability reporting

Wihlborgs' Annual and Sustainability Report with its accompanying Sustainability appendix for 2019 comprises Wihlborgs' Sustainability Report for 2019 in accordance with GRI Standards: Core option. On page 134, there is an index that shows where the sustainability information in accordance with the Annual Accounts Act can be found. The Sustainability appendix is available at wihlborgs.se/en/about-us/sustainability.

Corporate Governance Report

A separate Corporate Governance Report is presented on pages 122–129.

Board of Directors

Under Wihlborgs' Articles of Association, the company's Board is to comprise not less than four and no more than eight members. At the 2019 AGM, the Chairman of the Board Anders Jarl was re-elected, as were the other six Board members. No Board members are entitled to compensation at the end of their term of office. Directors' fees for 2019 are detailed in Note 6.

Guidelines and remuneration of senior executives

Senior executives are defined as the Chief Executive Officer and other members of Group Management, see page 128 for a presentation of these. The entire Board, excluding the CEO, prepares issues pertaining to the principles governing remuneration and terms and conditions of employment for the Group Management, and decides the remuneration and terms and conditions of employment for the CEO.

The 2019 Annual General Meeting resolved to adopt the following guidelines for remuneration and other terms and conditions of employment for the Group Management: remuneration and terms of employment should be market-based and competitive. All members of Group Management receive fixed remuneration. Any remuneration over and above the fixed salary is capped at half of the fixed remuneration, and is to be settled in cash. Where appropriate, remuneration in addition to the fixed salary is based on outcomes relative to set targets and must accord with the interests of the shareholders. At present, Wihlborgs has no remuneration commitments to Group Management other than fixed salary. At Wihlborgs, there is a profit-sharing fund that encompasses all employees. Allocations to the fund are based on the return on equity and are limited to a maximum of an annual amount for each employee. See Note 6 for amounts pertaining to remuneration in 2019.

The retirement age is 65 for all members of Group Management. The cost of the CEO's pension comprises a premium amounting to 35 percent of the pensionable salary per year during the CEO's period of service. Other members of Group Management are covered by an ITP plan or equivalent. The notice period on termination of employment is six months for the CEO. Severance pay for the Chief Executive Officer amounts to 18 months' salary and for other members of Group Management is maximised at 12 months' salary. Severance pay is deducted from other sources of income. The principles governing remuneration and terms and conditions of employment are unchanged compared with 2018.

The Board conducts an annual follow-up to ensure compliance with the guidelines for remuneration of Group Management adopted by the AGM.

The Board's proposal to the AGM regarding guidelines for 2020 is the same as for 2019.

Outlook for 2020

Wihlborgs' business model is based on growth via project development and property management. We anticipate that the project portfolio will remain large with a number of new builds and major redevelopments. Our balance sheet is strong and the objective is to acquire more properties in our existing sub-areas. As in previous years, net lettings will also remain in focus in 2020.

Proposed appropriation of profit

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

Retained earnings	3,839,845,479
Profit for the year	1,908,658,537
Total, SEK	5,748,504,015

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

Dividend to shareholders, SEK 4.50 per share	691,710,552
To be carried forward	5,056,793,463
Total, SEK	5,748,504,015

Wihlborgs has 153,713,456 registered shares. If the number of shares outstanding changes prior to the record date, the dividend sum of SEK 691,710,552 will be adjusted.

Statement of the Board of Directors on the proposed dividend

Reasoned statement

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

The proposed distribution of unappropriated profit is based on 50 percent of the Group's income from day-to-day property management and 50 percent of the proceeds realised from property sales, less a deduction for tax at a standard rate of 21.4 percent, which is in line with Wihlborgs' dividend policy.

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

The Board also considers that the proposed dividend to shareholders is justifiable in terms of the parameters stipulated in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act; nature, scope and risks of the business, as well as consolidation requirement, liquidity and general position.

Nature, scope and risks of the business

The Board's opinion is that, even after the proposed dividend, the equity of the company and the Group is sufficient for capitalising on future business opportunities and for being able to fulfil its undertakings. In this context, the Board has considered factors such as the company's and the Group's equity/assets ratio, investment plans and economic conditions.

Consolidation requirement, liquidity and general position

The Board has conducted a comprehensive assessment of the company's and the Group's financial positions and its potential to fulfil its undertakings. The proposed dividend represents less than 3.9 percent of the Group's and 11.6 percent of the Parent Company's equity. The proposed dividend also fulfils the stated target for the Group's capital structure, of an equity/assets ratio of at least 30 percent and an interest coverage ratio of at least 2.0. The company's and the Group's capital structures remain solid, taking into account the conditions prevailing in the property sector. Against this background, the Board is of the opinion that the company and the Group have excellent potential to capitalise on future business opportunities and also to withstand any losses that may arise. Planned investments have been taken into account when determining the proposed dividend. Derivatives and other financial instruments have been measured at fair value pursuant to Chapter 4, Section 14a of the Annual Accounts Act. This valuation has a positive impact of SEK 13 million on equity (37).

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

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

Risks and uncertainties

Wihlborgs' results, cash flow, profit and financial position are affected by a number of factors that to varying degrees can be influenced by the company's own actions. By illuminating and analysing the risks and uncertainties facing the Group, it is possible to limit them in part through Wihlborgs' strategic long-term efforts and through procedures and guidance in daily work. In many cases, risks and uncertainties also represent opportunities.

The risk evaluation conducted by the Group Management in 2019 has resulted, inter alia, in the description of the operating risks being supplemented and clarified.

The risks and uncertainties that are regarded as most significant for Wihlborgs are described in the following section. The Sustainability appendix for 2019 (wihlborgs.se/en/about-us/sustainability) describes additional sustainability-related risks.

Rental income

Rental income is of vital importance to cash flow from operating activities and has a considerable impact on both earnings and key metrics, as well as valuations of our properties. Declining rent levels and increased vacancies lead to lower property values.

RISK OF FALLING RENTS

Description of risk

Rents are mainly driven by demand for premises, which in turn is driven by growth in various sub-markets. In areas of economic growth, higher demand for premises is to be expected, and thus potential for higher rents and scope for new production. An economic downturn and downward pressure on rents through overproduction could lead to more tenants moving out and relocating, resulting in higher vacancy rates and falling rents. The rental market is traditionally late in the economic cycle.

Risk management

Because the term of leases is normally between three and five years, changes in market rents do not immediately impact rental income. Most of Wihlborgs' leases with a term of three years and longer have index-linking clauses involving annual rental increases based either on changes in the consumer price index (CPI) or a fixed percentage increase. In the long term, attractive and sustainable properties are required in order to maintain or raise rent levels.

Outcome

Income from like-for-like portfolios at year-end 2019 was 3.2 percent higher year-on-year. The increase was mainly attributable to new lettings, but also to CPI and fixed-percentage index increases per year. Rent levels are relatively stable despite increased competition, primarily in Malmö. At year end, the average term for Wihlborgs' leases was 3.8 years (3.8). The following table shows when the property leases expire.

Terms of lease contracts

	Number of leases	SEK m	Share, %
2020	1,025	619	21
2021	530	467	16
2022	466	506	17
2023	610	391	13
2024	119	269	9
2025	50	219	7
>2025	104	495	17
Total	2,904	2,967	100

RISK OF VACANCIES

Description of risk

The portfolio's occupancy rate is largely determined by the company's own activities, but is also influenced by changes in the economic cycle. Concentration on individual markets creates many opportunities through close customer relations and knowledge of the market. However, it can also represent a risk if structural changes affect a particular city or region. Construction of new office space in Malmö remains high, making for increased competition for tenants. Vacancies are relatively high in the Ideon area of Lund, at the same time as new office space is also being planned and produced here, mainly adjacent to the central station and along the planned tramway, which enters use in 2020.

Risk management

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

Outcome

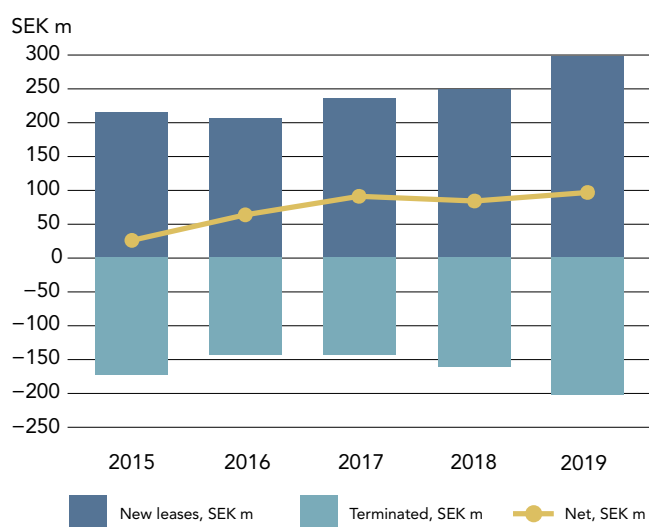
A record for net lettings was also set in 2019, see the diagram below. Distributed by region, all regions except Lund posted positive net lettings and market activity is expected to remain high. In monetary terms, vacancies in 2019 totalled SEK 261 million. As per 1 January 2020, annualised vacancies excluding projects and land amounted to SEK 231 million, with an occupancy rate at the same date of 93 percent (94).

CUSTOMER DEPENDENCE/BAD DEBT LOSSES

Description of risk

During an economic downturn, the risk of bankruptcies and tenancy terminations increases. When a tenant moves out, the risk is that it will take time before a new tenant moves in, which affects rental income, cash flow and property valuations. Moreover, most premises require larger or smaller levels of adaptation before a new tenant moves in.

Net lettings



Risk management

A broad lettings portfolio with tenants from a variety of sectors and companies, large and small, reduces the risk of major fluctuations in vacancies and bad debt losses. Lettings to government agencies, county councils and municipalities reduces the risk of bad debt losses. All new leases are subject to a credit check of tenants, and if necessary the lease is backed by a security, deposit or bank guarantee. All rents are payable quarterly or monthly in advance.

Outcome

Wihlborgs has around 2,900 commercial leases diversified across the office, retail, logistics/production, education/care and hotel sectors. The ten largest tenants accounted for 20 percent (21) of rental income at 1 January 2020. 21 percent (21) of income at that time originated from municipalities, county councils and government agencies. Bad debt losses in 2019 amounted to SEK 7 million (6), corresponding to 0.2 percent (0.2) of total income.

Interest expense

Description of risk

Interest expense, including the cost of interest-rate derivatives, credit agreements etc., represents Wihlborgs' largest cost item. Changes in interest rates and interest margins with banks have considerable impact on cash flow, results and key ratios. The extent to which and how quickly an interest-rate change shows through in income will depend on the fixed-interest period chosen for the loan.

Risk management

In 2018, a new financial policy was adopted by the Board. Wihlborgs uses a combination of floating interest rates and interest-rate derivatives to adjust its fixed-interest period and interest-rate levels to achieve its goals for financing activities with limited interest-rate risk and without the need to renegotiate loans. Interest-rate derivatives are measured at fair value. If the interest rate agreed for the derivative deviates from the anticipated future market interest rate during the term, a change in value arises that affects the company's balance sheet and income statement, but not its cash flow. In many cases, the lower risk in interest payments through long fixed-interest periods creates a higher risk in the value of the derivative, because of the time factor. Refer to Note 2 for a more detailed description of Wihlborgs financial risk management.

Outcome

In the fourth quarter of 2018, the Group's interest-rate risk was restructured. In conjunction with the above, new interest-rate derivatives were entered into that led to year-on-year lower interest expenses in 2019. The average interest rate, including the cost of credit agreements and the effect of interest-rate derivatives, amounted to 1.28 percent (1.40) at year end. Due to interest-rate floors in credit agreements, Wihlborgs is not able to fully leverage negative market interest rates. At year end, the average fixed-interest period for the loans was 3.5 years (3.5), including the effects of interest-rate derivatives. The changes in value of Wihlborgs' derivatives had a positive effect of SEK 13 million (37) on earnings.

Property costs

Description of risk

Major operating cost items are tariff-based costs for heating, electricity, water and waste management. Other costs include property tax, property upkeep, repairs and maintenance and administration. Under many of the leases, the bulk of these costs are passed on to the tenants. As a result, the impact of any change in the costs is relatively limited. Unforeseen repairs on a major scale may have a negative effect on profit, and the risk of this increases if ongoing maintenance is inadequate. Climate changes increase the risk of storm and water damage in the future.

Risk management

Many of Wihlborgs' environmental goals are linked to improvements in energy efficiency to curb cost increases and limit environmental impact. To maximise the impact, work is under way both in-house and with tenants, since in most cases tenants are responsible for the operating costs. Wihlborgs works continuously with plans for maintenance and repair measures to maintain the condition and standard of its properties. The importance of cost-efficient management also comes into focus during acquisitions. All properties are insured against major negative impact through damage. Final settlement of operating costs with tenants takes place once a year using a proprietary developed system linked to both rent and financial management systems.

Outcome

Property costs increased SEK 100 million compared with the preceding year. Of the increase, SEK 48 million pertained to operating costs primarily attributable to an expanded portfolio and SEK 44 million to property tax as a result of higher tax assessment values following the general property taxation review in 2019.

Sensitivity analysis – income from property management

All variations in the above risk factors directly impact income from property management. The following table illustrates the impact on income from property management:

Sensitivity analysis — income from property management

	Change	Annual earnings impact, SEK m
Economic occupancy rate	+/-1 percentage point	+/-33
Rental income	+/-1%	+/-30
Property costs	+/-1%	+/-8
Market interest rate	+/-1 percentage point	-66/+35

Changes in property values

Description of risk

The property portfolio directly affects earnings and key ratios. The extent of changes in value is partly determined by Wihlborgs' own capacity, through alteration and upgrading of properties, as well as by lease contracts and client structures, to increase the properties' market value, and partly by external factors that affect supply and demand in Wihlborgs' property markets.

Risk management

For information on estimates and judgements in property valuations; see pages 86–87. On acquisition, the transaction department analyses the property concerned to determine its fair value as well as the future possibilities and risks. In general, the property values are less volatile in concentrated property portfolios in good locations. Wihlborgs' properties are highly concentrated to various sub-areas of Malmö, Helsingborg, Lund and Copenhagen.

Outcome

In 2019, changes in value for Wihlborgs totalled SEK 1,479 million (1,312), of which about half was attributable to project development and the remainder in equal shares to higher net operating income and lowered yield requirements for investment properties.

The table below illustrates the impact of a +/-5–10 percent change in property values on Wihlborgs' results and financial position.

Sensitivity analysis, change in property values

	-10%	-5%	0	5%	10%
Pre-tax profit, SEK m	-1,285	991	3,267	5,543	7,819
Equity/assets ratio, %	34.1	36.4	38.4	40.3	42.0
Loan-to-value ratio, properties, %	57.7	54.6	51.9	49.4	47.2

Projects and acquisitions

PROJECT DEVELOPMENT

Description of risk

Wihlborgs' goal is to continue to grow, which will require investment in new and existing properties alike. There is a risk that a new build, extension or redevelopment project is more expensive than expected, is not leased on completion or is delayed. If this occurs, then both value and cash flow are adversely affected. If there are few investment objects and these are not considered profitable, growth may be impeded.

Risk management

For all new acquisitions, calculations are made of the estimated cost and the yield. These calculations are subject to approval via set internal procedures. Projects over SEK 10 million are subject to Board approval. The risks associated with internal projects managed by experienced, in-house project managers are limited partly via agreements with contractors and partly via regular internal follow-ups against budget to identify and address any deviations in good time. By showing commitment to our sub-markets and thus participating in the development of new areas, we create growth opportunities.

Outcome

Wihlborgs' project department has never had as much to do as in 2019. During the year, SEK 1,659 million (1,239) was invested in existing properties and of the value increase in the property portfolio, project development accounted for SEK 618 million (243). Approved investments in ongoing projects amounted to SEK 1,585 million, of which SEK 640 million had been invested at the end of the period. For more information concerning the projects, see pages 54–59.

ACQUISITIONS

Description of risk

Wihlborgs' goal is to continue to grow, which can be achieved via property acquisitions among other actions. The principal risk in conjunction with property acquisitions consists of unexpected vacancies or costs arising in the properties after acquisition that are not covered by the agreement. If an acquisition is made as a company, other risks, such as VAT and other taxes, are also associated with that company.

Risk management

For all new acquisitions, calculations are made of the estimated cost and the yield. These calculations are subject to approval via set internal procedures. The risks involved in the acquisition of properties/companies are limited by conducting due diligence processes using appropriately qualified in-house and external personnel.

Outcome

In 2019, eight properties, of which two were project properties, were acquired. Both of the project properties as well as the other acquisitions contain potential for development in forthcoming years. For more information on the acquired properties, see page 29.

Financing

Description of risk

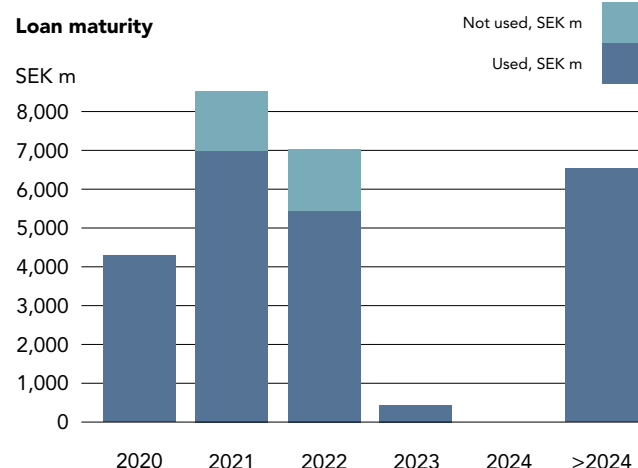
Wihlborgs is dependent on external loans to be able to fulfil its commitments and complete transactions. Turbulence in the credit markets in recent years demonstrates how conditions for and access to credit can rapidly change. If Wihlborgs is unable to extend loans or raise new loans, or if the terms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

Risk management

The financial policy is approved annually by the Board. The financial policy defines objectives and provides guidelines and risk limits for financial operations, as well as organisation and responsibility, guidelines and risk limits for managing financial risks and follow-up and reporting of financial operations. The policy states, for example, that the spread of loans between various credit institutions must be such that there are at least three main lenders, each of whose share of the total loan portfolio should not exceed 50 percent. Wihlborgs is also to strive for a balanced maturity structure of its borrowings. For further information on other financial targets and financial risk management; see Note 2.

Outcome

At year end, Wihlborgs reported a loan-to-value ratio of 51.9 percent (54.1) and had nine main lenders, of whom the largest represented 16 percent (19) of the total loan portfolio. To reduce dependence on the banks, Wihlborgs raises funds in the bond market, in part through the part-owned company Svensk FastighetsFinansiering (SFF) and in part through its own issues of covered and uncovered bonds. The share of bond financing (including SFF) was 24 percent (23) and the remaining 76 percent (77) pertained to bank loans. The maturity of the loans and the unutilized portions of the loans are shown in the diagram below. Refer to Note 26 for the recognition of current interest-bearing liabilities in the financial statements.



Operational risks

PROCEDURES AND REGULATORY COMPLIANCE

Description of risk

The risk of sustaining losses due to inadequate procedures for day-to-day operations, or to ignorance concerning new laws and regulations that affect operations.

Risk management

Wihlborgs seeks to continuously monitor, evaluate and improve the company's internal controls. Operational risks are reduced by sound internal controls for essential processes, appropriate administrative systems, skills development and reliable valuation models and principles. All employees undergo regular training to ensure that they retain and develop their expertise in relevant areas.

Outcome

A review was conducted in 2019 of supplier invoice procedures and implementation of the decided improvements and efficiency enhancements has begun. Moreover, the procurement of a new invoice management system was initiated at the end of the year.

ETHICS AND ANTI-CORRUPTION

Description of risk

The risk of unethical behaviour exists within Wihlborgs' own operations as well as with supplier relationships. The risk of corruption applies primarily to the project/development and property management units, as well as to the central purchasing function, since these units are the most exposed due to purchases of goods and services for Wihlborgs' operations.

Risk management

Each year, Wihlborgs' Group Management assesses the risk of corruption in operations. Systematic procurement processes involving more people increases transparency and reduces the risk of individual influence. Suppliers under framework agreements undertake to adhere to Wihlborgs' ethical guidelines, as do suppliers in project procurements. All new employees are trained in business ethics. Any suspicion of corruption or similar improprieties can be reported using Wihlborgs' whistle-blower function.

Outcome

Wihlborgs' work with ethics and anti-corruption is described on pages 63–65 and in the Sustainability appendix for 2019 (wihlborgs.se/en/about-us/sustainability). The Sustainability appendix contains a more comprehensive risk description.

DATA AND IT SECURITY

Description of risk

Wihlborgs' entire operations – business operations, property operation and accounting – need access to data and functioning IS/IT systems to meet regulatory and legal requirements. Loss of critical data, disruptions or breaches of IS/IT systems and data

leaks are risks that could entail financial loss and damage confidence in the company.

Description of risk

Wihlborgs works continuously to ensure that we have high security levels in the various IS/IT systems. Both the technical and the human perspectives are important. By providing our employees with continuous information and training in behaviour and information management, and through encouraging them to pay notice, we minimise the risk of breaches and the exposure of business critical data.

Outcome

In 2019, few data and IT security-related incidents took place. Our IT operations have been stable and have not been exposed to any IT breach or malware. Like many others, we have encountered attempted e-mail fraud, but these have been stopped by aware users, quick action and timely communication to users. A few attempted cases of account hijacking linked to user behaviour have occurred, but these were discovered and managed before any damage could occur.

SUPPLIER RISK

Description of risk

Supply chain risk encompasses workplace accidents, faults with the working environment, ethics, quality and human rights breaches in areas such as wages and other working conditions. These risks apply when working on Wihlborgs' assignments and in the manufacture of material and building materials/articles. Further risks pertain to undesirable impacts on the environment and health from materials purchased by contractors and subcontractors. In turn, these risks entail a risk of a negative effect on our own personnel or tenants. Our brand could also be adversely affected indirectly due to us engaging a supplier who failed to act in a professional and responsible manner. A risk arises if a supplier is unable to complete its deliveries, of financial losses or increased costs for Wihlborgs as well as a negative impact on our service quality to our tenants.

Risk management

The signed framework agreements specify our requirements for suppliers, inter alia, in terms of the environment and working environment. For example, suppliers must minimise environmental impact and choose the best services and products from an environmental standpoint. The agreements also specify that the contractor is liable for the working environment of its employees and its subcontractors' employees, and for these individuals adhering to Wihlborgs' occupational health and safety plan. To minimise the risk of any breach of human rights, we also require suppliers to have collective agreements in place with their employees. A diligent check of the supplier's financial stability is conducted in conjunction with signing an agreement. In parallel, suppliers with more than 20 employees are reviewed against Wihlborgs' Code of Conduct in terms of the environment, quality, working environment and ethics.

Our policy is always to prioritise engaging suppliers covered by framework agreements, thereby reducing supplier risk through the clear supplier requirements set in the framework agreements.

Outcome

Wihlborgs' work with procurement and suppliers is described on pages 63–65 and in the Sustainability appendix for 2019 (wihlborgs.se/en/about-us/sustainability). The Sustainability appendix contains a more comprehensive risk description.

Environment/climate

Description of risk

Risks in this area linked to Wihlborgs' operations can encompass negative environmental and climate effects from our operations as well as financial and other consequences for Wihlborgs due to environmental and climate factors.

Successive climate changes, such as more intense rainfall, increased groundwater levels or more heavy storms, could entail a risk of increased costs for moisture and damage claims settlement as well as dissatisfied tenants due to faulty premises. Warmer temperatures entail a risk of higher costs for cooling premises and for managing mould and moisture damage. There is also a long-term risk of increased investment costs to prevent damage stemming from climate change.

Our operations impact the environment and the climate, for example through emissions from our properties and from purchased goods and services. Not endeavouring to reduce this impact entails a risk of being in breach of the law, reduced demand from tenants, lack of trust and a negative impact on our brand. In turn, this could make it more difficult to attract investment capital. In time, increased environmental taxes will be implemented on CO₂ emissions, which could affect our profitability if emission levels are not systematically reduced.

Environmental risks also exist in the supply chain, refer to Supplier risk. Detailed information on environmental risks is available in the Sustainability appendix for 2019 (wihlborgs.se/en/about-us/sustainability).

Risk management

Wihlborgs works proactively to reduce negative environmental and climate impact on the basis of the principles of the UN Global Compact and Wihlborgs' own ethical guidelines and environmental policy. Over the year, we have developed our business strategy for long-term sustainable growth. A sub-strategy is to integrate Environmental, Social and Governance (ESG) criteria into our business. For this purpose, a decision was taken to strengthen the organisation with an ESG controller tasked with coordinating and following up on environmental and climate risks.

Internal analyses and risk assessments showcase how we reduce our environmental and climate emissions – both direct and indirect – but also showcase how changes in the climate and weather impact our offering to tenants, our finances and our assets, i.e. the properties. Over the year, we conducted an investigation into how we can apply the Task Force on Climate-related Financial Disclosures (TCFD) framework to adapt our work methods moving forward.

An environmental management system controls internal environmental efforts and clear environmental goals are in place. A compliance service is used for control and updating in relation to environmental legislation. An environmental aspect and risk list

with an action plan is evaluated by Group Management annually. Greenhouse gas emissions are one of our highest priorities and affect the prepared policies and action plans. In 2019, we have focused on climate impact from projects – refer to Supplier risk and the Sustainability appendix for 2019 (wihlborgs.se/en/about-us/sustainability).

All new builds and major redevelopments are Sweden Green Building Council (SGBC) certified and the majority of the existing portfolio will be certified in the future. Green leases are standard for new tenants.

Outcome

Wihlborgs' environmental and climate work is described on pages 66–69 and in the Sustainability appendix for 2019 (wihlborgs.se/en/about-us/sustainability).

Taxes

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

Income tax

The nominal rate of corporation tax in 2019 was 21.4 percent (22) in Sweden and 22 percent (22) in Denmark.

New corporate sector tax rules

On 1 January 2019, new corporate sector tax rules entered force, which inter alia, includes limits to tax relief for interest expenses in accordance with the EU's directive.

The new rules entail essentially 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. From 2019–2020, 21.4 percent and thereafter 20.6 percent.
- Introduction of primary deductions entailing that 12 percent of the building cost of new rental accommodation production can be deducted in the first six years following completion. For investments made in 2017 and 2018, primary deductions may be made for the portion of the six-year period following completion that remained as of 1 January 2019.

For Wihlborgs, the new rules mean an increase in the tax assessment basis in parallel with a lower nominal tax rate. The tax relief for interest expenses will not lead to an increase in paid tax for the next few years for Wihlborgs.

Current tax

In 2019, Wihlborgs' current tax totalled SEK 54 million (39). The taxable base does not include changes in the value of properties and unrealised changes in derivative values. Nor is income from the sale of companies included either, as this item is not normally taxable/deductible. In addition, taxation may be deferred via

fiscal depreciation as well as direct deductions. Loss carryforwards can also be used. Note 11 on page 104 details how taxable income is calculated.

Deferred tax

The deferred tax is calculated using the net of temporary differences between the recognised and tax values for assets and liabilities and on loss carryforwards. The income statement reports the tax on any change in the deferred tax liability over the year.

Tax deductible depreciation

Investments in properties in Sweden are divided among the categories of buildings, land improvements, fixtures and fittings, and land. Wihlborgs applies depreciation at the following rates for tax purposes:

Buildings	2–5% (Offices 2%, Logistics/Prod. 4%)
Land improvements	5%
Fixtures and fittings	25%
Land	0%

The depreciation of buildings and land improvements is based on the accumulated cost and depreciation of fixtures and fittings based on the taxable residual value at the start of the year, adjusted to reflect investments and disposals during the year. In the case of new builds, fixtures and fittings often represent a major part of the investment. From 2019, it is also possible to make primary deductions – refer to the previous section pertaining to the new tax rules.

In Denmark, the following depreciation categories are used:

Buildings	0–4% (Offices 0%, Logistics/Prod. 4%)
Installations	4%
Fixtures and fittings	25%
Land	0%

In Denmark, it is also possible to apply extra initial depreciation for buildings and installations during the year of investment.

Direct tax deductions in minor redevelopments

Direct tax deductions are allowed for tenant improvements, the replacement of components and minor redevelopments, even when these measures add value and are capitalized in the accounts.

Sale of properties as companies

Any profit from the sales of properties as companies is tax-free and any loss is not tax-deductible. This applies for shares that are business-related.

Loss carryforwards

The loss carryforwards that have been utilised to calculate deferred tax amounted to SEK 2,946 million (3,169).

Property tax

Property tax is paid for nearly all the Group's properties. Particular categories of buildings, such as those for communication, education and health care, are tax-exempt. Tax rates for other types of buildings are determined by the type of building and land use. The rate for office properties is 1 percent of the tax assessment value and for logistics and production properties the rate is 0.5 percent.

In Denmark, tax rates vary, depending on which municipality the properties are located in. Property tax paid by the Group for 2019 totalled SEK 199 million (155).

Value added tax

Properties are exempt from compulsory registration for value added tax (VAT). If premises are leased to a tenant permanently operating a business subject to compulsory VAT registration, the property owner can voluntarily register for VAT and thereby have input VAT deducted from both operating costs and the investment. Where premises are leased to central or local government, there is no requirement regarding compulsory VAT registration. No deduction may be made for input VAT relating to operating costs or investments in premises that have not been registered for voluntary liability for VAT. In 2019, non-deductible input VAT on operating costs totalled SEK 8 million (8). This amount was recognised as an operating cost in the annual accounts. In 2019, non-deductible input VAT on investments totalled SEK 4 million (6) and was recognised as investment in property.

Stamp duties

The sale of real property in Sweden is subject to stamp duty (transfer of title) of 4.25 percent on the purchase price or tax assessment value, whichever is the higher. In Denmark, the tax rate is 0.6 percent and the tax is charged in the same way. In the case of intra-Group property transactions, it is possible to be granted deferral of stamp duty until the property is sold outside the Group. If properties are purchased or sold as companies (packaged in holding companies) no stamp duty is payable. In 2019, SEK 1 million (7) was paid as stamp duty on the transactions in which Wihlborgs was involved. Stamp duty of 2 percent (1.5 percent in Denmark) was also payable on mortgages taken out on properties. This tax amounted to SEK 47 million (18) in 2019.

Energy taxes

In 2019, Wihlborgs procured energy at a cost of SEK 193 million (182) for use in its properties, primarily for heating, cooling, ventilation and lighting. Of this cost, energy taxes accounted for SEK 29 million (23). Wihlborgs is striving actively to reduce its energy consumption, which in the long term, and assuming an unchanged tax rate and property portfolio, will lead to lower energy tax costs.

Summary

In 2019, Wihlborgs' operations generated a total of SEK 342 million (250) in different categories of tax, as described above and detailed in the table below.

Breakdown of taxes paid (SEK m)	2019	2018
Income tax	54	39
Property tax	199	155
Value added tax	12	14
Stamp duty	48	19
Energy tax	29	23
Total tax paid	342	250

In addition to taxes paid, Wihlborgs has liabilities in the form of deferred taxes. Deferred income tax was SEK 3,582 million (3,295) and stamp duty SEK 27 million (30).

Property valuation principles

Market valuation

Wihlborgs' consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS) and we have elected to account for our properties at fair value, that is, at their market value. The properties' carrying amount at 31 December 2019 was SEK 45,519 million (42,146), a year-on-year increase of SEK 1,479 million (1,312).

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

Change in properties' carrying amount in 2019

Value change item	Group total, SEK m
Carrying amount, 1 January 2019	42,146
Acquisitions	2,881
Investments	1,659
Divestments	-2,764
Change in value	1,479
Currency translations	118
Carrying amount, 31 December 2019	45,519

Excluding property management, the yield on the investment properties, excluding projects and land, was 5.3 percent (5.4). The yield per property category was 5.1 percent (5.2) for office properties and 7.0 percent (6.7) for logistic and production properties.

External market valuation

At the valuation date, 31 December 2019, Wihlborgs arranged for an external valuation of its entire property portfolio, whereby the market values of the individual properties were assessed. The Swedish portfolio was valued by Samhällsbyggarna-certified valuers from Malmöbryggan Fastighetsekonomi AB, while the Danish portfolio was valued by Newsec Advisory A/S. The valuations were performed pursuant to International Valuation Standards. The customary definition of market value used in Sweden is:

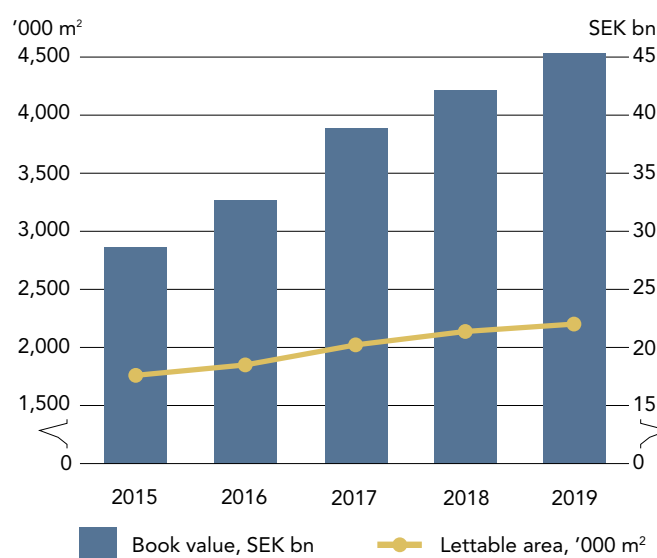
"The probable price obtained from a sale in the general property market."

This definition is assumed to fall within the scope of, and lead to the same valuation result as, application of the definition from the International Valuation Standards Committee (IVSC):

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuations are based on data including quality-assured contract and property-related information from Wihlborgs, data obtained from public sources and relevant market information. All developed properties were inspected in the 2017–2019 period.

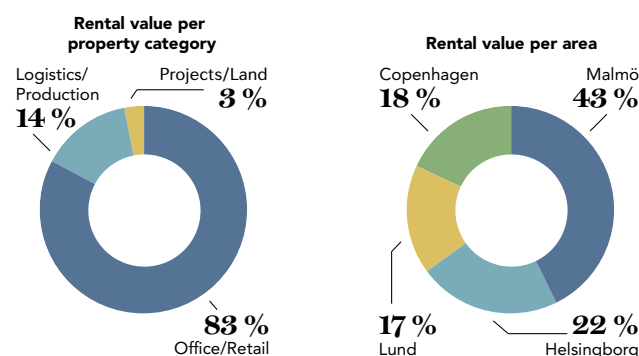
Change in properties' carrying amount and lettable area 2015–2019



Valuation methods

In this valuation, a combination of a yield-based method (market simulation) and a location-price method is used, in which transactions completed in the sub-markets concerned are analysed in order to calibrate the parameters for the yield-based method (cash-flow method). The market parameters derived from analysis of comparable transactions encompass investment yield requirements, which include an appropriate risk premium. The market value is considered to correspond to the yield value that is normally calculated from five-year cash-flow forecasts. In cases where it is considered justified in view of long-term leases, longer estimate periods are used. Ongoing new-build projects are valued as if the project were completed, less the budgeted remaining cost of the project. For undeveloped properties and upgrade projects, a new-build value for a possible future land use is estimated, taking into account clearing and development costs, based on current planning criteria and prices for similar projects sold.

Carrying amount per property category and per area in 2019



The property values are affected by the assumed market parameters that are applied. By varying a number of parameters, a measure of the sensitivity of the valuation is obtained. For example, lowering the investment yield requirement by 0.25 percent results in an increase of 4.1 percent in the yield value for the developed properties in Sweden. A corresponding increase results in a reduction of 3.6 percent in the yield value. For a sensitivity analysis; see the table below.

Aggregated sensitivity analysis, developed properties in Sweden

Parameter	Assumed change, %	Change in yield value, %
Market rent level	10	10.2
Market rent level	-10	-9.9
Operating and maintenance costs	20	-5.8
Operating and maintenance costs	-20	5.9
Investment yield, residual value	0.25	-3.6
Investment yield, residual value	-0.25	4.1

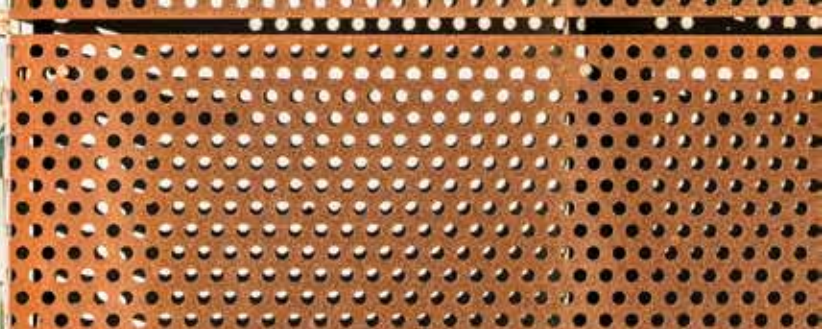
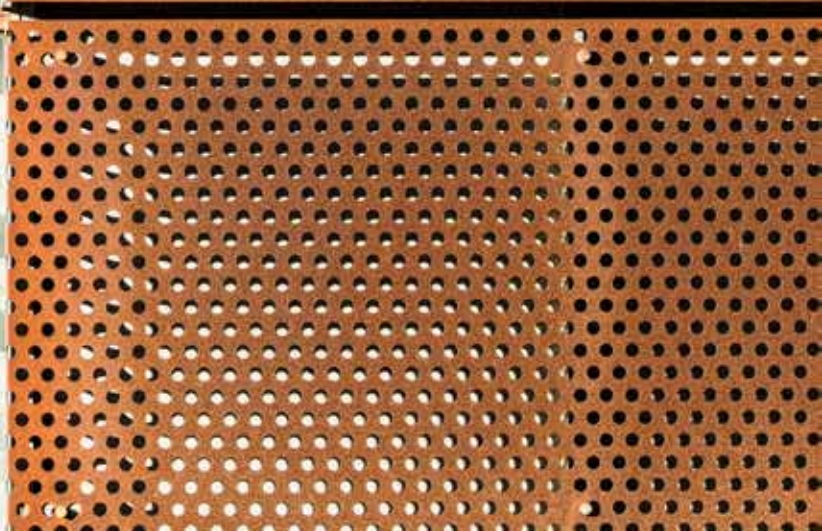
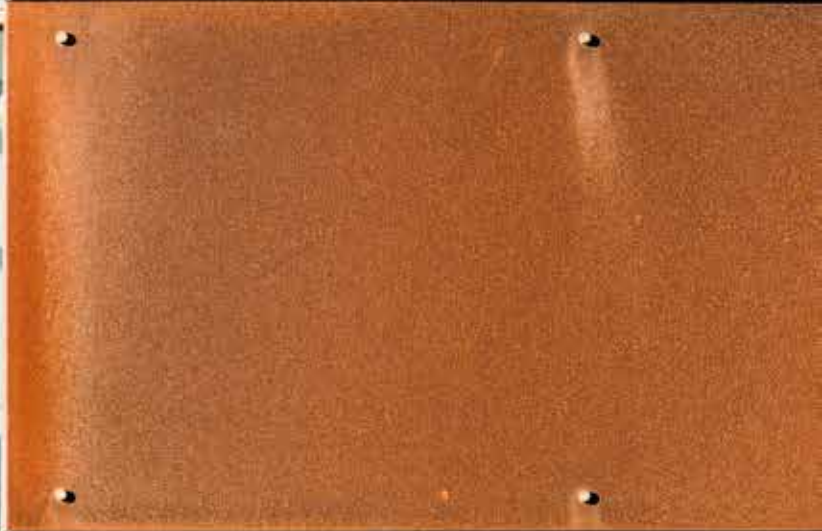
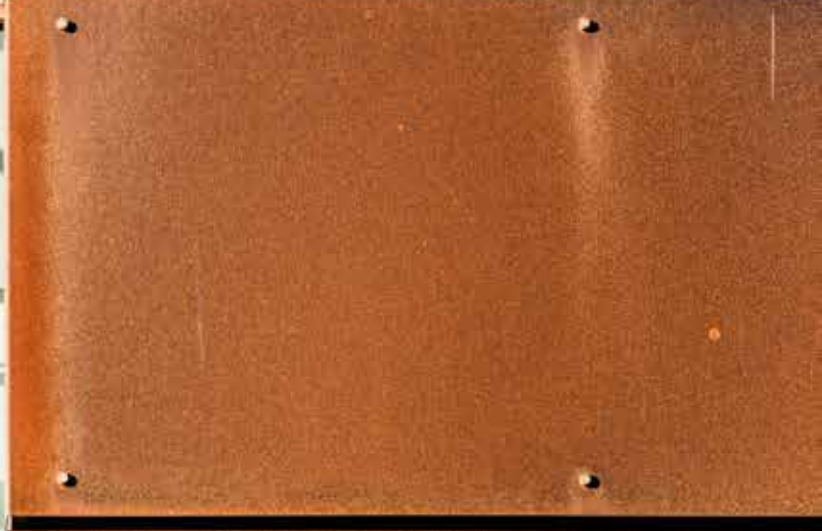
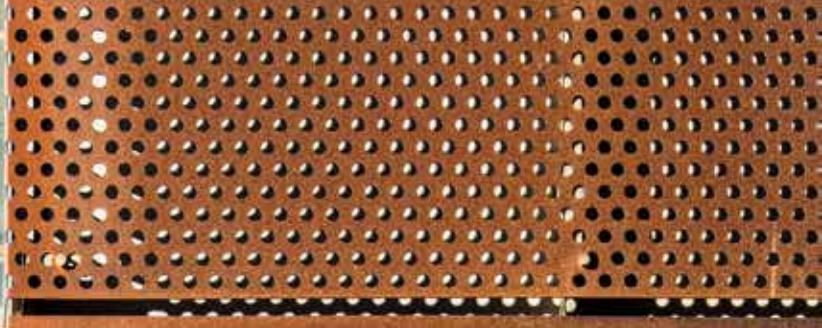
Source: Malmöbryggan Fastighetsekonomi AB

All assumptions on which value assessments are based reflect known market conditions at the time of valuation.

- When leases expired, rents were adjusted to market levels while consideration was given to the property-specific, long-term vacancy risk. The long-term rent trends for office and commercial premises in their existing state is assumed to be no more than the rate of inflation.
- Operating and maintenance costs are expected to rise by 0.5 percentage points above the rate of inflation during the calculation period. Standardised operating and maintenance costs are applied when assessing values, and the specific characteristics of the property are also taken into account. These estimates are based on analyses of historical outcomes and budgeted costs at both property and aggregated level for the market segments and property categories concerned.
- Over the calculation period, it is assumed that the CPI will follow Riksbanken's (the Swedish Central Bank) long-term target of 2 percent.

Estimated cost of capital and investment yield requirements

Area	Cost of capital for current value calculation of net operating income, %	Investment yield requirement for calculation of residual value, %
OFFICE/RETAIL		
Malmö Dockan	4.5–6.5	4.0–5.0
Malmö City Centre South	4.5–6.7	4.0–5.5
Malmö City Centre North	5.7–6.6	4.0–4.75
Outer Malmö	6.5–8.4	5.0–7.0
Central Helsingborg	4.5–7.1	4.5–5.5
North Helsingborg	6.9–8.2	5.25–6.5
South Helsingborg	5.5–7.7	5.5–6.25
Lund Ideon	4.5–6.6	4.5–5.0
Central Lund/Gastelyckan	5.9–7.5	4.25–6.25
Copenhagen	–	5.25–8.0
LOGISTICS/PRODUCTION		
Outer Malmö	6.5–8.2	5.5–7.0
North Helsingborg	7.3–7.9	5.75–6.50
South Helsingborg	7.0–8.1	6.25–6.75
Central Lund/Gastelyckan	7.5–8.1	6.25–7.0
Copenhagen	–	6.0–8.0



Financial statements

The car park at Dockan (Skrovet 4) was completed in 2009 and has a facade comprised of Corten steel sheets and glass together with external vegetation. Some 500 parking spaces are available here, including electric car charging stations.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

SEK m	Note	2019	2018
	1–3		
Rental income	4	2,983	2,684
Property costs	5–6	–843	–743
Operating surplus		2,140	1,941
Other income		3	0
Central administration and marketing	6–8	–75	–65
Interest income		14	12
Interest expense		–336	–482
Ground rents		–5	–
Impairment of participations in other companies		0	–1
Share in results of joint ventures		34	1
Income from property management		1,775	1,406
Change in value, investment properties	9	1,479	1,312
Change in value, derivatives	10	13	964
Change in value, early settled derivatives	10	0	–927
Pre-tax profit		3,267	2,755
Current tax	11	–54	–39
Deferred tax	11	–290	–313
Profit for the year		2,923	2,403
Other comprehensive income	12		
Items that will be reclassified to profit or loss for the year			
Year's translation differences on recalculation of foreign operations		41	105
Year's hedging of currency risk in foreign operations		–36	–102
Tax attributable to items that may be reclassified to profit or loss for the year		5	12
Other comprehensive income for the year		10	15
Comprehensive income for the year		2,933	2,418
Profit for the year, attributable to:			
Parent Company shareholders		2,933	2,403
Non-controlling interests		–	–
Comprehensive income for the year, attributable to:			
Parent Company shareholders		2,933	2,418
Non-controlling interests		–	–
PER-SHARE DATA (NO DILUTION AFFECT, AS THERE ARE NO POTENTIAL SHARES)			
Earnings per share, SEK		19.02	15.63
Dividend per share (2019, proposed dividend)		4.50	3.75
No. of shares at end of period, million		153.7	153.7
Average number of shares, million		153.7	153.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK m	Note	2019	2018
ASSETS			
Non-current assets			
Investment properties	13	45,519	42,146
Right-of-use assets	14	169	–
Equipment	15	33	19
Participations in joint ventures	16	75	20
Receivables from joint ventures	17	200	–
Other long-term securities holdings	18	0	21
Long-term receivables	19	80	291
Total non-current assets		46,076	42,497
Current assets			
Accounts receivable	20	63	12
Other receivables		75	9
Prepaid expenses and accrued income	21	63	41
Cash and cash equivalents	22	280	183
Total current assets		482	245
Total assets		46,558	42,742
EQUITY AND LIABILITIES			
Equity	23		
Share capital		192	192
Other contributed capital		2,178	2,178
Reserves	12	88	78
Retained earnings including profit for the year		15,429	13,082
Equity attributable to Parent Company shareholders		17,887	15,530
Non-controlling interests		–	–
Total equity		17,887	15,530
Non-current liabilities			
Deferred tax liability	24	3,582	3,295
Other provisions	25	46	46
Non-current interest-bearing liabilities	26	22,558	19,584
Lease liability	14	164	–
Derivatives	27	81	26
Deferred income		14	14
Other non-current liabilities		9	7
Total non-current liabilities		26,454	22,972
Current liabilities			
Current interest-bearing liabilities	26	1,070	3,230
Lease liability	14	10	–
Accounts payable		292	273
Current tax liabilities		53	24
Other liabilities		241	258
Accrued expenses and deferred income	28	551	455
Total current liabilities		2,217	4,240
Total equity and liabilities		46,558	42,742

For information on the Group's pledged assets and contingent liabilities; see Note 29.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Note	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity	Non-controlling interests	Total equity
	12, 23	attributable to Parent Company shareholders						
Equity, 1 January 2018		192	2,178	63	11,159	13,592	-	13,592
Comprehensive income for the year								
Profit for the year		-	-	-	2,403	2,403	-	2,568
Other comprehensive income		-	-	15	-	15	-	15
Comprehensive income for the year		-	-	15	2,403	2,418	-	2,418
Transactions with the Group's owners								
Dividends paid		-	-	-	-480	-480	-	-480
Total transactions with the Group's owners		-	-	-	-480	-480	-	-480
Equity, 31 December 2018		192	2,178	78	13,082	15,530	-	15,530
Comprehensive income for the year								
Profit for the year		-	-	-	2,923	2,923	-	2,923
Other comprehensive income		-	-	10	-	10	-	10
Comprehensive income for the year		-	-	10	2,923	2,933	-	2,933
Transactions with the Group's owners								
Dividends paid		-	-	-	-576	-576	-	-576
Total transactions with the Group's owners		-	-	-	-576	-576	-	-576
Equity, 31 December 2019		192	2,178	88	15,429	17,887	-	17,887

CONSOLIDATED CASH FLOW

SEK m	Note	2019	2018
OPERATING ACTIVITIES			
Operating surplus		2,140	1,941
Other income		3	0
Central administration		-75	-65
Non-cash items		12	4
Interest received		7	11
Interest paid		-341	-500
Income tax paid		-25	-14
Cash flows before change in working capital		1,721	1,377
CHANGE IN WORKING CAPITAL			
Changes in operating receivables		-135	54
Changes in operating liabilities		98	58
Total change in working capital		-37	112
Cash flows from operating activities		1,684	1,489
INVESTMENT ACTIVITIES			
Property acquisitions	13	-2,881	-900
Investments in existing properties	13	-1,659	-1,239
Disposal of properties	13	2,764	195
Investments in equipment		-19	-12
Change in other long-term receivables		11	-30
Cash flow from investment activities		-1,784	-1,986
FINANCING ACTIVITIES			
Dividends paid		-576	-480
Borrowings	30	10,229	5,601
Loan repayments	30	-9,455	-3,705
Increase in other non-current liabilities		-1	12
Early settlement of derivatives		-	-927
Cash flow from financing activities		197	501
Change in cash and cash equivalents		97	4
Opening cash and cash equivalents		183	179
Closing cash and cash equivalents	22	280	183

PARENT COMPANY INCOME STATEMENT

SEK m	Note	2019	2018
	1–2		
Net sales	31	192	162
Operating costs	6, 8, 31	–195	–176
Operating profit/loss		–3	–14
Result from financial items			
Result from participations in Group companies	32	1,571	1,246
Result from other securities and receivables accounted for as non-current assets	33	256	399
Other interest income and similar profit/loss items		0	0
Interest expense and similar profit/loss items	34	–330	–586
Change in value, derivatives	10	–55	964
Early settlement of derivatives	10	0	–927
Profit after financial items		1,439	1,082
Appropriations	35	548	156
Pre-tax profit		1,987	1,238
Tax on profit for the year	11	–78	–18
Profit for the year		1,909	1,220

PARENT COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

Profit for the year	1,909	1,220
Other comprehensive income for the year	–	–
Comprehensive income for the year	1,909	1,220

PARENT COMPANY BALANCE SHEET

SEK m	Note	2019	2018
ASSETS			
	1–2		
Non-current assets			
<i>Property, plant and equipment</i>			
Equipment	15	11	13
<i>Financial assets</i>			
Participations in Group companies	36	9,591	9,860
Receivables from Group companies		13,399	12,008
Participations in joint ventures	16	43	22
Receivables from joint ventures	17	217	17
Other long-term securities holdings	18	0	21
Other long-term receivables	19	13	212
Deferred tax assets	37	203	280
<i>Total financial assets</i>		23,466	22,420
Total non-current assets		23,477	22,433
Current assets			
Accounts receivable		0	1
Other receivables		8	0
Prepaid expenses and accrued income	21	23	9
Cash at bank and in hand	22	116	1
<i>Total current assets</i>		147	112
Total assets		23,624	22,444
EQUITY AND LIABILITIES			
Equity			
	23		
<i>Restricted equity</i>			
Share capital		192	192
<i>Unrestricted equity</i>			
Retained earnings		3,840	3,196
Comprehensive income for the year		1,909	1,220
<i>Total unrestricted equity</i>		5,749	4,416
Total equity		5,941	4,608
Untaxed reserves			
		0	
Provisions			
Other provisions for pensions	25	18	17
Non-current liabilities			
Non-current interest-bearing liabilities	26	15,516	13,040
Liabilities to Group companies		1,997	2,752
Derivatives	27	81	26
Total non-current liabilities		17,594	15,818
Current liabilities			
Current interest-bearing liabilities	26	–	1,933
Accounts payable		7	11
Other liabilities		9	6
Accrued expenses and deferred income	28	55	51
Total current liabilities		71	2,001
Total equity and liabilities		23,624	22,444

STATEMENT OF CHANGES IN EQUITY IN PARENT COMPANY

SEK m	Note	Share capital	Restricted reserves	Unrestricted equity	Total equity
	23				
Equity, 1 January 2018		192	0	3,676	3,868
Dividends paid		–	–	–480	–480
Profit for the year/Comprehensive income for the year		–	–	1,220	1,220
Equity, 31 December 2018		192	0	4,416	4,608
Equity, 1 January 2019		192	0	4,416	4,608
Dividends paid		–	–	–576	–576
Profit for the year/Comprehensive income for the year		–	–	1,909	1,909
Equity, 31 December 2019		192	0	5,749	5,941

PARENT COMPANY CASH FLOW STATEMENT

SEK m	Note	2019	2018
OPERATING ACTIVITIES			
Operating profit/loss		–3	–14
Depreciation/amortisation		3	2
Interest and dividends received		1,606	1,576
Interest paid		–279	–505
Cash flows before change in working capital		1,327	1,059
CHANGE IN WORKING CAPITAL			
Changes in operating receivables		–21	8
Changes in operating liabilities		2	–1
Total change in working capital		–19	7
Cash flows from operating activities		1,308	1,066
INVESTMENT ACTIVITIES			
Acquisitions of non-current assets		–1	–10
Shareholders' contributions paid and new share issues		–243	–397
Acquisition of participations in Group companies		–729	–433
Disposal of participations in Group companies		1,445	71
Increase in receivables from Group companies		–1,377	–352
Cash flow from investment activities		–905	–1,121
FINANCING ACTIVITIES			
Dividends paid		–576	–480
Borrowings	30	7,571	3,990
Loan repayments	30	–7,077	–2,743
Increase in other non-current liabilities and provisions		–755	41
Early settlement of interest-rate derivatives		–	–927
Group contributions received		548	156
Cash flow from financing activities		–289	37
Change in cash and cash equivalents		115	–18
Opening cash and cash equivalents		1	19
Closing cash and cash equivalents	22	116	1

Notes

Unless otherwise stated, amounts are in SEK million.

NOTE 1 | Significant accounting policies

General information

The consolidated accounts and the annual accounts of Wihlborgs Fastigheter AB (the Parent Company) for the 2019 financial year have been approved by the Board of Directors and the Chief Executive Officer for publication on 12 March 2020 and will be presented to the Annual General Meeting (AGM) on 28 April 2020 for adoption. The Parent Company is a Swedish public limited company with its registered office in Malmö. The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency of the Parent Company and the Group.

Compliance with standards and statutory requirements

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

Basis of preparation

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

Judgements and estimates used

The preparation of financial statements in accordance with IFRS requires that the management and Board make judgements and assumptions that affect the amounts recognised for assets, liabilities, income and expenses, as well as other information disclosed. These judgements are based on experience and the various assumptions that are considered reasonable by the management and the Board in view of the prevailing circumstances. Actual outcomes may differ from these judgements if other assumptions are made or if the conditions change.

The accounts are particularly sensitive to the judgements and assumptions applied in the valuation of investment properties as well as deferred tax liabilities. Further information on the input data and the methods used in property valuation is provided on pages 86–87 of this annual report and also in notes 9 and 13. When valuing loss carryforwards, an assessment has been made of the likelihood that the deficit can be utilised. Established deficits that can with a high degree of certainty be used to offset future profits comprise the basis for calculating deferred tax assets.

Significant accounting policies applied

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

New accounting policies

New standards and interpretations effective 1 January 2019

From 1 January 2019, IFRS 16 Leases replaces IAS 17 Leases, including IFRIC 4 and SIC 27. Wihlborgs does not apply the standard retroactively. The Group's income is encompassed by the rules for lessors in IFRS 16, which are essentially unchanged compared with IAS 17 and have not had any material impact on the accounting for rental income. For Wihlborgs as a lessee, the introduction of IFRS 16 largely means that all leases have to be recognised in the statement of financial position, measured at the present value of future lease payments. With the exception of contracted site leasehold agreements, Wihlborgs' exposure as a lessee, through leases for premises (from 1 December 2019) and smaller leases for assets, such as vehicles, is limited. As of 31 December 2019, right-of-use assets amounted to SEK 169 million, of which SEK 146 million pertained to leaseholds. Other smaller leases are recognised on the line item for equipment. All leases are included in the lease liability that is remeasured in the event of any change in, inter alia, the lease term, residual

value guarantees and any changes in lease payments. Costs for ground rents, SEK 5 million, are recognised as financial expenses, which differs from the previous principle whereby these were recognised as operating costs. Other costs for leased assets are recognised as depreciation and interest expense. Short leases (12 months or less) and leases where the underlying asset is of low value do not require recognition in the statement of financial position, and are instead recognised in profit or loss in the same manner as the former operating leases. Wihlborgs assesses that none of the new or amended standards approved by the EU, or interpretations from the IFRS Interpretations Committee, affect its results or financial position in any material sense.

Parent Company's accounting policies

The changes to RFR 2, Accounting for Legal Entities, in 2019 have not had any material effect on the Parent Company's financial reports from 2019, aside from some disclosure requirements.

Definition of segments

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

Consolidated accounts

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

The Group companies acquired in December 2004 are reported in the Wihlborgs Group up to the amounts recognised in the Fabège Group in accordance with the rules on joint control.

The functional currency for the Group's foreign operations is the currency in which the Group entity concerned conducts its business activities. The income statements and balance sheets for foreign operations are translated to SEK, which means that assets and liabilities are translated at the closing day rate. The income statements are translated at the average exchange rate for the period. Any translation differences arising in translation to SEK are recognised in other comprehensive income.

Acquisition of properties via companies

A company acquisition may be regarded either as an asset acquisition or a business combination. A company acquisition where the primary purpose is to acquire the purchased company's properties, and where its management organisation and administration are of subordinate importance to the completion of the acquisition, is treated as an asset acquisition. A company acquisition where the acquired company's management organisation and administration are of major importance to the completion and value of the acquisition, is instead treated as a business combination.

In the case of an asset acquisition, no deferred tax is recognised on the surplus value of the properties; any discount attributable to the deferred tax is instead deducted from the property value. When establishing an initial fair value after the acquisition date, the valuation is no longer impacted by the tax discount.

Joint arrangements

Companies in which Wihlborgs has a long-term ownership stake and in which it exercises a controlling influence, together with one or several joint venture partners, are classified as a joint venture or joint operation, depending on whether the Group has direct rights to assets and obligations for liabilities (joint operation) or not (joint venture). The assessment is based on the structure of the investment, its legal form, contractual agreements and other factors and circumstances. Joint ventures are reported in the consolidated income statement and balance sheet using the equity method, which means that Wihlborgs' share of this result is recognised annually in the consolidated statement of income. The values of these participations are adjusted in the balance sheet to reflect the share of earnings and any dividend payments. For joint operations, Wihlborgs' direct share of the assets, liabilities, income and costs is recognised in the consolidated accounts. The assets, liabilities,

income and costs that cannot be attributed directly to the partners are allocated on the basis of the respective participating interest. Intra-Group balances corresponding to ownership shares are eliminated on consolidation.

Joint arrangements are accounted for on the basis of the latest available accounts for the company concerned, adjusted for any deviation in accounting policies.

Foreign currency

Transactions in foreign currency are translated to SEK using the exchange rate at the transaction date. Monetary assets and liabilities in foreign currency are translated at the closing day rate, with any resulting exchange-rate differences recognised in profit or loss. Exchange-rate differences on operating receivables and liabilities are recognised in profit or loss, while exchange-rate differences attributable to financial assets and liabilities are recognised under "Result from financial items."

Hedging of net investments in foreign operations

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

Income

Income from property management is invoiced in advance and recognised as income in the period to which it relates. Income is divided into rental income and service income. The former includes standard invoiced rent including index and supplementary billing for investments and property tax. Service income includes all other supplementary billing, for example electricity, heating, water and services provided to tenants. In cases where a tenant is granted a time-limited rent reduction and charged a higher rent in another period, the respective underpayment or overpayment is accrued on a straight-line basis over the term of the lease, provided that the rent reduction is not associated with phased occupancy or the like. Income relating to early lease termination is recognised immediately unless any outstanding obligations exist vis-à-vis the tenant.

Income from the sale of property is recognised on the contract date, provided there are no specific terms or conditions in the purchasing contract. The result of a property sale is recognised as a change in value and pertains to the difference between the received sales price after deductions for selling costs and the carrying amount in the most recent quarterly report, adjusted for subsequent investments. Should the sale of a property be effected via a company sale, the portion of profit/loss that is attributable to the recognised deferred tax is to be recognised in profit/loss on the line for tax on profit for the year.

Leaseholds and agreements as lessee

For Wihlborgs as a lessee, the introduction of IFRS 16 on 1 January 2019 largely means that all leases have to be recognised in the statement of financial position, measured at the present value of future lease payments. Previously, all leases were managed as operating leases. With the exception of contracted site leasehold agreements, Wihlborgs' exposure as a lessee, through leases for premises (from 1 December 2019) and smaller leases for assets, such as vehicles, is limited. Site leasehold agreements and leases are recognised as right-of-use assets and other smaller leases are recognised on the line item for equipment in the statement of financial position. All leases are included in the lease liability that is remeasured in the event of any change in, inter alia, the lease term, residual value guarantees and any changes in lease payments. From 2019, costs for ground rents are recognised as financial expenses, which differs from the previous principle whereby these were recognised as operating costs. Other costs for leased assets are recognised as depreciation and interest expenses from 2019. Short leases (12 months or less) and leases where the underlying asset is of low value do not require recognition in the statement of financial position, and are instead recognised in profit or loss in the same manner as the former operating leases.

Remuneration of employees

Remuneration of employees, in the form of salaries, paid holiday, paid sick leave etc., is recognised as it is earned. Pensions and other post-employment benefits are classified as defined-contribution or defined-benefit plans. Commitments under the defined-contribution plans are fulfilled via premiums to independent government agencies or companies that administer the plans.

A number of Wihlborgs employees are covered by the ITP Plan, with regular contributions to Alecta. According to IFRS, this is to be classified as a multi-employer defined-benefit plan. Since sufficient information to recognise these plans as defined-benefit is not available, they are recognised as defined-contribution plans.

All employees in Sweden can receive shares in the Wihlborgs Profit-Sharing Fund, which is entirely independent of Wihlborgs. Employees in Denmark receive employee shares in Wihlborgs Fastigheter AB. The allocations in Sweden and Denmark are decided each year by the Board and assume that set criteria for the Group's performance are met. The allocations are recognised as personnel costs in the period to which the profit shares pertain.

Financial income and expenses

Financial income pertains to interest income and is recognised in the period in which it arises. Dividends on shares are recognised as financial income in the period in which the entitlement to receive payment is considered certain. Financial expenses pertain to interest and other expenses that arise when money is borrowed. Costs incurred for raising mortgage deeds are not regarded as a financial expense, but are capitalised as value-generating investments in property. Financial expenses are recognised in the period in which they arise. Financial expenses also include interest expenses for interest-rate derivative agreements. Payment flows from interest-rate derivative agreements are recognised in the period in which they arise. Net financial items are not affected by the market value of contracted interest-rate derivatives, which are instead reported as changes in value under a separate heading. The portion of interest expenses that include interest during production time for major new builds, extensions or renovations is capitalised. Interest is calculated based on an average borrowing cost for the Group. Mortgages raised are not expensed but capitalised as investment in property.

Income from property management

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

Taxes

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

Deferred tax has been calculated using the balance sheet method. This method is used to account for deferred tax liabilities and claims for all temporary differences between recognised and taxable values for assets and liabilities and for other taxable deductions or deficits. Deferred tax liabilities and tax assets are calculated on the basis of the tax rate anticipated for the time at which the temporary difference is reversed. When valuing tax loss carryforwards, an assessment is made of the likelihood that the deficit can be utilised. Loss carryforwards associated with significant uncertainty have been excluded from the base data for deferred tax assets.

Deferred tax assets and deferred tax liabilities are offset if they relate to income tax to the same tax authority, and if the Group can settle the tax by paying a net amount. Both current and deferred tax are recognised in profit or loss as income or expenses except where the underlying transaction is recognised in other comprehensive income. In such cases, the tax is also recognised in other comprehensive income.

Appropriations and untaxed reserves

Tax legislation in Sweden allows the payment of tax to be postponed by appropriation to untaxed reserves in the balance sheet via the income statement item "Appropriations." Depreciation rules in legislation allow accelerated depreciation. However, appropriations and untaxed reserves are not recognised in the consolidated accounts. In the consolidated balance sheet, untaxed reserves are divided into deferred tax liabilities and equity. Equity is then eliminated so that only equity earned after the date of acquisition remains. In the consolidated income statement, the appropriation to or withdrawal from untaxed reserves is divided between deferred tax and profit for the year.

Investment properties

All properties in the Group are classified as investment properties on the basis that they are held to earn rental income or for capital appreciation, or a combination of the two. Wihlborgs rents offices in Copenhagen, Lund and Helsingborg in its own properties and the office in Malmö is rented from an external party from 1 December 2019. The rental value for own renting represents, in all cases, a negligible portion of the total rental value for the property concerned and consequently none of these properties is classified as owner-occupied property. Investment properties are measured at fair value in the balance sheet in accordance with IAS 40, which means that depreciation is not recognised in profit or loss. Any change in value is recognised on a separate line in the income statement and is calculated on the basis of the period-end valuation compared with the preceding year's valuation, or alternatively cost if the property was acquired during the year, plus capitalised additional expenditure during the year. The change in value for divested properties is described in the accounting policies for income from property sales.

Investment properties are valued quarterly on the basis of an internal valuation model. The valuation of investment properties has been classified as falling within Level 3 in the fair value hierarchy, since the estimated value is materially affected by non-observable input data used in the valuation. At year end, all properties are valued by independent external appraisers with recognised and appropriate qualifications. Further information on the valuation of the property portfolio and the carrying amounts included therein is provided on pages 86–87 and in Note 13.

In the case of properties acquired via asset acquisition, the fair value is downwardly adjusted by an amount equal to any discount provided, in respect of the deferred tax, at acquisition. The tax discount is not considered in subsequent valuation.

Additional expenses relating to redevelopment/extension are added to the carrying amount only when it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable manner. All other subsequent costs are expensed in the period in which they arise. The decisive factor in determining when an additional expense is added to the carrying amount is whether the expense relates to replacement of whole or parts of identified components, in which case the expenditure is capitalised. Expenditure on entirely new components is also added to the carrying amount. In major projects, interest during the project period is capitalised. Expenditure on repairs is recognised in the period in which it arises.

Financial instruments

Financial instruments that are recognised in the balance sheet include assets such as cash and cash equivalents, rent receivables, other receivables and loan receivables, and liabilities such as interest-rate derivatives, accounts payable, other liabilities and borrowings.

Financial instruments are initially recognised at fair value, which corresponds to cost, plus transaction costs, with the exception of the category financial instruments recognised at fair value through profit or loss where transaction costs are not included. Subsequent reporting occurs thereafter depending on how classifications have been made according to the following. Financial transactions such as incoming and outgoing payments of interest and credit are entered in the accounting bank's books on settlement date, while other incoming and outgoing payments are entered into the accounting bank's books on the accounting date. A financial asset is derecognised from the balance sheet when the contractual rights are realised, expire or the company loses control over the asset. A financial liability is derecognised from the balance sheet when the obligation has been fulfilled or has otherwise extinguished.

Cash and cash equivalents

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

Accounts receivable

Financial assets that are not derivatives, that have fixed or determinable payments and that are not quoted in an active market are reported as accounts receivable. Financial assets are classified as amortised cost, fair value through profit or loss or fair value via other comprehensive income based on the character of the asset's cash flow and on the business model encompassing the asset.

All financial assets that are not derivatives fulfil the criterion for contractual cash flows and are held in a business model to collect on these contractual cash flows. Borrowings are thereby recognised at amortised cost. There are rent receivables and other receivables in the Group, the latter concerning primarily VAT and tax assets as well as receivables pertaining to sold properties. After individual valuation, receivables are recognised at the amount at which they are expected to be realised, which means that they are recognised at cost, with a provision for bad debt.

The modified retrospective approach for provisions for credit losses is used for the Group's receivables, excluding cash and cash equivalents. Provisions for credit losses are continuously assessed based on historic, current and forward-looking factors. Because of the short tenor of the receivables, the reserve amounts are negligible. The Group defines default as receivables that are more than 90 days past due and in these cases, an individual assessment and loss allowance is made. Assessment of cash and cash equivalents is based on the banks' likelihood of defaulting and forward-looking factors. Because of their short tenor and high credit value, the provision amounts are negligible.

Liabilities

Liabilities including credit and operating liabilities such as accounts payable. Most of the credit agreements are non-current. Current credits recognised as covered by unutilised long-term credit agreements are also recognised as non-current. The credit is recognised in the balance sheet on the payment date under amortised cost. Accrued unpaid interest is reported under the item accrued expenses. A liability is recognised when the counterparty has executed its part of the agreement and there is a contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognised when the invoice has been received. Accounts payable and other operating liabilities with short terms are recognised at their nominal value.

Foreign currency

Transactions in foreign currency are translated to SEK using the exchange rate at the transaction date. Monetary assets and liabilities are translated at the closing day rate.

Derivatives

An interest-rate derivative consists of a financial asset or liability measured at fair value together with changes in value through profit or loss. To manage exposure to fluctuations in the market interest rate in accordance with the established financial policy, the Group has entered into interest-rate derivatives. When using interest-rate derivatives, changes in value arise depending primarily on changes in the market interest rate. The interest-rate derivative is initially recognised in the balance sheet at cost on the transaction date, and valued thereafter at fair value together with changes in value through profit or loss.

Payment flows from interest-rate derivative agreements are recognised in the period in which they arise.

Equipment

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

Share buy-backs

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

Parent Company's accounting policies

The deviations between the Parent Company's and the Group's policies arise from limitations in the Parent Company's ability to apply IFRS as a result of statutory provisions in, above all, the Swedish Annual Accounts Act, and in view of the relationship between accounting and taxation. Group contributions are recognised in accordance with the alternative rule of recommendation RFR 2. According to the alternative rule, Group contributions received and paid are both recognised as appropriations. Shareholders' contributions are recognised by the donor as an increase in shares in subsidiaries and by the recipient as an increase in unrestricted equity.

NOTE 2 | Financial risk management

Operations are financed by equity and loans. The major share of these loans are interest-bearing liabilities. The relationship between equity and liabilities is determined by the chosen level of financial risk as well as the amount of equity required to satisfy lenders' requirements for maintaining the loan under reasonable terms and conditions. The objective for the capital structure is to generate a return on equity, to enable the company to obtain the necessary loan financing and to ensure scope for investment. These targets are an equity/assets ratio of no less than 30 percent and no more than 40 percent and an interest coverage ratio of at least 2.0 times. On 31 December 2019, the equity/assets ratio was 38.4 percent (36.3) and the interest coverage ratio a multiple of 6.2 (3.9).

Financial policy

Each year, the Board sets the financial policy that governs Wihlborgs' financial operations. The aim of the financial policy is to define the goals, and to provide guidelines and risk limits for the financial operations within the Wihlborgs Group. The financial policy also provides a general allocation of responsibilities and how reporting and follow up of the financial risks is to be conducted. The Parent Company's Finance function is a Group executive function with responsibility for the Group's financing, interest-rate risk management, liquidity planning and management of other financial risks. The function reports quarterly to the Board in accordance with guidelines established in the financial policy. The overall goals for the Finance function are to:

- Ensure good access to funds so that Wihlborgs' payment obligations can be met at any given time
- Achieve the best possible accessibility and diversity within Wihlborgs' funding sources
- Achieve the best possible net financial items within the framework for established risk levels and set risk limits
- Identify and ensure good management of the financial risks that arise in Wihlborgs
- Ensure that financial operations are conducted with good internal controls.

Management of financial risks

Financing risk

Financing risk refers to the risk of not having access to assets, or only having access to them at a significantly increased cost, for refinancing, investing and other payment obligations. Wihlborgs must be able to carry out transactions when the opportunity arises and must always be able to meet its commitments. The financing risk increases if the company's creditworthiness deteriorates or if a large portion of its loan portfolio falls due on one or a few occasions.

Liquidity risk is managed by performing regular liquidity forecasts and by ensuring a liquidity reserve in the form of credit lines or cash and cash equivalents that can be used at short notice. The bank overdraft facility at year end amounted to SEK 340 million (289), of which SEK 53 million (101) was utilised.

Financing risk is limited by the guidelines given in the financial policy regarding approved counterparties when signing credit facilities, the effort to ensure a balanced maturity structure in borrowings including renegotiating credit margin terms, limiting the average contractual tenor of credits and guidelines about the number of lenders regarding bank loans. No individual lender should represent more than 50 percent of total bank borrowings outstanding, and the number of lenders should be not less than three. The financial policy also stipulates a maximum distribution of different financing formats. At year end, Wihlborgs had nine (six) main lenders, of whom the largest represented 16 percent (19) of the total loan portfolio. In addition to the above, Wihlborgs' bond loan share of total loans represented 24 percent (23). Wihlborgs has issued non-covered bonds totalling SEK 2,651 million (1,289) in a Medium Term Note programme. At the start of the year, the company also had its own covered bonds programme of SEK 785 million, which matured and was redeemed in 2019. Additionally, bonds amounting to SEK 2,943 million (3,030) were issued via the part-owned finance company Svensk FastighetsFinansiering (SFF).

Most of the interest-bearing liabilities, which amounted to SEK 23,628 million (22,814) at year end, were raised by the Parent Company by pledging collateral in the form of promissory notes from subsidiaries containing pledged property mortgages. Most of the collateral contains conditions regarding loan-to-value ratio and interest coverage ratio in the agreements with lenders, known as financial covenants. These covenants to lenders are issued with satisfactory margins for Wihlborgs' capital structure targets. Wihlborgs' total available credit is SEK 26,734 million (23,754), of which SEK 23,628 million (22,814) had been utilised on 31 December 2019.

Wihlborgs has secured access to financing via long-term credit facilities. The average loan maturity, including credit facility, was 5.7 years (6.0). The table below shows the credit facilities that existed at year end.

In the statement of financial position, the current portion of interest-bearing liabilities have been reduced by the sum of unutilised long-term credit agreements, see Note 28.

Credit facilities, SEK m

	31 Dec. 2019		31 Dec. 2018	
	Amount	Utilised	Amount	Utilised
Long-term binding loan agreements with banks	19,481	16,662	17,221	17,053
Short-term binding loan agreements with banks	4,262	4,262	4,170	3,586
Overdraft facilities	340	53	289	101
Total loan agreements	24,083	20,977	21,680	20,740
Bond, covered	0	0	785	785
Bond, uncovered, framework SEK 4,000 m	2,651	2,651	1,289	1,289
	26,734	23,628	23,754	22,814

Maturity structure of credit framework agreements, SEK m

	31 Dec. 2019		31 Dec. 2018	
	Agreement	Utilised	Agreement	Utilised
0–1 year	4,262	4,262	4,170	3,586
1–2 years	8,520	7,015	7,738	7,471
2–3 years	7,023	5,422	5,395	5,306
3–4 years	431	431	0	0
4–5 years	0	0	0	0
>5 years	6,498	6,498	6,451	6,451
	26,734	23,628	23,754	22,814

Interest-rate risk

Interest expense is one of the largest cost items to which Wihlborgs is exposed. The extent to which and how quickly an interest rate change impacts earnings depends on the fixed-interest period. An interest expense sensitivity analysis showed that an increase or a decrease in the market interest rate of 1 percentage point would result in interest expense increasing SEK 66 million (85.1) and decreasing SEK 35 million (43.6), respectively. Interest-rate risk refers to the risk that developments in the interest-rate market negatively impact Wihlborgs' earnings, through running interest expenses for loans and derivatives and through changes in the market values of the derivatives. The aim of interest-rate risk management is to achieve the desired stability in the Group's combined cash flows to support property investments and to fulfil requirements and expectations that lenders and other external parties have of Wihlborgs. Interest-rate risk strategy should take into account the sensitivity of Wihlborgs' combined cash flow to trends in the interest-rate market over a multi-year time horizon. The interest-rate risk strategy is expressed in the form of a normal portfolio described through a maturity structure for fixed interest-rates in loan agreements combined with derivatives. According to the financial policy, the target for the interest coverage ratio is to exceed a multiple of 2.0; at year end, the interest coverage ratio was a multiple of 6.2 (3.9).

The tables below show the interest maturity structure as per 31 December 2019 and 2018, respectively.

Interest maturity structure at 31 Dec. 2019, SEK m

	Excl. derivatives	Interest-rate derivatives	Net	Average interest, %
2020	21,838	-11,222	10,616	1.05
2021	0	2,130	2,130	1.02
2022	0	1,630	1,630	1.13
2023	0	2,130	2,130	1.38
2024	0	1,288	1,288	1.53
>2024	1,790	4,044	5,834	1.67
	23,628	0	23,628	1.26

Interest maturity structure at 31 Dec. 2018, SEK m

	Excl. derivatives	Interest-rate derivatives	Net	Average interest, %
2019	19,843	-9,352	10,491	1.11
2020	1,257	1,630	2,887	0.85
2021	0	1,630	1,630	1.19
2022	0	1,130	1,130	1.39
2023	0	1,130	1,130	1.57
>2023	1,714	3,832	5,546	2.21
	22,814	0	22,814	1.39

In the fourth quarter of 2018, the Group's interest-rate risk was restructured, whereupon all deficit values in the existing interest-rate derivative portfolio were settled early for SEK 927 million. In conjunction with the above, new interest-rate derivatives were entered into that led to year-on-year lower interest expenses in 2019. The deficit value in Wihlborgs' interest-rate derivative portfolio at the end of the year was SEK 81 million (26). At year-end, the interest-rate derivative portfolio included a total of SEK 12.9 billion (9.4) comprising 28 (22) different interest-rate swaps. For more detailed information about the interest-rate derivative portfolio see the table below.

Interest-rate derivative portfolio

Interest-rate swaps			
Final maturity	Amount, SEK m	Interest rate, %	
2020	1,630	-0.04	
2021	2,130	0.05	
2022	1,630	0.16	
2023	2,130	0.41	
2024	1,288	0.56	
2025	788	0.82	
2026	1,252	0.96	
2027	752	1.05	
2028	752	1.12	
2029	500	0.12	
	12,852	0.39	

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

Future liquidity flows for credits, calculated at 31 Dec. 2019, SEK m

	Maturity of credits	Interest on credits	Interest on derivatives	Total
2020	4,262	246	48	4,556
2021	7,015	175	48	7,238
2022	5,422	68	48	5,538
2023	431	49	42	522
2024	0	48	33	81
>2024	6,498	671	68	7,237
	23,628	1,257	287	25,172

Future liquidity flows for credits, calculated at 31 Dec. 2018, SEK m

	Maturity of credits	Interest on credits	Interest on derivatives	Total
2019	3,586	208	79	3,873
2020	7,471	169	77	7,717
2021	5,306	112	70	5,488
2022	0	75	62	137
2023	0	75	55	130
>2024	6,451	923	140	7,514
	22,814	1,562	483	24,859

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

Counterparty risk

Counterparty risk refers to the risk that the counterparty will not be able to fulfil a delivery or payment. In Wihlborgs' financial activities, counterparty risk primarily arises when the company invests excess liquidity, in derivative transactions and credit facilities. To reduce counterparty risk, Wihlborgs' financial policy states that the company is to endeavour to spread counterparty risk. To reduce the risks, only approved counterparties are to be used. Regarding Wihlborgs' accounts receivable, standard customer credit checks are performed before a new tenant is accepted, and if necessary the lease is backed by a personal guarantee, deposit or bank guarantee. Similarly, credit checks are carried out in connection with any promissory notes that may arise in connection with the disposal of properties or companies. The maximum credit exposure for accounts receivable and promissory notes corresponds to the carrying amount, refer to Note 20 for an age analysis of accounts receivable.

Currency risk/translation exposure

Currency risk refers to the risk of an impact from changes in exchange rates on Wihlborgs' income statement and balance sheet. Exchange-rate risk exposure includes unhedged net positions – the difference between assets and liabilities, and the difference between in- and outflows in foreign currencies. With the aim of limiting exchange-rate risk exposure, as far as possible, Wihlborgs' foreign currency investments are to be financed in local currency and thereafter hedged primarily through external Parent Company loans in local currency and secondarily through derivatives. The hedge ratio in relation to the net assets' fair value is to amount to not less than 80 percent and not more than 100 percent. Wihlborgs owns properties in Denmark through Wihlborgs A/S. At the balance-sheet date, Wihlborgs' exposure in DKK comprised the following: net assets in the Danish operations of the Group amounting to DKK 1,828 million (1,558); lending to the same operations of DKK 440 million (707); and Danish kronor bank loans in the Swedish Group companies of DKK 2,000 million (1,922), which have been taken up as a currency hedge for net investments and lending. The net exposure was DKK 268 million. A movement in the exchange rate of one percentage point would have an impact on other comprehensive income of SEK 13 million (8), including fiscal effects. Note 12 states the amounts for the translation of net investments and hedging of currency risk.

Operative risk

Operative risk in Wihlborgs' financial activities concerns the risk of incurring losses as a result of inadequate routines and/or irregularities, inadequate systems, handling failures and/or irregularities. Ensuring effective internal controls, fit-for-purpose administrative routines and processes, routine descriptions, competence development and the availability of reliable valuation and risk models minimises operative risks. Wihlborgs' Finance function focuses continuously on monitoring the company's administrative security and control.

NOTE 3 | Operating segment

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

Segment reporting

Market areas	Malmö		Helsingborg		Lund		Copenhagen		Total	
Items classified per segment	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rental income	1,026	957	646	554	472	378	539	545	2,683	2,434
Service income	106	96	50	41	65	50	78	64	300	250
Property costs	-287	-273	-178	-160	-162	-118	-215	-192	-843	-743
Operating surplus	845	780	518	435	375	309	402	417	2,140	1,941
Ground rents	-1	-	-4	-	0	-	0	-	-5	-
Changes in property values	1,101	489	196	133	48	356	134	334	1,479	1,312
Segment profit	1,945	1,269	710	568	423	665	536	751	3,614	3,253

ITEMS NOT CLASSIFIED BY SEGMENT

Central administration	-	-	-	-	-	-	-	-	-72	-65
Net interest, etc.	-	-	-	-	-	-	-	-	-322	-471
Change in value, derivatives	-	-	-	-	-	-	-	-	13	37
Profit participation in joint ventures	-	-	-	-	-	-	-	-	34	1
Tax on profit for the year	-	-	-	-	-	-	-	-	-344	-352
Net profit	-	-	-	-	-	-	-	-	2,923	2,403

PROPERTY VALUES AND INVESTMENTS PER SEGMENT

Properties	19,747	18,411	10,054	8,198	7,826	7,738	7,892	7,799	45,519	42,146
Property acquisitions for the year	92	0	1,313	59	1,260	675	216	166	2,881	900
Other investments in properties	863	683	347	285	180	170	269	101	1,659	1,239

Further information on the respective market areas is available on pages 30–53.

Revenue and property value per country

	Rental income		Property value	
	2019	2018	2019	2018
Denmark	617	609	7,892	7,799
Sweden	2,366	2,075	37,627	34,347
	2,983	2,684	45,519	42,146

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

NOTE 4 | Revenue

	Group	
	2019	2018
Rental income, gross	2,936	2,663
Rental income, unlet	-253	-229
Service income, gross	308	258
Service income, unlet	-8	-8
	2,983	2,684

The Group's revenue comprises rental income and service income. Rental income also includes property tax and rent discounts. Service income pertains to onward invoicing of expenses including heating, electricity, and water and sewerage. SEK 55 million (51) of rental income is sales-based rent on premises. Rents and rent discounts only charged during a specific part of the term of the lease have been recognised on an accrual and a straight-line basis over the entire term of the lease.

Rental income and service income is based on leases classified as operating leases, where the Group is the lessor. Future payments regarding rental income and service income not subject to lease termination are as follows, by maturity:

	Group	
	2019	2018
Within 1 year	2,845	2,579
Between 1 and 5 years	6,342	5,825
More than 5 years	2,471	2,784
	11,659	11,188

Of the above-mentioned future payments regarding rental income and service income not subject to lease termination, SEK 590 million (771) relates to leases signed before year end but with occupancy taking place on a later date in the following year. For more information on rents and leases, see pages 27–28.

NOTE 5 | Property costs

	Group	
	2019	2018
Heating, electricity and water/sewerage	208	199
Other operating costs	219	180
Repairs and maintenance	94	88
Property tax	199	155
Ground rents	–	5
Property management	123	116
	843	743

Other operating costs include costs for property maintenance, cleaning, insurance, alarm systems and security as well as rent losses. Rent losses in 2019 amounted to SEK 7 million (6), corresponding to 0.2 percent of total revenue. During the year, a general property taxation review was conducted in Sweden, which entailed a higher tax assessment value with raised property tax as a consequence. A major portion of the property tax is invoiced to tenants, thereby limiting the impact on the Group's profit and loss statement.

From 2019, leaseholds are recognised as right-of-use assets and ground rents are recognised as a financial expense instead of as a property cost.

Property management includes indirect costs for ongoing property management, such as costs for the management organisation, lettings, lettings system, rent negotiations, rent invoicing and marketing linked to the properties.

NOTE 6 | Employees, personnel costs and executive remuneration

Average number of employees	2019	Of	2018	Of
		whom, men		whom, men
Parent Company, Sweden	115	73	108	72
Subsidiaries, Sweden	8	0	8	1
Subsidiaries, Denmark	81	53	57	39
Group, total	204	126	173	112

Gender distribution	Board of Directors		Senior executives	
	2019	2018	2019	2018
Men	4	4	2	2
Women	3	3	3	3
Total	7	7	5	5

Salaries, other remuneration and social security costs	Group		Parent Company	
	2019	2018	2019	2018

SALARIES AND OTHER REMUNERATION

Chief Executive Officer				
Basic salary – Anders Jarl	–	1.0	–	1.0
Basic salary – Ulrika Hallengren	4.0	2.3	4.0	2.3
Benefits – Anders Jarl	–	0	–	0
Benefits – Ulrika Hallengren	0	0	0	0
Other senior executives				
Basic salary	6.9	6.4	6.9	6.4
Benefits	0.2	0.2	0.2	0.2
Other employees	113.2	91.5	49.6	52.6
Total	124.5	101.4	60.9	65.0

PENSION COSTS

Chief Executive Officer – Anders Jarl	–	3.2	–	3.2
Chief Executive Officer – Ulrika Hallengren	1.2	0.8	1.2	0.8
Other senior executives	1.7	1.9	1.7	1.9
Other employees	16.2	12.9	10.2	9.3

SOCIAL SECURITY COSTS	29.6	25.3	28.0	24.2
Total	48.6	44.1	39.4	39.4

Remuneration of senior executives

Principles

Fees are paid to the Chairman and Board members in accordance with the resolution passed by the AGM. The Chairman receives SEK 350,000 (250,000) and other Board members, excluding the CEO, receive SEK 165,000 (150,000) each. In 2018, Erik Paulsson received a fee of SEK 83,000 for his time as Chairman until 25 April. Thereafter, Anders Jarl received Board fees of SEK 167,000 in his role as Chairman. Furthermore, he received a separate fee of SEK 1.5 million to assist the company management. In 2019, the fee to Anders Jarl for assisting the company management amounted to SEK 1.5 million. In 2018, Jan Litborn received SEK 100,000 in Board fees for the period after the AGM when he was elected as a new Board member. Remuneration of the CEO and other senior executives comprises basic salary, other benefits and pension. In his role as CEO in 2018, an extra pension premium of SEK 2.6 million was paid for Anders Jarl. "Other senior executives" refers to the Group Management, which in addition to the CEO consists of the Chief Financial Officer, the Director of Corporate Communications, the Director of Project & Development and the Director of HR and CSR. Group Management is not entitled to any specific variable or share-price related remuneration.

Remuneration and other benefits during the year

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

A number of administrative personnel in Sweden are covered by the ITP2 Plan's defined-benefit pension commitments for retirement and family pensions via an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board UFR 3 Classification of ITP plans financed by insurance with Alecta, this comprises a multi-employer defined-benefit plan. For the 2019 financial year, the company did not have access to information to enable it to recognise its proportional share of the plan's commitments, plan assets and costs. As a result, the company was unable to recognise it as a defined-benefit plan. Accordingly, the ITP 2 Pension Plan secured via insurance with Alecta was recognised as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually on the basis of such factors as salary, previously earned pension entitlement and estimated remaining period of employment. Anticipated charges for the next reporting period for ITP 2 insurance policies held with Alecta totalled SEK 5.2 million (4.1). The collective consolidation level is the market value of Alecta's assets as a percentage of its insurance commitments, calculated according to Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. Normally, the collective consolidation is permitted to vary between 125 and 155 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 155 percent, action is to be taken to create the conditions for returning the consolidation level to within the normal range. In the case of low consolidation, one alternative can be to increase the price of new, and extending existing, benefits. In the case of high consolidation, one alternative can be to reduce premiums. At year-end 2019, Alecta's surpluses in the form of the collective consolidation level was 148 percent (142).

Severance pay

The notice of termination of employment, on either side, for the CEO is six months. If employment is terminated by Wihlborgs, the CEO is entitled to severance pay corresponding to 18 months' salary. Severance pay is deducted from other sources of income. If the employment is terminated by the CEO, no severance pay is due. In the case of other senior executives, employment is subject to a mutual notice of termination of four to six months. If employment is terminated by the company, the senior executive is entitled to severance pay for up to 12 months. Severance pay is deducted from other sources of income. If the employment is terminated by the senior executive, no severance pay is due.

Remuneration-setting procedure

Remuneration of the CEO for the 2019 financial year was approved by the Board. Remuneration of other senior executives was approved by the CEO.

Profit-Sharing Fund

Wihlborgs has a Profit-Sharing Fund for which all employees are eligible. Allocations to the Profit-Sharing Fund may not exceed one price base amount per employee per year and is based on a combination of Wihlborgs' profits, excluding changes in the value of properties and derivatives, return on equity requirements and dividend to shareholders. The Profit-Sharing Fund is required to invest its assets in shares in Wihlborgs Fastigheter AB. Payments to employees are made in accordance with the Fund's articles of association. Employees in Denmark receive employee shares in Wihlborgs Fastigheter AB corresponding to an amount equivalent to one Danish price base amount.

The allocations in Sweden and Denmark are decided each year by the Board with the proviso that the allocation criteria are met. Personnel costs for 2019 include an allocation of SEK 7.9 million (6.4), of which SEK 5.6 million (4.9) pertained to Sweden.

NOTE 7 | Central administration and marketing

Central administration and marketing includes costs for Group Management and Group-wide functions for accounting and finance, HR, IT, investor relations and central marketing as well as other costs associated to a public listed company. Property-related administration is not included, and is instead recognised under property costs.

NOTE 8 | Fees and cost compensation to auditors, SEK 000

	Group		Parent Company	
	2019	2018	2019	2018
Deloitte				
Audit engagement	2,527	2,586	2,233	2,157
Auditing activities other than the audit engagement	290	377	290	250
Tax advice	19	98	19	98
Other services	–	–	–	–

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

The audit engagement encompasses statutory auditing of the annual accounts, the consolidated accounts and the accounting records, as well as examination of the administration of the Board and CEO and other auditing functions performed by agreement or under contract.

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

NOTE 9 | Change in value, investment properties

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

	Group	
	2019	2018
Change in value, properties sold	50	19
Change in value, property portfolio on 31 Dec.	1,429	1,293
	1,479	1,312

To determine the change in value for each period, the properties are valued at the end of each quarter. Internal valuations are performed on 31 March, 30 June and 30 September. To confirm internal valuations at these times, a small selection of properties are valued externally. The properties are selected with a focus on properties showing major changes in rental levels, vacancy rates or substantial investments. At each year end, all properties are valued externally. Malmöbryggan Fastighetsekonomi AB's valuers, authorised by Samhällsbyggarna (Swedish professionals for the built environment), performed a valuation of all Wihlborgs' properties in Sweden as per 31 December 2019. The values of the properties are determined individually to correspond to the fair value of each property. In Denmark, the properties were valued by Newsec Advisory A/S. For further information, see Note 13.

For more details on valuation methods, valuation bases, market parameters etc. used in determining the value of the property portfolio, refer to pages 86–87.

NOTE 10 | Change in value, derivatives

Derivatives are financial instruments that in accordance with IFRS 9 are measured at fair value in the balance sheet. Any change in value for interest-rate derivatives is recognised on a separate line after income from property management in the income statement. For information on the principles for valuation of derivatives, refer to Note 1. The deficit value in the interest-rate derivative portfolio at the end of the year was SEK 81 million (26).

At the end of 2018, the Group's interest-rate risk management was restructured, whereupon all deficit values in the existing interest-rate derivative portfolio were settled early and new interest-rate derivatives entered into.

	Group		Parent Company	
	2019	2018	2019	2018
Change in value				
– Interest-rate derivatives	–55	964	–55	964
– Other financial items	68	–	0	–
– Early settlement of interest-rate derivatives	–	–927	–	–927
Total	13	37	–55	37

NOTE 11 | Tax on profit for the year

	Group		Parent Company	
	2019	2018	2019	2018
Current tax on profit for the year	–54	–39	0	–
Adjustment of current tax, previous years	0	–	–	–
Total current tax	–54	–39	0	0
Deferred tax	–290	–313	–78	–18
Total tax	–344	–352	–78	–18
Nominal tax on pre-tax profit	–679	–606	–425	–272
Tax effect, adjustment items				
– Dividend from Group companies	–	–	292	268
– Impairment/reversal of participations in Group companies	–	–	–114	–6
– Sale of properties via companies	282	12	–	–
– Effect of lowering nominal tax rate	–	210	–	–19
– Gain from sale of subsidiaries	–	–	158	12
– Revaluation of previous provisions	32	34	–	–
– Adjustment of opening temporary differences and loss carryforwards	11	–	10	–
– Share of profits of associated companies	7	–	–	–
– Other adjustment items	4	–2	1	–1
Total tax, excl. current tax, previous years	–343	–352	–78	–18
Adjustment of current tax, previous years	–1	–	–	–
	–344	–352	–78	–18

In addition to what is reported above, the Group has tax revenue attributable to components of other comprehensive income amounting to SEK 5 million (12).

The nominal tax rate is 21.4 percent (22) in Sweden and 22 percent (22) in Denmark. Current tax is based on taxable income of the companies incorporated in the Group. This is lower than the Group's pre-tax profit. This is primarily because:

- The change in value for investment properties is not included in the taxable profit.
- The change in value for derivatives is not included in the taxable profit except for early settled derivatives.
- Tax deductible depreciation on buildings, land improvements and fixtures and fittings in buildings is not charged to consolidated profit.
- Directly tax deductible amounts for certain redevelopment investments in properties are not charged to consolidated profit.
- Loss carryforwards utilised are not charged to consolidated profit.

Calculation of current tax on profit for the year in the Group	2019	2018
Pre-tax profit	3,267	2,755
Changes in value	-1,492	-1,349
Early settlement of derivatives	-	-927
Tax deductible depreciation on buildings	-859	-401
Direct deductions, tenant improvements and replacement of components, etc.	-311	-251
Taxable profit property sales	102	34
Share of profits of associated companies	-34	-1
Non-deductible interest expenses	-16	-
Miscellaneous	-41	36
Taxable profit before loss carryforwards	-616	-104
Loss carryforwards, opening balance	-3,169	-2,779
Adjustment of opening deficit for revaluation and acquisitions	-145	-109
Loss carryforwards, closing balance	2,945	3,169
Taxable profit	247	177
Current tax on profit for the year	-54	-39

NOTE 12 | Statement of other comprehensive income and change in reserves

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

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

2019	Opening balance	Change in translation reserve for the year	Transferred to profit for the year	Closing balance
Translation of net investments in foreign operations	234	41	-	275
Hedging of currency risk in foreign operations	-165	-36	-	-201
Tax attributable to above items	9	5	-	14
	78	10	-	88
2018	Opening balance	Change in translation reserve for the year	Transferred to profit for the year	Closing balance
Translation of net investments in foreign operations	129	105	-	234
Hedging of currency risk in foreign operations	-63	-102	-	-165
Tax attributable to above items	-3	12	-	9
	63	15	-	78

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

NOTE 13 | Investment properties

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

Wihlborgs rents offices in its own properties in Copenhagen, Lund and Helsingborg and, until 1 December 2019, in Malmö. The rental value for own renting represents, in all cases, a negligible portion of the total rental value for the property concerned and consequently none of these properties is classified as owner-occupied property.

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

Approved investments amount to SEK 1,585 million (2,295), of which SEK 640 million (1,083) had been invested at year end.

Of the carrying amounts for the properties, it is estimated that SEK 148 million (168) relates to capitalised borrowing costs. The interest rate used to calculate the capitalised borrowing cost is based on the average interest rate of the loan portfolio. On 31 December 2019, the interest rate was 1.66 percent (2.64).

At year end, the residual value of the property portfolio for tax purposes was SEK 20,405 million (19,022).

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

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

The fair value of investment properties was assessed by independent external property appraisers with appropriate professional qualifications and experience not only of the market areas concerned but also the type of properties valued. In Sweden, the valuations were performed by Malmöbyggnads Fastighetsekonomi AB. In Denmark, the properties were valued by Newsec Advisory A/S. For further information on the valuation of the property portfolio, see pages 86–87.

Change in carrying amount for the year

	Group	
	2019	2018
Carrying amount, beginning of year	42,146	38,612
Property acquisitions	2,881	900
Investments	1,659	1,239
Divested properties	-2,764	-195
Change in value	1,479	1,312
Currency translations	118	278
Carrying amount	45,519	42,146

Aggregated sensitivity analysis, developed properties in Sweden

Parameter	Assumed change, %	Change in yield value, %	
		2019	2018
Market rent level	10	10.2	9.9
Market rent level	-10	-9.9	-9.8
Operating and maintenance costs	20	-5.8	-5.7
Operating and maintenance costs	-20	5.9	5.8
Investment yield, residual value	0.25	-3.6	-3.6
Investment yield, residual value	-0.25	4.1	4.1

Source: Malmöbyggnads Fastighetsekonomi AB

Summary of valuation assumptions

Date of valuation	31 Dec 2019	31 Dec 2018
Fair value	SEK 45,519 million	SEK 42,146 million
Calculation period	Normally five years for Swedish properties and ten years for Danish properties. However, for certain properties, different calculation periods are justified on the basis of the length of the lease.	
Estimated investment yield requirement, residual value	Between 4.0 percent (4.25) and 8.0 percent (8.5).	
Cost of capital	Between 4.5 percent (4.5) and 8.2 percent (8.5).	
Long-term vacancy rate	Normally between 3 percent (3) and 12 percent (12).	
Operating and maintenance costs	In assessing the value, operating and maintenance costs are calculated on a standardised basis taking type of property, valuation year and location into account.	
Inflation assumption	It is assumed that the CPI will follow Riksbanken's (the Swedish Central Bank) long-term target of 2 percent.	

NOT 14 | Leases pursuant to IFRS 16**Right-of-use assets OB/CB per lease class**

	Leaseholds	Office premises	Vehicles
Opening balance 1 Jan. 2019	146	–	6
New leases	0	23	2
Depreciation	0	0	–3
Remeasurements	0	0	0
Terminations	0	0	0
Closing balance 31 Dec. 2019	146	23	5

Leaseholds and office premises are recognised under the item Right-of-use assets and vehicles are recognised under the item Equipment.

Lease liability maturities

Maturity date up to 1 year from balance-sheet date	10
Maturity date between 1 and 5 years from balance-sheet date	18
Maturity date more than 5 years from balance-sheet date	146
Total	174
–of which, non-current portion	164
–of which, current portion	10
	174

Amounts recognised in profit or loss

	2019
Depreciation of right-of-use assets	–3
Interest expense on lease liabilities	–5
Costs for low-value and short-term leases	–1
Total	–9

Future lease payments

	2019
Year 1	14
Years 2–5	34
More than 5 years	93
Total	141

NOTE 15 | Equipment

	Group 2019	2018	Parent Company 2019	2018
Opening balance, cost	57	47	22	14
Adjustment OB – equipment leases	6	–	–	–
Investments	17	12	1	10
Sales and disposals	0	–2	0	–2
Closing balance, cost	80	57	23	22
Opening balance, depreciation	–38	–36	–9	–9
Sales and disposals	0	2	–	2
Depreciation for the year	–9	–4	–3	–2
Closing balance, depreciation	–47	–38	–12	–9
Carrying amount	33	19	11	13

NOTE 16 | Participations in joint ventures and holdings in joint operations

In accordance with IFRS 11, joint arrangements are to be judged as either a joint operation or a joint venture, depending on whether the Group has direct rights to the assets and obligations for the liabilities (joint operation) or not (joint venture). The assessment is based on the structure of the investment, its legal form, contractual agreements and other factors and circumstances. For Wihlborgs, the effect of this is that Dockan Exploatering AB and Svensk FastighetsFinansiering AB are classified as joint operations, which means that Wihlborgs' share of assets, liabilities, income and expenses in these companies has been consolidated into the consolidated accounts. Joint ventures are recognised according to the equity method. Refer to Note 1 for a more detailed description of the accounting policies.

During 2019, Fastighets AB ML4 was reclassified as a joint venture from previously having been recognised as an unconsolidated structured entity. The earnings impact of the reclassification amounted to SEK 34 million.

	Group 2019	2018	Parent Company 2019	2018
Carrying amount at beginning of year	20	19	22	22
Reclassification	21	–	21	–
Acquisitions	0	–	–	–
Share of profit	34	1	–	–
Carrying amount at year end	75	20	43	22

Name/Corp. Reg. No.	Registered office	Proportion of equity, %	Group	Parent Company
Dockan Exploatering AB				
556594-2645	Malmö	33.3	–	17
Hälsostaden Ängelholm Holding AB/556790-5723	Ängelholm	33.3	19	5
Medeon AB				
556564-5198	Malmö	40.0	1	0
Ideon AB				
559033-2598	Lund	66.6	0	0
Ideon Open AB				
556862-4026	Lund	60.0	1	–
Fastighets AB ML4	Lund	50.0	54	21
556786-2155				
			75	43

Description of participations classified as joint ventures

- Hälsoastaden Ängelholm AB is a joint venture between Region Skåne, Peab and Wihlborgs. The company owns, develops and manages the properties at the Ängelholm Hospital site. At the start of the year, the Parkhuset property in Lindhaga park was completed with the municipality of Ängelholm as the tenant. A short-term healthcare and care facility is run here. The detailed development plan for a new health hotel has been delayed, but approval of the plan is expected early 2020. In 2019, Hälsoastaden acquired a property connected to the northern area of the hospital for future development. A lease was signed with Region Skåne for a new care facility in the northern part of the site in order to enable the premises in the southern part to be decommissioned by 2022 at the latest. Once this is complete, an entirely new city district can be developed there, close to the city centre and public transport.
- Medeon AB is marketing Medeon Science Park, a research park in Malmö focusing on life sciences (pharmaceuticals, medical technology, biotechnology and healthcare).
- Ideon AB, which is owned jointly with Castellum, has the mission of marketing the Ideon area. The acquisition of Nya Vattentornet 2 och 4 AB in February 2019 included Vasakronan's share (33.3%) of Ideon AB.
- Ideon Open AB, owned jointly with Lund University Innovationssystem AB and the City of Lund, was established to strengthen and develop Ideon as a creative and active research community in close contact with universities and other institutes of higher education.
- Fastighets AB ML4's purpose is to develop, own and manage the MAX IV research centre in Lund. The company is owned jointly with Peab Sverige AB. The lease with Lund University, which is leasing the MAX IV facility, extends until 2040. In 2019, the company signed a 20-year lease with Lund University regarding a new research facility, the Comparative Medicine Unit (CMU), of about 4,000 m². Construction was started during the year and occupancy is scheduled for the end of 2021. Financing of the CMU and the MAX IV facility has been arranged through the Nordic Investment Bank (NIB). The holding was classified in 2018 as Other long-term securities holdings.

Description of holdings classified as joint operations

- Dockan Exploatering AB conducts development activities in the Dockan area of Malmö. The company's purpose is to source development land for its owners.
- Svensk FastighetsFinansiering AB, is a finance company that issues bonds in the Swedish capital markets under a covered MTN programme of SEK 12 billion. The bonds are secured against collateral in immovable property and are listed on Nasdaq Stockholm. SFF is owned equally by the property company Catena AB, Diös Fastigheter AB, Fabega AB, Platzer Fastigheter Holding AB and Wihlborgs Fastigheter AB. The objective is to broaden the base for the company's borrowing structure in a situation where the capital market is showing a strong demand for bonds. At the end of the year, bonds of SEK 8,852 million (9,446) had been issued, of which Wihlborgs' share amounted to SEK 2,943 million (3,030).

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

Earnings	2019	2018
Operating income	230	105
Operating costs	-80	-57
Net financial items	-51	-15
Depreciation/amortisation	-79	-32
Tax	-5	1
Earnings	15	2
Assets		
Non-current assets	3,118	1,061
Current assets	66	83
	3,184	1,144
Liabilities and equity		
Equity	169	60
Non-current liabilities	2,845	1,031
Current liabilities	170	53
	3,184	1,144
Carrying amount	75	20

NOTE 17 | Receivables from joint ventures

	Group 2019	2018	Parent Company 2019	2018
Maturity date between 1–5 years from balance-sheet date	–	–	17	17
Maturity date more than 5 years from balance-sheet date	200	–	200	–
Carrying amount	200	–	217	17

NOTE 18 | Other long-term securities holdings

	Group 2019	2018	Parent Company 2019	2018
Opening balance	21	21	21	21
Reclassification to shares in joint ventures	-21	–	-21	–
Carrying amount	0	21	0	21

NOTE 19 | Long-term receivables

	Group 2019	2018	Parent Company 2019	2018
Maturity date between 1–5 years from balance-sheet date	48	64	–	–
Maturity date more than 5 years from balance-sheet date	32	227	13	212
Carrying amount	80	291	13	212

Of the above receivables, SEK 10 million (210) for the Group and SEK 0 million (212) for the Parent Company pertained to interest-bearing receivables. During 2019, the receivable of SEK 200 million to Fastighets AB ML4 was reclassified to receivables for joint ventures. See note 17.

NOTE 20 | Analysis of credit exposures in accounts receivable

	Group 2019	2018
Maturity structure – accounts receivable due		
Accounts receivable that are neither due nor impaired	23	4
Accounts receivable that are due		
1–30 days	13	3
31–60 days	2	2
61–90 days	3	1
>90 days	40	20
Of which, provision made (excluding VAT)	-18	-18
Total	63	12

The total cost for the year for confirmed and anticipated bad debts amounted to SEK 7 million (6).

NOTE 21 | Prepaid expenses and accrued income

	Group		Parent Company	
	2019	2018	2019	2018
Accrued rental income, etc.	20	12	2	–
Accrued interest income	5	–	5	–
Prepaid expenses	38	29	16	9
Total	63	41	23	9

NOTE 22 | Cash and cash equivalents

Cash and cash equivalents comprise bank balances. Unused overdraft facilities that are not included in cash and cash equivalents amounted to SEK 287 million (189), of which SEK 200 million (166) in the Parent Company.

NOTE 23 | Equity

The number of shares registered and outstanding at the beginning and the end of the year

153,713,456

All shares have equal voting rights, one vote per share. Quotient value per share, SEK 1.25 (1.25). In 2019, shareholders received a dividend of SEK 3.75 (3.13) per share, representing a total of SEK 576 million (480).

PROPOSED DISTRIBUTION OF PROFIT

The Board proposes that the funds available for appropriation by the AGM, an amount of SEK 5,748,504,015, be distributed as follows: dividend to shareholders SEK 4.50/share, a total of SEK 691,710,552, and that SEK 5,056,793,463 be carried forward.

The proposed dividend is subject to approval by the AGM, to be held on 28 April 2020.

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

- 50 percent of income from property management, after deduction of tax at 21.4 percent.
- 50 percent of profit realised from property sales, that is, the sales price, less total capital invested, after deduction of tax at 21.4 percent.

In order to control and manage the company's capital, a number of financial targets have been established to provide Wihlborgs with a capital structure that delivers the best return to shareholders, with due account taken of risk. Capital refers to equity. For definitions and calculation bases, refer to pages 120–121.

	Target 2019	Outcome 2019	Average 2015–2019
Return on equity is to exceed the risk-free interest rate by no less than six percentage points, %	5.6	17.5	22.5
Equity/assets ratio, %	>30	38.4	34.9
Loan-to-value ratio, %	<60	51.9	54.0
Interest coverage ratio, multiple	>2.0	6.2	4.0

The company's lenders have been given guarantees (financial covenants) concerning the equity/assets ratio and interest coverage ratio. There is an adequate margin between the level of guarantees provided and targets/outcomes for 2019. For more information on the Group's financial targets, dividend policy etc., see pages 19 and 20.

NOTE 24 | Deferred tax liability

	Group		Parent Company	
	2019	2018	2019	2018
Deferred tax is based on the net of:				
– Loss carryforwards	–607	–653		
– Difference between carrying amount and taxable value of properties	4,249	3,955		
– Difference between carrying amount and taxable value related to derivatives	–17	–5		
– Other temporary differences	–43	–2		
	3,582	3,295		

The loss carryforwards that have been utilised to calculate deferred tax amounted to SEK 2,946 million (3,169). Of this amount, SEK 1,993 million (2,013) is a deficit that is non-deductible since it is Group contributions- or is merger-related.

In the calculation of deferred tax on unutilised loss carryforwards, loss carryforwards encumbered with considerable uncertainty have been excluded. Excluded loss carryforwards amounted to SEK 213 million (316).

NOTE 25 | Other provisions

	Group		Parent Company	
	2019	2018	2019	2018
Stamp duty, property acquisition	28	29	–	–
Provisions for pensions	18	17	18	17
Carrying amount	46	46	18	17

The stamp duty liability relates to sale of properties within the Group. The liability only falls due for payment when the properties or the Group companies that own the properties are sold to an external party.

NOTE 26 | Interest-bearing liabilities

	Group		Parent Company	
	2019	2018	2019	2018
Maturity date up to				
1 year from balance-sheet date	4,262	3,586	2,476	2,289
Maturity date between				
1 and 5 years from balance-sheet date	12,868	12,777	10,806	10,479
Maturity date more than 5 years from balance-sheet date	6,498	6,451	2,235	2,205
	23,628	22,814	15,516	14,973
– of which, non-current portion	22,558	19,584	15,516	13,040
– of which, current portion	1,070	3,230	0	1,933
	23,628	22,814	15,516	14,973

The amounts above include utilised bank overdraft facility, which was SEK 53 million (101) for the Group and SEK 0 million (34) for the Parent Company. The credit limit approved as a bank overdraft facility is SEK 340 million (289) for the Group and SEK 200 million (200) for the Parent Company. The current portion of loans has been wholly or partly reduced by unutilised long-term credit agreements. In addition to loans from banks and credit institutions, the loan portfolio also includes bond loans from the finance company Svensk FastighetsFinansiering AB in the amount of SEK 2,943 million (3,030) and own bond loans of SEK 2,651 million (2,074).

NOTE 27 | Derivatives

Analysis of value of derivatives based on maturity

	Group		Parent Company	
	2019	2018	2019	2018
Less than 1 year from balance-sheet date	2	–	2	–
	16	3	16	3
Between 1 and 5 years from balance-sheet date	67	23	67	23
More than 5 years from balance-sheet date				
	81	26	81	26
of which, recognised as				
Non-current receivable				
– Interest-rate derivative, surplus value	–	–	–	–
Non-current liability				
– Interest-rate derivative, deficit value	81	26	81	26

Derivatives are classified as non-current liabilities in the balance sheet and measured regularly in accordance with IAS 39 at fair value at level 2. In the fourth quarter of 2018, the Group's interest rate risk management was restructured, whereupon all deficit values in the existing interest-rate derivative portfolio were settled early and new interest-rate derivatives entered into. Value changes for early settled interest-rate derivatives amounted to negative SEK 927 million (0) and were recognised on a separate line in profit or loss. The year's change in value was recognised in profit or loss on a separate line entitled Change in value, derivatives and amounted to SEK 13 million (964).

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

NOTE 28 | Accrued expenses and deferred income

	Group		Parent Company	
	2019	2018	2019	2018
Prepaid rent	396	316	–	–
Interest expense	30	30	22	21
Additional expenses, sale of properties	17	10	–	–
Miscellaneous	108	99	33	30
	551	455	55	51

NOTE 29 | Pledged assets and contingent liabilities

	Group		Parent Company	
	2019	2018	2019	2018
Pledged assets				
Property mortgages	23,086	21,661	–	–
Participations in Group companies	3,249	2,625	1,224	1,349
Participations in Joint ventures/Other participations	21	21	21	21
	13	12	132	12
Endowment insurance	–	–	12,885	13,427
Promissory notes	9	9	–	–
Bank deposits				
	26,378	24,328	14,262	14,809
Contingent liabilities				
Guarantee commitments on behalf of subsidiaries	–	–	4,772	4,325
	342	341	342	341
Other contingent liabilities				
	342	341	5,114	4,666

Indemnity bond for Fastighets AB ML4

As security for all loans in Fastighets AB ML4 to NIB, the bank has collateral in the form of the lease with Lund University and in rent payments, liens on insurance receivables and mortgages covering leaseholds and buildings. If Lund University neglects to make rental payments due to mandatory legislation in the Swedish Land Code/Tenancy Act, Wihlborgs has agreed an indemnity bond for 50 percent of unpaid, due payments of interest and repayment instalments that Fastighets AB ML4 has not paid. At year end, 50 percent of the (unpaid but not past due) liability amounted to SEK 724 million (713).

NOTE 30 | Summary of interest-bearing liabilities

	Group		Parent Company	
	2019	2018	2019	2018
Opening balance – loans	22,814	20,653	14,973	13,623
Borrowings	10,229	5,601	7,571	3,990
Loan repayments	–9,455	–3,705	–7,077	–2,743
Total cash flow items	774	1,896	494	1,247
Translation of loans in foreign companies	66	162	–	–
Exchange rate changes for loans in foreign currencies	42	103	49	103
Miscellaneous	–68	–	–	–
Total non-cash items	40	265		103
Closing balance – loans	23,628	22,814	15,516	14,973

NOTE 31 | Net sales and operating costs

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

	2019	2018
Operating costs		
Personnel costs	125	116
Administration costs	70	60
	195	176

NOTE 32 | Result from participations in Group companies

	Parent Company	
	2019	2018
Dividends on participations	1,366	1,218
Impairment of participations	–533	–25
Gain from sale of participations	738	53
	1,571	1,246

Participations in Group companies are impaired when the carrying amount in the Parent Company exceeds the fair value of an individual Group company. In cases where the impaired value of participations has risen and exceeds the carrying amount in the Parent Company, these impairments are reversed, wholly or in part. In 2019, an impairment loss was recognised on the value of shareholdings in 15 (five) Group companies.

NOTE 33 | Result from other securities and receivables accounted for as non-current assets

	Parent Company	
	2019	2018
Interest income, Group companies	243	388
Interest income, other	13	11
	256	399

NOTE 34 | Interest expense and similar profit/loss items

	Parent Company	
	2019	2018
Interest expense, Group companies	23	63
Interest expense, other	307	523
	330	586

NOTE 35 | Appropriations

Provisions to the accrual fund amounted to 0 (–). The remainder of this item consists entirely of Group contributions received from other Group companies. Group contributions are recognised in accordance with the alternative rule of recommendation RFR 2. According to the alternative rule, Group contributions received and paid are both recognised as appropriations.

NOTE 36 | Participations in Group companies

	Parent Company	
	2019	2018
Opening balance, cost	12,220	11,410
Acquisitions	729	433
Shareholders' contributions paid/new share	243	397
Sales	–707	–20
Closing balance, cost	12,485	12,220
Opening balance, impairment	–2,360	–2,337
Sales	–	2
Impairment for the year	–534	–25
Closing balance, impairment	–2,894	–2,360
Carrying amount	9,591	9,860

Subsidiaries		Carrying
Name	Corp. Reg. No.	amount
Balken 10 i Malmö AB	556705-3334	19
Bastionen Syd AB	556072-2042	115
Berga V5, AB	556742-9443	1
Bruksgatans Fastighets AB	556401-0675	32
Bunium Fastigheter AB	556700-5474	24
Exab Utvecklings AB	556353-2828	0
Fastighets AB Altimeter	556786-2213	6
Fastighets AB Bergakniven	556742-7454	11
Fastighets AB Flygvärdinnan 5	556708-8512	20
Fastighets AB Fortet	556090-5621	2

Fastighets AB Hundstjärnan	556824-7679	18
Fastighets AB Kastrullen	556754-8812	2
Fastighets AB Kvävet	556222-8071	7
Fastighets AB Oxigenium	556754-8820	208
Fastighets AB Plinius	556033-6538	23
Fastighets AB Stillman	556082-1752	46
Fastighets AB Yxstenen	556691-4437	7
Fastighets AB Öresundsbron	556096-7258	1
Första Fastighets AB Ideon	556233-7765	842
Förvaltnings AB Haspen	556466-2533	13
Hilab Fastigheter AB	556112-0345	19
Hundlokan 10 i Malmö AB	556730-4489	36
Ishavet Malmö AB	556928-0737	15
Kalinehuset AB	556129-5824	130
Kniven 2 AB	556706-9355	4
Kolgafour AB	556627-7843	7
Lund Lagret 1 AB	556730-3820	35
M2 Fastigheter AB	556101-4332	119
Malmö Börshus AB	556115-8543	109
Medeon Fastigheter AB	556034-1140	31
Neptuninnan AB	556743-5465	96
Ringcentralen i Hälsingborg Fastighets AB	556115-9483	0
Spillepengen Fastighets AB	556107-5002	67
Studentkåren 6 Fastighets AB	556730-3499	129
Tågarp 16:19 Fastighets AB	556692-9336	8
Utvecklings AB Kranen	556286-9999	117
Weraco AB	556509-6418	58
Wihlborg & Son AB	556298-1893	0
Wihlborgs A/S	14 12 50 43	820
Wihlborgs Ackumul 17 AB	556742-5813	12
Wihlborgs Ametisten 5 AB	556686-0457	7
Wihlborgs Armorstet 6 AB	556966-7081	15
Wihlborgs Benkammen 16 AB	559096-6213	18
Wihlborgs BG 6 AB	559063-5545	0
Wihlborgs Boplatsgatan 5 AB	556675-2449	0
Wihlborgs Borgeby AB	556675-2639	0
Wihlborgs Bronsdolken AB	556232-5919	4
Wihlborgs Bure 2 AB	559053-5372	42
Wihlborgs Bytarebacken AB	556822-0171	262
Wihlborgs Cinder AB	556518-5732	6
Wihlborgs Cityfastighet AB	556862-2848	1
Wihlborgs Cylindern 2 AB	559015-5023	7
Wihlborgs Erik Menved 37 AB	556704-3699	417
Wihlborgs Fastigheter i Helsingborg AB	556101-6295	424
Wihlborgs Fastigheter i Nordvästra Skåne AB	556271-3924	3
Wihlborgs Fisker 18 AB	556675-2357	150
Wihlborgs Flintan 3 AB	556675-2647	4
Wihlborgs Flounderone AB	556727-7909	20
Wihlborgs Forskaren 3 AB	556690-0667	129
Wihlborgs Fosieberg AB	556188-3223	50
Wihlborgs Gallerian AB	556704-3632	181
Wihlborgs Gimlett AB	556704-3681	127
Wihlborgs Gjuteriet 18 AB	556717-2282	0
Wihlborgs Gäseback AB	556303-1326	9
Wihlborgs Gängtappen 2 AB	556813-3572	149
Wihlborgs Havskryssaren AB	556703-0613	43
Wihlborgs Hermes 10 AB	556721-4225	6
Wihlborgs Holding AB	556701-2827	0
Wihlborgs Hordaland 1 AB	556704-3731	8
Wihlborgs Ideon Fastigheter AB	556239-8718	194
Wihlborgs Kalifornien 11 AB	556093-4944	109
Wihlborgs Karin 13 AB	556761-8987	118
Wihlborgs Karin 14 AB	559063-5511	0
Wihlborgs Kirseberg AB	556691-4874	0
Wihlborgs Kranen 10 AB	556824-7703	33
Wihlborgs Kranen AB	556704-6387	112

Wihlborgs Kroksabeln 12 AB	556654-0331	70
Wihlborgs Kunskapen 1 AB	559054-2741	6
Wihlborgs KV 9 AB	559063-5495	0
Wihlborgs Kärnan Södra 9 AB	556824-7661	77
Wihlborgs Lönngatan AB	556704-3657	10
Wihlborgs Mobergsgården Västra 8 AB	556831-9130	29
Wihlborgs Motorseglaren AB	556703-0605	0
Wihlborgs MS 9 AB	559025-2598	0
Wihlborgs Musköten 17 AB	559021-1081	18
Wihlborgs Måsen 17 AB	556627-7835	2
Wihlborgs Nya Vattentornet 2 4 AB	556137-8562	694
Wihlborgs Nora 11 AB	556761-9001	209
Wihlborgs Obligation Holding AB	556240-3633	30
Wihlborgs Olsgård 8 AB	556775-6019	10
Wihlborgs Pajao 17 AB	559063-3821	0
Wihlborgs Pajao 22 AB	559155-7391	0
Wihlborgs Polisen 6 AB	559063-5529	0
Wihlborgs Polisen 7 AB	559063-5537	1
Wihlborgs Poliset AB	556703-0589	118
Wihlborgs Pulpeten 5 AB	556910-1016	3
Wihlborgs Raffinaderiet 3 AB	559117-8750	10
Wihlborgs Raffinaderiet 5 AB	559117-9923	6
Wihlborgs Rikken AB	556701-5028	202
Wihlborgs Ritaren 1 AB	556675-2605	1
Wihlborgs Rosengård AB	556699-7986	49
Wihlborgs Rubinen AB	556862-2855	4
Wihlborgs Skrovet 3 AB	556468-5385	170
Wihlborgs Skrovet 4 AB	556173-9417	5
Wihlborgs Skrovet 5 AB	556237-6268	146
Wihlborgs Skrovet 6 AB	556681-1898	283
Wihlborgs Spanien 5 AB	556710-4574	0
Wihlborgs Sparven 15 AB	556704-3624	292
Wihlborgs Spettet 11 AB	556761-9050	12
Wihlborgs Statten 7 AB	559012-4995	0
Wihlborgs Stenåldern 7 AB	556120-9759	0
Wihlborgs Sufflören 3 AB	556704-3640	6
Wihlborgs Sunnanå 12:27 AB	556766-4098	50
Wihlborgs Sunnanå 12:53 AB	559063-5479	1
Wihlborgs Sunnanå 12:54 AB	559063-5487	1
Wihlborgs Sydporten AB	556726-0202	36
Wihlborgs Tegelvägen 4 AB	556824-7653	0
Wihlborgs Terminalen 1 AB	556726-1663	78
Wihlborgs Terminalen 3 AB	556962-9859	64
Wihlborgs Tyfonen 1 AB	556692-2570	1
Wihlborgs Ursula 1 AB	559063-5503	190
Wihlborgs Uvenine AB	556695-2502	36
Wihlborgs Tower AB	556962-8695	411
Wihlborgs Vetskapen 1 AB	559163-3440	8
Wihlborgs Väktaren 3 AB	556743-6109	174
Wihlborgs Zirkonen 2 AB	556788-4852	17
Wihlborgs Östersjön 1 AB	556637-7361	143
Wihlborgsporten AB	556630-3797	59
Wihlodia AB	556301-8109	2
WJ Bygg AB	556060-0529	0
		9,591

NOTE 37 | Deferred tax assets

	Parent Company	
	2019	2018
Deferred tax is calculated on:		
– Loss carryforwards	134	223
– Difference between carrying amount and taxable value related to derivatives	17	5
– Other temporary differences	52	52
	203	280

At year end, the Parent Company had unutilised loss carryforwards of SEK 649 million (1,083).

Participations in Group companies are impaired when the carrying amount in the Parent Company exceeds the fair value of an individual Group company. In cases where the impaired value of participations has risen and exceeds the carrying amount in the Parent Company, these impairments are reversed, wholly or in part.

Of the subsidiaries listed above, 12 are parent companies of sub-groups. All subsidiaries are wholly owned and all have their registered office in Malmö, except Wihlborgs A/S, which has its registered office in Copenhagen, Denmark. There are a total of 165 (161) companies in the Group.

NOTE 38 | Categorisation of financial instruments

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

The carrying amounts for financial assets and liabilities are allocated by valuation category pursuant to IFRS 9.

31 Dec. 2019	Group		Parent Company	
	Amortised cost	Fair value through profit or loss	Amortised cost	Fair value through profit or loss
Financial assets				
Receivables from Group companies			13,399	
Receivables from joint ventures	200		217	
Other long-term receivables	80		13	
Accounts receivable	63		0	
Other current receivables	75		8	
Cash at bank and in hand	280		116	
Total	698	0	13,753	0
Financial liabilities				
Liabilities to credit institutions	23,628			
Liabilities to Group companies			15,516	
Other non-current liabilities	9		1,997	
Lease liabilities	174			81
Derivatives		81		
Accounts payable	292		7	
Other current liabilities	221		34	
Total	24,324	81	17,554	81
31 Dec. 2018				
	Group		Parent Company	
	Amortised cost	Fair value through profit or loss	Amortised cost	Fair value through profit or loss
Financial assets				
Receivables from Group companies/joint ventures			12,025	
Other long-term securities holdings	21		21	
Other long-term receivables	291		212	
Accounts receivable	12		1	
Other current receivables	9			
Cash at bank and in hand	183		1	
Total	516	0	12,260	0
Financial liabilities				
Liabilities to credit institutions	22,814		14,973	
Liabilities to Group companies			2,752	
Other non-current liabilities	7			
Derivatives		26		26
Accounts payable	273		11	
Other current liabilities	276		26	
Total	23,370	26	17,762	26

NOTE 39 | Related parties

Joint arrangements

The Group and Parent Company have close relationships with joint ventures and joint operations, refer to Note 16.

Group companies

The Parent Company has a close relationship with its subsidiaries; refer to Note 36.

Senior executives

For more information on salaries and other remuneration of the Board, CEO and other senior executives, as well as costs and commitments regarding pensions and similar benefits and agreements on severance pay; refer to Note 6. In 2018, two Board members invoiced Board fees via the companies InPower AB and PEKE Konsult AB. No such invoicing of Board fees took place in 2019.

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

Summary of related-party transactions

TRANSACTIONS WITH JOINT ARRANGEMENTS	Group	
	2019	2018
Sales to joint arrangements	4	2
Invoicing from joint arrangements	-17	-3
Acquisition of properties from joint arrangements	0	15
Interest income from joint arrangements	11	1
Interest expense to joint arrangements	-20	-16
Receivables from joint arrangements on 31 December	217	17
Liability to joint arrangements on 31 December	-3,144	-3,215
TRANSACTIONS WITH JOINT ARRANGEMENTS	Parent Company	
	2019	2018
Sales to joint arrangements	3	1
Interest income from joint arrangements	11	1
Receivables from joint arrangements on 31 December	217	17
TRANSACTIONS WITH GROUP COMPANIES		
Sales to Group companies	186	157
Purchases from Group companies	9	6
Interest income from Group companies	243	388
Dividend from Group companies	1,366	1,218
Interest expense to Group companies	-37	-63
Receivables from Group companies on 31 December	13,399	12,008
Liabilities to Group companies on 31 December	-1,997	-2,752

NOTE 40 | Events after the balance-sheet date

The spread of COVID-19 over the first months of 2020 has already heavily impacted the global economy and the ultimate long-term scope of the pandemic is difficult to assess. Wihlborgs has a broad lettings portfolio and only a minor portion of its tenants are in segments that have been hardest hit in the short-term, namely the hotel, restaurant and tourism sectors. Wihlborgs has a strong equity/assets ratio and access to funding. Wihlborgs is monitoring ongoing events and has contingency plans ready for implementation to minimise any negative consequences for the company.

Signing of the Annual Report

The consolidated statement of income and consolidated statement of financial position, together with the Parent Company income statement and balance sheet are subject to approval by the Annual General Meeting on 28 April 2020.

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

the application of international accounting standards.

The annual accounts and the consolidated accounts provide a true and fair view of the financial position and results of the Parent Company and the Group.

The administration report for the Parent Company and the Group together with the sustainability report provide a true and fair view of the development of the operations, financial position and performance of the Parent Company and the Group and also describes the material risks and uncertainties facing the Parent Company and the other companies in the Group.

Malmö, 12 March 2020

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

Ulrika Hallengren
CEO

Our Auditor's Report was submitted on 18 March 2020
Deloitte AB

Richard Peters
Authorised Public Accountant

Auditors report

To the general meeting of the shareholders of Wihlborgs Fastigheter AB (publ), corporate identity number 556367-0230

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Wihlborgs Fastigheter AB (publ) for the financial year 2019-01-01–2019-12-31 except for the corporate governance statement on pages 122–129. The annual accounts and consolidated accounts of the company are included on pages 76–114 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 122–129. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of investment properties

Description of risk

The most significant transactions and assets of Wihlborgs are related to investment properties and their valuation. The carrying amount represents 98 percent of total assets and is reported at fair value of 45 519 MSEK and this year's change in value amounts to 1 479 MSEK in profit. The valuation is based on estimates and assumptions of factors such as the individual property's type, its location, future earning capacity and the market's required return. For project properties are also remaining construction costs assessed and for undeveloped real estate projects location price. These estimates and assumptions may cause a significant impact on the Group's results and financial position.

For further particulars please refer to the section on risks and uncertainties on page 79, Group accounting policies on page 97, note 9 and note 13.

Our audit procedures

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

- We have reviewed and assessed Wihlborgs' routines to produce input for external valuations, that the routines are consistently applied and that there is integrity in the process.
- We have examined input on a property level for a selection of properties in the external valuations and studied these to ensure that they are complete and accurate.
- For a selection of properties we have evaluated the assumptions of the external valuers about the underlying parameters relating to inflation, rental development, cost development, yield and vacancies. We have also evaluated the competence and objectivity of the external valuers.
- We have examined for a selection of acquired and divested properties that these have been reported in accordance with underlying agreements, applicable tax rules and accounting principles.
- We have reviewed and assessed Wihlborgs routines for development and processing of real estate, including the process of investment decisions, authorization instructions and follow-up of project outcomes.
- We have reviewed that appropriate accounting policies are applied and that adequate information is provided in the relevant notes to the financial statements.

Accounting for tax

Description of risk

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

For further information please refer to the section on risks and uncertainties on page 79, accounting policies on page 97 and note 11.

Our audit procedures

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

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

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–75 and 130–134. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncer-

tainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Wihlborgs Fastigheter AB (publ) for the financial year 2019-01-01 – 2019-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities

section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Vårt mål beträffande revisionen av förvaltningen, och därmed Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for

the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 122–129 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB was appointed auditor of Wihlborgs Fastigheter AB by the annual general meeting of the shareholders on the 25 April 2019 and has been the company's auditor since the 28 December 2004.

Malmö, 18 March 2020

Deloitte AB

Richard Peters

Authorized Public Accountant

Five-year review

	2019	2018	2017	2016	2015
Comprehensive income, SEK m					
Rental income	2,983	2,684	2,351	2,062	1,968
Operating surplus	2,140	1,941	1,717	1,518	1,445
Income from property management	1,775	1,406	1,179	1,035	975
Changes in value	1,492	1,349	2,052	2,239	1,884
Tax	-344	-352	-663	-298	-581
Profit for the year	2,923	2,403	2,568	2,976	2,278
Comprehensive income for the year	2,933	2,418	2,571	2,990	2,274
Financial position, SEK m					
Investment properties	45,519	42,146	38,612	32,755	28,623
Other non-current assets	558	351	312	290	247
Current receivables	201	62	114	117	88
Cash and cash equivalents	280	183	179	252	75
Total assets	46,558	42,742	39,217	33,414	29,033
Equity	17,887	15,530	13,592	11,463	8,876
Deferred tax liability	3,582	3,295	2,989	2,362	2,199
Other non-current liabilities	22,872	19,677	20,932	17,877	16,016
Current liabilities	2,217	4,240	1,704	1,712	1,942
Total equity and liabilities	46,558	42,742	39,217	33,414	29,033
Key financial metrics					
Return on equity, %	17.5	16.5	20.5	29.3	28.8
Return on capital employed, %	9.0	8.8	11.1	14.8	13.1
Equity/assets ratio, %	38.4	36.3	34.7	34.3	30.6
Interest coverage ratio, multiple	6.2	3.9	3.4	3.3	3.2
Loan-to-value ratio, properties, %	51.9	54.1	53.5	53.6	56.8
Debt/equity ratio, multiple	1.3	1.5	1.5	1.5	1.8
Share-related key metrics					
Earnings per share, SEK	19.02	15.63	16.71	19.36	14.82
Earnings per share before tax, SEK	21.25	17.92	21.02	21.30	18.60
EPRA EPS, SEK	10.53	8.06	6.84	6.77	6.30
Cash flows from operating activities per share, SEK	10.96	9.69	8.45	6.92	6.66
Equity per share I, SEK	116.37	101.03	88.43	74.58	57.75
Equity per share II, SEK	139.67	122.47	107.87	89.94	72.05
EPRA NAV per share, SEK	140.20	122.64	114.00	97.38	77.77
Market price per share, SEK	172.50	102.40	98.15	84.70	85.50
Dividend per share, SEK (2019 = proposed dividend)	4.50	3.75	3.13	2.88	2.63
Dividend yield per share, %	2.6	3.7	3.2	3.4	3.1
Total yield per share, %	72.1	7.5	19.3	2.1	23.1
P/E ratio I, multiple	9.1	6.6	5.9	4.4	5.8
P/E ratio II, multiple	16.4	12.7	14.4	12.5	13.6
Number of shares at year end, thousand	153,713	153,713	153,713	153,713	153,713
Average number of shares, thousand	153,713	153,713	153,713	153,713	153,713
Property-related key figures					
Number of properties	312	310	308	282	276
Carrying amount for properties, SEK m	45,519	42,146	38,612	32,755	28,623
Estimated investment yield, % — all properties	4.9	4.9	4.9	4.9	5.1
Estimated investment yield, % — excl. project properties	5.0	5.1	5.1	5.1	5.5
Lettable area, m ²	2,181,359	2,105,851	2,066,874	1,848,738	1,745,992
Rental value, SEK per m ²	1,508	1,423	1,322	1,285	1,302
Operating surplus, SEK per m ²	1,015	972	912	868	832
Economic occupancy rate, % — all properties	93	93	93	91	88
Economic occupancy rate, % — excl. project properties	93	94	94	92	91
Estimated surplus ratio, %	72	73	74	74	73
Employees					
No. of employees at end of period	221	187	149	132	122

Turn to pages 120–121 to see calculation bases and definitions of metrics.

Calculation bases and definitions of Group metrics

Some of the financial metrics that Wihlborgs presents are not defined in accordance with IFRS. Wihlborgs is of the opinion that these metrics provide valuable complementary information to investors and the company's management, since they enable evaluation of the company's performance. As all companies do not apply the same approach to calculating these financial metrics, they are not always comparable to metrics used by other companies. Accordingly, these metrics should not be viewed as replacements for metrics defined under IFRS. Presented below are calculation bases and definitions of metrics that, with a few exceptions, are not defined in accordance with IFRS. Share-related key metrics have been restated to reflect the two-for-one share split carried out in May 2018.

Calculation bases

Unless otherwise stated, amounts are in SEK million.

	31 Dec 2019	31 Dec 2018
Return on equity		
Profit for the period	2,923	2,403
Equity, opening balance (OB)	15,530	13,592
Equity, closing balance (CB)	17,887	15,530
Average equity	16,709	14,561
Return on equity, %	17.5	16.5
Return on capital employed		
Pre-tax profit	3,267	2,755
Interest expense (incl change in value, interest-rate derivatives)	349	445
Total	3,616	3,200
Total assets, OB	42,742	39,217
Total assets, CB	46,558	42,742
Non-interest-bearing liabilities and provisions, OB	-4,383	-4,957
Non-interest-bearing liabilities and provisions, CB	-4,856	-4,383
Average capital employed	40,031	36,310
Return on capital employed, %	9.0	8.8
Equity/assets ratio		
Equity	17,887	15,530
Total assets	46,558	42,742
Equity/assets ratio, %	38.4	36.3
Interest coverage ratio		
Income from property management	1,775	1,406
Interest expense	341	482
Total	2,116	1,888
Interest expense	341	482
Interest coverage ratio, multiple	6.2	3.9
Loan-to-value ratio, properties		
Borrowings	23,628	22,814
Carrying amount investment properties	45,519	42,146
Loan-to-value ratio properties, %	51.9	54.1
Debt/equity ratio		
Interest-bearing liabilities	23,816	22,814
Equity	17,887	15,530
Debt/equity ratio, multiple	1.3	1.5
Earnings per share		
Profit for the period	2,923	2,403
Average number of shares, thousand	153,713	153,713
Earnings per share, SEK	19.02	15.63

Earnings per share before tax		
Pre-tax profit	3,267	2,755
Average number of shares, thousand	153,713	153,713
Earnings per share before tax, SEK	21.25	17.92

EPRA EPS		
Income from property management	1,775	1,406
Fiscal depreciation/amortisation, direct deductions, etc.	-1,047	-649
Taxable income from property management	728	757
Current tax on the above	-156	-167
Income from property management after deduction of current tax	1,619	1,239
Average number of shares, thousand	153,713	153,713
EPRA EPS, SEK	10.53	8.06

Cash flows from operating activities per share		
Cash flows from operating activities	1,684	1,489
Average number of shares, thousand	153,713	153,713
Cash flows from operating activities per share, SEK	10.96	9.69

Equity per share I		
Equity	17,887	15,530
Number of shares at end of period, thousand	153,713	153,713
Equity per share I, SEK	116.37	101.03

Equity per share II		
Equity	17,887	15,530
Deferred tax liabilities	3,582	3,295
Total	21,469	18,825
Number of shares at end of period, thousand	153,713	153,713
Equity per share II, SEK	139.67	122.47

EPRA NAV (long-term net asset value)		
Equity	17,887	15,530
Deferred tax liabilities	3,582	3,295
Derivatives	81	26
Total	21,550	18,851
Number of shares at end of period, thousand	153,713	153,713
EPRA NAV per share, SEK	140.20	122.64

Dividend yield per share		
Proposed dividend, SEK	4.50	3.75
Share price at year end, SEK	172.50	102.40
Dividend yield per share, %	2.6	3.7

Total yield per share		
Share price at start of year	102.40	98.15
Share price at year end, SEK	172.50	102.40
Change in share price over the year, SEK	70.10	4.25
Dividends paid over the year, SEK	3.75	3.13
Total yield per share, %	72.1	7.5

P/E ratio I		
Share price at period end	172.50	102.40
Earnings per share	19.02	15.63
P/E ratio I, multiple	9.1	6.6

P/E ratio II		
Share price at period end	172.50	102.40
EPRA EPS	10.53	8.06
P/E ratio II, multiple	16.4	12.7

Definitions

Key financial metrics

When profit for the year or equity is included in key metrics, profit and equity are stated including non-controlling interests unless otherwise indicated.

Return on equity

Profit for the period as a percentage of average equity, excluding non-controlling interests. Average equity refers to the average of the opening and closing values for the respective period. The ratio comprises a measure of the profitability in terms of the shareholders' equity.

Return on capital employed

Earnings before interest expense, derivatives and taxes (EBIT) as a percentage of average capital employed. Capital employed is defined as total assets less non-interest-bearing liabilities and provisions. Average capital employed refers to the average of the opening and closing balances for each period. The metric shows the return on the capital provided by shareholders and lenders without regard to interest.

Equity/assets ratio

Equity as a percentage of total assets at the end of the period. The ratio provides a measure of the financial strength of the company.

Interest coverage ratio

Income from property management, plus interest expense, divided by interest expense. The ratio measures the degree to which earnings can decline without jeopardising interest payments or, alternatively, how much interest expense can increase before income from property management becomes negative.

Loan-to-value ratio, properties

Borrowings as a percentage of the properties' carrying amounts. The ratio shows the degree of borrowing on the property portfolio.

Debt/equity ratio

Interest-bearing liabilities relative to equity. Interest-bearing liabilities include borrowings, lease liabilities and any other interest-bearing liabilities. The ratio illustrates the relationship between borrowings and equity and, thereby, the gearing and financial strength.

Surplus ratio

Operating surplus as a percentage of rental income. The ratio illustrates the proportion of rental income that remains after deducting property management costs.

Investment yield

The operating surplus shown as a percentage of the properties' average carrying amount. The average carrying amount refers to the average of the opening and closing values for the year. The ratio illustrates the yield on the property portfolio without taking account of its financing costs.

Share-related key metrics

Earnings per share for the year

Profit for the year divided by the average number of shares outstanding. Definition in accordance with IFRS.

Earnings per share before tax

Pre-tax profit divided by the average number of shares outstanding.

EPRA EPS

Income from property management less the estimated tax payable on taxable income from property management divided by the

average number of shares outstanding. Taxable income from property management is defined as income from property management less fiscal depreciation/amortisation and direct deductions. The effect of loss carryforwards is not taken into consideration.

Cash flows from operating activities per share

Cash flows from operating activities divided by the average number of shares outstanding.

Equity per share I

The relationship between the closing balances for equity and the number of shares at the same date.

Equity per share II

Calculated as Equity per share I, but not charged with deferred tax. Equity is increased by the addition of the carrying amount for deferred tax liabilities.

EPRA NAV per share

Equity per share following the reversal of interest-rate derivatives and deferred tax according to the balance sheet.

Dividend yield per share

Proposed dividend as a percentage of the year-end market price.

Total yield per share

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

P/E ratio I, multiple

Market price per share divided by earnings per share.

P/E ratio II, multiple

Market price per share divided by EPRA EPS.

Average fixed-interest period

The average of the tenors remaining until rate adjustment for the entire interest-bearing debt.

Average fixed-interest period

The average of the tenors remaining until refinancing for the entire interest-bearing debt.

Property-related key figures*

These key figures are based on the property table on page 27.

The table shows the estimated rental value, rental income and property costs on an annualised basis with an unchanged property portfolio, rental income and lettings portfolio compared with the most recent year end.

Rental value

Rental income plus estimated market-level rents for unlet space.

Estimated investment yield

Operating surplus, including property management, as a percentage of the carrying amount for the properties at the end of the period.

Rental value per m²

Operating surplus, including property management, divided by lettable area.

Operating surplus per m²

Operating surplus divided by lettable area.

Economic occupancy rate

Rental income as a percentage of rental value.

Estimated surplus ratio

Operating surplus as a percentage of rental income.

*These key metrics are operational and do not constitute alternative performance measures in accordance with the guidelines of the European Securities and Markets Authority (ESMA).

Corporate Governance Report

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

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

The management and responsibilities of the Wihlborgs Group are allocated between the Board and the CEO in accordance with the Swedish Companies Act, other legislation and regulations, Nasdaq Stockholm's Rule Book for Issuers, the Code, the Articles of Association and internal governance instruments, such as the rules of procedure for the Board, instructions to the Chief Executive Officer and the financial policy.

Shareholders

Wihlborgs' shares were listed on the Stockholm Stock Exchange on 23 May 2005. Since January 2016, Wihlborgs has been included in the Large Cap segment on the Nasdaq Nordic market. At year end, the company's share capital totalled SEK 192 million. The number of shares registered and outstanding was 153,713,456 with a quotient value of SEK 1.25 per share. Each share entitles the holder to one vote and, at general meetings, each person entitled to vote may vote for the full number

of shares held and represented by that individual. All shares are entitled to an equal share in Wihlborgs' profits.

With 10.3 percent of the shares outstanding, the largest shareholder in Wihlborgs is Erik Paulsson and family, privately and through companies. At the end of December 2019, the ten largest shareholders owned 33 percent of the shares. The number of shareholders was 26,634, up around 2,200 year-on-year. Of total share ownership, 80 percent was represented by legal entities and 20 percent by natural persons.

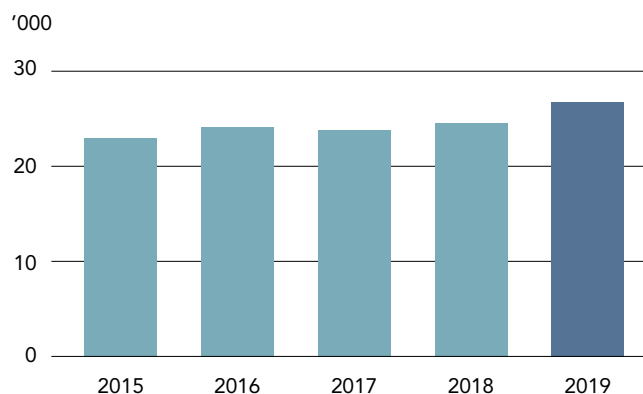
At the end of December, foreign shareholders represented 40 percent of the total, down 3 percentage points year-on-year.

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

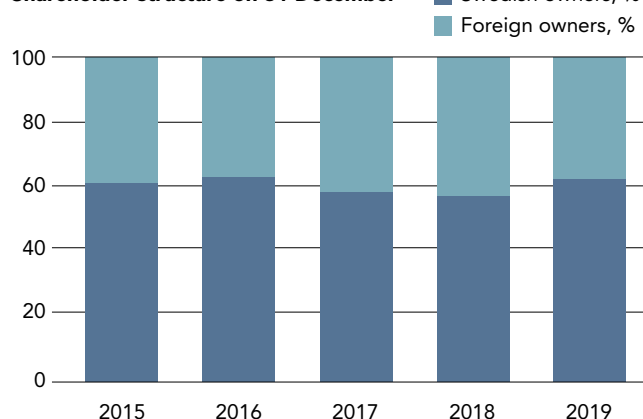
Articles of Association

Wihlborgs' Articles of Association were most recently amended at the 2018 AGM. The object of the company's operations is to acquire, manage, develop and sell properties, primarily in the Öresund region, and conduct associated operations. The company's registered address is in Malmö. The full text of the Articles of Association is available on the company's website: www.wihlborgs.se/en/investor-relations/corporategovernance.

Number of shareholders on 31 December



Shareholder structure on 31 December



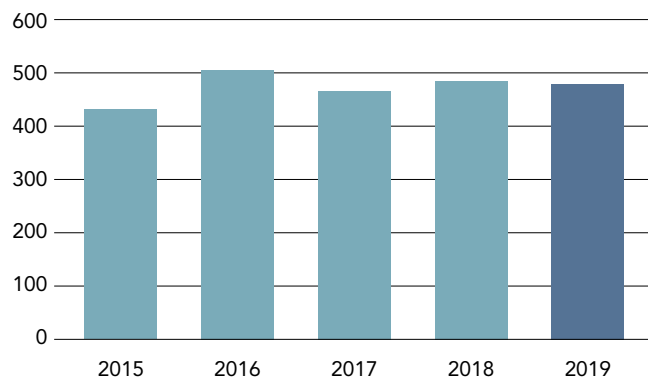
2019 Annual General Meeting

Wihlborgs' AGM was held on 25 April 2019. A total of 477 shareholders participated in the AGM, either personally or by proxy. The shareholders represented 43.8 percent of the votes in the company. The AGM minutes are available at www.wihlborgs.se.

In brief, the most significant resolutions were:

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

Number of participants in annual meetings, 2015–2019



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

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

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

The Nomination Committee and proposals for the 2020 AGM

The Code states that AGM resolutions on nominations for the Board and auditors should be prepared through a structured and transparent process, managed by the shareholders, that provides all shareholders with the opportunity to present their views on and proposals for each individual issue and to create the requisite conditions for well-prepared decisions. The Nomination Committee is the AGM's body for preparing decisions relating to appointments. Wihlborgs' Nomination Committee has therefore prepared proposals for the Chairman of the AGM, Chairman of the Board, Board members, Directors' fees, and auditors and their fees. The Nomination Committee has chosen to use the section under Code rule 4.1 of the Swedish Corporate Governance Code as the Board's diversity policy. This states that the Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. Moreover, the company is to strive for gender balance on the Board.

In accordance with the AGM's resolution, the names of the Nomination Committee members were published in October 2019. The Nomination Committee comprises Lennart Mauritzson representing Backahill, Hans Ek from SEB Investment Management, Eva Gottfridsdotter-Nilsson from Länsförsäkringar Funds and Krister Eurén representing minor shareholders. The representatives of the three largest shareholders on the Committee account for 22 percent of the votes in Wihlborgs. Lennart Mauritzson was appointed Chairman of the Committee.

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

Ahead of the AGM on 28 April 2020, the Nomination Committee proposes that the Board consist of seven members. The Nomination Committee proposes re-election of Board members Tina Andersson, Sara Karlsson, Helen Olausson, Anders Jarl, Per-Ingemar Persson, Johan Qviberg and Jan Litborn. Furthermore, the Committee proposes that Anders Jarl be elected as Chairman of the Board.

It is proposed that total fees of SEK 1,565,000 (2,395,000) be paid to the Board. It is proposed that a fee of SEK 425,000 (350,000) be paid to the Chairman and SEK 190,000 (165,000) be paid to the other Board members. The 2019 AGM resolved to pay SEK 1,055,000 to the Chairman of the Board as a separate fee for providing assistance to the management until the next AGM. No separate fee is proposed for Chairman of the Board for 2020.

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

The Nomination Committee until the 2020 AGM

Name	Representing	Percent of votes, 31 Aug 2019	Percent of votes, 31 Dec 2019
Lennart Mauritzson	Backahill AB	10.3	10.3
Hans Ek	SEB Investment Management	7.3	7.4
Eva Gottfridsdotter-Nilsson	Länsförsäkringar Funds	4.5	4.9
Krister Eurén	Minor share-holders	–	–

Other resolutions for the 2020 AGM

The Board has submitted the following proposals ahead of the AGM on 28 April:

- A dividend of SEK 4.50 per share, with the record date 30 April
- Guidelines on remuneration principles for Group Management
- Authorisation of the Board, for the period until the next AGM, to acquire and transfer Wihlborgs shares corresponding to no more than 10 percent of the shares outstanding.
- Authorisation of the Board, for the period until the next AGM, to approve a new share issue corresponding to a maximum of 10 percent of the shares outstanding.

Board of Directors

The overriding duty of the Board is, on behalf of the owners, to administer the company's affairs in a way that optimally secures the owners' interests in a healthy long-term return on capital, in accordance with set rules of procedure. According to Wihlborgs' Articles of Association, the Board may consist of no fewer than four and no more than eight members. At the April 2019 AGM, Anders Jarl was re-elected Chairman of the Board and Per-Ingemar Persson was appointed Deputy Chairman at the subsequent Board meeting. The company's Chief Financial Officer, Arvid Liepe, served as Secretary to the Board.

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

The Board and Group Management are responsible for ensuring that work related to the environment, work environment, monitoring of ethical guidelines, social responsibility and sustainable financial development is performed in line with established rules, strategies and goals.

The Board meets the requirement of the Code and the listing requirement of the Stockholm Stock Exchange that not more than one board member has an operational role in day-to-day business. The majority of Board members are independent in relation to the company and its executive management. In 2019, the Board held 12 meetings, including the statutory and per capsulam meetings. Of these 12 meetings, six were scheduled Board meetings.

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

	Indep. of company	Indep. of major owners	No. of meetings/attendance
Anders Jarl, Chairman	no	yes	12 of 12
Per-Ingemar Persson, Deputy Chairman	yes	yes	12 of 12
Tina Andersson	yes	yes	12 of 12
Sara Karlsson	yes	no	11 of 12
Helen Olausson	yes	yes	11 of 12
Johan Qviberg	yes	yes	12 of 12
Jan Litborn	yes	yes	12 of 12

The work of the Board of Directors

January	No. 1	Prospectus for MTN programme
February	No. 2	Year-end report, final audit, financial report, projects, resolutions for the AGM and the employment terms for the CEO and executive management
March	No. 3	Bond issue
April	No. 4	Q1 interim report, financial report and projects
April	No. 5	Statutory meeting
May	No. 6	Guarantee issue
June	No. 7	Strategy, sustainability issues, projects, costings, acquisitions and financial report
July	No. 8	Pledging collateral
August	No. 9	Q2 interim report, projects, acquisitions and sales, financial report, review of rules of procedure and ethical guidelines
November	No. 10	Q3 interim report, financial report, evaluation of the CEO's performance, audit planning and principles for remuneration of executive management
November	No. 11	Property sale
December	No. 12	Budget, financial and environmental goals, market, financial report, interim audit, acquisitions and sales, financial policy and evaluation of the Board's work.

Committees

Wihlborgs has no separate audit or remuneration committees as this allows the full competence of the Board to be utilised for these issues and makes the meetings more efficient. With the exception of Anders Jarl, the full Board comprises the audit and remuneration committees.

Rules of procedure and instructions

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

Under the above rules, the Board is also required to ensure that the CEO discharges his obligations. The performance of the CEO is evaluated each year against set long and short-term targets.

The Board is further required, on an ongoing basis, to evaluate Wihlborgs' administrative procedures, and guidelines on property management and investment of the company's assets. The Board is required to establish goals, major policies and strategic plans for Wihlborgs and to continuously monitor not only compliance with the same, but also that they are updated and reviewed following reports from the CEO.

In addition to the statutory meeting, five scheduled Board meetings are normally held each calendar year. The meetings address issues including economic and financial reports, sales and investments, and current market and personnel issues. Extraordinary meetings may be held to discuss and resolve issues that cannot be referred to scheduled Board meetings.

According to the Rules of Procedure, the Chairman is required, through contact with the CEO, to monitor developments at Wihlborgs and to ensure that the Board members receive the information they need through the agency of the CEO. The Chairman is also required to consult with the CEO on strategic issues and ensure that the conduct of business does not conflict with the provisions of the Swedish Companies Act, the Articles of Association or the Code.

Group Management

The CEO is responsible for the company's day-to-day management and for leading the organisation in accordance with the Board's guidelines, instructions and directions. Wihlborgs' rules of procedure for the Board include instructions to the CEO, who is required to ensure that the Board receives the necessary information and decision data ahead of Board meetings, that the Board is kept informed between its meetings and that financial reporting is conducted in such a way that the Board can make well-founded decisions. This also includes separate reporting instructions specifying timetables. The Group Management discusses and decides overriding operational issues within the scope of business development, the organisation, sustainability and digitalisation. Issues pertaining to sustainability are raised on a continuous basis at Group Management meetings. Continuous reporting and follow-up by the Group Management is implemented through presentations by the individuals responsible for various sub-areas, such as the environment, purchasing, HR, communication and finance.

The Group Management consists of:
Ulrika Hallengren, CEO
Andreas Ivarsson, Director of Projects & Developments
Arvid Liepe, Chief Financial Officer
Anna Nambord, Director of HR and CSR
Karin Wittsell Heydl, Director of Corporate Communications and Marketing

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

Under the Swedish Corporate Governance Code, the Board is tasked with presenting proposals to the AGM on the principles for remuneration and other terms and conditions of employment for the Group Management. Wihlborgs' Board of Directors proposes that remuneration and other employment terms and conditions should be competitive and on market terms. Remuneration is paid in the form of fixed salary to all members of Group Management. Any remuneration over and above the fixed salary is subject to a cap of 50 percent of fixed salary, and is to be paid in the form of cash. Where appropriate, remuneration in addition to the fixed salary is based on outcomes relative to set targets and must accord with the interests of the shareholders. The conditions for other benefits, if such funds are provided, represent a limited part of total remuneration and mainly consist of company car benefits.

At Wihlborgs, there is a profit-sharing fund that encompasses all employees. Allocations to the fund are based on the return on equity and are limited to a maximum of one basic amount (as defined by Statistics Sweden) per year for each employee.

The pensionable age is 65 for all members of Group Management. The cost of the CEO's pension is fixed at premium of 35 percent of the pension-based salary per year during the period of employment. For other members of Group Management, the ITP plan or its equivalent applies. The notice of termination of employment, on either side, for the CEO and other members of Group Management is four to six months. Severance pay for the CEO consists of 18 months' salary and for other members of Group Management up to 12 months' salary. Severance pay is to be offset against other sources of income.

The principles governing remuneration and terms and conditions of employment for the Group Management and remuneration and terms and conditions of employment for the CEO are decided by the full Board without the Chairman of the Board. The principles for the conditions of employment are unchanged.

Remuneration and other benefits 2019, SEK thousand

	Salary	Other benefits	Pension	Total
CEO Ulrika Hallengren	4,038	52	1,196	5,286
Other members of Group Management	6,950	221	1,653	8,824

Other benefits consist of company car, fuel and healthcare.

Auditing

Under the Swedish Companies Act, the company's auditor is required to examine the company's annual accounts and day-to-day accounting records, as well as the administration of the company by the Board of Directors and the CEO. This examination results in an auditor's report that is presented to the AGM after the end of the financial year.

The Nomination Committee proposes auditors to the AGM. At the 2019 AGM, Deloitte AB was re-elected as the company's auditor, with Richard Peters as the Auditor-in-Charge for Wihlborgs, for a period of one year and, accordingly, the next election of auditors will be at the 2020 AGM. He has no assignments with any companies that are closely related to Wihlborgs' major owners or to the CEO. Alongside the auditing assignment on behalf of Wihlborgs, Richard Peters is also responsible for the following major audit engagements: BRA Sverige AB, Diös Fastigheter AB, Lindéngruppen, Mellby Gård AB Midway Holding AB and Lammhult Design Group.

Richard Peters attends the meeting in person to discuss the year-end accounts and delivers a report on the final examination of the company's accounts. The auditor also provides information to the Board on a regular basis regarding the examinations conducted during the year.

In addition to its audit engagement, Deloitte has also advised Wihlborgs in areas related to tax and accounting issues.

Fees and reimbursement of expenses to auditors, SEK thousand

Group	2019	2018
Deloitte		
Audit engagement	2,527	2,586
Auditing activities other than the audit engagement	290	377
Tax advice	19	98
Other services	–	–

Board of Directors



Anders Jarl

Chairman of the Board since 2018, elected 2004
Malmö, born 1956

Education: MSc in Engineering from Lund University's Faculty of Engineering.

Main occupation: Chairman of the Board of Wihlborgs.

Other Board assignments: Board member of Platzer Fastigheter AB and Brinova Fastigheter AB.

Holdings in Wihlborgs: 1,033,422 shares held privately and through companies.



Helen Olausson

Board member, elected 2007
Stockholm, born 1968

Education: MSc in Engineering from KTH Royal Institute of Technology, Executive MBA from the Stockholm School of Economics.

Main occupation: CEO of Årehus AB, CEO of Duved Framtid AB.

Other Board assignments: Chairman of the Board of AB Jämtsol and Fastighetsaktiebolaget Palindromet. Board member of Skärvångens Bymåleri AB and others.

Holdings in Wihlborgs: 2,000 shares.



Tina Andersson

Board member, elected 2014
Malmö, born 1969

Education: MSc in Business and Economics from Lund University.

Main occupation: Chief Consumer Officer, Fiskars Group.

Other Board assignments: Board member of Älvsbyhus AB and Malmö FF.

Holdings in Wihlborgs: 4,000 shares through companies.



Per-Ingemar Persson

Deputy Chairman, elected 2010
Lund, born 1956

Education: MSc in Engineering from Lund University's Faculty of Engineering.

Main occupation: Own consultancy business.

Other Board assignments: Chairman of Northern Environmental and Water Solutions and ELUKonsult AB. Board member of Fabega AB and Finja Prefab AB. Member of internal boards of the Veidekke Group.

Holdings in Wihlborgs: 4,000 shares in a personal endowment insurance.



Sara Karlsson

Board member, elected 2007
Båstad, born 1969

Education: Upper secondary school.

Main occupation: Backahill AB.

Other Board assignments: Board member of Skistar AB, Destination Bjäre Holding AB and Backahill AB.

Holdings in Wihlborgs: 15,767,936 shares with family and through company.



Johan Qviberg

Board member, elected 2004
Stockholm, born 1981

Education: MSc in Business and Economics from the Stockholm School of Economics.

Main occupation: CEO of Quinary Investment AB.

Other Board assignments: Board member of Ework Group AB and Svalder AB.

Holdings in Wihlborgs: 1,560,000 shares.



Jan Litborn

Board member, elected 2018
Stockholm, born 1951

Education: LL.M. from Stockholm University, studies at Stockholm School of Economics (no degree).

Main occupation: Managing Partner and lawyer at Law Firm Glimstedt

Other Board assignments: Chairman of the Board of Fabega AB, Logistea AB, I.A. Hedin Bil AB, Arena-bolaget i Solna AB and Erlandsson Holding AB.

Board member of Consensus Asset Management AB, Profi Förvaltning AB and Anders Hedin Invest AB.

Holdings in Wihlborgs: 5,000 shares.

Swedish Corporate Governance Code

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

Wihlborgs' deviations from the Code are presented below:

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

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

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

Internal controls related to financial reporting

Under the Swedish Companies Act and the Swedish Corporate Governance Code, the Board is responsible for internal control. Wihlborgs applies the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework for internal control, which is an internationally recognised and widely accepted system, to describe the company's control structure. COSO describes internal control as being divided into five components: Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities.

The control environment is designed by the Board, Group Management and the company's personnel to ensure that the company observes laws and regulations, has an efficient organisation and that the company operates an effective system of financial reporting.

Control environment – has key significance for the organisation and provides the foundation for effective internal control.

Rules of procedure have been established to ensure adequate internal control and to perform accurate risk assessment. These describe the allocation of responsibilities between the Board and the CEO to provide for an effective assessment of risks in the organisation and its financial reporting. The rules of procedures and the ethical guidelines that apply to the Board and the company's employees are updated each year.

In its rules of procedure, the Board has clearly set out its delegation of decision-making to management for financial reporting. The organisational structure at Wihlborgs enables

effective internal control. The company's organisation into management areas led by a property director shows defined responsibilities together with authorities. This has been described in an instruction governing the signing of leases, authorisation rules and project applications. Consolidated reporting for Wihlborgs' approximately 160 subsidiaries is standardised. Internal accounting is reconciled with external accounting on each reporting occasion. In accordance with Wihlborgs' personnel policy, employees working with financial issues have individual training plans to ensure competence in the field.

Overall policies are in place for finance, IT, communication, purchasing, equal opportunities and personnel.

Wihlborgs has signed up to the UN Global Compact, which means that the company has committed itself to supporting the ten principles in the areas of human rights, labour law, the environment and anti-corruption. As a result, the company annually reports the current status in its Communication on Progress. Wihlborgs has decided to report on sustainability in accordance with the Global Reporting Initiative (GRI). Sustainability reporting for the 2019 financial year follows the GRI Standards: Core option. This reporting is integrated with the reporting required for the Global Compact.

Risk assessment – Wihlborgs continuously conducts risk assessment in respect of its financial reporting. A risk analysis indicates that internal control is especially important regarding:

- Procedures for rent invoicing, including supplementary billing to tenants
- Buying and selling properties, individually and as companies
- Property costs, primarily energy
- Financing, interest rates and derivatives
- The IT system
- Property valuation
- Project activities
- Taxes

These risks are assessed each year in consultation with the management and the auditors.

Control activities – are intended to create methods that enable the company to manage risks. Such activities are designed to prevent, record and correct any errors that may arise. The aim of control activities is to secure the company's income and assets, to check the accuracy and reliability of its financial reports and also to ensure that established systems of rules are complied with.

Quarterly reports are submitted by operations. Monitoring takes the form of measuring the financial outcome against budget. Once each quarter, project managers and the property management organisation meet to coordinate redevelopment and new-build issues with day-to-day management. Group Management and the heads of property management meet regularly during the quarter to report deviations, major new lets and lease terminations.

A central unit prepares consolidated accounts and financial reporting on a quarterly basis. On these occasions, a property table is also drawn up showing details, at that date, of: rental value, current rental income, vacancies, operating surplus, property value and yield.

Information and communication – The Communications Department is responsible for ensuring that external information is provided in accordance with the Nasdaq Exchange agreement. The company's communication policy describes, for example, how financial reporting should be performed.

The Board receives information about risks of error in the company's financial reporting and the internal control by the auditors in connection with the year-end accounts and their auditing of the interim reports.

Wihlborgs' employees receive continuous information on updated guidelines and policies via the company's intranet.

The Wihlborgs' website is continuously updated to adapt and improve the external disclosure in line with market requirements.

Monitoring activities – The control system is monitored and evaluated on an ongoing basis to guarantee its quality. Feedback on each sub-market is regularly communicated to management and any failings that have emerged in internal controls are rectified.

Group Management reports to the Board in accordance with the instructions for financial reporting. The company's auditors review the financial reports pertaining to the year-end accounts and carry out a review of the accounts for the third quarter. At least twice each year, the auditors present their assessment of the company's internal control to the Board.

Internal audit – To complement the external audit, internal assessments of internal control for the company's most important procedures are maintained continuously. Moreover, as the organisation is simple and the business is geographically limited in extent, the Board has concluded that the appointment of an internal auditor is not necessary.

Group Management



Ulrika Hallengren

Chief Executive Officer
Lomma, born 1970

Employed at Wihlborgs since 2010

Education: BSc in Construction Sciences from Lund University's Faculty of Engineering.

Holdings in Wihlborgs: 118,900 shares held privately and through company.



Andreas Ivarsson

Director of Projects & Developments
Helsingborg, born 1977
Employed at Wihlborgs since 2017

Education: Property development, organisation, leadership, marketing at the University of Kalmar, KTH Royal Institute of Technology, Malmö University.

Holdings in Wihlborgs: 10,128 shares through companies.



Karin Wittsell Heydl

Director of Corporate Communications and Marketing
Lomma, born 1972
Employed at Wihlborgs since 2014

Education: BSc in Communication Studies, Örebro University

Holdings in Wihlborgs: 10,128 shares through companies.



Anna Nambord

Director of HR and CSR
Lomma, born 1973
Employed at Wihlborgs since 2013

Education: BSc in Business Administration from Lund University.

Holdings in Wihlborgs: 10,128 shares through companies.



Arvid Liepe

Chief Financial Officer
Falsterbo, born 1967
Employed at Wihlborgs since 2013

Education: MSc in Business and Economics from the Stockholm School of Economics.

Holdings in Wihlborgs: 118,900 shares held privately and through company.

Signatures to the Corporate Governance Report

Malmö, 12 March 2020

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

Ulrika Hallengren
CEO

GRI Index

Since 2011, Wihlborgs has been reporting its sustainability work in accordance with the Global Reporting Initiative (GRI). This Annual and Sustainability Report 2019 with its accompanying Sustainability appendix for 2019 comprises Wihlborgs' Sustainability Report for 2019 in accordance with GRI Standards: Core option. The Sustainability Report pertains to the 1 January–31 December 2019 period and contains no significant changes to the scope, boundaries or measurement methods compared with previous reports. Unless stated otherwise, the report pertains to the entire Group, including all subsidiaries (165). Joint ventures are not included. Wihlborgs Fastigheter AB does not own any properties; these are all owned by our subsidiaries.

This information has not been subject to an external review. However, external environmental and sustainability experts with specialist GRI expertise are consulted to verify the GRI reporting.

Page references for disclosures are provided in the following GRI Index. These disclosures include general standard disclosures, specific standard disclosures and industry-specific indicators for the construction and real estate sector (Construction and Real Estate Sector Disclosures). The designation SA indicates that certain disclosures are available in Wihlborgs Sustainability appendix for 2019 at wihlborgs.se/en/about-us/sustainability.

The previous Sustainability Report, which pertained to 2018, was published on 3 April 2019. The next Sustainability Report will be published in April 2021.

Contact person for the Sustainability Report:
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anna.nambord@wihlborgs.se, +46 (0)40 690 57 54.

GENERAL DISCLOSURES

ORGANISATIONAL PROFILE	PAGE
102-1 Name of the organisation	76
102-2 Activities, brands, products, and services	6–7
102-3 Location of headquarters	76
102-4 Location of operations	76
102-5 Ownership and legal form	21, 97
102-6 Markets served	26–27
102-7 Scale of the organisation	6–7
102-8 Information on employees and other workers	70–71, SA
102-9 Supply chain	16, 63–64
102-10 Significant changes to the organisation and its supply chain	29
102-11 Precautionary Principle or approach	SA
102-12 External initiatives	62
102-13 Membership of associations	69, SA
STRATEGY	
102-14 Statement from senior decision-maker	9–10
ETHICS AND INTEGRITY	
102-16 Values, principles, standards, and norms of behaviour	63–65
GOVERNANCE	
102-18 Governance structure	122–129

STAKEHOLDER ENGAGEMENT

102-40 List of stakeholder groups	SA
102-41 Collective bargaining agreements	SA
102-42 Identifying and selecting stakeholders	61, SA
102-43 Approach to stakeholder engagement	SA
102-44 Key topics and concerns raised	61–62, SA

REPORTING PRACTICE

102-45 Entities included in the consolidated financial statements	130
102-46 Defining report content and topic Boundaries	SA
102-47 List of material topics	SA
102-48 Restatements of information	130
102-49 Changes in reporting	130
102-50 Reporting period	130
102-51 Date of most recent report	130
102-52 Reporting cycle	130
102-53 Contact point for questions regarding the report	130
102-54 Claims of reporting in accordance with the GRI Standards	130
102-55 GRI content index	130–132
102-56 External assurance	130

SELECTED TOPICS AND SPECIFIC INDICATORS

TOPIC	GOVERNANCE/INDICATOR	PAGE
201 Economic performance (2016)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	63, SA
	201-1 Direct economic value generated and distributed	SA
204 Procurement practices (2016)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	73, SA
	204-1 Proportion of spending on local suppliers	73
205 Anti-corruption (2016)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	65, 83, SA
	205-2 Communication and training about anti-corruption policies and procedures	SA
	205-3 Confirmed incidents of corruption and actions taken	65
302 Energy (2016)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	65–69, SA
	302-1 Energy consumption within the organisation	SA
	302-3 Energy intensity	SA
	302-4 Reduction of energy consumption	SA
305 Emissions (2016)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	66–67, SA
	305-1 Direct (Scope 1) GHG emissions	66–67, SA
	305-2 Energy indirect (Scope 2) GHG emissions	SA
	305-3 Other indirect (Scope 3) GHG emissions	SA
	305-4 GHG emissions intensity	SA
	305-5 Reduction of GHG emissions	66–69, SA
Certified buildings (2016)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	68, SA
	CRE8 Share of certified buildings	68, SA
308 Supplier environmental assessment (2016)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	63–64, SA
	308-1 New suppliers that were screened using environmental criteria	SA
403 Occupational health and safety (2018)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	71, SA
	403-1 Occupational health and safety management system	71, SA
	403-2 Hazard identification, risk assessment and incident investigation	71, SA
	403-3 Occupational health services	71, SA
	403-4 Worker participation, consultation and communication on occupational health and safety	71, SA
	403-5 Worker training on occupational health and safety	71, SA
	403-6 Promotion of worker health	71, SA
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	63–64, 66–69, SA
	403-8 Workers covered by an occupational health and safety management system	SA
	403-9 Work-related injuries	SA
404 Training and education (2016)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	70, SA
	404-3 Percentage of employees receiving regular performance and career development reviews	SA
	Own indicator: Percentage of employees who would recommend Wihlborgs as an employer/recommend Wihlborgs' products and services	SA
405 Diversity and equal opportunity (2016)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	71, SA
	405-1 Diversity of governance bodies and employees	70–71, SA
414 Supplier Social Assessment (2016)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	55, 63–64, SA
	414-1 New suppliers that were screened using social criteria	SA
Societal commitment (own topic)	103-1 Explanation of the material topic and its Boundaries, 103-2 The management approach and its components, 103-3 Evaluation of the management approach	72, SA
	Own indicator: Share of sponsorship initiatives directly linked to societal commitment/community commitment	72

UN Global Compact

In July 2010, Wihlborgs signed up to the UN Global Compact. The Global Compact initiative was launched in association with the World Economic Forum (at Davos in 1999). Then UN Secretary General Kofi Annan challenged the business world to sign up to the initiative. The thinking behind the Global Compact is to make companies aware of and take active responsibility for ten internationally recognised principles in four areas: human rights, labour, environment and anti-corruption. Companies that sign up to the Global Compact, undertake the following;

- the CEO of the company is to make an annual statement confirming that the company will continue to support the Global Compact and work in line with its principles;

- to incorporate the Global Compact principles into its corporate strategy and to promote integration of the principles in its corporate culture on an everyday basis;
- to publicly stand up for the Global Compact and its principles; and
- to submit an annual report (Communication on Progress) presenting its work related to the principles and the results achieved.

In June 2019, Wihlborgs submitted its latest Communication on Progress in accordance with the Global Compact guidelines. The designation SA means that the information is available in the Sustainability appendix for 2019 at wihlborgs.se/en/about-us/sustainability.

PRINCIPLES	PAGE
HUMAN RIGHTS	
1. Businesses should support and respect the protection of internationally proclaimed human rights within the sphere they can influence; and	60–61, 70–71
2. assure that they are not complicit in human rights abuses.	63–65, SA
LABOUR	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	SA
4. the elimination of all forms of forced and compulsory labour;	63–64, 70–71
5. the effective abolition of child labour; and	63–64, 70–71
6. the elimination of discrimination in respect of employment and occupation.	63–64, 70–71
ENVIRONMENT	
7. Businesses should support a precautionary approach to environmental challenges;	SA
8. undertake initiatives to promote greater environmental responsibility; and	55, 66–69
9. encourage the development and diffusion of environmentally friendly technologies.	55, 66–69
ANTI-CORRUPTION	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	65, SA

Sustainability reporting in accordance with the Annual Accounts Act

Under the Annual Accounts Act, companies over a certain size are required to prepare a sustainability report. Wihlborgs reports pursuant to the GRI Standards: Core option, and uses its own framework as the basis for reporting. The following index

is intended to show where the disclosures linked to the Annual Accounts Act can be found. The designation SA means that the information is available in the Sustainability appendix for 2019 at wihlborgs.se/en/about-us/sustainability.

REGULATORY REQUIREMENTS	PAGE
Description of the business model	14–16
ENVIRONMENT	
Risks	83–84, SA
Risk management	83–84, SA
Policy	83–84, SA
Policy results	66–69, SA
Review procedure	66–69, SA
Indicators	66–69, SA
PERSONNEL AND SOCIAL CONDITIONS	
Risks	83, SA
Risk management	83, SA
Policy	83, SA
Policy results	SA
Review procedure	SA
Indicators	SA

HUMAN RIGHTS	PAGE
Risks	83, SA
Risk management	83, SA
Policy	83, SA
Policy results	SA
Review procedure	SA
Indicators	SA
ANTI-CORRUPTION	
Risks	82, SA
Risk management	82, SA
Policy	65, 82, SA
Policy results	65, SA
Review procedure	65, SA
Indicators	65, SA

The auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in Wihlborgs Fastigheter AB (publ), corporate identity number 556367-0230.

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for 2019. The company has defined the scope of the sustainability report on page 134.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with

International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Malmö, 18 March 2020

Deloitte AB

Richard Peters

Authorised Public Accountant

Invitation to attend the Annual General Meeting

The Annual General Meeting (AGM) of shareholders in Wihlborgs Fastigheter AB (publ) will be held at **4.00 p.m. on Tuesday, 28 April 2020 at Slagthuset**, Jörgen Kocksgatan 7 A, Malmö, Sweden. Shareholders wishing to attend the AGM must:

- be entered in the register of shareholders maintained by Euroclear Sweden AB on Wednesday 22 April 2020,
- notify the company of their intention to attend, with any assistant, no later than 4.00 p.m. on Wednesday, 22 April 2020.

Notification of intention to attend the AGM may be made in any of the following ways:

- by post to: Wihlborgs Fastigheter AB, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, and
- by telephone to: +46 (0)8 402 91 54, or
- via the Wihlborgs website – www.wihlborgs.se – where further information on the AGM is also available.

Registered participants will receive an admission card by post.

This card must be presented during registration at the AGM.

When notifying intention to attend, the shareholder must give details of name, civic registration number/corporate registration number, address, telephone number and shareholding. Shareholders who have registered their shares in the name of a trustee must, to be able to attend the AGM, temporarily re-register their shares in their own name with Euroclear Sweden AB. Any request for such reregistration must be made in good time before 22 April 2020.

Financial Information 2020

Wihlborgs' annual reports and interim reports are available from its website www.wihlborgs.se. Moreover, the annual report is printed in Swedish and distributed to shareholders who have requested this service. The actual publication dates for interim reports in 2020 are as follows:

Interim Report, Jan–Mar **28 April 2020**

Interim Report, Jan–Jun **6 July 2020**

Interim Report, Jan–Sep **23 October 2020**

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Room for more

The Öresund region continues to win people over and at Wihlborgs, we demonstrate daily how genuine commitment and engagement creates scope for more possibilities. For our tenants. In cities and neighbourhoods. And for all of our fantastic region. Welcome, and discover more with us.



wihlborgs.se

Sustainability Appendix for 2019

Appendix to Wihlborgs Annual
& Sustainability Report 2019

Sustainability Appendix for 2019

Appendix to Wihlborgs Annual and Sustainability Report 2019

Wihlborgs' Annual and Sustainability Report together with this accompanying Sustainability appendix for 2019 comprises Wihlborgs' Sustainability Report for 2019 in accordance with GRI Standards: Core option.

This appendix is to be read as a complement to the Annual and Sustainability Report and primarily encompasses disclosures that are not included in the Report as well as information pertaining to the impact of material topics, boundaries, governance and evaluation. This also complements our reporting on sustainability-related operational risks. The report has the same boundaries and scope as in previous years, if nothing else is stated in connection with the reporting of specific indicators. Unless stated otherwise, the report pertains to the entire Group. This information has not been subject to an external review. However, external environmental and sustainability experts with specialist GRI expertise are consulted to verify our GRI reporting.

Sustainability Appendix Contents

General disclosures	
Organisational profile	3
Stakeholder engagement and reporting practice	4
Selected topics and specific indicators	
Responsible business	7
Economic performance	7
Anti-corruption	9
Supplier environmental assessment	10
Supplier social assessment	11
Sustainable properties	13
Energy	13
Emissions	16
Certified buildings	20
Attractive employer	22
Occupational health and safety	22
Training and education	24
Diversity and equal opportunity	26
Commitment to the region and its community	27
Procurement practices	27
Societal commitment	28

General disclosures

Organisational profile

See pages 70–71 of Wihlborgs Annual and Sustainability Report 2019.

102-8 Information on employees and other workers

405-1 Diversity of governance bodies and employees

Metric	
Number of employees at 31 Dec. 2019	234
Number of FTEs at 31 Dec. 2019	191
FTEs, %	82
Part-time employees, %	18
Personnel turnover, %*	Total 12.6 Sweden 8.0 Denmark 18.9
Average age, years	43

* Personnel turnover is calculated as the number of employees leaving as a percentage of the average number of employees.

Age distribution	
Under 30	21%
30–49	42%
Over 50	37%

Employees by region	
Malmö	74
Helsingborg	31
Lund	26
Copenhagen	103
Total	234

Gender distribution	%	Number
Women	39%	91
Men	61%	143
Total	100%	234

102-41 Collective bargaining agreements

All Wihlborgs employees in Sweden are covered by collective agreements. The employees in Denmark, however, are not covered by collective agreements.

102-13 Membership of associations

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

In terms of environmental and sustainability issues, we are active in networks such as the Sweden Green Building Council (SGBC), the environmental think-tank Tankesmedjan Miljö, Klimatsamverkan Skåne, Lund's Climate Alliance, the Swedish Association for Sustainable Business (NMC), Global Compact Sweden, Solar Region Skåne, CSR Skåne and Sustainable Talks in Helsingborg.

Stakeholder engagement Reporting practice

102-40 List of stakeholder groups

102-42 Identifying and selecting stakeholders

102-44 Key topics and concerns raised

102-46 Defining report content and topic Boundaries

102-49 Changes in reporting

Stakeholder dialogue and materiality analysis

Prioritisation of the most material topics started in 2014 with a comprehensive stakeholder dialogue and this was when Wihlborgs' overall sustainability framework was prepared, in accordance with the then applicable GRI G4 standards.

The dialogues comprised interviews with representatives from our various groups of key stakeholders. The following groups were represented: loan providers, tenants, suppliers, partners, investors and the Board.

Key stakeholders were selected based on their size and availability as well as long-term relationships. During the interviews, we asked each stakeholder to explain which topics they considered to be the highest priority for Wihlborgs. The results from these interviews were considered along with information from other channels, such as customer surveys and employee surveys, as well as our own priorities and strategies. Based on the above, we identified a number of material topics, see overview on page 5. We then divided these topics into four main areas, which have since comprised our sustainability framework:

- Responsible business
- Sustainable properties
- Attractive employer
- Commitment to the region and community

This framework provides a good overview and a clear link between the GRI and our operations. The goal with prioritising selected topics is for the measures we take to have a greater impact and to be more stringent in our reporting and communication.

The GRI's main list also comprises topics pertaining to legal compliance. For Wihlborgs, it stands to reason that we must observe and comply with applicable laws — and on this basis, we resolved that any topics associable with legal compliance are to be prioritised even if we do not set targets or continuously report these items under the GRI. In the event that any laws are violated, we will report such violations.

Naturally, there are additional areas and initiatives of importance. Those that are not reported in accordance with the GRI are disclosed on our website and in more direct dialogues with our stakeholders.

The table on page 6 shows which topics we have chosen to

Wihlborgs' sustainability framework



report according to GRI and which we have chosen to disclose elsewhere, for example on our website.

Update and supplementation of stakeholder dialogues

Following the stakeholder dialogue conducted in 2015, which forms the basis for our current framework, we have supplemented and updated through further stakeholder dialogues. The process was repeated in conjunction with our transition to GRI Standards in 2017. In 2017, an internal workshop was also conducted with a particular focus on sustainability risks and our opportunities to have a positive impact. This led to us increasing our focus on supplier assessments in terms of the environment and human rights, and therefore, from this date, we also report the GRI topics 308 Supplier Environmental Assessment and 414 Supplier Social Assessment.

In 2018, we chose to have additional dialogues, this time with a particular focus on representatives from the municipalities where we have properties. Contributing to the region, its residents and its environment, is our most central sustainability issue and we therefore chose to have a specific dialogue about the sustainable development goals with these stakeholders. What we found was that stakeholders appreciate that Wihlborgs plays an active part in city development, for example in developer dialogues and other forums. They also expected us to actively work and collaborate on social issues as well as issues relating to security and safety. This confirms to us that "commitment to the region and society" should remain a prioritised focus area. The stakeholders also pointed out that they would like to see us participate in initiatives linked to the sharing economy and mobility solutions.

We conduct customer satisfaction surveys every second year. The most recent was in 2018 and encompassed customers in Denmark and Sweden. The survey showed that sustainability is not one of the top priorities in customers' initial choice of premises, but there are high expectations that we can maintain high standards once tenants have moved in. The responses to this question also showed high expectations of us as a landlord when

it comes to sustainability issues, for example, in terms of waste sorting, electric charging stations, societal commitment and energy efficiency. However, tenants in Denmark do not express such high expectations in the area of sustainability, and their main comments pertained to waste sorting.

At the end of 2018, we conducted a workshop aimed at taking our sustainability agenda to the next level. Group Management and representatives from all regions and specialist functions participated in the workshop, where prioritised areas for forthcoming efforts were identified. We continued to compile data on our stakeholders' sustainability priorities through 2019. Instead of targeted dialogues on specific occasions, we now conduct ongoing dialogues on sustainability issues with all stakeholder groups. This is now naturally integrated into daily operations, since all our stakeholder groups raise sustainability issues in different ways and in different contexts on their own initiative. The increased sustainability focus of investors and lenders, who ask questions and set requirements on us as a company, is particularly clear.

Employee perceptions are captured in the annual employee survey, where sustainability in general and our contribution to regional development in particular remain important.

We invited our contracted suppliers to a supplier day at the start of 2019, where we explained the importance of sustainability issues to us and, in parallel, captured suppliers' views on sustainability issues.

Given that the municipalities where we operate expect us to engage in urban and regional development, we have prioritised engagement in initiatives such as LFM30 (local roadmap for a climate neutral construction sector in Malmö by 2030) and H22 – A Smarter City in Helsingborg where sustainability will be in strong focus. We are also represented on the committee promoting a metro rail link between Malmö and Copenhagen, to name just a few examples.

102-43 Approach to stakeholder engagement

Examples of stakeholder groups and more formal dialogues regularly conducted with our key stakeholders.

Key stakeholders	Dialogue format	Timing/interval
Tenants	Customer satisfaction surveys Wihlborgs' Kontaktyta forum Dialogues with responsible property owners/managers Reconciling green leases	Every second year Twice yearly Continuously As per the tenant's wishes
Shareholders	Annual General Meeting Investor meetings	Once each year Several times a year
Employees	Career development reviews Employee survey Monthly meetings (at each office) Work Environment Committee Environmental Management Committee	Once each year Every second year Each month Four times per year Four times per year
Loan providers	Meetings with the respective banks Financial reporting/Presentation of quarterly reports Data gathering, surveys and dialogues about Wihlborgs' sustainability management	Several times a year Quarterly Several times a year
Suppliers	Procurement process Annual review of agreements Review of sustainability work in conjunction with renegotiation/resigning of agreements Wihlborgs' Kontaktyta forum Follow-up meetings during/after construction projects	Ongoing basis for different areas Annually Continuously Twice yearly Continuously
Community		
The public sector	Dialogue forums in conjunction with city planning meetings, developer dialogues, etc.	When invited by municipalities
The non-profit and voluntary sector	Board and steering committee meetings with FC Rosengård, Drivkraft, Diversity index, among others	Several times per year
Universities and other institutes of higher education	Member meetings of Malmö Citysamverkan, Lund Citysamverkan and Helsingborg Citysamverkan. Partner group meetings and market days Presentation for students and openings for project/degree projects	Several times per year Some/Several times per year Upon request, normally several times annually
Board of Directors	Board meetings	Six times per year

Selected topics and specific indicators

102-47 List of material topics

	Responsible business	Sustainable properties	Attractive employer	Commitment to the region and its community
Reporting (according to GRI)	<p>201 ECONOMIC PERFORMANCE 201-1 Direct economic value generated and distributed.</p> <p>205 ANTI-CORRUPTION 205-2 Communication and training about anti-corruption policies and procedures. 205-3 Confirmed incidents of corruption and actions taken.</p> <p>308 SUPPLIER ENVIRONMENTAL ASSESSMENT 308-1 New suppliers that were screened using environmental criteria.</p> <p>414 SUPPLIER SOCIAL ASSESSMENT 414-1 New suppliers that were screened using social criteria.</p>	<p>CERTIFIED BUILDINGS CRE8 Share of certified buildings.</p> <p>302 ENERGY 302-1 Energy consumption within the organisation. 302-3 Energy intensity. 302-4 Reduction of energy consumption.</p> <p>305 EMISSIONS 305-1 Direct (Scope 1) GHG emissions. 305-2 Energy indirect (Scope 2) GHG emissions. 305-3 Other indirect (Scope 3) GHG emissions. 305-4 GHG emissions intensity. 305-5 Reduction of GHG emissions.</p>	<p>403 OCCUPATIONAL HEALTH AND SAFETY 403-8 Workers covered by an occupational health and safety management system. 403-9 Work-related injuries.</p> <p>404 – TRAINING AND EDUCATION 404-3 Percentage of employees receiving regular performance and career development reviews. Own indicator: Percentage of employees who would recommend Wihlborgs.</p> <p>405 DIVERSITY AND EQUAL OPPORTUNITY 405-1 Diversity of governance bodies and employees</p>	<p>SOCIETAL COMMITMENT Own indicator: Share of sponsorship initiatives directly linked to societal commitment/community commitment</p> <p>LOCAL PROCUREMENT 204-1 Proportion of spending on local suppliers.</p>
Informing	Complaint-handling/Whistle-blowing	Waste Biodiversity Use of materials	Non-discrimination Fair employment conditions	Customer health and safety

Responsible business

For Wihlborgs, it is self-evident that our brand should represent sound values. We have a commitment to societal development and actively promote the different components of sustainability. Wihlborgs will operate a business model for growth and will be one of the leading and most profitable property companies on the Nasdaq Stockholm Exchange. Our activities influence the communities in which we operate. The goals linked to our sustainability work must be integrated with the financial targets, as both aspects affect each other.

The business model and financial targets are set by Wihlborgs' Board. Responsibility for the company is allocated between the Board and the CEO in accordance with the Swedish Companies Act, other legislation and regulations, Nasdaq Stockholm's Rule Book for Issuers, the Articles of Association and internal governance instruments, such as the rules of procedure for the Board and instructions to the CEO. Wihlborgs' Code of Conduct with accompanying policies and guidelines comprise governing documents for Wihlborgs as well as for our suppliers and contractors.

201 Economic performance

See page 63 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

201 – ECONOMIC PERFORMANCE

Description and Boundaries

This topic addresses that Wihlborgs needs to be profitable for us to be able to implement our strategies and achieve our targets. We have to reach our financial targets to be able to invest in sustainable work methods. But we also have to operate sustainably to achieve these financial targets in the long term. A solid financial base is a prerequisite for Wihlborgs to act as a stable business partner to suppliers and customers alike. This topic encompasses Wihlborgs' financial results which, in turn, impact the company's shareholders and surrounding communities.

The economic value we create benefits various groups: employees, lenders, the community and suppliers. Our shareholders share in this value via dividends. Once all stakeholders have received their share, the remainder is retained in the company to strengthen operations, create new projects and acquire new properties with the aim of creating sustainable growth.

Risks

Risk description: Both external and internal risks exist that can impact Wihlborgs' financial performance. The main risk areas are reduced rental income, increased vacancies, customer dependence, increased interest expense, higher property costs, changes in the value of properties, risks in projects or new acquisitions, and inadequate access to external funding. These risks are described in more detail in the Administration Report in the 2019 Annual Report, on pages 79–82.

Risk management: The management of financial risks is described in more detail in the Administration Report in the 2019 Annual Report, on pages 79–84.

Governance

The management and responsibilities of the Wihlborgs Group are distributed between the Board and the CEO in accordance with the Swedish Companies Act, other legislation and regulations, Nasdaq Stockholm's Rule Book for Issuers, the Code, the Articles of Association and internal governance instruments, such as the rules of procedure for the Board and instructions to the CEO.

Wihlborgs' overriding financial targets are set and monitored continuously by the Board. Operational property management is organised into four geographic regions with a total of ten property management areas, each of which has set targets for, inter alia, revenue, earnings and net lettings.

Targets

Overall financial targets:

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

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

An interest coverage ratio of no less than 2.0.

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

Targets per region and management area, for example income, earnings and net lettings

Follow-up

201-1 Direct economic value generated and distributed
Annual Report and interim reports.

201-1 Direct economic value generated and distributed

Economic value created and distributed, SEK M	2019	2018	Comments
Direct value created			
Income	2,983	2,684	Our rental income is derived from companies and organisations that are active in our region. Our premises create the conditions for them to pursue and develop their respective operations.
Changes in property values	1,479	1,312	Favourable long-term management of our properties. Investments in and leasing of these drive value development in the property portfolio.
Changes in derivative values	13	37	The value of interest-rate hedging is impacted by changes in market interest rates.
Other income	48	13	Includes interest income and shares in earnings.
Total direct value created, SEK M	4,523	4,046	

Economic value created and distributed, SEK M	2019	2018	Comments
Economic value distributed			
Employees	185	152	Includes salaries and social-security expenses to our employees in Malmö, Helsingborg, Lund and Copenhagen.
Loan providers	336	482	Interest expenses to our loan providers, primarily the larger Nordic banks and investors in our corporate bonds.
Community	550	515	Includes carrying amounts, income taxes, property tax and VAT. In addition to this, Wihlborgs also pays energy taxes and stamp duties.
Suppliers	527	492	To a great extent, Wihlborgs' suppliers are located in the local markets where we operate. In addition to the expenses paid to suppliers, we also invest significant amounts in our properties; in 2019, the total was SEK 1,659 million. Most of these purchases are from local suppliers.
Shareholders	576	480	Dividend to some 27,000 shareholders.
Total value distributed, SEK M	2,174	2,121	
Retained in the business	2,349	1,925	
Return on equity, %	17.5	16.5	
Target, %	6.1	6.1	

205 Anti-corruption

See pages 65 and 83 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

205 – ANTI-CORRUPTION

Description and Boundaries

This topic regards actions to counter corruption and unethical behaviour, the success of which is a prerequisite for a long-term profitable and sustainable business. The topic encompasses Board members and employees at Wihlborgs as well as the employees of suppliers and contractors engaged by Wihlborgs. The Wihlborgs' whistle-blower function can be used by Wihlborgs' employees and people outside the company, such as the employees of contractors/suppliers, who wish to report unethical/illegal behaviour of some type.

Risks

Risks linked to corruption and business ethics are described in more detail in the Administration Report in the 2019 Annual Report, on page 83.

Governance

Wihlborgs ethical guidelines are determined by the Board of Directors and revised annually. These comprise general guidelines for Board members, employees, suppliers and contractors. Wihlborgs' Procurement Director is responsible for informing new suppliers of Wihlborgs' ethical guidelines in conjunction with signing Wihlborgs' Code of Conduct and that by doing so they undertake to comply with these guidelines and other policies. The UN Global Compact also contains guidelines for this area. Internal authorisation rules prevent unethical behaviour and undue influence. The HR department is responsible for training personnel in ethics and anti-corruption.

Targets

All new employees are to be trained in business ethics and anti-corruption.
No cases of corruption are to occur at Wihlborgs.

Follow-up

205-2 Communication and training about anti-corruption policies and procedures
205-3 Confirmed incidents of corruption and actions taken
Evaluation of cases reported via the whistle-blower function.

205-2 Communication and training about anti-corruption policies and procedures

During the year, all new employees in Sweden and in Denmark were trained in business ethics and anti-corruption. All Wihlborgs employees have access to the company's guide for business ethics and ethical guidelines, through the intranet among other means.

308 Supplier Environmental Assessment

See page 55 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

308 SUPPLIER ENVIRONMENTAL ASSESSMENT

Description and Boundaries

This topic entails that Wihlborgs sets requirements for its suppliers and contractors aimed at minimising the environmental impact of its operations. With this aim, Wihlborgs screens suppliers in terms of, inter alia, environmental impact. Wihlborgs' own environmental efforts are described in the Sustainable properties section in the Annual and Sustainability Report 2019.

Risks

Risk description: If Wihlborgs does not set requirements for suppliers, there is a risk of unwanted negative environmental effects and, moreover, a risk of a negative impact on Wihlborgs' reputation and brand if we have engaged a supplier that does not act responsibly.

If Wihlborgs hires suppliers with whom we have no framework agreement, and who have not signed Wihlborgs' Code of Conduct, there is a greater risk of environmental impact than if we use suppliers with whom we have framework agreements and who adhere to our Code of Conduct. This can have economic consequences and even risk a negative effect on Wihlborgs' reputation and brand if suppliers do not act in an environmentally responsible manner.

Risk management: When Wihlborgs engages contractors or other suppliers, these have environmental responsibility for their own operations. However, as a responsible player, Wihlborgs requires them to follow Wihlborgs' Code of Conduct with the aim that our suppliers will follow Wihlborgs and act in a long-term sustainable manner. We also expect our suppliers to apply our expectations and environmental requirements to their partners and subcontractors. This is how we, as a property company, have a positive effect further back in the value chain, both locally and globally.

Governance

Wihlborgs has a Code of Conduct that all framework-agreement-covered suppliers that we use in property management and projects are required to read and approve. Wihlborgs' Procurement Director is responsible for ensuring that new framework-agreement-covered suppliers in Swedish operations sign the Code of Conduct. By signing the Code of Conduct, suppliers confirm that they have familiarised themselves with our policies and undertake to adhere to them during the period of the agreement. This Code of Conduct includes an environmental policy with supplier requirements in terms of the environment. Suppliers with more than 20 employees should also complete a self-declaration describing their internal management of such areas as environment issues. The Code of Conduct and self-declaration have been implemented in operations in Sweden for a number of years. In Denmark, the implementation of Wihlborgs Code of Conduct was started in 2019 and is expected to be completed in 2020. In Danish operations, the administrative director is responsible for ensuring that the supplier fulfils Wihlborgs' requirements.

By showcasing, examining and assessing environmental aspects at our suppliers, we communicate to our business partners the importance of these issues for our operations. We also ensure the existence of a structure and system for our suppliers to conduct their environmental management, for example. Some procurements also set direct environmental requirements based on the service/product being purchased. The environmental requirements also have assessment criteria based on how the environmental performance is evaluated in relation to price and function.

To increase the control of material used in the supplier chain, Wihlborgs tries to influence the choice of material and follows developments in terms of certification and assessment systems for building materials. Wihlborgs is a member of Byggarubedömningen (BVB), which provides a digital tool for assessing the environmental performance of building materials. Our template for offers and agreements now requires suppliers to use building materials approved by Wihlborgs using BVB's base criteria (approved or acceptable).

Targets

All suppliers with whom we sign framework agreements are to sign the Wihlborgs Code of Conduct.

Follow-up

308-1 New suppliers that were screened using environmental criteria

308-1 New suppliers that were screened using environmental criteria

Of the new suppliers with whom Wihlborgs signed framework agreements in 2019, all (100 percent) were evaluated based on environmental criteria (through the Wihlborgs' Code of Conduct and self-declarations). This figure refers to the Swedish operations, since the Code of Conduct is not yet implemented in the Danish operations. Accordingly, at present there is no systematic environmental review of suppliers in Denmark. In August 2019, implementation of the Code of Conduct started in Denmark.

414 Supplier Social Assessment

See page 55 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

414 – SUPPLIER SOCIAL ASSESSMENT

Description and Boundaries

This topic deals with setting requirements for human rights, a good work environment and high safety levels at the suppliers and contractors engaged by Wihlborgs. Random checks of suppliers who have signed the Code of Conduct provide us with a further control to ensure suppliers comply with Wihlborgs' Code of Conduct with regard, for example, to human rights. This topic is addressed under Attractive employer with regard to Wihlborgs' own employees.

Risks

Risk description: If Wihlborgs does not set requirements for suppliers, there is a risk, for example, of workplace accidents and suppliers acting in breach of their employees' human rights, such as decent work conditions, fair pay, freedom of association, etc. Beyond the tragedy for the person involved, the above also entails a risk of a negative impact on Wihlborgs' reputation and brand through being linked to a supplier that does not act responsibly. The supplier chain also includes a risk of human rights violations in the manufacture of materials and building components/articles.

If Wihlborgs hires suppliers with whom we have no framework agreement, and who have not signed Wihlborgs' Code of Conduct, there is a greater risk of an unsatisfactory workplace environment and therefore a greater risk of incident among the supplier's employees than if we use suppliers with whom we have framework agreements and who adhere to our Code of Conduct. This can have human and economic consequences, and even risk a negative impact on Wihlborgs' reputation and brand if suppliers do not act in a responsible manner.

Risk management: The first step for reducing social improprieties is to exclusively engage suppliers with whom Wihlborgs has a framework agreement, and who therefore adhere to our Code of Conduct. When Wihlborgs engages contractors or other suppliers, these have work environment responsibility for their own employees. As a responsible player, Wihlborgs also requires them to adhere to Wihlborgs' Code of Conduct with the aim that our suppliers will follow Wihlborgs and act in a long-term sustainable manner.

To increase the control of material used in the supplier chain, Wihlborgs tries to influence the choice of material and follows developments in terms of certification and assessment systems for building materials. Wihlborgs is a member of Byggarubedömningen (BVB), which as part of its assessment data compiles information on how our suppliers perform in terms of social sustainability.

Governance

Wihlborgs has a Code of Conduct that all framework-agreement-covered suppliers that we use in property management and projects are required to read and approve. Wihlborgs' Procurement Director is responsible for ensuring that new framework agreement suppliers sign the Code of Conduct. By signing the Code of Conduct, suppliers confirm that they have familiarised themselves with our policies and undertake to adhere to them during the period of the agreement. This Code of Conduct includes a work environment policy. Suppliers with more than 20 employees should also complete a self-declaration describing their internal management of such areas as the work environment. In Danish operations, the administrative director is responsible for ensuring that the supplier fulfils Wihlborgs' requirements.

By showcasing, examining and assessing our suppliers in these four areas, we communicate to our business partners the importance of these issues for our operations. We also ensure the existence of a structure and system for our suppliers to conduct their work environment management and to work with human rights, for example.

Targets

All suppliers with whom we sign framework agreements are to sign the Wihlborgs Code of Conduct.

Follow-up

414-1 New suppliers that were screened using social criteria

414-1 New suppliers that were screened using social criteria

Of the suppliers with whom Wihlborgs signed agreements in 2019, all (100 percent) were evaluated based on social criteria (through the Wihlborgs' Code of Conduct and self-declarations). This figure refers to the Swedish operations, since the Code of Conduct is not yet implemented in the Danish operations. Accordingly, at present there is no systematic review of suppliers based on social criteria in Denmark. In August 2019, implementation of the Code of Conduct started in Denmark.

Wihlborgs' Code of Conduct

When Wihlborgs signs framework agreements with suppliers, the suppliers undertake to adhere to Wihlborgs' Code of Conduct. By signing the Code of Conduct, our suppliers confirm that they have familiarised themselves with Wihlborgs' guidelines and policies and that they undertake to comply with those guidelines during the period of the agreement. This includes ethical guidelines, an environmental policy, quality policy, work environment policy and purchasing policy. Suppliers with less than 20 employees only need to sign the Code of Conduct to receive a U risk classification, which means an approved signing of the Code of Conduct. Suppliers with more than 20 employ-

ees should also complete a self-declaration describing their internal management of such areas as environment, quality, work environment and ethics. They must also enclose documents that verify their responses. Based on this data, Wihlborgs conducts a risk assessment that rates suppliers on a scale from U, 3, 2, 1 to 1+. See description and outcome below.

This information concerns suppliers within Swedish property management. Implementation of Wihlborgs' Code of Conduct in the Danish operations started in 2019 and completion is planned for 2020.

Signing the Code of Conduct – suppliers in Sweden*

	Risk classification	Description	Percent of framework suppliers (482 suppliers)
Suppliers with less than 20 employees – signing of the Code of Conduct only	U	Approved signing of the Code of Conduct.	17%
Suppliers with more than 20 employees – signing of the Code of Conduct and a completed self-declaration	3	Signing of the Code of Conduct only. Management systems and policies may exist, but these have not been completed in line with Wihlborgs' requirements.	1%
	2	The supplier has prepared policies for the environment, quality and the work environment.	66%
	1	As in the 1+ rating, but the Global Compact has not been formally signed and the supplier could have a management system that has not been externally certified.	10%
	1+	The supplier's management systems for the environment, quality and work environment have been externally certified and the supplier has signed the UN Global Compact	1%

*5 percent of suppliers are not assessed as they are organisations such as government agencies.

Sustainable properties

Work with sustainable properties focuses on the following topics: climate, resource optimisation, environmentally certified buildings and a circular perspective, and a lifecycle perspective. The work is controlled by the environmental vision, the environmental policy, the Group's environmental goals and the environmental programme, as well as the environmental management system (based on ISO 14001). Our operations are ultimately subject to Swedish and Danish legislation, where the precautionary principle forms the fundamental rule. We are not subject to a duty of licensing or notification for environmentally harmful operations. Unless stated otherwise, environmental reporting pertains to the entire Group. The environmental accounts for 2019 use a digital tool supplied by Position Green to compile, calculate and visualise environmental data. The aim is to quality assure data and obtain improved traceability linked to data sources and users.

Wihlborgs' environmental management system includes legal requirements, information and manuals. These describe how our operations in our management should take into consideration

and follow up various environmental topics, as well as instructions for day-to-day environmental efforts. Self-assessment systems based on a digital tool were introduced during the year. This tool allows us to control and verify that the governing environmental legislation is managed in each property. We also have specific environmental policies for our projects. Our project-specific environmental programme is an example of this. Wihlborgs is also a member of the BVB association, and we use its tools for environmental and health assessments for purchases of building materials in our projects. Our systematic everyday environmental initiatives are a necessary precondition for achieving our long-term environmental goals and satisfying customers in our premises.

We also strive to influence our suppliers and tenants based on our position in the value chain. We set requirements and assess our suppliers in our procurement process. In partnership with tenants, we work with green leases as a platform for shared environmental ambitions. Wihlborgs is also committed to several national and local climate initiatives.

302 Energy

See page 67 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

302 – ENERGY

Description and Boundaries

The topic describes how energy consumption (energy purchased) is monitored for our properties where Wihlborgs manages agreements with energy suppliers in both Denmark and Sweden. The data is based on information provided on an annual basis from our energy suppliers. Consolidated energy statistics are compared and then quality checked against Wihlborgs' own collected data in the energy monitoring system. Some renewable energy is produced locally at selected buildings in Wihlborgs' property portfolio via solar panels or geothermal energy. Our own locally produced electricity is included in the statistics by reducing the need to purchase electricity for the properties concerned. Most tenants in Sweden and Denmark have their own agreements for electricity for their operations — these are excluded in the statistics.

We also focus on ensuring that transportation with our service vehicles and company cars is resource-efficient with low fuel consumption.

Risks

Risk description: If Wihlborgs does not use renewable energy, there is a risk of increased operating costs due to new, future energy and environmental taxes. There is also a risk that we do not meet expectations and requirements from stakeholders, such as investors and tenants in terms of resource efficiency, indoor climate and energy performance.

Risk management: We ensure Wihlborgs' compliance with existing and future environmental- and energy-related regulatory requirements by working proactively to optimise our energy use and by, as far as possible, choosing energy from renewable sources. At the same time, we avoid increased operational costs for new energy and environmental taxes. We also strengthen our capacity to comply with the expectations and demands of investors and tenants in terms of resource efficiency, indoor climate and energy performance.

In cases where we add locally produced renewable energy from our own solar or geothermal energy production at a property, we also reduce the building's vulnerability, since the electricity supply is less dependent on an external supplier. This area can be developed further when technology evolves and battery storage costs, for example, become more attractive. Locally produced electricity can also reduce the risk of regional power shortages.

302 – ENERGY
(CONT.)**Governance**

This topic is controlled through environmental legislation, signature of the UN Global Compact, Wihlborgs' ethical guidelines and our environmental policy. Wihlborgs' environmental programme encompasses targets for reduced energy consumption. Our environmental management system includes monthly energy monitoring instructions that we have prepared for our property management. We are also working to ensure that our energy declarations (legal requirement) are updated and perform energy audits when needed. To be able to reduce our energy consumption in line with the environmental programme, we also implement continuous initiatives linked to electricity, heating and cooling, to optimise our energy performance. We use Wihlborgs' project-tailored environmental programmes to ensure that we build in an energy-efficient manner and purchase energy-optimised products for new construction and redevelopments. The area is also controlled by Svenska Boverket's Building Regulations (BBR) and energy performance target levels in our environmental certification.

We have a company car policy that governs our choice of service vehicles and company cars. The rules promote electric, hybrid and petrol vehicles. The upper limit is set at 70 grams of CO₂ emissions per kilometre (does not apply to petrol vehicles). The focus is on fuel-efficient vehicles with high energy efficiency.

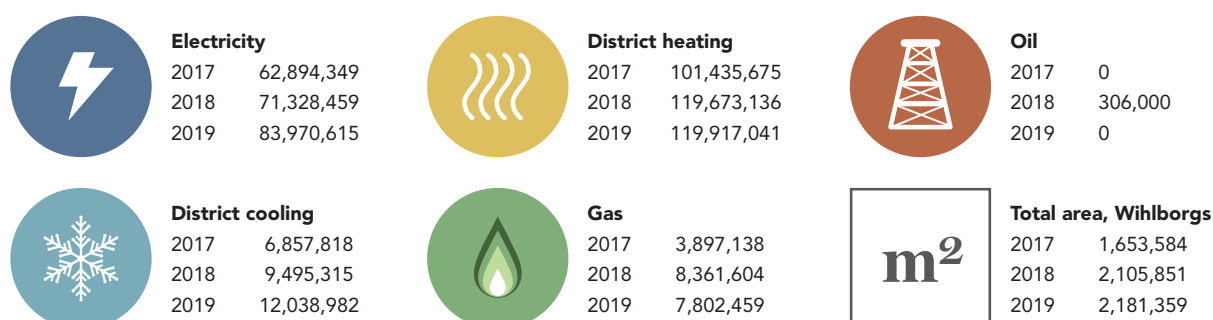
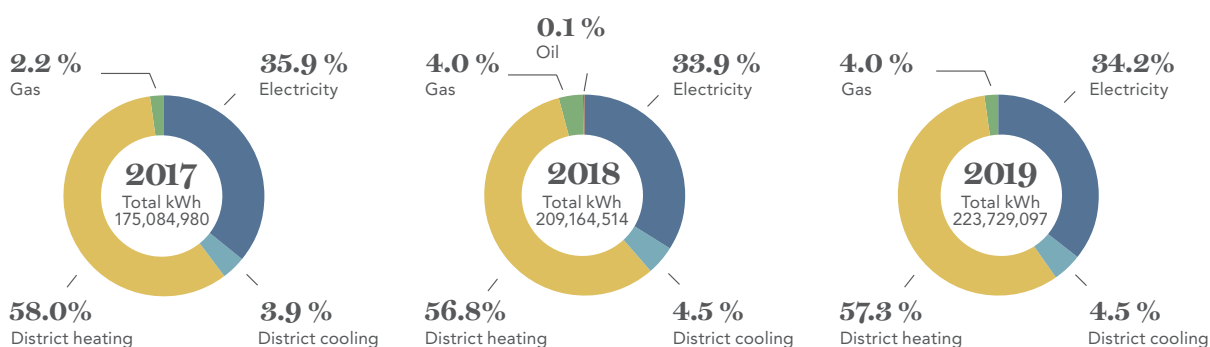
Wihlborgs' Environmental Manager is responsible for managing by objectives (MBO), coordinating and following up energy performance together with Group Management, property directors, project managers and operators. Wihlborgs' property directors are responsible for optimising and managing the energy performance in their respective properties.

Targets

We will continuously endeavour to lower energy consumption and reduce the climate impact from our properties and transportation use. We have clear targets and utilise modern technology to measure and follow up the energy and environmental status of various objects. The objective is to steer our consumption toward an increased share of energy from renewable energy sources and to secure high energy performance in relation to tenants' comfort requirements in our buildings. Wihlborgs' properties are managed with a long-term approach using documented management plans based on a lifecycle perspective.

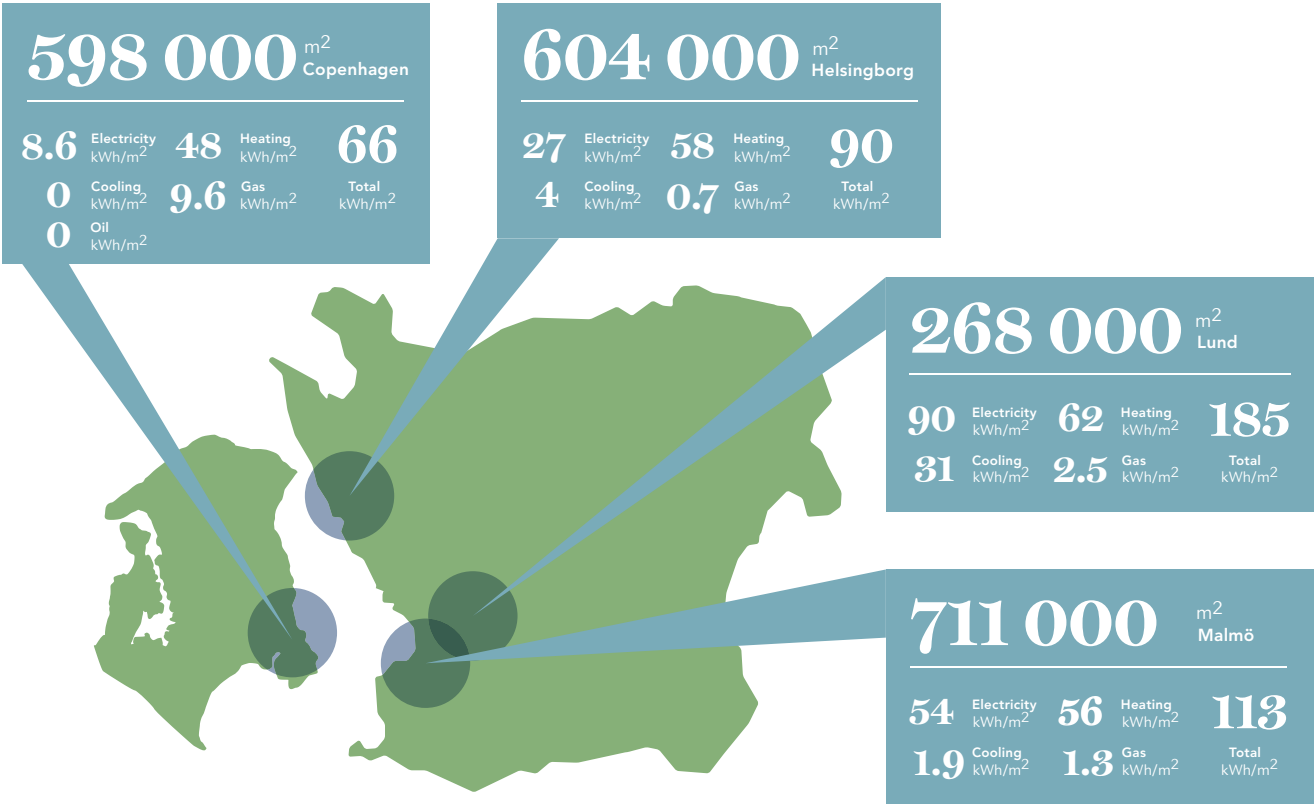
Follow-up

302-1 Energy consumption within the organisation
302-3 Energy intensity
302-4 Reduction of energy consumption

302-1 Energy consumption within the organisation
302-4 Reduction of energy consumption**Total energy consumption, kWh (properties)****Energy consumption, kWh, percent**

302-3 Energy intensity

kWh per city and square metre, 2019



Wihlborgs' energy consumption in Sweden allocated over 1,582,898 m²:

Electricity	49.8 kWh/m ²
Cooling	7.6 kWh/m ²
Heating	57.4 kWh/m ²
Gas	1.3 kWh/m ²
Oil	0 kwh/m ²
Total	116.1 kWh/m ²

Wihlborgs' total energy consumption allocated over 2,105,851 m²:

Electricity	38.5 kWh/m ²
Cooling	5.5 kWh/m ²
Heating	55.0 kWh/m ²
Gas	3.6 kWh/m ²
Oil	0 kwh/m ²
Total	102.6 kWh/m ²

305 Emissions

See pages 66–67 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

305 – EMISSIONS

Description and Boundaries

This topic describes how Wihlborgs directly or indirectly reduces the climate impact from our operations, and which climate emissions the operations generate based on defined areas in the Greenhouse Gas Protocol (GHG). A review of Scope 3, conducted together with the company 2050 Consulting, has shown that the reported climate data is incomplete. This pertains primarily to data regarding building material purchases for our projects and the acquisition of existing properties that need development.

Based on the environmental accounts, Wihlborgs is implementing climate compensation measures in 2020 to offset the net emissions under scope 1 and 2 of the Swedish property management operations (projects excluded). For 2019, these emissions were estimated to be 1,162 tonnes of CO₂ equivalents.

Historically, climate emissions from purchased energy, and emissions from refrigerants and transportation have been the areas of our operations with the greatest climate impact. Emissions from the transportation of tenants' household waste are included (from private suppliers) as are emissions in cases where Wihlborgs is responsible for coordination and waste management, for example via shared spaces for waste sorting. The calculation of climate impact for municipal collection of household waste is based on standard rates. Moreover, there are other, smaller, areas of climate impact, such as administration, air travel, company vehicles and water consumption, that are also included. Purchased goods, properties or the climate impact of construction processes in our projects are not included. We have however started to identify and prepare standard rates to be able to measure and report indirect emissions from our project purchases.

Risks

Risk description: Our operations impact the environment and the climate, for example through emissions from our properties and from purchased goods and services. Not endeavouring to reduce this impact entails a risk of being in breach of the law, reduced demand from tenants, lack of trust and a negative impact on our brand. In turn, this could make it more difficult to attract investment capital. In time, increased environmental taxes will be implemented on CO₂ emissions, which could affect the company's profitability if emission levels are not systematically reduced.

Risk management: Wihlborgs prevents climate risks in society by focusing on renewable forms of energy and fuel. We also ensure that we meet applicable and future regulatory requirements in parallel with avoiding increased costs for new energy and environmental taxes. Moreover, we strengthen our capacity to comply with the environmental and climate expectations and demands of investors, tenants and other stakeholders.

In 2019, we expanded and raised climate requirements for our new-build projects based on our climate-neutral property focus.

Governance

This topic is controlled through environmental legislation, signature of the UN Global Compact, Wihlborgs' ethical guidelines and our environmental policy. Wihlborgs has signed the Fossil-free Sweden Initiative 2020, the plan for a climate neutral value chain in the construction and engineering sectors by 2045 and Malmö's local roadmap LFM30. We have set targets to reduce climate impact. Our environmental management system includes procedures to reduce climate impact in operation, management and maintenance, for example through procurement requirements for renewable energy and products. We use Wihlborgs' project-tailored environmental programme to ensure that we build with low climate impact and climate-smart construction for new construction and redevelopments. Moreover, since we apply Sweden Green Building Council (SGBC) as the standard for environmental certification, with version 3.0, Wihlborgs will also calculate and assess climate effects based on different choices of building materials. Our policies and guidelines for service vehicles and company cars ensure that we exclusively use vehicles that run on renewable fuels. Our travel policy focuses on sustainable alternatives, such as public transport and bicycles.

Wihlborgs' Environmental Manager is responsible for managing by objectives (MBO), coordinating and following up energy performance together with Group Management, property directors, project managers and operators by region. Wihlborgs' Group Management, property directors, purchasing managers and project managers are responsible for realising measures to reduce climate impact and to proactively implement climate change adaptations in their properties or projects.

Over the year, we conducted an analysis into how we comply with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

305 – EMISSIONS
(CONT.)

Targets

We will continuously endeavour to optimise management of our resources and to reduce the climate impact of our properties, projects and transportation use. We have clear targets and utilise modern technology to measure and follow up the energy and environmental status of various objects. The objective is to steer our consumption toward an increased share of energy from renewable sources. Our properties are managed with a long-term approach using documented management plans based on a lifecycle perspective. Our property management operations in Sweden aim to be climate-neutral from 2019 and our Danish operations from 2022. All new projects and our management are to be climate-neutral (net zero) in the Malmö region from 2030 and the entire Wihlborgs group from 2045.

Follow-up

305-1 Direct (Scope 1) GHG emissions
305-2 Energy indirect (Scope 2) GHG emissions
305-3 Other indirect (Scope 3) GHG emissions
305-4 GHG emissions intensity
305-5 Reduction of GHG emissions

305-1 Direct (Scope 1) GHG emissions
305-2 Energy indirect (Scope 2) GHG emissions
305-3 Other indirect (Scope 3) GHG emissions

Wihlborgs total CO ₂ emissions, tonnes of CO ₂ equivalents			
Year	2019	2018	2017
Scope 1 Tonnes	1,977	728	478
Scope 2 Tonnes	4,681	4,764	3,624
Scope 3 Tonnes	581	268	64
Total Tonnes	7,239	5,760	4,166

See page 18 for calculation and accounting policies.

305-4 GHG emissions intensity

Wihlborgs' relative CO ₂ emissions				
Area	m ²	kWh/m ² Total	CO ₂ kg/m ² 2019 (Scope 1–2)	CO ₂ kg/m ² 2018 (Scope 2)
Malmö	710,727	113.0	0.64	0.0
Helsingborg	604,170	89.2	2.78	0.0
Lund	268,001	184.9	2.62	0.5
Total in Sweden	1,582,898	116.1	1.79	0.08
Copenhagen (Denmark)	598,461	66.7	6.02	7.6
Total Group	2,181,359	102.6	3.05	2.3

305-5 Reduction of GHG emissions

The table below shows the percentage of renewable energy in Sweden. Read more about our efforts to reduce our climate impact on pages 66–69 of the Annual Report.

Percentage renewable energy, Sweden ¹				
Energy supplier	District heating	District cooling	Electricity	Gas
E.ON				
Öresundskraft	100% ²	100%	97% ³	100
Kraftingen				

¹ Renewable refers to allocated fuel in energy production (direct impact) that is not derived from fossil fuels such as coal, oil or natural gas.

² District heating in Helsingborg – District Heating Gold – is climate compensated by Öresundskraft (contains 0.2% fossil fuel). The environmental value in Wihlborgs (scope 1-3) climate calculations is calculated excluding climate compensation.

³ Residual electricity purchased in Lund (on acquisitions) prior to the transfer of all electricity agreements to Wihlborgs' purchasing agreement based on renewable electricity.

Percentage renewable energy, Denmark ¹				
Energy supplier	District heating	District cooling	Electricity	Gas
Vestforbrænding (largest supplier)	50% ²	N/A	98% ³	100

¹ Renewable refers to allocated fuel in energy production (direct impact) that is not derived from fossil fuels such as coal, oil or natural gas.

² Estimated value, combustion of mixed waste + natural gas.

³ Residual electricity purchased in Copenhagen (on acquisitions) prior to the transfer of all electricity agreements to Wihlborgs' purchasing agreement based on renewable electricity.

Calculation and reporting principles governing climate impact

To ensure the key figures in the Sustainability Report are reliable, principles for calculating greenhouse gas emissions are compiled below. The calculations are made based on the Greenhouse Gas Protocol (GHG Protocol) reporting standard, and are calculated in line with scopes 1–3.

Scope 1 (direct emissions)

Service vehicles and company cars

The climate impact of Wihlborgs' vehicles is calculated based on annual fuel consumption (petrol, diesel and natural gas) in litres or cubic metres reported by the supplier, Autoplan, to Wihlborgs' Personnel Manager. The volume is multiplied by emission factors from the Swedish Transport Administration for the CO₂ emissions through the vehicles' exhausts. Biofuel is calculated as having zero climate impact in Scope 1 due to it being part of the natural carbon cycle. If the fuel has indirect climate impacting emissions (based on the LCA), these are reported under Scope 3. Electric vehicles were not included in the calculations.

<https://www.energimyndigheten.se/fornybart/hallbarhetskriterier/drivmedelslagen/vaxthusgasutslapp>

Refrigerants

The climate impact of refrigerants used by Wihlborgs in Sweden and Denmark (R407C, R410A, R404A, R408A, R134A, R417A and R22) is calculated based on the amount of leakage (emissions larger than five tonnes of CO₂e) measured during the year in the case of incidents or service checks.

Gas

In Sweden, we purchase biogas to heat a few properties. In Denmark, we purchase larger quantities of natural gas to heat properties. The suppliers' environmental values have been used. In previous years, gas consumption was reported in Scope 2, but this year it has been allocated to Scope 1.

Scope 2 (indirect emissions)

Energy use

Energy use includes all electricity, heating and district cooling purchased by Wihlborgs and handled within the Group. This means energy where Wihlborgs is the principal for the property and counterparty with the energy supplier (which could also include tenants' electricity consumption in their operations). The conversion factors used for energy are based on the values received from energy companies in Sweden and Denmark. The environmental value used for district heating in Denmark is based on a calculated average from selected suppliers.

Energy consumption figures for electricity, district heating and district cooling are multiplied by the conversion factors from each energy supplier to determine CO₂ equivalents of emissions. The environmental values of our chosen forms of energy are always based on direct CO₂ emissions linked to the choice of fuel in the production. (For those suppliers who report indirect emissions for sold energy, these emissions are also included but under Scope 3).

This year, for Helsingborg, climate compensation of the environmental value for the District Heating Gold product was not reported in our environmental accounts (previously a value of zero was used per kWh/CO₂e purchased district heating). However, District Heating Gold as a product does from an overall view contribute to lower climate impact in the municipality. Read more at: <https://www.oresundskraft.se/foretag/fjarrvarme/fjarrvarme-guld>

In Sweden, the key ratio for electricity consumption is 0 grams of CO₂e/kWh from renewable production sources. The source is wind or hydropower based on certification from selected energy suppliers. Due to the change of ownership, a small amount of energy consumption in Lund and Copenhagen for a period was not tied to electricity agreements and has therefore been assigned an environmental value as a residual mix (2018).

Scope 3 (other indirect emissions)

Air travel

The key metric for GHG emissions from air travel for the Swedish operations are received from Wihlborgs' business travel agency.

Private cars used for business

Emissions from the use of private cars on business in Sweden and Denmark are based on employees reporting the number of kilometres driven. The fuel is assumed to be fossil fuel for all private vehicles used for business is assumed to be fossil fuel. The distance is multiplied by an emissions factor of 150 grams CO₂e/km (Sweden) and 157 grams CO₂e/km in Denmark. Emissions for private cars used for business do not have a circular perspective (LCA). Electric vehicles were not included in the calculations.

Waste

We have calculated the climate impact of the transportation of waste from our properties to recycling centres, etc. based on the total weight multiplied by emission factors based on environmental data from Suez and Ragn-Sells in Sweden.

Waste transportation, Sweden	0.03 kg CO ₂ e/kg
Waste transportation, Denmark	0.05 kg CO ₂ e/kg (higher share of fossil-fuel-based transportation)

Water

Drinking water's emissions of CO₂ equivalents are also included in the calculations, both for Denmark and Sweden. To estimate emissions from drinking water purification, the key metric for a facility in Sweden was used. It is a "cradle-to-gate" value, which means an incomplete chain, since tap water is taken into consideration but not sewage treatment. The environmental value is based on an LCA completed in 2017.

Drinking water purification, Sweden	0.17 kg, CO ₂ e/m ³
Drinking water purification, Denmark	0.17 kg, CO ₂ e/m ³

Purchase of energy Scope 2 — emission factors

Company	Unit	Electricity	District heating	District heating with certificate of origin	Fossil gas	District cooling	Biogas	Oil
Öresundskraft	g CO ₂ e/kWh	0	47	0	0	2	0	0
E.ON	g CO ₂ e/kWh	0	0	0	0	0	0	0
Kraftringen	g CO ₂ e/kWh	250.8 (Nordic residual)	0	0	0	0	0	0
		151	82.5	0	205.2	0	0	0
Denmark	g CO ₂ e/kWh	250.8 (Nordic residual)						

Certified buildings

See page 68 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

CERTIFIED BUILDINGS

Description and Boundaries

This topic describes which buildings in Wihlborgs' property portfolio are externally certified. Wihlborgs' property portfolio includes new builds and renovated older properties that are primarily certified under BREEAM (Building Research Establishment Environmental Assessment Method), LEED (Leadership in Energy and Environmental Design) and SGBC. We have also started certification of existing properties, to a lesser extent, based on the buildings' performance, operation and management. Environmental certification of our buildings means we can conduct quality assurance of the environmental performance, take into consideration health aspects and optimise tenants' indoor climates and work environments. We are also reducing future business risks by focusing on optimised energy consumption, documenting compliance with the Swedish National Housing Board's BBR requirements and minimising the occurrence of building materials hazardous to the environment and health. SGBC, which is our main certification standard, requires recurrent verifications to retain certification. Our regulations stipulate that the target rating for new production and redevelopment is SGBC Gold. All property projects (conversions or extensions, > SEK 5 million) are to be handled in consultation with Wihlborgs' Environmental Manager (for example, selection of environmental certification level).

Risks

Risk description: There are numerous environmental and climate risks entailed in owning and managing buildings. The most fundamental is non-compliance with environmental legislation (for example, self-assessments) and thereby increasing the probability of near-accidents or accidents affecting soil conditions, water resources or air. A further risk is that if we do not have well-functioning monitoring in place, buildings will consume more energy and water than needed to satisfy tenants. In which case, Wihlborgs will be indirectly contributing to overconsumption of natural resources, in addition to paying added costs. The lack of a well-established system entails other risks, namely that the environment, work environment and health are managed without coordination or any overall perspective. Failure to keep updated with legislative changes pertaining to the environment and energy can be expensive and, in the worst case, prevent continued operation.

The demands of tenants, finance providers and investors tend to increase in terms of expectations of an increased proportion of environmentally certified properties and premises. In the current climate, offering environmentally certified buildings is a hygiene factor rather than a competitive advantage.

Risk management: Environmental certification of our buildings means we can prevent risks and create business opportunities, since certification focuses on resource efficiency (lower operating costs), documented compliance with BBR requirements and control of the hazards posed by building materials to the environment, work environment and health. We also ensure that we meet applicable and future regulatory requirements in parallel with avoiding increased costs for new energy and environmental taxes. Moreover, we strengthen our capacity to comply with the environmental and climate expectations and demands of tenants, finance providers and investors. We also guarantee a good indoor climate in our premises and that our buildings maintain a high level of performance over the long term, which is also certified over time by third parties (SGBC, eternally).

Governance

This topic is controlled through environmental legislation, signature of the UN Global Compact, Wihlborgs' ethical guidelines and our environmental policy. We aim to certify all new production in accordance with SGBC Gold. Larger redevelopments and extensions costing over SEK 5 million should also generally be certified. Wihlborgs has also prepared a project-adapted environmental programme, based on Swedish environmental legislation and our own expanded environmental ambitions, which sets minimum levels for all our construction projects. This programme also describes the choice of environmental certification and its management. Our green leases communicate which environmental certification a building has or will receive to tenants.

We also use BVB, whereby we assess the environmental and health hazards of building materials prior to procurement in projects and tenant improvements. It is also possible to document volume and placement in a logbook (a basic requirement for all of our environmentally certified buildings).

Wihlborgs' Environmental Manager is responsible for MBO, coordinating and following up environmental certification and acts as Sweden Green Building Council's contact. Wihlborgs' property directors and project managers are responsible for developing and managing environmental certification in their properties or projects.

Targets

All new production is to be environmentally certified (in line with Sweden Green Building Council, SGBC Gold). For all conversions or extensions, environmental certification must be considered in consultation with Wihlborgs' Environmental Manager. Our target is for 80 percent of our office buildings in Sweden to be environmentally certified by the end of 2022. The long-term target is for 100 percent of the properties within the Group to be environmentally certified.

Follow-up

CRE8 Share of certified buildings

CRE8 Share of certified buildings

Status of environmentally certified buildings, 31 December 2019

Area	Property	SGBC	LEED	BREEAM	Status
Malmö	Bure 2	SGBC Gold			Certified 2019
Malmö	Forskaren 1	SGBC Gold			Registered
Malmö	Gimle 1	SGBC Gold			Certified 2019
Malmö	Gängtappen 2	SGBC Silver			Certified 2013
Malmö	Kranen 8	SGBC Silver			Certified 2016
Malmö	Kranen 9 – extension	SGBC Gold			Certified 2018
Malmö	Kranen 9 – existing	SGBC Silver			Certified 2019
Malmö	Nora 11	SGBC Silver			Certified 2016
Malmö	Sirius 3	SGBC Gold			Certified 2018
Malmö	Skrovet 3			Breeam In Use	Certified 2018
Malmö	Skåneland 1	SGBC Silver			Certified 2015
Malmö	Uven 9	SGBC Bronze			Certified 2018
Lund	Armaturen 4	SGBC Silver			Certified 2015
Lund	CMU – Flexenheten*	SGBC Gold			Certified 2019
Lund	Diabasen 1	SGBC Silver			Certified 2018
Lund	Landstinget 2	SGBC Silver			Certified 2015
Lund	Raffinaderiet 5	SGBC Gold			Certified 2018
Lund	Kunskapen 1	SGBC Gold			Registered
Lund	Nya Vattentornet 2		LEED 2009 Existing Buildings		Certified 2014
Lund	Nya Vattentornet 3			Breeam In Use	Certified 2018
Lund	Nya Vattentornet 4		LEED 2009 Existing Buildings		Certified 2015
Lund	Posthornet 1	SGBC Gold			Certified 2019
Lund	Syret 3	SGBC Gold	LEED Platinum		Certified 2013
Lund	Östra torn 27:12* (MAX IV, block E, offices)	SGBC Gold			Certified GB 2014 Certified SGBC 2014 Certified BREEAM Design Stage 2015 Certified BREEAM As Built 2016
Lund	Östra torn 27:12* (MAX IV - blocks A–D)	SGBC Gold			Certified GB 2015 Certified SGBC 2015
Helsingborg	Floretten 3			Breeam In Use	Certified 2018
Helsingborg	Floretten 4	SGBC Gold			Certified 2014
Helsingborg	Kalifornien 10			Breeam In Use	Certified 2018
Helsingborg	Musköten 20	SGBC Gold			Registered
Helsingborg	Polisen 5 (extension)	SGBC Gold			Certified 2017
Helsingborg	Sadelplatsen 13	SGBC Bronze			Certified 2015
Helsingborg	Terminalen 1	SGBC Gold			Certified 2015
Helsingborg	Ursula 1	SGBC Gold			Registered

* The property is owned by Fastighets AB ML4, a company owned jointly by Wihlborgs and Peab. These properties are not included in the calculation of the share of environmentally certified buildings reported in the annual report.

Attractive employer

Our vision is to be the best workplace in our industry by 2020. To achieve this, we work in several sub-areas and report within the following: work environment, occupational health and safety; organisation; culture and competence; and equal opportunities and diversity.

Each year, the Board adopts the overall strategy and the Group Management is tasked with its implementation. Wihlborgs' HR Department leads operations development projects and drives day-to-day HR work in close collaboration with managers,

the work environment committee and other employees. For frameworks and guidance, please refer to laws, policies, procedures and guidelines (see below). The Management Group, HR Department and managers are tasked with ensuring compliance with the above.

We follow up on the vision via Great place to Work's annual list of Sweden's best workplaces, where we aim to be the property company that ranks at the top of the list for our category (medium-sized companies).

403 Occupational health and safety

See page 71 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

403-1 Occupational health and safety management system

403-2 Hazard identification, risk assessment and incident investigation

403-3 Occupational health services

403-4 Worker participation, consultation and communication on occupational health and safety

403-5 Worker training on occupational health and safety

403-6 Promotion of worker health

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

403 – OCCUPATIONAL HEALTH AND SAFETY

Description and Boundaries

It is important to ensure a good working environment in terms of the physical and psychosocial environment for our employees. Our work developing and managing properties that comprise workplaces and meeting places for our customers means that we impact, and have a responsibility for, their work environments. Moreover, our suppliers and contractors work in and at our properties in conjunction with new-build projects, redevelopments or the delivery of services in the form of service and operation. This also entails a responsibility in connection with their work environment.

There is no clear line defining where our responsibilities begin or end. In this chapter, we have limited reporting to encompass our actual employees and physical work environment to encompass the properties we own, our offices and journeys in between.

Our preventive work to protect the health and safety of our tenants is described in the Sustainable properties section of the 2019 Annual Report on pages 63–64. Refer to the Responsible business section of the 2019 Annual Report on pages 63–64 and 414 Supplier Social Assessment on page 11 of this appendix for how we work with the health and safety of suppliers.

We follow up on accident statistics for contractors working on our ongoing projects are followed up separately, even if we have delegated formal responsibility in the turnkey contract, see page 24 of this appendix.

Risks

Risk description: Not working proactively with health, the work environment and safety entails a risk of sick leave or, in a worst-case scenario, fatalities. This is costly, unsustainable and illegal. The risk of escalating sick leave, dissatisfaction and lack of confidence can generate higher staff turnover, which would have a direct impact in the form of lost competence and a direct effect on the trust we have built in our external relationships. Digitalisation and the possibility of flexibility that it brings for many roles also contributes to risks pertaining to the psychosocial work environment.

Risk management: Laws and regulations aimed at preventing ill health and accidents at work are in place that function as a base for our efforts. Naturally, we follow the laws and applicable ordinances as well as the rules covering how employees and employers are to work together in both Denmark and Sweden.

Work environment/health and safety-related risks are identified through risk inventories, work environment inspections, career development reviews, employee surveys and periodic health checks. Staff and managers report incidents and accidents to HR, thereby capturing them for evaluation and possible remedial measures.

403 – OCCUPATIONAL HEALTH AND SAFETY (CONT.)

Risk management (Cont.): We conduct employee surveys each year and work continuously with the findings and insights they provide. The focus areas and activities are formulated at the management level, in the work environment committees, and in the respective regions to ensure the issues are always high on the agenda. Those of our employees who spend time in and around the properties we own are also exposed to occupational risks. These are identified and documented through annual risk inventories and followed up at work environment meetings held by the work environment committees, at which, decisions are taken on measures and follow-up as well as whether the measures should be implemented at more locations in the operations. Corresponding workplace evaluations are conducted in Denmark each year, even if Danish law prescribes every third year.

Risks related to the psychosocial environment are identified and documented in forms and interviews at the annual health check performed by the occupational healthcare provider. Additionally, questions are asked in the employee survey concerning the physical and the psychological workplace.

We work systematically from different perspectives based on issues identified in risk assessments through our systematic work environment management efforts (SAM).

Governance

The work environment is ultimately the responsibility of the CEO, but work environment efforts are led by the HR function, which formulates targets and frameworks for the area. Operative implementation is carried out by managers in the organisation and by work environment committees in Sweden and Denmark on which all work groups are represented. The managers together with all of the work environment committee representatives have completed work environment training encompassing legal requirements, regulations and procedures for SAM and how we work with incident reporting.

The work is conducted in accordance with SAM. Governing documents for the area include:

- The Swedish Work Environment Act and AFS provisions (e.g. AFS 2015:4 and AFS 2001:1)
- Work environment policy
- Policy & action plan to combat discriminatory treatment
- Policy & action plan to combat at-risk use and abuse
- SAM in Sweden and Action plan for work environment committees in Denmark

We investigate, measure and follow up physical and psychological work environments through safety inspections, ergonomic checks, career development reviews, employee surveys and health checks. The latter are performed by the occupational healthcare provider and encompass physical checks as well as individual discussions regarding healthy lifestyles, stress and the work/life balance. The occupational healthcare provider also provides advice and support for work-related injuries and covers all employees.

Accidents, work-related ill health and near-accidents are reported to HR and addressed by the work environment committees, which also complement the risk assessment of the affected employee with one of their own. The work environment committees prepare action plans to minimise the risks of similar situations arising again. For example, this could be a roof hatch that is blown down onto the head of an employee. In this case, a risk inventory is made of other roof hatches and adjustments are subsequently made to work routines. In the roof hatch example, this could be that at least two people must now be present during work on the roof. A written instruction is put up and better hatch locking devices are installed.

To check that faults and risks are rectified, work environment meetings conduct follow-ups (from safety inspections and near-accidents/accident reporting) as well as regular checks and inspections. Feedback on accidents and ill health is reported to Group Management, which takes decisions on initiatives to minimize future risks.

To further promote employees' personal health and provide access to care, we offer free private health insurance that provides quick access to medical information, counselling, care planning and specialist care for work-related and other types of illnesses and accidents. The preventive health care efforts also encompass a wellness contribution and the Wihlborgs Classic wellness initiative described on page 71 of the 2019 Annual Report.

Targets

The workplace should be perceived as safe by our employees (100 percent in the employee survey).

Absence due to sick leave should be low (under 3 percent).

The majority of employees should use the wellness allowance (called the fitness and massage arrangement in Denmark) and participate in the company's other wellness initiatives.

Follow-up

403-8 Workers covered by an occupational health and safety management system

403-9 Work-related injuries

Trust Index© according to Great Place to Work

Sick leave

Work-related accidents

Near-accidents

403-8 Workers covered by an occupational health and safety management system

All employees are represented in our work environment committees that are established in Denmark and Sweden. The committee comprises representatives for blue- and white-collar employees and representatives from all groups of employees.

403-9 Work-related injuries

In 2019, the sick leave rate was 2.22 percent (2.35) in Sweden, with the corresponding figure for Denmark totalling 3.42 percent (2.98).

In 2019, we had 4 (5) near-accidents, 5 (5) accidents, 2 (2) work-related illnesses and no (0) fatalities.

Work-related injuries are defined as injuries (physical or mental) that have occurred at the workplace as a result of the physical or psychosocial work environment. The most usual type of injury is from a minor fall or tripping. The greatest risk of a serious injury has been identified as traffic-related injuries.

Work injuries at property management suppliers

Over the year, two near-accidents were reported to the work environment committee in Sweden that involved subcontractors at our properties. In both cases an action plan was prepared and we have implemented measures to prevent future accidents.

Work injuries at project suppliers:

With respect to our project activities, we had no accidents or near-accidents in 2019 and no near-accidents where we were responsible for reporting an injury.

In 2019, our contractors reported three near-accidents/events as part of tenant improvement and maintenance projects. None of these led to any serious personal injury. In addition, 68 near-accidents/events were reported pertaining to our larger new-build projects. Again, none of these led to any serious personal injury. In all projects where near-accidents have occurred, we follow up any deficiency in our or the contractor's work to continuously progress our work environment efforts.

In all of the projects we carry out, the contractor bears full responsibility for acting as the construction work environment coordinator (BAS-U), which also entails responsibility for preparing an occupational health and safety plan as well as for training and follow-up. As the purchaser, we are deeply engaged in work environment efforts and clearly communicate our expectations of partners and suppliers. In our larger redevelopment, new-build and extension projects, we also meet with the respective site organisations and present Wihlborgs' perspective on work environment efforts. Even if responsibility for reporting preventive work is incumbent on the contractor, we follow up the work environment and work continuously to improve preconditions for a good work environment in our projects.

404 Training and Education

See page 70 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary**103-2 The management approach and its components****103-3 Evaluation of the management approach**

404 – TRAINING AND EDUCATION

Description and Boundaries

It is important to work with corporate culture and engagement to ensure that we have a climate that supports development and skills supply for the future. Developing employee talents is essential for the employees themselves if we are to deliver good quality to customers and to create value for society and the region. Skills development is about how we leverage new know-how and transform it into new or more well-developed skills.

Reporting is limited to our employees even if, in several areas, we work together with other players to develop jointly, for example, through supplier days and customer networks.

Risks

Risk description: Our skills, abilities and motivation to meet customer needs, identify the right deals, and negotiate and deliver the right services in an efficient manner provide key competitive advantages and if we do not develop these skills, we could jeopardise our market position, our profitability and, in the long term, our very existence. Not working with objectives, expectations, priorities and feedback would also increase the risk of employees leaving Wihlborgs to move to competitors to enjoy more meaningful and challenging work conditions.

There are also business risks linked to this area. If we fail to convey our desired image of Wihlborgs as an expert and advisor to our stakeholders, confidence in us may decrease and thus we may lose out on business or risk being unable to recruit qualified competence in the external market.

Risk management: We work continuously with developing skills in a number of defined key areas. This is given visual form through our digitalised Wihlborgs Academy – a skills portal with all training programmes, both implemented and planned. This also means that we ensure that all certificates (such as Systematic Fire Safety, Hot Works and lift training) are up-to-date and that the base training that everyone should complete (in the environment, GDPR and business ethics, etc.) is conducted when employees start their employment.

**404 – TRAINING
AND EDUCATION
(CONT.)****Governance**

Securing the skills supply and developing employees' talents in different areas is led by the Group Management. Needs are identified through the company's strategy process and through the annual career development reviews.

Operating plans for the coming year are decided by the Group Management and are implemented by the HR Department. The framework and policy for this work is on the intranet, as are the procedures for when and how different activities are conducted. Based on the company's overall goals, objectives are set at regional and Group level in the strategy process, and each manager is responsible for ensuring that their respective employees have the resources and skills required to meet their performance and behavioural targets.

Governance documents: Code of Conduct, ethical guidelines, guide for business ethics, guidelines for career development reviews. The career development reviews encompass both performance targets and behavioural targets and document what employees need to reach these targets.

Our digital skills portal – Wihlborgs Academy – enables each employee to follow their own training and managers can gain an overview of how decided development initiatives are implemented.

Targets

Each employee has one career development review per year (Q1) and is also offered a follow-up (Q3). Our employees always/almost always recommend Wihlborgs' products and services, and as an employer. (>90%)

Follow-up

404-3 Percentage of employees receiving regular performance and career development reviews
Own indicator: The respective percentage of employees who would recommend Wihlborgs as an employer and who would recommend Wihlborgs' products and services.

404-3 Percentage of employees receiving regular performance and career development reviews

In 2019, 98 percent of permanent employees in Sweden and Denmark had career development reviews. Those who missed their dialogues were on paternity leave or on sick leave during the period the dialogues were held (February to April). Only permanent employees are included in these statistics. Hourly and temporary employees do not have these types of documented career development reviews.

* We consider it irrelevant to report details regarding frequency or to break information down by gender/region/employment category.

Ambassadorship (Own indicator)

Percentage of employees who would recommend Wihlborgs to others often or almost always

	2019	2018	2017	2016
I would recommend my employer to others. Often/almost always (4 or 5)	96%	95%	96%	93%
I feel I can recommend our products and services. Often/almost always (4 or 5)	98%	98%	98%	97%

405 Diversity and equal opportunity

See page 71 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

405 – DIVERSITY AND EQUAL OPPORTUNITY

Description and Boundaries

We believe that a diversity of perspectives, experience and culture enriches an organisation. We are therefore working on different approaches for inclusion and equal opportunities within the company. We use gender and age to measure diversity but, for the present, have chosen not to measure diversity based on ethnicity. Based on the GDPR and more privacy factors, we have balanced interests and chosen not to share personal information (social security numbers) with third parties to measure this type of diversity.

Risks

Risk description: One-track thinking when recruiting risks generating work groups that become too homogeneous and which could entail a lack of creativity and dynamism. Moreover, there is the risk that competent candidates could be missed if we do not act proactively to prevent discrimination.

Risk management: Equality and diversity issues are addressed on an ongoing basis by Group Management and in all recruitment processes. Having our own policies in the area clarifies focus and direction in the area.

Governance

The work is led by the Group Management and the HR Department sets goals and activities. We comply with applicable legislation such as AFS 2015:4 Organisational and social work environment provisions and the Gender equality in the labour market law (Denmark). Wihlborgs also has its own policies on areas such as equality and discriminatory behaviour.

Targets

Equal pay for equal and equivalent work – salary survey
Equal opportunities for development (i.e. gender distribution of managers)

Follow-up

405-1 Diversity of governance bodies and employees

405-1 Diversity of governance bodies and employees

See page 3 in this Appendix and page 70–71 of the Annual Report.

Commitment to the region and its community

We focus on two topics in this area: local investments and purchasing, and societal commitment. The framework for commitment to regions and communities is established by the Group Management. Day-to-day work in terms of local invest-

ments is managed by the Procurement Director and in terms of societal commitment by the Director of HR and CSR, and the sponsoring business developer. Read more under the respective topic below.

204 Procurement Practices

See page 73 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

204 – PROCUREMENT PRACTICES

Description and Boundaries

This topic pertains to Wihlborgs, as far as possible, prioritising local purchases. By engaging local suppliers, we help the business community grow and develop, thereby creating new business opportunities for Wihlborgs. Another positive effect can also be a reduction in transportation.

This topic is limited to Wihlborgs, suppliers to operations in Sweden and society in general. Wihlborgs' definition of a local supplier or contractor is that the company has an office or operations in the Öresund region, but does not need to have its head office located there.

Risks

Risk description: Wihlborgs is a major player and purchases products and services for significant sums. If we do not choose local suppliers, we risk negatively indirectly impacting development for business and for enterprises in the region. There is also a risk that the transportation of goods and people will be longer, which could be more expensive and negatively impact the environment.

Risk management: By always preferring local suppliers, we contribute to the development of companies and business in the region. We also reduce the risk of transporting goods long distances and negatively impacting the environment.

Governance

The Procurement Director is responsible for ensuring that Wihlborgs prioritises local suppliers in procurements and when signing framework agreements. The Procurement Director reports to Wihlborgs' CEO and reports on an ongoing basis to the Group Management.

Targets

The share of local suppliers is to be over 90 percent

Follow-up

204-1 Proportion of spending on local suppliers, measured as the share of local suppliers with framework agreements.

Societal commitment (own topic)

See pages 72–73 of the Annual and Sustainability Report 2019.

103-1 Explanation of the material topic and its Boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

SOCIETAL COMMITMENT (OWN TOPIC)

Description and Boundaries

Socially prosperous cities together with positive and vibrant urban environments are vital in terms of creating healthy and sustainable development for both individuals and companies. Through sponsorship and other forms of support, we promote initiatives within the areas of work, education, diversity, equality and regional development. We also take our own initiatives in these areas. It is also important for the region to have the right preconditions for business start-ups and for entrepreneurs to receive help when setting up dynamic businesses. This topic is limited to Wihlborgs and the partners we have collaboration agreements with. The goal is for our activities to have a positive effect on society at large.

Risks

Risk description: It is important to set clear requirements for our business partners in terms of ethics, morals and values. Sponsorship partnerships where such requirements are not set risk promoting unsound behaviour or increasing the risk of adverse events that may negatively impact both Wihlborgs and the association/partner concerned.

Another aspect is that new generations are setting more stringent requirements on employers in terms of commitment and values. If we do not clearly communicate our values and the kind of initiatives we support and contribute to, Wihlborgs risks becoming less attractive as an employer.

Risk management: Through a clear sponsorship policy and clear follow-up in the area, we reduce the risk of supporting initiatives that are not focused on societal commitment or other forms of community involvement. When we sign collaboration agreements with partners, we clearly state in the agreement which part of the organisation's operations our contribution is to be used for. As far as possible, we also formulate and set requirements in terms of ethics and values for our collaboration partners.

Governance

Wihlborgs' sponsorship policy comprises the governing document for this area. Responsibility rests with the Group Management. The sponsoring business developer drives efforts together with the Director of HR and CSR.

Targets

The target is for a majority of our investments in sponsorship activities to be directly connected to societal commitment or other forms of community involvement by the end of 2022.

Follow-up

Our own indicator is used to measure this topic: "Share of sponsorship initiatives directly linked to societal commitment/community commitment."

From 2019, we measure this topic in monetary terms instead of, as previously, in numbers of initiatives.



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