

Wihlborgs'
Year-end report

2020

January–December

JANUARY–DECEMBER 2020

Rental income increased by 3 percent
to SEK 3,074 million (2,983)

Operating surplus increased by 4 percent
to SEK 2,222 million (2,140)

Income from property management
increased by 3 percent to
SEK 1,830 million (1,775)

Result for the period amounts to
SEK 2,222 million (2,923), corresponding
to earnings per share of SEK 14.46 (19.02)

EPRA NAV increased by 12 percent*
to SEK 152.44 (140.20)

The Board of Directors proposes a
dividend of SEK 5.25 kr (4.50) per share

* paid dividend of SEK 4.50 has been taken into account

January-December 2020

Group key figures, SEK m	2020	2019	2020	2019
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Rental income	751	765	3,074	2,983
Operating surplus	523	525	2,222	2,140
Income property management	419	456	1,830	1,775
Changes in value of properties	404	1,023	826	1,479
Changes in value of derivatives	44	285	-73	13
Result for the period	694	1,546	2,222	2,923
Earnings per share, SEK	4.51	10.06	14.46	19.02
Surplus ratio, %	70	69	72	72
Equity/assets ratio, %	41.3	38.4	41.3	38.4
Occupancy rate, %*	91	93	91	93
EPRA NAV per share, SEK	152.44	140.20	152.44	140.20

*) Excluding Projects & Land.



Many of our properties in Copenhagen have strong public transport links. Digevej 114 is located in southern Copenhagen and has Mercedes-Benz as one of its tenants.

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Calendar

Annual report	1 April 2021
Interim report Jan–Mar	27 April 2021
Annual General Meeting	27 April 2021
Interim report Jan–Jun	12 July 2021
Interim report Jan–Sep	22 October 2021

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

This interim report is information of such a kind that Wihlborgs Fastigheter AB (publ) is legally required to disclose pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication through the agency of the contact people below on **16 February 2021 at 07:30 CET**.

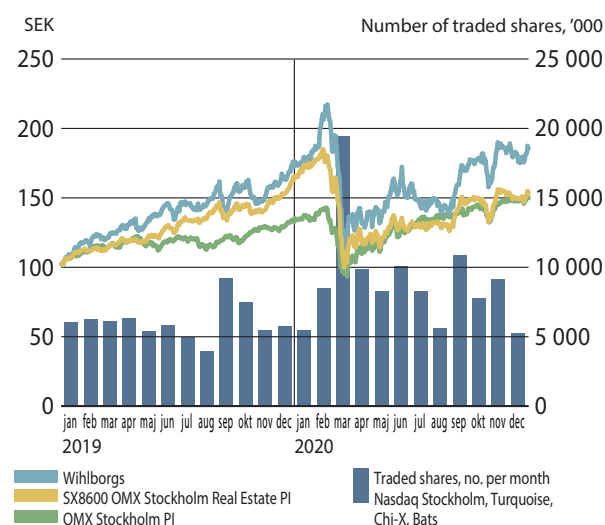
Financial targets

- A return on equity that exceeds the riskfree interest rate by no less than six percentage points
- An equity/assets ratio of no less than 30 percent
- An interest coverage ratio of no less than 2.0
- The loan-to-value ratio is not to exceed 60 percent

See page 19 for outcome

Development of share price

010119–311220



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Wihlborgs Fastigheter AB (publ) is a property company that focuses on commercial properties in the Öresund region. Its property portfolio is located in Malmö, Lund, Helsingborg and Copenhagen. In Malmö, Lund and Helsingborg Wihlborgs is the leading property company. The book value for the Company's properties totals SEK 46.1 billion. The annual rental value of the properties is SEK 3.3 billion. Wihlborgs shares are quoted on the Large Cap List of Nasdaq Stockholm.



CEO's comments

2020 will for a long time be recognised as the year that the pandemic struck the world. Before I summarise the year's results for Wihlborgs, it is important to consider all of the people behind the statistics who have been directly or indirectly impacted by the effects of the pandemic. Sweden's gross domestic product is estimated to have declined approximately 3 percent in 2020, and unemployment has risen from 5.8 percent to 8.6 percent. Some industries, such as hotels, restaurants and physical retail have been hugely impacted, and behind these numbers and companies, there are people. That is important to acknowledge as we close our accounts for the year.

Our core operation, property management, continued to deliver solid results during the fourth quarter. Net lettings amounted to SEK 16 million, meaning that we recorded positive net lettings for each quarter of 2020. One of the largest agreements during the quarter was the letting of 4,400 m² in Kranen 2 to Malmö University. As a result of this agreement, the entire property comprising 17,000 m² is now let to public sector tenants. It is also gratifying to have signed agreements with Beckhoff Automation for the letting of a new office building that we are constructing in Fosie in Malmö. These are some examples of the many constructive dialogues that we – despite the second wave of the pandemic – are maintaining with tenants who have increasing or changing requirements.

In light of the market activity, we have started the office project Kvartetten (Pulpeten 5) in Hyllie, an area in which we currently have no vacancies. With Kvartetten, we are creating

16,000 m² of office space right next to Hyllie station with occupancy to take place in the spring of 2023. The building will be certified to SGBC Gold and the WELL health certification. For the project, we are placing great focus on reducing the environmental impact of the construction phase by, for example, using recycled steel and using smart dimensioning to reduce material consumption in every way possible.

During the year, Wihlborgs' rental income grew 3 percent to SEK 3,074 million and the operating surplus increased 4 percent to SEK 2,222 million. The rental value in the like-for-like portfolio increased by 1.7 percent during the year. In the fourth quarter, income declined 2 percent year-on-year. The decline was partly due to the relinquishment of 21 properties in Malmö that we divested to Blackstone on 1 December. Income was also impacted by granting additional rent rebates of SEK 6 million in the fourth quarter related to the second wave of Covid-19. To a certain extent, we have also been impacted by lockdowns and restrictions, since we run a number of restaurants in our office buildings in our Danish operations. We have also noted that parking revenue was down SEK 3 million year-on-year. Faced with these conditions, it is a benefit that we continue to have strong cost controls and costs in absolute terms declined in the fourth quarter, while our surplus ratio increased 1 percentage point year-on-year.

Wihlborgs' financial position strengthened during the year and it has never been as strong. The equity/assets ratio is 41.3 percent, the loan-to-value ratio is 48.2 percent and net debt in relation to operating profit is below a multiple of 11.

”Dialogues with our customers demonstrate that the need to create meeting places and creative environments in which ideas and companies can thrive is strong. For this, Wihlborgs will continue to play an important role.”

This provides us with a stable position from which we can seek new investment opportunities.

Our strong cash flow combined with a strong balance sheet mean that the Board of Directors is able to once again propose a raised dividend of SEK 5.25 per share, an increase of 75 öre.

One of the most important contributions that Wihlborgs has made in this situation is that we have continued to invest in our region. Naturally, we are not just doing this altruistically, but also because we are convinced that our investments will create long-term value for us and for our tenants. But these investments also boost economic activity in the region, and since our suppliers are primarily local, our investments create jobs here in the Öresund region. We remain convinced of the region’s potential and, together with customers and suppliers, we will continue to drive growth in the region. We have also noted increasing interest in investing in our region, which strengthens our perception but also clearly increases the pressure of competition. A stimulating mission!

We hope that the pandemic is nearly over. However, when this happens, everything will not automatically return to how it was before. Our behaviour, travel patterns and work methods will have been impacted. We will have learnt new ways to work and we will be able to combine this knowledge with the great need to meet in person. Meeting in person provides corporate culture with nourishment and acts as a catalyst for innovation. Dialogues with our customers demonstrate that the need to create meeting places and creative environments in which ideas and companies can thrive will still be relevant in the future. For this, Wihlborgs will continue to play an important role. We benefit from our strong customer focus and flexibility that enables us to meet customer requirements even when faced with changing times.

We can look back on 2020 as a year in which we have grown, increased our earnings and established a stronger financial position than ever before. Together with our tenants, our sights are now firmly set on the future in creating and leveraging new business opportunities and further developing the Öresund region.



Ulrika Hallengren, CEO

Market comments

In the fourth quarter, extensive restrictions were reintroduced in many countries as a result of the second wave of the coronavirus. The commencement of vaccinations gives us hope for a brighter future and a gradual return to normality. In its January 2021 Economic Outlook, Swedbank assessed that economies will begin to recover during the second quarter of 2021, and that broader stimulus policies will assist with this recovery. Swedbank’s forecast for global GDP growth for 2021 remains at 4.7 percent, which would lead to economic activity returning to pre-crisis levels sometime during the autumn of 2021.

The recovery of the Swedish economy was stronger than expected during the second half of 2020, and the downturn in GDP remained at 3.0 percent for the full year. The beginning of 2021 is expected to be weak, but the recovery is predicted to regain traction during the second quarter. The extremely expansive fiscal policy is predicted to remain in place for the next two years, and Swedbank has therefore revised its forecast up for Swedish GDP growth to 3.0 percent for 2021 and 3.5 percent for 2022.

As in other countries, the economy in Sweden is split: industry is performing well while the service sector has been negatively impacted. The January 2021 Economic Tendency Survey revealed that the manufacturing industry’s confidence indicator increased to 113.3, indicating a much stronger position than normal. At the same time, the service sector reveals a much weaker position than normal, even if the confidence indicator has risen somewhat to 89.8.

Denmark has also been hit hard by the second wave and the Danish authorities have acted with considerably stricter restrictions than their Swedish counterparts. Schools are operating with distance learning, restaurants may only serve take-aways and all stores, with the exception of grocery stores and pharmacies, will remain closed until the end of February. Following a drop of 2.8 percent in 2020, GDP growth in Denmark is expected to reach 3.5 percent for 2021 and just over 4 percent for 2022.

It is widely believed that working life will be different after the pandemic, but it is difficult to predict what the long-term consequences will be for the office market. A slight increase in office vacancies can be noted, which could depend on a combination of the pandemic and that we were already experiencing a slowdown in the economy prior to 2020. However, demand remains for modern office premises with good transportation links.

Despite the pandemic, 2020 was one of the strongest ever transaction years for Sweden, with a transaction volume of SEK 188 billion, the third strongest of all time according to Newsec. Housing was the most attractive segment, accounting for a third of the volume. Logistics properties came in second, benefiting from increased e-commerce.

The transaction year in Denmark concluded surprisingly strongly, with a number of major transactions. According to Newsec, the transaction volume totalled DKK 70 billion, 25 percent higher than the preceding year.

Comparative figures for income statement items relate to values for the corresponding period 2019 and balance sheet items as of 31-12-2019.

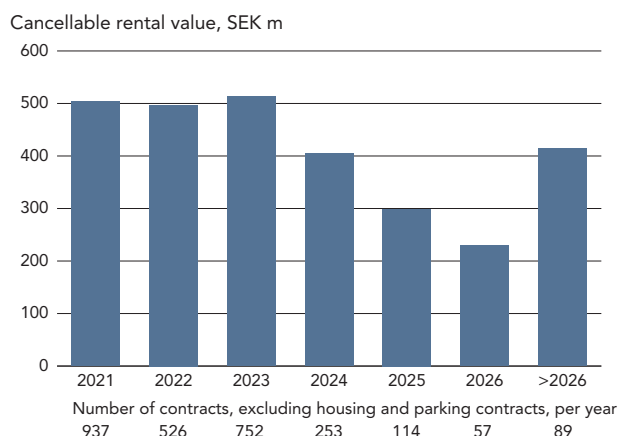
Income, expenses and profits, January–December 2020

Rental income

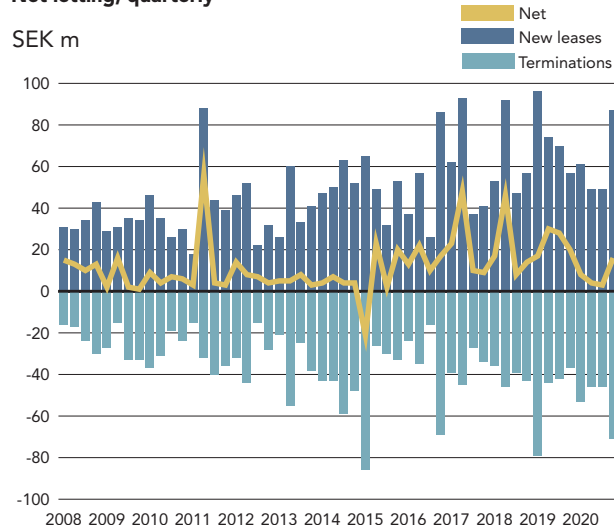
Rental income amounted to SEK 3,074 million (2,983) of which service income was SEK 302 million (300). Property acquisitions and divestments have contributed with net SEK -14 million (129). Of income, SEK 14 million (14) pertains to supplementary billing as final settlement for costs in 2019. Discounts granted to tenants due to the ongoing Covid-19 situation had a negative impact of SEK 19 million net on rental income, after taking into account a state subsidy of SEK 4 million. For 2021, rebates of SEK 4 million have been granted so far, of which the main part refers to the first quarter. In 2020, parking revenue decreased SEK 5 million year-on-year. Remaining increase in rental income is attributable to completed projects, renegotiations, new lettings and indexation in contracts. Currency effects amounted to SEK -4 million (17) for the period.

The total growth in rental income was 3 percent compared with the corresponding period 2019.

Terms of Wihlborgs' contracts per 31 December 2020



Net letting, quarterly



The Prisma office building (Ursula 1) in Oceanhamnen was completed in the first quarter of 2021, but the first tenants moved in in December 2020, including the tech hub HETCH and Assistansbolaget Försäkring Sverige.

At the end of the period the occupancy rate for investment properties, excluding Projects & Land, is 91 percent which is two percentage points lower compared with year-end 2019.

During the period new leases were signed to a value of SEK 246 million (297) on an annualized basis. Lease terminations totalled SEK 215 million (202). This represents a net letting of SEK 31 million (95).

Property expenses

Total property expenses amounted to SEK 852 million (843). Bad debt losses was SEK 5 million (7) during the period. The remaining increase in property expenses is mainly due to increased property tax and costs for repairs and maintenance. The historical summary at the bottom of page 17 illustrates how costs vary over the different quarters of the year.

Operating surplus

The operating surplus amounted to SEK 2,222 million (2,140) representing a surplus ratio of 72 percent (72). Of the change, SEK -14 million (76) was attributable to property acquisitions and divestments.

Central administration

The costs for central administration were SEK 77 million (72).

Financial income and expense

Net interest totalled SEK -313 million (-322), of which interest income accounted for SEK 14 million (14).

The interest expense for the period, incl. realized effects

from interest rate derivatives, was SEK 327 million (336). Leasehold rent amounted to SEK 5 million (5). Interest expense relating to interest rate derivatives amounted to SEK 39 million (60). At the end of the period, the average interest rate, including the cost of credit agreements, was 1.38 percent, compared with 1.28 percent at the previous year-end.

Income from property management

Profit participation in joint ventures amounted to SEK 3 million (34). Income from property management amounted to SEK 1,830 million (1,775).

Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 2,583 million (3,267). During the period, value changes on properties amounted to SEK 826 million (1,479). Value changes on derivatives amounted to SEK -73 million (13) of which SEK -102 million (-55) are attributable to interest rate derivatives and 29 million (68) to other financial items.

Profit after taxes

The profit after taxes was SEK 2,222 million (2,923). Total tax amounted to SEK 361 million (344), of which current tax SEK 46 million (54) and deferred tax SEK 315 million (290). The sale of properties in corporate wrappers had a positive impact on deferred tax of SEK 138 million



In the fourth quarter of 2020, voestalpine Böhler weldCare AB moved in to an entirely new production facility of 4,300 m² at Stenåldern 7 in Fosie, Malmö. Voestalpine is leasing the property on a 15-year lease.

Assets

Property portfolio as of 31 December 2020

The summaries below are based on Wihlborgs' property portfolio as of 31 December 2020. Rental income relates to contracted rental income on an annual basis as of 1 January 2021.

The operating surplus is based on the properties' earning capacity on an annual basis based on rental income for January 2021, operating and maintenance costs, property administration on a rolling twelve-month basis and property tax.

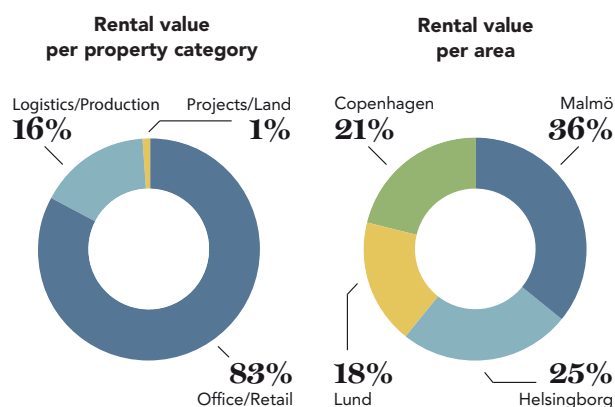
Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 31 December 2020 consisted of 294 properties (312) with a lettable area of 2,103,000 m² (2,181,000).

7 of the properties (10) are leasehold rights. The properties' carrying amount was SEK 46,072 million (45,519), which corresponds to the estimated market value. The total rental value was SEK 3,268 million (3,290) and the contracted rental income on annual basis SEK 2,946 million (3,059). The like-for-like increase in rental value was 1.7 percent while contracted rental income decreased by 0.9 percent

compared to 12 months previously.

The economic occupancy rate for Office/Retail properties was 90 percent (93) and for Logistics/Production properties 92 percent (93). The rental value for Office/Retail properties represented 83 percent and Logistics/Production properties 16 percent of the total rental value.

The operating surplus from investment properties, excluding property administration and Projects/Land, is SEK 2,253 million (2,357) which with a carrying amount of SEK 44,169 million (44,115) corresponds to a yield of 5.1 percent (5.3). Broken down by property category, this is 4.9 percent (5.1) for Office/Retail and 6.8 percent (7.0) for Logistics/Production.



In autumn 2020, the co-working company Mindpark moved in to 1,300 m² in Slagthuset 1 in Malmö together with Goto 10, the Internet Foundation in Sweden's meeting place for internet innovation. During the autumn, the software company Softhouse has also moved in to 1,100 m². This has injected Slagthuset and Nyhamnen with fresh energy, with Slagthuset becoming a central hub for co-working, events, tech as well as meeting and conference rooms.

Changes in values of properties

By year-end the valuation of all Wihlborgs' properties is carried out by external valuers. Malmöbryggan Fastighetsekonomi AB has performed a valuation of all Wihlborgs' properties in Sweden. In Denmark the valuation has been performed by Newsec Advisory A/S. The valuation of the properties as of 31 December 2020 resulted in a value increase at 826 million (1,479).

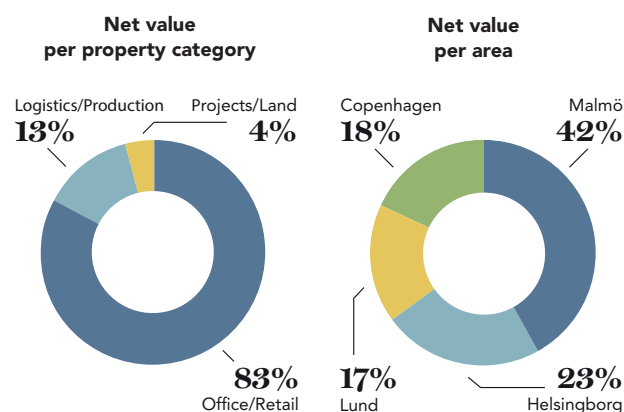
Reduced inflation assumptions in the valuation models in the next few years have affected rent trends with a corresponding negative impact on property values. This has been partially offset by marginally reduced investment yield requirements for offices/stores in some sub-areas. The divestment of 21 properties in the logistics/production segment has resulted in realised changes in value for these properties, and also led to a reduced investment yield requirement in the segment.

Fair value is determined by a yield-based method. The value is considered to correspond to the yield value that is calculated from normally five-year cash flow analyses. The value of newbuild projects in progress is determined as the value as if the project were complete, less deduction of the remaining cost. Undeveloped land is valued according to the comparable sales method. The method for valuation is the same as previously. There is a comprehensive description of the method for valuation of properties on pages 86–87 and 105–106 in the Company's 2019 Annual Report.

As of 31 December 2020 the carrying amount for the properties is SEK 46,072 million (45,519).

Changes in carrying amount of properties

Changes	Group total, SEK m
Carrying amount 1 January 2020	45,519
Acquisitions	327
Investments	1,231
Properties sold	-1,540
Change in value	826
Currency translations	-291
Carrying amount 31 December 2020	46,072



Investments and current projects

Investments in the property portfolio totalled SEK 1,231 million (1,659).

Approved investments in ongoing projects amount to SEK 2,227 million, of which 916 million had been invested at the end of period.

Liquid assets

The Groups liquid assets totalled SEK 607 million (567) At the end of the period unutilized credit facilities amounted to SEK 3,656 million (3,106).

Given the ongoing pandemic, tenants have been granted rent deferrals in the amount of SEK 20 million, of which the majority falls due in 2021.

Of the rent that fell due for payment (excluding granted deferrals) on the last day of December, 99 percent has been paid as of 31 January, which is above average over the last seven quarters.

Investments in progress >SEK 50 million, 31 December 2020

Property	Category of use	Municipality	Completion date	Lettable area, m ²	Occupancy rate, %	Estimated investment, SEK m	Expended 31-12-2020, SEK m
Ursula 1	Office/Retail	Helsingborg	Q1 2021	13,000	60	405	355
Terminalen 1	Office/Retail	Helsingborg	Q1 2021	8,800	60	257	206
Sunnanå 12:54 a	Logistics/Production	Malmö	Q1 2021	3,600	100	96	75
Sunnanå 12:54 b	Logistics/Production	Malmö	Q1 2021	2,300	100	58	37
Kranen 2 a	Office/Retail	Malmö	Q4 2021	3,700	100	137	36
Kranen 2 b	Office/Retail	Malmö	Q4 2021	4,400	100	100	8
Raffinaderiet 3	Office/Retail	Lund	Q2 2022	5,800	0	114	6
Hindbygården 7	Office/Retail	Malmö	Q3 2022	1,800	100	59	4
Pulpeten 5	Office/Retail	Malmö	Q2 2023	16,000	0	696	14
Summa				59,400		1,922	741

Analysis of lettable space per area and category of use

Area	Office, m ²	Retail, m ²	Logistics/ Production, m ²	Education/ Health care, m ²	Misc., m ²	Total, m ²	Share, %
Malmö	341,524	43,981	159,296	32,556	15,731 ¹	593,087	28
Helsingborg	218,233	60,421	286,982	40,112	13,046 ²	618,794	29
Lund	200,636	14,656	35,739	4,429	9,224 ³	264,684	13
Köpenhamn	435,425	7,075	91,785	11,519	80,339 ⁴	626,142	30
Total	1,195,818	126,133	573,801	88,616	118,340	2,102,707	100
Share, %	57	6	27	4	6		

1) Includes 10,275 m² hotel.2) Includes 1,819 m² residential.3) Includes 8,215 m² hotel.4) Includes 38,848 m² data center and 5,600 m² hotel**Analysis per property category in each management area**

Area/ property category	Number of properties	Area, m ² thousand	Carrying amount, SEK m	Rental value, SEK m	Rental value, SEK/m ²	Economic occupancy rate, %	Rental income, SEK m	Operating surplus incl. property ad- min., SEK m	Surplus ratio, % property ad- min., SEK m	Operating surplus excl. property ad- min., SEK m	Yield excl property admin., %
Malmö											
Office/Retail	50	444	16,847	1,033	2,326	92	948	723	76	756	4.5
Logistics/Production	29	134	1,674	132	984	97	127	102	80	108	6.5
Projects & Land	20	15	840	1	37	-	1	-2	-	-2	-
Total Malmö	99	593	19,361	1,165	1,965	92	1,076	822	76	862	4.5
Helsingborg											
Office/Retail	35	249	6,672	481	1,933	91	440	335	76	349	5.2
Logistics/Production	58	359	3,182	321	894	89	284	208	73	224	7.0
Projects & Land	12	11	804	27	2,422	-	12	10	-	11	-
Total Helsingborg	105	619	10,657	829	1,339	89	737	554	75	584	5.5
Lund											
Office/Retail	25	241	7,458	571	2,363	87	494	341	69	382	5.1
Logistics/Production	4	23	214	20	874	95	19	15	77	16	7.3
Projects & Land	4	-	238	-	440	-	-	-3	-	-2	-
Total Lund	33	265	7,910	591	2,232	87	513	353	69	396	5.0
Copenhagen											
Office/Retail	47	566	7,456	628	1,111	90	568	359	63	379	5.1
Logistics/Production	9	61	667	55	902	95	52	39	75	40	6.0
Projects & Land	1	-	20	-	-	-	-	-	-	-	-
Total Copenhagen	57	626	8,143	683	1,091	91	620	397	64	418	5.1
Total Wihlborgs	294	2,103	46,072	3,268	1,554	90	2,946	2,126	72	2,260	4.9
Total excluding projects and land	257	2,076	44,169	3,240	1,561	91	2,933	2,121	72	2,253	5.1

Property transactions

On 1 October, Wihlborgs acquired Baldersbuen 5 in Hedehusene, Denmark, for a consideration of DKK 58 million. The site encompasses 55,000 m² and the lettable area amounts to 6,300 m². SV Materialudlejning A/S is leasing the entire property. On 1 December, Wihlborgs relinquished the 21 properties in Outer Malmö that were divested to property funds advised by Blackstone. The properties are in Arlöv, Bulltofta and the port in Malmö and encompass 24,000 m² of office space and 100,000 m² of logistics and production premises.

Property transactions January–December 2020							
Quarter	Property	Municipality	Management area	Category	Area, m ²	Price, SEK m	Operating surplus 2020, SEK m ¹
Acquisitions							
1	Banemarksvej 50	Brøndby	South Copenhagen	Office/Retail	19,636		
3	Bläckhornet 1	Malmö	Malmö City Centre South	Projects/Land	-		
4	Baldersbuen 5	Copenhagen	South Copenhagen	Logistics/Production	6,928		
Total acquisitions 2020					26,564	327	14
Sales							
3	Torrdockan 7	Malmö	Malmö Dockan	Projects/Land	-		
4	Arlöv 17:4	Malmö	Outer Malmö	Logistics/Production	4,236		
4	Finngrundet 4	Malmö	Outer Malmö	Logistics/Production	3,621		
4	Flintan 3 (Malmö)	Malmö	Outer Malmö	Logistics/Production	3,277		
4	Flygledaren 9	Malmö	Outer Malmö	Logistics/Production	5,448		
4	Flygvärdinnan 5	Malmö	Outer Malmö	Logistics/Production	5,230		
4	Fältsippan 11	Malmö	Outer Malmö	Projects/Land	-		
4	Gulsippan 4	Malmö	Outer Malmö	Logistics/Production	3,397		
4	Hanö 1	Malmö	Outer Malmö	Logistics/Production	5,020		
4	Höjdmätaren 1	Malmö	Outer Malmö	Logistics/Production	1,872		
4	Kirseberg 31:53	Malmö	Outer Malmö	Logistics/Production	24,936		
4	Skevrodret 2	Malmö	Outer Malmö	Logistics/Production	1,830		
4	Skjutsstallslyckan 11	Malmö	Outer Malmö	Logistics/Production	3,765		
4	Spillepengshagen 1	Malmö	Outer Malmö	Logistics/Production	2,030		
4	Spillepengshagen 3	Malmö	Outer Malmö	Office/Retail	4,864		
4	Spillepengsmarken 8	Malmö	Outer Malmö	Office/Retail	3,024		
4	Stenshuvud 3	Malmö	Outer Malmö	Logistics/Production	17,779		
4	Stocken 2	Malmö	Outer Malmö	Logistics/Production	4,390		
4	Tågarp 16:19	Malmö	Outer Malmö	Logistics/Production	4,316		
4	Tågarp 16:42	Malmö	Outer Malmö	Logistics/Production	9,211		
4	Utgrunden 8	Malmö	Outer Malmö	Logistics/Production	10,084		
4	Åkarp 1:69	Malmö	Outer Malmö	Logistics/Production	5,277		
Total sales 2020					123,607	1,540	70

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

Liabilities and equity

As of 31 December 2020 equity totalled SEK 19,396 million (17,887) after dividend payment of SEK 692 million in the second quarter. The equity/assets ratio stood at 41.3 percent (38.4).

Interest-bearing liabilities

The group's interest-bearing liabilities as of 31 December amounted to SEK 22,208 million (23,628) with an average interest rate including costs for credit agreements of 1.38 percent (1.28).

With consideration to the company's net debt of SEK 22.2 billion, the loan-to-value ratio is 48.2 percent (51.9) as a percentage of property values.

The loans' average fixed interest period including effects of derivatives on 31 December 2020 amounted to 3.6 years (3.5). The average loan maturity, including committed credit facilities, amounted to 6.1 years (5.7).

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

Interest rate derivatives portfolio 31 December 2020

Interest rate swaps		
Maturity	Amount, SEK m	Interest, %
2021	2,130	0.05
2022	1,630	0.16
2023	2,430	0.39
2024	1,788	0.41
2025	1,788	0.42
>2025	3,756	0.66
Total	13,522	0.39

The deficit value in Wihlborgs' interest rate derivative portfolio amounted to SEK 183 million (81).

Interest-rate derivatives are recognised at fair value at level 2 in accordance with IFRS 9.

For information on the valuation approach for interest rate derivatives, see page 99 of the 2019 Annual Report.

Structure of interest and loan maturities as of 31 December 2020

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEK m	Av. interest rate, %	Credit ag., SEK m	Utilised, SEK m
2021	8,933	1.03	3,484	2,998
2022	1,850	1.21	8,269	6,539
2023	2,430	1.46	4,550	4,000
2024	1,788	1.48	2,000	1,110
2025	1,788	1.49	7	7
>2025	5,419	1.67	7,554	7,554
Total	22,208	1.32*	25,864	22,208

*) Excluding costs for credit agreements



Wihlborgs was one of the first property companies in Sweden to have a building certified according to Miljöbyggnad iDrift – an entirely new certification system for existing buildings. The first building to receive this certification was Syret 6 (Delta 4) at Ideon in Lund, which has Axis Communications as its largest tenant. The new certification system simplifies the certification of existing buildings and enables Wihlborgs to accelerate its certification efforts.

Miscellaneous

Employees

At the end of the period, the number of FTEs at Wihlborgs was 236 (221), of which 102 (97) were in property service. Of the total number of FTEs, 77 (73) were in Malmö, 32 (31) in Helsingborg, 31 (26) in Lund and 96 (91) in Copenhagen. The average age of employees is 43 years and women make up 42 percent.

Parent company

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

The parent company has invested SEK 83 million (972), in shares in subsidiaries and other shares, including shareholders' contributions, during the period.

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

Participations in other companies

A description of all participations held by Wihlborgs in other companies will be found on pages 106–107 in the Company's 2019 Annual Report.

Largest shareholders

The largest shareholder in Wihlborgs is Erik Paulsson with family and company, with 10.5 percent of the shares outstanding.

Shares held by owners registered abroad account for 37 percent. The number of shareholders is approximately 28,000.

Largest shareholders in Wihlborgs 31 December 2020

	Number of shares, thousands	Proportion of equity and votes, %
Erik Paulsson with family, privately and via company	16,188	10.5
SEB Investment Management	11,109	7.2
Länsförsäkringar funds	6,617	4.3
Handelsbanken funds	5,120	3.3
Swedbank Robur funds	4,957	3.2
Bank of Norway	4,119	2.7
Qviberg family	3,265	2.1
Life insurance company Skandia	1,564	1.0
Tibia Konsult AB	1,533	1.0
Nordea funds	1,447	0.9
Other shareholders reg. in Sweden	44,537	29.0
Other shareholders reg. abroad	53,257	34.6
Total outstanding shares	153,713	100



In November 2020, Wihlborgs was certified as a Great Place to Work for the fifth year in a row. In the past few years, we have also been listed on Great Place to Work's lists of the best workplaces in Sweden and Denmark. Tove Gleisner is Wihlborgs' Director of HR and Magnus Leo is property caretaker for Dockan, Malmö.

Significant risks and uncertainty factors

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

During the year, Sweden and the rest of the world were affected by the Covid-19 pandemic. The effects from the spread have entailed serious consequences for people and companies. Wihlborgs' exposure to the segments most affected, such as hotels, restaurants and retail, is relatively small. It remains difficult to gain an overview of the pandemic's longterm consequences in terms of unemployment, consumption and society in general as well as for Wihlborgs' tenants. We are in an economic downturn but the duration of the downturn is difficult to forecast. Following individual assessments, we have given a number of our tenants discounts and deferrals of rent payments. This means that the cost of rental discounts increased in 2020, while rental losses are on a par with previous years. We anticipate that some of our customers will need continued support even during the beginning of 2021. In the long term, lower economic activity and rising unemployment could affect demand for commercial premises, which could adversely affect rent levels and property values as well as lead to increased long-term vacancies. Wihlborgs' financial position strengthened during the year and we have a stable position to start from before 2021.

There is a comprehensive description of the risks facing the Group on pages 79–84 and 100–101 in the Company's 2019 Annual Report.

Accounting policies

Wihlborgs follows the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as interpretations issued by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union. The Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Information under IAS 34 p.16A is submitted in the notes and elsewhere in the interim report.

Discounts provided as a result of Covid-19 are expensed entirely, reduced with state aid received, in the period they relate to. Otherwise the Group applies the same accounting policies and valuation methods as in the most recent annual report. Wihlborgs assesses that none of the new or amended standards approved by the EU, or interpretations from the IFRS Interpretations Committee, that entered force after 1 January 2020, affect its results or financial position in any material sense. The Group applies the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Corporate Groups and the Parent Company applies RFR 2.

The financial reports are found on page 15-19.

Proposal to the AGM

The Board of Directors will propose that the Annual General Meeting approves the following resolutions:

- a dividend of SEK 5.25 kronor (4.50) per share, making a total payment of SEK 807 million. The proposal represents an increase of 17 percent over the figure for the preceding year.
- authorization to the Board, in the period until the next AGM, to acquire and transfer Wihlborgs shares corresponding to no more than 10 percent of the shares outstanding.
- authorization to the Board, in the period until the next AGM, to approve a new share issue corresponding to a maximum of 10 percent of the shares outstanding.

The AGM will be held on 27 april 2021.

Malmö 16 February 2021

Wihlborgs Fastigheter AB (publ)

Ulrika Hallengren, CEO

This Year-end report has not been reviewed by the company's auditors.

Consolidated income statement summary

SEK m	2020 Oct-Dec 3 months	2019 Oct-Dec 3 months	2020 Jan-Dec 12 months	2019 Jan-Dec 12 months
Rental income	751	765	3,074	2,983
Operating costs	-121	-120	-429	-427
Repairs and maintenance	-30	-35	-97	-94
Property tax	-49	-51	-204	-199
Property administration	-28	-34	-122	-123
Total property costs	-228	-240	-852	-843
Operating surplus	523	525	2,222	2,140
Central administration	-22	-19	-77	-72
Interest income	4	3	14	14
Interest expense	-83	-84	-327	-336
Leasehold rent	-1	-1	-5	-5
Share in results of joint ventures	-2	32	3	34
Income from property management	419	456	1,830	1,775
Change in value of properties	404	1,023	826	1,479
Change in value of derivatives	44	285	-73	13
Pre-tax profit	867	1,764	2,583	3,267
Current tax	-13	0	-46	-54
Deferred tax	-160	-218	-315	-290
Profit for the period¹	694	1,546	2,222	2,923
OTHER TOTAL PROFIT/LOSS ²				
<i>Items that will be reclassified to profit or loss for the year:</i>				
Translation differences on recalculation of foreign operations	-161	-90	-121	41
Hedging of currency risk in foreign operations	164	81	122	-36
Tax attributable to items that will be reclassified to profit or loss for the year	-29	-12	-22	5
Other comprehensive income for the period	-26	-21	-21	10
Total comprehensive income for the period¹	668	1,525	2,201	2,933
Earnings per share ²	4.51	10.06	14.46	19.02
No. of shares at end of the period, thousands	153,713	153,713	153,713	153,713
Average no. of shares, thousands	153,713	153,713	153,713	153,713

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

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

Consolidated balance sheet summary

SEK m	31-12-2020	31-12-2019
ASSETS		
Investment properties	46,072	45,519
Right-of-use assets	149	169
Other fixed assets	385	389
Current receivables	150	201
Liquid assets	205	280
Total assets	46,961	46,558
EQUITY AND LIABILITIES		
Equity	19,396	17,887
Deferred tax liability	3,853	3,582
Borrowings	22,208	23,628
Lease liability	147	174
Derivatives	183	81
Other long-term liabilities	64	69
Current liabilities	1,110	1,137
Total equity & liabilities	46,961	46,558

Consolidated statement of changes in equity

SEK m	Jan-Dec 2020	Jan-Dec 2019
Total equity at beginning of period	17,887	15,530
Equity attributable to parent company's shareholders		
Opening amount	17,887	15,530
Dividend paid	-692	-576
Profit for the period	2,222	2,923
Other comprehensive income	-21	10
Closing amount	19,396	17,887
Equity attributable to minority shares with non-controlling interests	-	-
Total equity at end of period	19,396	17,887

Consolidated cash flow statement summary

SEK m	Oct-Dec 2020	Oct-Dec 2019	Full year 2020	Full year 2019
Operating activities				
Operating surplus	523	525	2,222	2,140
Central administration	-22	-19	-77	-72
Non-cash items	8	3	18	12
Interest received	2	0	4	7
Interest paid	-88	-84	-338	-341
Income tax paid	-61	-23	-66	-25
Change in other working capital	116	89	68	-37
Cashflow from operating activities	478	491	1,831	1,684
Investment activities				
Acquisitions of properties	-82	0	-327	-2,881
Investments in existing properties	-372	-475	-1,231	-1,659
Sales of properties	1,376	1,054	1,486	2,764
Change in other non-current assets	0	-12	-14	-8
Cash flow from investment activities	922	567	-86	-1,784
Financing activities				
Dividend paid	0	0	-692	-576
Change in borrowing	-2,034	-1,079	-1,120	774
Change in other long-term liabilities	-4	38	-8	-1
Cash flow from financing activities	-2,038	-1,041	-1,820	197
Cash flow for the period	-638	17	-75	97
Opening cash flow	843	263	280	183
Closing cash flow	205	280	205	280

Historical summary of last eight quarters

SEK m	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Rental income	751	775	767	781	765	743	757	718
Operating costs	-121	-88	-96	-124	-120	-87	-96	-124
Repairs and maintenance	-30	-24	-21	-22	-35	-19	-19	-21
Property tax	-49	-54	-52	-49	-51	-54	-50	-44
Property administration	-28	-35	-28	-31	-34	-31	-29	-29
Operating surplus	523	574	570	555	525	552	563	500
Income from property management	419	477	474	460	456	446	467	406
Profit for the period	694	820	364	344	1,546	450	616	311
Surplus ratio, %	69.6	74.1	74.3	71.1	68.6	74.3	74.4	69.6
Investment yield, %	4.5	4.9	4.9	4.8	4.6	4.9	5.1	4.6
Equity/assets ratio, %	41.3	38.4	37.6	38.3	38.4	35.3	35.1	35.2
Return on equity, %	14.6	17.9	8.0	7.6	36.1	11.2	15.5	7.9
Earnings per share, SEK	4.51	5.33	2.37	2.24	10.06	2.93	4.01	2.02
Income property management per share, SEK	2.73	3.10	3.08	2.99	2.97	2.90	3.04	2.64
Cash flow fr operating activities per share, SEK	3.11	3.08	3.11	2.65	3.19	3.16	2.97	1.63
EPRA net asset value per share, SEK	152.44	147.63	142.19	143.77	140.20	130.23	126.29	125.75
Share price as % of EPRA NAV	121.62	120.23	107.25	96.2	123.0	122.9	106.6	100.8
Carrying amount of properties	46,072	47,041	46,392	46,559	45,519	45,306	44,455	43,839
Equity	19,396	18,729	17,907	18,285	17,887	16,362	15,905	15,853
Total assets	46,961	48,762	47,616	47,795	46,558	46,318	45,330	45,039

Definitions of key ratios are available at www.wihlborgs.se/en/investor-relations/reports/

Consolidated segment reporting January–September

Property management SEK m	Malmö		Helsingborg		Lund		Copenhagen		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rental income	1,172	1,132	740	696	526	537	637	617	3,074	2,983
Property costs	-287	-287	-181	-178	-162	-162	-222	-215	-852	-843
Operating surplus	885	845	559	518	363	375	415	402	2,222	2,140

In the Group's internal reporting, activities are divided into the above segments, which are the same as described in the latest annual report. For a more detailed description of segments, see the annual report for 2019 pages 31-53. The total operating surplus shown above corresponds with the operating surplus recorded in the income statement.

The difference between the operating surplus of SEK 2,222 million (2,140) and the pre-tax profit of SEK 2,583 million (3,267) consists of central administration SEK -77 million (-72), financial net SEK -318 million (-327), share in results SEK 3 million (34) and changes in value of properties and derivatives SEK 753 million (1,492).

Parent company's income statement summary

SEK m	Jan–Dec 2020	Jan–Dec 2019
Income	215	192
Expenses	-203	-195
Operating profits	12	-3
Financial income	1,191	1,827
Financial expenses	-300	-385
Pre-tax profit	903	1,439
Appropriations	550	548
Tax	-126	-78
Profit for the period	1,327	1,909

Parent company's balance sheet summary

SEK m	31-12-2020	31-12-2019
Participations in Group companies	9,506	9,591
Receivables fr Group companies	14,231	13,399
Other assets	399	518
Cash and bank balances	54	116
Total assets	24,190	23,624
Equity	6,576	5,941
Liabilities to credit institutions	14,683	15,516
Derivatives	183	81
Liabilities to Group companies	2,634	1,997
Other liabilities	114	89
Total equity and liabilities	24,190	23,624

Key figures for the group		
SEK m	Jan–Dec 2020	Jan–Dec 2019
Financial		
Return on equity, %	11.9	17.5
Return on total capital, %	7.1	9.0
Equity/assets ratio, %	41.3	38.4
Interest coverage ratio, multiple	6.5	6.2
Leverage properties, %	48.2	51.9
Debt/equity ratio, multiple	1.2	1.3
Share-related		
Earnings per share, SEK	14.46	19.02
Earnings per share before tax, SEK	16.80	21.25
EPRA EPS, SEK	10.65	10.53
Cashflow from operations per share, SEK	11.91	10.96
Equity per share I, SEK	126.18	116.37
Equity per share II, SEK	151.25	139.67
EPRA NAV (net asset value) per share, SEK	152.44	140.20
Market value per share, SEK	185.40	172.50
Proposed dividend per share, SEK	5.25	4.50
Dividend yield, % ¹	2.8	2.6
Total return from share, %	10.1	72.1
P/E-ratio I, multiple	12.8	9.1
P/E-ratio II, multiple	17.4	16.4
Number of shares at the end of period, thousands	153,713	153,713
Average number of shares, thousands	153,713	153,713
Property-related		
Number of properties	294	312
Carrying amount of properties, SEK m	46,072	45,519
Estimated investment yield, % – all properties	4.6	4.9
Estimated direct return, % – excl project properties	4.8	5.0
Lettable area, m ²	2,102,707	2,181,359
Rental income, SEK per m ²	1,554	1,508
Operating surplus, SEK per m ²	1,011	1,015
Financial occupancy rate, % – all properties	90	93
Financial occupancy rate, % – excl project properties	91	93
Estimated surplus ratio, %	72	72
Employees		
Number of employees at period end	236	221

¹ The figure for 2020 relates to proposed dividend

Definitions and basis for key ratios are available at www.wihlborgs.se/en/investor-relations/reports/

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.



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