

Wihlborgs'
Interim report

2020

January–June

JANUARY–JUNE 2020

Rental income increased by 5 percent
to SEK 1,548 million (1,475)

Operating surplus increased by 6 percent
to SEK 1,125 million (1,063)

Income from property management
increased by 7 percent to
SEK 934 million (873)

Result for the period amounts to
SEK 708 million (927), corresponding to
earnings per share of SEK 4.61 (6.03)

January-June 2020

Group key figures, SEK m	2020 Jan-June	2019 Jan-June
Rental income	1,548	1,475
Operating surplus	1,125	1,063
Income property management	934	873
Changes in value of properties	87	277
Changes in value of derivatives	-116	-216
Result for the period	708	927
Earnings per share, SEK	4.61	6.03
Surplus ratio, %	73	72
Equity/assets ratio, %	37.6	35.1
Occupancy rate, %*	92	93
EPRA NAV per share, SEK	142.19	126.29

*) Excluding Projects & Land.

Baltzar City (Sankt Jörgen 21) in central Malmö is a retail and office property with tenants including Stadium, Bitte Kai Rand, Holy Greens, Cdon, Twilio, Resurs Bank and others.

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Forthcoming reports

Interim report Jan–Sep	23 Oct 2020
Year-end report Jan–Dec	16 Feb 2021
Interim report Jan–Mar	27 Apr 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 **6 July 2020 at 07:30 CEST**.

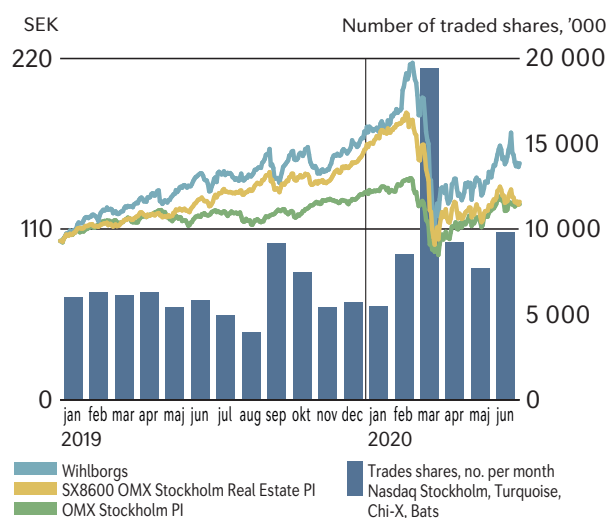
Financial targets

- 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

190101–300620



CONTACTS

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

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 46.4 billion. The annual rental value of the properties is SEK 3.4 billion. Wihlborgs shares are quoted on the Large Cap List of Nasdaq Stockholm.



CEO's comments

The second quarter of 2020 has been unlike any other quarter. The corona pandemic has caused, and continues to cause, a great deal of human suffering and many premature deaths. Large parts of the world have been closed for a period, health care is under immense pressure, travel has been limited significantly and several industries have been hit hard by reduced demand. Numerous measures have been taken by politicians, central banks and organisations around the world to manage the public health aspects of the crisis as well as the economic ones.

In the current situation, Wihlborgs has a responsibility to our employees, our customers and suppliers, the region where we operate and our owners. Most importantly, we need to create workplace conditions for employees and partners that ensure their health and well-being. In this way, we enable continued economic activity, which is a long-term condition for us as a company, as well as for our region and its inhabitants.

Despite the turbulence in the economy, I can see that many companies and organisations, like ourselves, are working with the future in mind, even in these times. This is evident in the positive net lettings we reported this quarter, for example. One of the major new agreements we signed this

quarter is a 15-year contract with Region Skåne for 3,700 m² in Dockan, Malmö. Activity among tenants in the logistics and production segment also remains healthy. In total, we signed new agreements worth SEK 49 million and net lettings amounted to SEK 4 million during the quarter.

Rental income in the second quarter amounted to SEK 767 million and the operating surplus was SEK 570 million, which represents a surplus ratio of 74 percent. Income as well as operating surplus was negatively affected by rent discounts of SEK 11 million, which we granted as a result of the Covid-19 situation. Income from property management was SEK 474 million. Considering the situation in our operating environment, I would describe these results as stable.

Our balance sheet has also remained strong. Net debt in relation to EBITDA amounted to 11 times, which is unchanged from the last few years. At the end of June, we had just over SEK 2.5 billion in unused credit facilities, meaning that we are not dependent on short-term fluctuations in the capital market. We can also note that access to capital improved significantly since the uncertainty began in early spring.

Based on continued activity among tenants and a

stable financial position for Wihlborgs, we are continuing to pursue our ongoing projects according to plan. We are also starting new projects, for example in Lund where we will conduct an extensive renovation of the Raffinaderiet 3 property and thereby create 5,800 m² of modern office space right next to Lund Central Station.

In the middle of this unusual quarter, on 23 May, Wihlborgs marked 15 years of being listed on Nasdaq Stockholm. Especially in these turbulent times, it can be worth reflecting over the development and growth that has occurred since 2005. Back then, we had properties with a market value of around SEK 7 billion, which has eventually grown to just over SEK 46 billion today. During this time, we have seen up and downswings on the market, but generally speaking our strategy has remained fixed.

“We need to be flexible, attentive and decisive to face the challenges that exist. But we won’t take our eye off our long-term strategy.”

Given the current situation, we need to be flexible, attentive and decisive to face the challenges that exist. But we won’t take our eye off our long-term strategy. We will continue to focus on efficient and customer-centric management and development of commercial properties in the Öresund region. We will also continue our commitment to the development of the region. For example, we are launching initiatives in which we will connect our tenants with young people to provide inspiration for education and future job opportunities. As a region-builder, we will do everything we can to ensure that both we and our region continue to develop and can face the future with strength and sustainability.



Ulrika Hallengren, CEO

Market comments

By winter, the economy had already begun to slow down, and the ongoing pandemic had a significant impact on both the Swedish and Danish economy during the spring, even if the restrictions that Sweden imposed were not as harsh as in many other countries. The GDP is expected to decline significantly in both Sweden and Denmark in 2020, to subsequently recover and increase in 2021. Forecasts are characterised by a great deal of uncertainty and several institutes are instead working with different scenarios. The Swedish government’s latest forecast points to a 6-percent downturn in the Swedish GDP for 2020, while the Danish Ministry of Finance is predicting a 5.3-percent downturn in Denmark. Nordea’s latest Regional Outlook, from May 2020, indicates that South Sweden is managing better than many other regions. GDP is forecast to decline only 5 percent in South Sweden, while in West Sweden the decline is expected to be 7 percent.

In Denmark, where pharmaceuticals and food are major industries, exports are holding steady. In Sweden, domestic consumption is keeping the economy afloat. With relatively sound state finances and a low national debt, these countries have more scope to manoeuvre to counteract the shrinking economy than many others. Unemployment has grown in both countries. When it comes to employment, South Sweden is again expected to perform better than other regions. Employment here is expected to decrease 2.0 percent in 2020, compared with 2.1 for West Sweden and 2.4 percent for Stockholm. Nor are the layoff figures higher than the national ones as a whole. According to Nordea, just over 4 percent have been given notice or laid off since the beginning of March. The forecast for the number of unemployed at the end of 2020 and 2021 suggests a lower increase than at the end of 2019 in Skåne County, compared with Stockholm and Västra Götaland.

Catella’s latest investor survey points toward a belief that we will see low inflation/deflation and low interest rates for a long time to come, which indicates continued investments in the property sector at the expense of other classes of assets. Public properties and rental housing remain attractive due to their stable cash flows, and within these sectors pricing appears stable. Logistics and light industry are also performing relatively well. Despite lower market activity the last few months, the transaction volume in Sweden has been high. The 12-month rolling period value in mid-June was approximately SEK 150 billion, compared with SEK 160 billion for 2019 according to Catella’s statistics. In Denmark, the property transaction market recovered quickly after a brief standstill according to Colliers, particularly within the logistics and warehouse segment. Colliers estimates that the transaction volume for the second half of 2020 will be twice as high as the first half. The pricing in the office and residential segments is expected to remain stable. A strong property transaction market is also expected in Sweden during the second half of the year, according to Newsec.

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, Jan-June 2020

Rental income

Rental income amounted to SEK 1,548 million (1,475) of which service income was SEK 157 million (161). Property acquisitions and divestments have contributed with net SEK 3 million (70) to rental income growth. Of income, SEK 12 million (12) 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 11 million net on rental income, after taking into account expected state subsidy of SEK 3 million, during the second quarter. For the second half of the year, discounts have been provided for SEK 2 million so far. Remaining increase in rental income is attributable to completed projects, renegotiations, new lettings and indexation in contracts. Furthermore, a stronger Danish Krona has resulted in an increase in income by SEK 5 million (9).

The total growth in rental income was 5 percent compared with the corresponding period 2019.

At the end of the period the occupancy rate for invest-

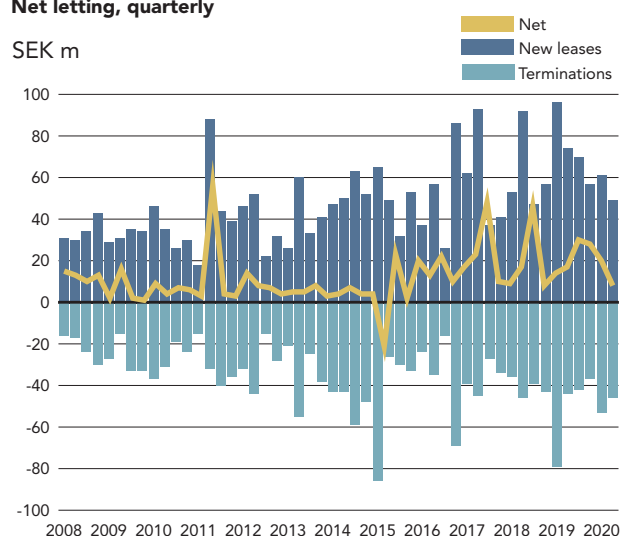
Terms of Wihlborgs' rental contracts per 30 June 2020

Cancellable rental value, SEK m



Net letting, quarterly

SEK m



In the second quarter of 2020, Wihlborgs signed a 15-year lease with Region Skåne for 3,700 m² at Kranen 2 in Malmö after winning a tender following a public procurement process. The lease pertains to premises for the Reproductive Medicine Center (RMC) and a speech therapy reception, both of which are currently in the grounds of Malmö hospital.

ment properties, excluding Projects & Land, is 92 percent which is one percentage point lower compared with year-end 2019.

During the period new leases were signed to a value of SEK 110 million (169) on an annualized basis. Lease terminations totalled SEK 98 million (122). This represents a net letting of SEK 12 million (47).

Property expenses

Total property expenses amounted to SEK 423 million (412). Bad debt losses was SEK 4 million (0) during the period. The remaining increase in property expenses is mainly due to property acquisitions and completed projects. The historical summary at the bottom of page 17 illustrates how costs vary over the different quarters of the year.

Operating surplus

The operating surplus amounted to SEK 1,125 million (1,063) representing a surplus ratio of 73 percent (72). Of the change, SEK -4 million (45) was attributable to property acquisitions and divestments.

Central administration

The costs for central administration were SEK 38 million (35).

Financial income and expense

Net interest totalled SEK -154 million (-152), of which interest income accounted for SEK 7 million (9).

The interest expense for the period, incl. realized effects from interest rate derivatives, was SEK 161 million (161). Leasehold rent amounted to SEK 3 million (3). Interest expense relating to interest rate derivatives amounted to SEK 14 million (29). At the end of the period, the average interest rate, including the cost of credit agreements, was 1.36 percent, compared with 1.28 percent at year-end.

Income from property management

Profit participation in joint ventures amounted to SEK 4 million (0). Income from property management amounted to SEK 934 million (873).

Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 905 million (934). During the period, value changes on properties amounted to SEK 87 million (277). Value changes on derivatives amounted to SEK -116 million (-216) of which SEK -113 million (-216) are attributable to interest rate derivatives and SEK -3 million (0) to other financial items.

Profit after taxes

The profit after taxes was SEK 708 million (927). Total tax amounted to SEK 197 million (7), of which current tax SEK 21 million (29) and deferred tax SEK 176 million. Deferred tax for the preceding year was a positive SEK 22 million.



Wihlborgs has signed an agreement with Folkandvården Skåne for a 700 m² expansion of its premises at Terminalen 1 (Helsingborg C) to a total of 2,100 m². Helsingborg C is also in the middle of a major transformation, where Wihlborgs is creating tomorrow's transport hub offering a safe and inviting atmosphere, a broader range of services and new office spaces all packaged in a new design.

Assets

Property portfolio as of 30 June 2020

The summaries below are based on Wihlborgs' property portfolio as of 30 June 2020. Rental income relates to contracted rental income on an annual basis as of 1 July 2020.

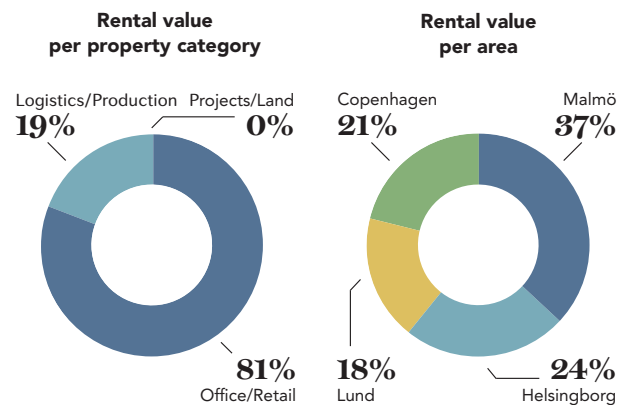
The operating surplus is based on the properties' earning capacity on an annual basis based on rental income for July 2020, operating and maintenance costs, property administration on a rolling twelve-month basis and property tax.

Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 30 June 2020 consisted of 314 properties (312) with a lettable area of 2,202,000 m² (2,181,000).

10 of the properties (10) are leasehold rights. The properties' carrying amount was SEK 46,392 million (45,519), which corresponds to the estimated market value. The total rental value was SEK 3,351 million (3,290) and the contracted rental income on annual basis SEK 3,077 million (3,059). The like-for-like increase in contracted rental income was 3.0 percent compared to 12 months previously.

The economic occupancy rate for Office/Retail properties was 92 percent (93) and for Logistics/Production properties 93 percent (93). The rental value for Office/Retail properties represented 81 percent and Logistics/Production properties 19 percent of the total rental value.

The operating surplus from investment properties, excluding property administration and Projects/Land, is SEK 2,370 million (2,357) which with a carrying amount of SEK 44,712 million (44,115) corresponds to a yield of 5.3 percent (5.3). Broken down by property category, this is 5.0 percent (5.1) for Office/Retail and 7.1 percent (7.0) for Logistics/Production.



At Raffinaderiet 3, adjacent to Lund Central Station, Wihlborgs is planning for the redevelopment and new construction of 5,800 m² of modern office space with an industrial look that respects the property's history. In addition to the renovation of the existing 4,900 m² buildings, a new 900 m² building will be added.

Changes in values of properties

By year-end the valuation of all Wihlborgs' properties is carried out by external valuers. The valuation of the properties as of 30 June 2020 has been made internally and resulted in a value increase at SEK 87 million (277). The yield requirements in the valuations have been largely unchanged during the quarter.

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 in the previous year. 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 30 June 2020 the carrying amount for the properties was SEK 46,392 million (45,519).

Changes in carrying amount of properties

Changes	Group total, SEK m
Carrying amount 1 January 2020	45,519
Acquisitions	140
Investments	585
Properties sold	0
Change in value	87
Currency translations	61
Carrying amount 30 June 2020	46,392

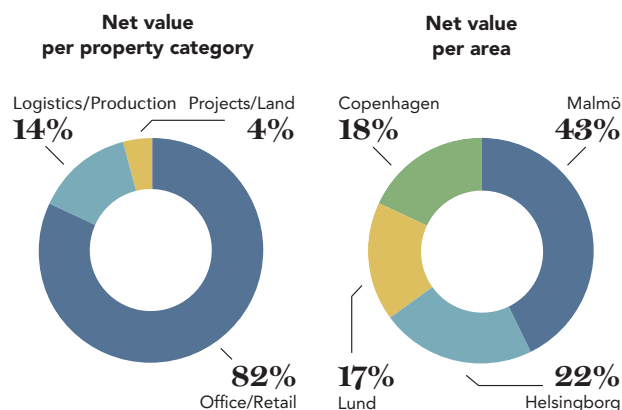
Investments and current projects

Investments in the property portfolio totalled SEK 585 million (807).

Approved investments in ongoing projects amount to SEK 1,824 million, of which 910 million had been invested at the end of period.

Investments in progress >SEK 50 million, 30 June 2020

Property	Category of use	Municipality	Completion date	Lettable area, m ²	Occupancy rate, %	Estimated investment, SEK m	Expended 30-06-2020, SEK m
Forskaren 1	Office/Retail	Malmö	Q3 2020	4,000	70	97	94
Stenåldern 7	Logistics/Production	Malmö	Q4 2020	4,300	100	78	69
Ursula 1	Office/Retail	Helsingborg	Q4 2020	13,000	50	405	262
Terminalen 1	Office/Retail	Helsingborg	Q4 2020	8,800	40	257	167
Musköten 20	Office/Retail	Helsingborg	Q4 2020	4,400	100	97	62
Sunnanå 12:54 a	Logistics/Production	Malmö	Q1 2021	3,600	100	96	16
Sunnanå 12:54 b	Logistics/Production	Malmö	Q1 2021	2,300	100	58	4
Kranen 2	Office/Retail	Malmö	Q4 2021	3,700	100	137	7
Raffinaderiet 3	Office/Retail	Lund	Q2 2022	5,800	0	114	2
Summa				49,900		1,339	683



Liquid assets

The Groups liquid assets totalled SEK 681 million (567) including unutilized overdraft facilities.

At the end of the period unutilized credit facilities amounted to SEK 2,536 million (3,106).

Given the ongoing pandemic, tenants have been granted rent deferrals in the amount of SEK 30 million, of which SEK 22 million relate to the second quarter and the remaining SEK 8 million to the second half of 2020.

Of the rent in the Swedish operations that fell due for payment (excluding granted deferrals) on the last day of June, 81 percent has been paid as of the due date, which can be compared with an average of 72 percent over the last five quarters. Generally speaking, rents for the third quarter in the Danish operations fall due for payment starting 7 July.

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	354,190	47,145	257,365	32,556	17,781 ¹	709,037	32
Helsingborg	202,873	61,180	286,752	40,112	13,046 ²	603,963	28
Lund	203,667	14,656	36,035	4,429	9,224 ³	268,011	12
Copenhagen	439,158	7,073	84,273	11,544	78,605 ⁴	620,653	28
Total	1,199,888	130,054	664,425	88,641	118,656	2,201,664	100
Share, %	55	6	30	4	5	100	

1) Includes 10,275 m² hotel.2) Includes 1,819 m² residential.3) Includes 8,215 m² hotel.4) Includes 38,848 m² data center 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, %	Operating surplus excl. property ad- min., SEK m	Yield excl property admin., %
Malmö											
Office/Retail	52	449	16,560	1,024	2,282	93	953	721	76	754	4.6
Logistics/Production	47	245	2,522	229	932	95	217	165	76	177	7.0
Projects & Land	21	15	868	2	143	-	2	1	-	1	-
Total Malmö	120	709	19,950	1,255	1,770	93	1,172	887	76	932	4.7
Helsingborg											
Office/Retail	31	231	6,348	459	1,985	94	430	328	76	340	5.4
Logistics/Production	62	373	3,224	331	887	91	302	223	74	239	7.4
Projects & Land	12	-	649	-	-	-	-	-2	-	-1	-
Total Helsingborg	105	604	10,221	790	1,308	93	732	549	75	578	5.7
Lund											
Office/Retail	26	245	7,568	584	2,381	88	513	349	68	394	5.2
Logistics/Production	4	23	212	18	805	99	18	14	76	15	7.0
Projects & Land	3	-	141	-	-	-	-	-	-	-	-
Total Lund	33	268	7,921	602	2,247	88	531	362	68	409	5.2
Copenhagen											
Office/Retail	47	567	7,680	656	1,157	91	596	400	67	417	5.4
Logistics/Production	8	54	598	48	897	94	45	33	74	34	5.7
Projects & Land	1	-	21	-	-	-	-	-	-	-	-
Total Copenhagen	56	621	8,299	704	1,134	91	641	433	68	451	5.4
Total Wihlborgs	314	2,202	46,392	3,351	1,522	92	3,077	2,232	73	2,370	5.1
Total excluding projects and land	277	2,187	44,712	3,349	1,532	92	3,074	2,233	73	2,370	5.3



In June, Wihlborgs signed an agreement for the sale of the Torrdockan 7 property in the Dockan area of Malmö, with planning permission for around 170 apartments and 700 m² of commercial space. The property (the open area in the middle of the photo) was previously planned for hotel development, but a new detailed development plan that enables the construction of housing has now entered force. The buyer is the housing developer JM and ownership will be transferred on 1 September 2020.

Property transactions

Wihlborgs did not complete any property transactions during the second quarter.

Property transactions January–June 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	140	6,6
Total acquisitions 2020					19,636	140	6.6
Sales							
-	-	-	-	-	-	-	-
Total sales 2020					-	-	-

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

Liabilities and equity

As of 30 June 2020 equity totalled SEK 17,907 million (17,887) after dividend payment of SEK 691 million in the second quarter. The equity/assets ratio stood at 37.6 percent (38.4).

Interest-bearing liabilities

The group's interest-bearing liabilities as of 30 June amounted to SEK 24,350 million (23,628) with an average interest rate including costs for credit agreements of 1.36 percent (1.28).

With consideration to the company's net debt of SEK 24.4 billion, the loan-to-value ratio is 52.5 percent (51.9) as a percentage of property values.

The loans' average fixed interest period including effects of derivatives on 30 June 2020 amounted to 3.3 years (3.5). The average loan maturity, including committed credit facilities, amounted to 5.8 years (5.7).

Structure of interest and loan maturities as of 30 June 2020

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEK m	Av. interest rate, %	Credit ag., SEK m	Utilised, SEK m
2020	10,019	1.19	1,336	1,336
2021	2,199	1.01	9,889	8,633
2022	1,630	1.15	7,582	6,302
2023	2,430	1.38	150	150
2024	1,288	1.55	0	0
>2024	6,784	1.61	7,929	7,929
Total	24,350	1.33*	26,886	24,350

*) Excluding costs for credit agreements

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

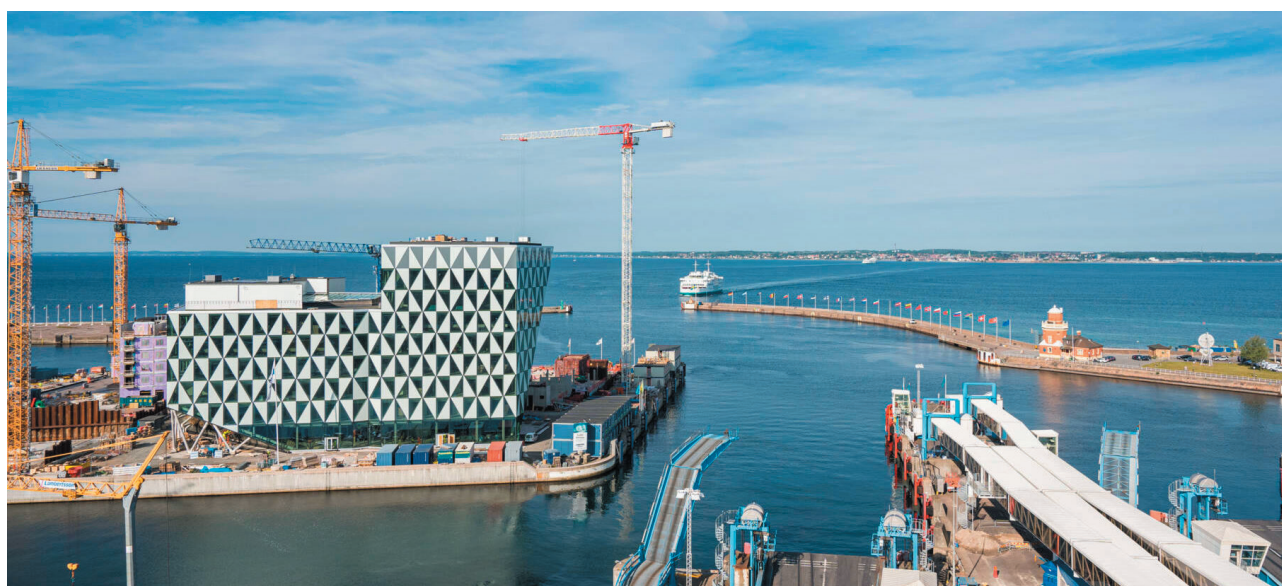
Interest rate derivatives portfolio 30 June 2020

Interest rate swaps		
Maturity	Amount, SEK m	Interest, %
2020	815	0.00
2021	2,130	0.05
2022	1,630	0.16
2023	2,430	0.39
2024	1,288	0.56
>2024	5,044	0.64
Total	13,337	0.39

The deficit value in Wihlborgs' interest rate derivative portfolio amounted to SEK 193 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.



The office highest up on Helsingborg C (Terminalen 1) has a view over Helsingborg's new district of Oceanhamnen, with Wihlborgs' office project Prisma (Ursula 1) as the area's iconic building. Prisma, with the tech hub Hetch at its core, will be ready for occupancy by the end of 2020.

Miscellaneous

Employees

At the end of the period, the number of FTEs at Wihlborgs was 228 (221), of which 102 (97) were in property service.

Of the total number of FTEs, 76 were in Malmö, 31 in Helsingborg, 28 in Lund and 93 in Copenhagen. The average age of employees is 43 years and women make up 40 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 1 million (736), 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 10.3 percent of the shares outstanding. Information about holdings at 30 June 2020 was not available when this report was being prepared.

Significant risks and uncertainty factors

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

Sweden and the rest of the world were hit by the Covid-19 pandemic in the first quarter. 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 consequences in terms of unemployment, consumption and society in general as well as for Wihlborgs' tenants. Many signs point toward an economic downturn. Our assessment is that short-term risks in terms of doubtful receivables and credit losses have increased. 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.

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.



In April, the Great Place to Work organisation presented its list of Sweden's Best Workplaces. Wihlborgs was on the list for the third consecutive year, capturing 13th place in the medium-sized company category – an improvement of 11 places. Efforts to develop the corporate culture represent a strategic initiative to generate commitment and pride among employees and thereby create favourable results in the company.

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 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.

Events after the accounting period

On 1 July, Wihlborgs took possession of the Bläckhornet 1 property, which includes land in Hyllie acquired from the City of Malmö.

Malmö 6 July 2020

Wihlborgs Fastigheter AB (publ)

Anders Jarl <i>Chairman</i>	Per-Ingemar Persson <i>Deputy Chairman</i>	Tina Andersson <i>Board member</i>
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Sara Karlsson <i>Board member</i>	Jan Litborn <i>Board member</i>	Helen Olausson <i>Board member</i>
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Johan Qviberg <i>Board member</i>	Ulrika Hallengren <i>CEO</i>
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This interim report has not been reviewed by the company's auditors. The Board of Directors and the CEO offer assurance that the interim report provides a fair summary of the parent company's and the Group's business activities, status and profits, and describes the significant risks and uncertainty factors faced by the parent company and the companies that are part of the Group

Consolidated income statement summary

SEK m	2020 April-June 3 months	2019 April-June 3 months	2020 Jan-June 6 months	2019 Jan-June 6 months	2019/2020 July-June 12 months	2019 Jan-Dec 12 months
Rental income	767	757	1,548	1,475	3,056	2,983
Operating costs	-96	-96	-220	-220	-427	-427
Repairs and maintenance	-21	-19	-43	-40	-97	-94
Property tax	-52	-50	-101	-94	-206	-199
Property administration	-28	-29	-59	-58	-124	-123
Total property costs	-197	-194	-423	-412	-854	-843
Operating surplus	570	563	1,125	1,063	2,202	2,140
Central administration	-18	-18	-38	-35	-75	-72
Interest income	4	5	7	9	12	14
Interest expense	-82	-81	-161	-161	-336	-336
Leasehold rent	-2	-2	-3	-3	-5	-5
Share in results of joint ventures	2	0	4	0	38	34
Income from property management	474	467	934	873	1,836	1,775
Change in value of properties	28	204	87	277	1,289	1,479
Change in value of derivatives	-24	-135	-116	-216	113	13
Pre-tax profit	478	536	905	934	3,238	3,267
Current tax	-11	-20	-21	-29	-46	-54
Deferred tax	-103	100	-176	22	-488	-290
Profit for the period¹	364	616	708	927	2,704	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	-176	57	23	103	-39	41
Hedging of currency risk in foreign operations	150	-53	-24	-92	32	-36
Tax attributable to items that will be reclassified to profit or loss for the year	-25	8	4	13	-4	5
Other comprehensive income for the period	-51	12	3	24	-11	10
Total comprehensive income for the period¹	313	628	711	951	2,693	2,933
Earnings per share ²	2.37	4.01	4.61	6.03	17.59	19.02
No. of shares at end of the period, thousands	153,713	153,713	153,713	153,713	153,713	153,713
Average no. of shares, thousands	153,713	153,713	153,713	153,713	153,713	153,713

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

2) 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	30-06-2020	30-06-2019	31-12-2019
ASSETS			
Investment properties	46,392	44,455	45,519
Right-of-use assets	168	146	169
Other fixed assets	390	348	389
Current receivables	249	208	201
Liquid assets	417	173	280
Total assets	47,616	45,330	46,558
EQUITY AND LIABILITIES			
Equity	17,907	15,905	17,887
Deferred tax liability	3,756	3,266	3,582
Borrowings	24,350	24,667	23,628
Lease liability	167	156	174
Derivatives	193	242	81
Other long-term liabilities	71	69	69
Current liabilities	1,172	1,025	1,137
Total equity & liabilities	47,616	45,330	46,558

Consolidated statement of changes in equity

SEK m	Jan-June 2020	Jan-June 2019	Jan-Dec 2019
Total equity at beginning of period	17,887	15,530	15,530
Equity attributable to parent company's shareholders			
Opening amount	17,887	15,530	15,530
Dividend paid	-691	-576	-576
Profit for the period	708	927	2,923
Other comprehensive income	3	24	10
Closing amount	17,907	15,905	17,887
Equity attributable to minority shares with non-controlling interests	-	-	-
Total equity at end of period	17,907	15,905	17,887

Consolidated cash flow statement summary

SEK m	April-June 2020	April-June 2019	Jan-June 2020	Jan-June 2019	Jan-Dec 2019
Operating activities					
Operating surplus	570	563	1,125	1,063	2,140
Central administration	-18	-18	-38	-35	-72
Non-cash items	-11	3	-5	5	12
Interest received	2	2	2	6	7
Interest paid	-87	-84	-171	-169	-341
Income tax paid	-3	0	-5	-2	-25
Change in other working capital	25	-9	-22	-160	-37
Cashflow from operating activities	478	457	886	708	1,684
Investment activities					
Acquisitions of properties	0	-1,255	-140	-2,665	-2,881
Investments in existing properties	-248	-401	-585	-807	-1,659
Sales of properties	0	1,400	0	1,710	2,764
Change in other non-current assets	7	-3	7	13	-8
Cash flow from investment activities	-241	-259	-718	-1,749	-1,784
Financing activities					
Dividend paid	-691	-576	-691	-576	-576
Change in borrowing	481	77	664	1,609	774
Change in other long-term liabilities	-1	0	-4	-2	-1
Cash flow from financing activities	-211	-499	-31	1,031	197
Cash flow for the period	26	-301	137	-10	97
Opening cash flow	391	474	280	183	183
Closing cash flow	417	173	417	173	280

Historical summary of last eight quarters

SEK m	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Rental income	767	781	765	743	757	718	687	667
Operating costs	-96	-124	-120	-87	-96	-124	-105	-74
Repairs and maintenance	-21	-22	-35	-19	-19	-21	-29	-19
Property tax	-52	-49	-51	-54	-50	-44	-39	-39
Leasehold rent	-	-	-	-	-	-	-1	-2
Property administration	-28	-31	-34	-31	-29	-29	-34	-28
Operating surplus	570	555	525	552	563	500	479	505
Income from property management	474	460	456	446	467	406	355	372
Profit for the period	364	344	1,546	450	616	311	934	546
Surplus ratio, %	74.3	71.1	68.6	74.3	74.4	69.6	69.7	75.7
Investment yield, %	4.9	4.8	4.6	4.9	5.1	4.6	4.7	5.0
Equity/assets ratio, %	37.6	38.3	38.4	35.3	35.1	35.2	36.3	35.7
Return on equity, %	8.0	7.6	36.1	11.2	15.5	7.9	24.8	15.2
Earnings per share, SEK	2.37	2.24	10.06	2.93	4.01	2.02	6.08	3.55
Income property management per share, SEK	3.08	2.99	2.97	2.90	3.04	2.64	2.31	2.42
Cash flow fr operating activities per share, SEK	3.11	2.65	3.19	3.16	2.97	1.63	3.23	2.35
EPRA net asset value per share, SEK	142.19	143.77	140.20	130.23	126.29	125.75	122.64	120.58
Share price as % of EPRA NAV	107.25	96.2	123.0	122.9	106.6	100.8	83.5	88.7
Carrying amount of properties	46,392	46,559	45,519	45,306	44,455	43,839	42,146	40,260
Equity	17,907	18,285	17,887	16,362	15,905	15,853	15,530	14,600
Total assets	47,616	47,795	46,558	46,318	45,330	45,039	42,742	40,883

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

Consolidated segment reporting Jan–June

Property management SEK m	Malmö		Helsingborg		Lund		Copenhagen		Totalt	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rental income	593	552	366	335	270	273	318	315	1,548	1,475
Property costs	-142	-142	-93	-80	-81	-79	-106	-111	-423	-412
Operating surplus	451	410	273	255	189	194	212	204	1,125	1,063

In the Group's internal reporting, activities are divided into the above segments, which are the same as described in the latest annual report. The total operating surplus shown above corresponds with the operating surplus recorded in the income statement.

The difference between the operating surplus of SEK 1,125 million (1,063) and the pre-tax profit of SEK 905 million (934) consists of central administration SEK -38 million (-35), financial net SEK -157 million (-155), share in results SEK 4 million (0) and changes in value of properties and derivatives SEK -29 million (61).

Parent company's income statement summary

SEK m	Jan-June 2020	Jan-June 2019	Jan-Dec 2019
Income	105	85	192
Expenses	-100	-91	-195
Operating profits	5	-6	-3
Financial income	1,143	1,453	1,827
Financial expenses	-274	-453	-385
Pre-tax profit	874	994	1,439
Appropriations	-	-	548
Tax	-44	63	-78
Profit for the period	830	1,057	1,909

Parent company's balance sheet summary

SEK m	30-06-2020	30-06-2019	31-12-2019
Participations in Group companies	9,592	10,241	9,591
Receivables fr Group companies	14,747	14,338	13,399
Other assets	474	669	518
Cash and bank balances	257	258	116
Total assets	25,070	25,506	23,624
Equity	6,079	5,089	5,941
Liabilities to credit institutions	16,530	17,690	15,516
Derivatives	193	242	81
Liabilities to Group companies	2,183	2,320	1,997
Other liabilities	85	165	89
Total equity and liabilities	25,070	25,506	23,624

Key figures for the group				
SEK m	Jan-June 2020	Jan-June 2019	July-June 2019/2020	Jan-Dec 2019
Financial				
Return on equity, %	7.9	11.8	16.0	17.5
Return on total capital, %	5.6	6.6	8.3	9.0
Equity/assets ratio, %	37.6	35.1	37.6	38.4
Interest coverage ratio, multiple	6.7	6.3	6.4	6.2
Leverage properties, %	52.5	55.5	52.5	51.9
Debt/equity ratio, multiple	1.4	1.6	1.4	1.3
Share-related				
Earnings per share, SEK	4.61	6.03	17.59	19.02
Earnings per share before tax, SEK	5.89	6.08	21.07	21.25
EPRA EPS, SEK	5.52	5.27	10.78	10.53
Cashflow from operations per share, SEK	5.76	4.61	12.11	10.96
Equity per share I, SEK	116.50	103.47	116.50	116.37
Equity per share II, SEK	140.93	124.72	140.93	139.67
EPRA NAV (net asset value) per share, SEK	142.19	126.29	142.19	140.20
Market value per share, SEK	152.50	134.60	152.50	172.50
Proposed dividend per share, SEK	-	-	-	4.50
Dividend yield, % ¹	-	-	-	2.6
Total return from share, % ¹	-	-	-	72.1
P/E-ratio I, multiple	16.5	11.2	8.7	9.1
P/E-ratio II, multiple	13.8	12.8	14.1	16.4
Number of shares at the end of period, thousands	153,713	153,713	153,713	153,713
Average number of shares, thousands	153,713	153,713	153,713	153,713
Property-related				
Number of properties	314	313	314	312
Carrying amount of properties, SEK m	46,392	44,455	46,392	45,519
Estimated investment yield, % – all properties	4.8	4.8	4.8	4.9
Estimated direct return, % – excl project properties	5.0	5.1	5.0	5.0
Lettable area, m ²	2,201,664	2,174,936	2,201,664	2,181,359
Rental income, SEK per m ²	1,522	1,491	1,522	1,508
Operating surplus, SEK per m ²	1,014	991	1,014	1,015
Financial occupancy rate, % – all properties	92	92	92	93
Financial occupancy rate, % – excl project properties	92	93	92	93
Estimated surplus ratio, %	73	72	73	72
Employees				
Number of employees at period end	228	208	228	221

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.



Malmö – Headquarters

Wihlborgs Fastigheter AB
Box 97, SE-201 20 Malmö
Visitors: Stora Varvgatan 11A
Tel: +46 40 690 57 00

Helsingborg

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

Lund

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

Danmark

Wihlborgs A/S
Mileparken 22A
DK-2740 Skovlunde, Denmark
Tel: +45 396 161 57