

Wihlborgs'
Interim report

2020

January–September

JANUARY–SEPTEMBER 2020

Rental income increased by 5 percent
to SEK 2,323 million (2,218)

Operating surplus increased by 5 percent
to SEK 1,699 million (1,615)

Income from property management
increased by 7 percent to
SEK 1,411 million (1,319)

Result for the period amounts to
SEK 1,528 million (1,377), corresponding
to earnings per share of SEK 9.94 kr (8.96)

January–September 2020

Group key figures, SEK m	2020	2019	2020	2019
	Jul–Sep	Jul–Sep	Jan–Sep	Jan–Sep
Rental income	775	743	2,323	2,218
Operating surplus	574	552	1,699	1,615
Income property management	477	446	1,411	1,319
Changes in value of properties	335	179	422	456
Changes in value of derivatives	-1	-56	-117	-272
Result for the period	820	450	1,528	1,377
Earnings per share, SEK	5.33	2.93	9.94	8.96
Surplus ratio, %	74	74	73	73
Equity/assets ratio, %	38.4	35.3	38.4	35.3
Occupancy rate, %*	91	92	91	92
EPRA NAV per share, SEK	147.63	130.23	147.63	130.23

*) Excluding Projects & Land.

In September, Wihlborgs was awarded the City of Malmö's "Gröna Larsen" prize for the office project Origo (Bure 2). The prize recognises an environmentally sustainable building that contributes to a lasting urban environment and a climate-smart lifestyle. The jury highlighted such aspects as the building's comprehensive vision for sustainability and the environment with particular care given to comfort and well-being, the balconies, the building's design that fits in well with the surrounding residential area and its high environmental performance.

Contents

CEO's comments	04
Market comments	05
Income, expenses and profit	06
Assets	08
Liabilities and equity	12
Financial reports	15

Forthcoming reports

Year-end report Jan–Dec	16 February 2021
Annual report	April 2021
Interim report Jan–Mar	27 April 2021
Interim report Jan–Jun	12 July 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 **23 October 2020 at 07:30 CEST**.

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 47.0 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.

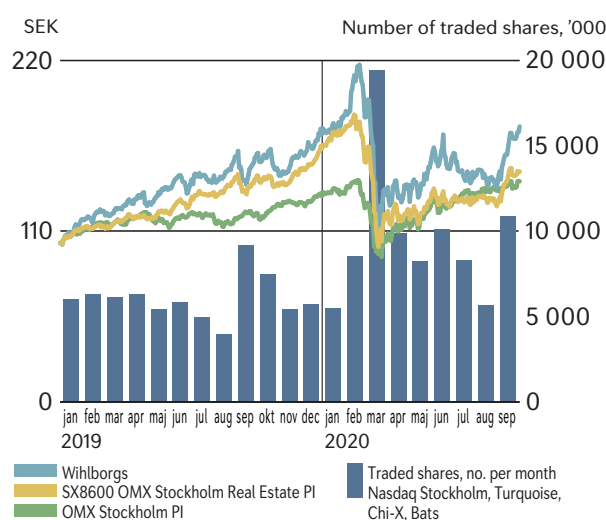
Financial targets

- 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

190101–200930



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



CEO's comments

2020 continues to be marked by the pandemic, and we are all impacted by its effects. We see examples of customers who are struggling with difficult conditions on a daily basis, but we also see a large number of companies and organisations finding new ways to develop in the face of a new reality. Thus far, the diverse structure of the Öresund region's business community has helped reduce the impact of the pandemic on economic growth compared with many other regions. Nevertheless, we must, just as other companies, work with a long-term perspective when it comes to the impact that Covid-19 is having on society at large.

Caution prevailed in the first two months of the quarter, and it was primarily in September that forward-looking work could pick up speed. Against this backdrop, it is positive that activity has now increased at our existing and potential tenants. Decision processes are still more prolonged than usual, but there has been an increase in the number of enquiries for premises quarter on quarter. Our net lettings were also positive this quarter, albeit at a somewhat modest level, plus SEK 3 million. We have also noted that this was mainly the result of many minor transactions. Our results build on our daily work with small and large customers, an increased level of service and always being close to our tenants.

We signed agreements to sell 21 logistics and production properties in Malmö during the third quarter, with the transfer set for 1 December. The properties encompass 124,000 m² and the property value of the transaction is

SEK 1,430 million. For Wihlborgs, this sale allows us to continue to focus on the most attractive sub-areas in our markets at the same time as we can realise the value of properties we have managed and developed for a long time. This provides us with a strong position from which we can continue to grow.

Our profit also increased for the third quarter. Rental income and operating surplus rose 4 percent in the quarter, to SEK 775 million and SEK 574 million respectively. Once again, we have beaten our record for our most important focus area, income from property management, which grew 7 percent to SEK 477 million. In addition, positive changes in value to our properties totalled SEK 335 million. These results provide us with a strong balance sheet, and as of 30 September, our equity/assets ratio stood at 38.4 percent and the loan-to-value ratio was 52 percent.

On 1 October, we acquired the Baldersbuen 5 property in Hedehusene, outside Copenhagen. The property has a prime logistics location with a plot of 55,000 m² and a lettable area of 6,300 m².

It is also gratifying that we now in October have signed agreements to let the remaining 4,400 m² in the Kranen 2 property in Malmö. As such, the property is fully let to public sector tenants with operations benefiting the entire Dockan area.

Our major projects have continued as planned in terms of timetables and expenses despite the pandemic. The completion phase of Prisma in Helsingborg, a unique

product for the city with both location and design, will start in the fourth quarter. It will take an additional eight months before the cycle and pedestrian bridge that the city is building is in place, but when completed, it will provide direct access to Prisma from Helsingborg C. Final discussions concerning the remaining lettable area of Prisma have taken a little longer than desired, but all of the floors now have tenants. Ongoing negotiations with potential customers are continuing for the last available areas.

“Our results build on our daily work with small and large customers, an increased level of service and always being close to our tenants.”

Sustainability efforts have received an additional dimension during the year as we and our customers are now finding long-term solutions for working healthily and safely. The use of digital tools is naturally a great help, but we have also noted increased demand for premises that allow people to meet while maintaining social distancing. From our perspective, we are able to meet safely thanks to the design of our offices. A safe workplace is crucial for sustainability in these times. We are also continuing to develop our sustainability efforts in terms of the environment. Wihlborgs is one of the first companies in Sweden to have had a building certified (Syret 6 in Lund) in accordance with Miljöbyggnad In Use. This is a new certification system that we will now start to apply to properties in the existing portfolio. We are also proud that the Origo office building (Bure 2) in Malmö has been awarded the City of Malmö’s environmental building prize “Gröna Lansen”.

Market conditions and the pace of economic recovery is creating some uncertainty moving forward. It will be more important than ever to work close to our tenants, and that we act quickly and flexibly when it comes to finding solutions for customers’ needs. With our strong market position and focus on modern office properties in the right locations, we believe that we are well-positioned to remain the first-choice provider for our tenants also in the future. As such, we can continue to develop our region together with our tenants, and thereby enable continued growth for Wihlborgs.



Ulrika Hallengren, CEO

Market comments

From many perspectives, it was a difficult spring, not least financially. Now, however, a broad recovery is afoot. Highly expansionary finance and monetary policies, both in Sweden and internationally, have cushioned the recession and created favourable conditions for a speedy recovery.

The corona crisis is expected to be considerably less severe than the financial crisis and not as notable in South Sweden as in other metropolitan areas, according to Nordea’s Regional Outlook from September 2020. GRP is expected to decline 2 percent in 2020 before increasing 3.5 percent in 2021. Sweden’s major cities have been hit harder than the rest of the country as the service sector has declined.

Lay-off figures are lower and business sentiment among companies is not as disheartening as in other regions. The retail and manufacturing sectors are even showing slightly better levels than normal. Employment has fallen in South Sweden but the number of new sign-ups at the public employment agency is lower than in other regions, which also applies to the number of young people.

According to SEB’s Nordic Outlook from September 2020, Denmark has healthy prerequisites to be among the countries leading the recovery. SEB adjusted its prognosis for GDP development in 2020 upward to a decrease of 4.5 percent. As in Sweden, the negative impact on the housing market has been surprisingly little, and prices have also begun to rise in Denmark.

It should, however, be noted that the rate of infection has risen dramatically in both Sweden and Denmark over the past few weeks. Depending on how this develops and is handled, it could have a significant effect on economic development moving forward.

Following a strong beginning to the year, the transaction volume fell sharply when the pandemic struck. According to Cushman & Wakefield, the transaction volume for the third quarter of 2020 was approximately 60 percent lower year-on-year, and half of that for the corresponding period for 2018. However, demand has returned, not least for international investors. Interest is strongest among US and British investors, who accounted for approximately 30 percent of the volume. Assets with strong cash flow, such as homes and public property, are going strong. Industry and logistics are also attractive classes of assets.

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–September 2020

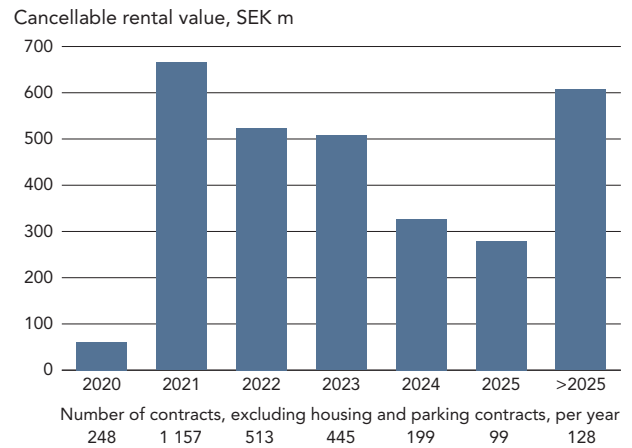
Rental income

Rental income amounted to SEK 2,323 million (2,218) of which service income was SEK 231 million (224). Property acquisitions and divestments have contributed with net SEK -6 million (106). Of income, SEK 12 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 14 million net on rental income, after taking into account expected state subsidy of SEK 4 million. For the fourth quarter, discounts have been provided for SEK 3 million so far. Remaining increase in rental income is attributable to completed projects, renegotiations, new lettings and indexation in contracts. Currency effects amounted to SEK 0 million (14) for the period.

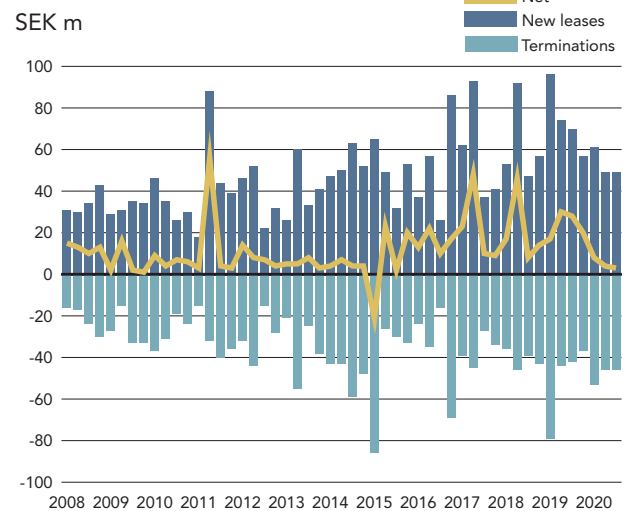
The total growth in rental income was 5 percent compared with the corresponding period 2019.

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

Terms of Wihlborgs' contracts per 30 September 2020



Net letting, quarterly



In the third quarter, Wihlborgs completed a new 4,000 m² building at Forskaren 1 in the Medeon Science Park in Malmö. Medeon is a research park focusing on life sciences. The approximately 60 companies at Medeon can leverage close collaboration with the healthcare sector and academia, incubator and networking functions as well as shared services.

ment 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 159 million (240) on an annualized basis. Lease terminations totalled SEK 144 million (165). This represents a net letting of SEK 15 million (75).

Property expenses

Total property expenses amounted to SEK 624 million (603). Bad debt losses was SEK 4 million (3) during the period. The remaining increase in property expenses is mainly due to increased property tax and a slight increase in 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 1,699 million (1,615) representing a surplus ratio of 73 percent (73). Of the change, SEK -12 million (65) was attributable to property acquisitions and divestments.

Central administration

The costs for central administration were SEK 55 million (53).

Financial income and expense

Net interest totalled SEK -238 million (-245), of which interest income accounted for SEK 10 million (11). The interest expense for the period, incl. realized effects from interest rate derivatives, was SEK 244 million (252). Leasehold rent

amounted to SEK 4 million (4). Interest expense relating to interest rate derivatives amounted to SEK 24 million (47). 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 5 million (2). Income from property management amounted to SEK 1,411 million (1,319).

Pre-tax profit

The pre-tax profit, i.e. after value changes on properties and derivatives, was SEK 1,716 million (1,503). During the period, value changes on properties amounted to SEK 422 million (456). Value changes on derivatives amounted to SEK -117 million (-272) of which SEK -149 million (-272) are attributable to interest rate derivatives and SEK 32 million (0) to other financial items.

Profit after taxes

The profit after taxes was SEK 1,528 million (1,377). Total tax amounted to SEK 188 million (126), of which current tax SEK 33 million (54) and deferred tax SEK 155 million (72). The agreed sale of 21 properties has positively impacted deferred tax by SEK 132 million as the sale will take place using corporate wrappers. In addition, tax reassessments for previous years positively impacted deferred tax by SEK 43 million for the period.



Wihlborgs' annual kick-off was carried out this year under adapted conditions due to the coronavirus. Wihlborgs' business, customers and market were discussed in small groups interspersed with digital segments and market analysis. Elsa Hagdahl, Property Certification Manager and Natalie Andersson, Finance Assistant can be seen in the image.

Assets

Property portfolio as of 30 september 2020

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

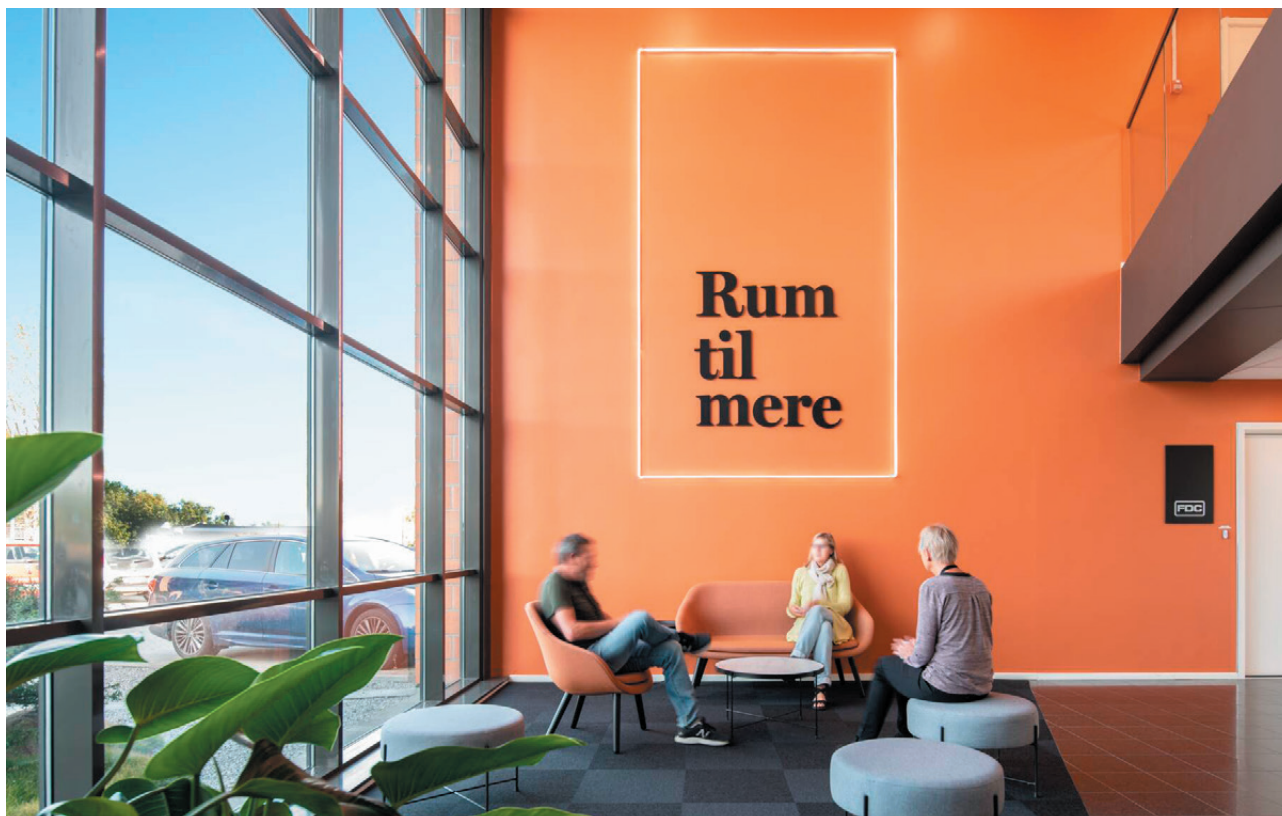
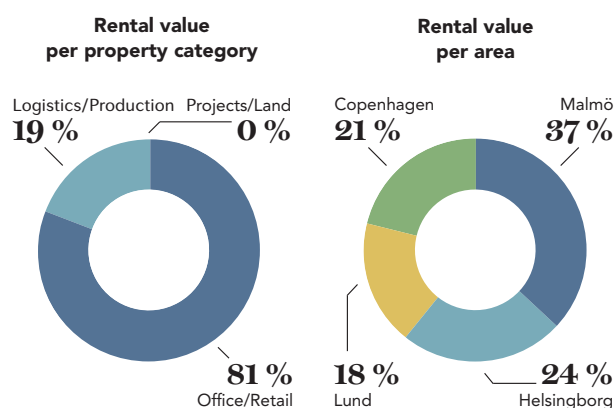
The operating surplus is based on the properties' earning capacity on an annual basis based on rental income for October 2020, operating and maintenance costs, property administration on a rolling twelve-month basis and property tax.

Wihlborgs' property portfolio consists of commercial properties in the Öresund region, located in Malmö, Helsingborg, Lund and Copenhagen. The property portfolio 30 september 2020 consisted of 314 properties (312) with a lettable area of 2,210,000 m² (2,181,000).

10 of the properties (10) are leasehold rights. The properties' carrying amount was SEK 47,041 million (45,519), which corresponds to the estimated market value. The total rental value was SEK 3,371 million (3,290) and the contracted rental income on annual basis SEK 3,063 million (3,059). The like-for-like increase in contracted rental income was 2.0 percent compared to 12 months previously.

The economic occupancy rate for Office/Retail properties was 91 percent (93) and for Logistics/Production properties 91 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 2,361 million (2,357) which with a carrying amount of SEK 45,477 million (44,115) corresponds to a yield of 5.2 percent (5.3). Broken down by property category, this is 4.9 percent (5.1) for Office/Retail and 6.5 percent (7.0) for Logistics/Production.



Lautrupvang 12 is a newly renovated office building in Ballerup in Denmark. The property has good transportation links and comes with shared facilities such as lounge areas, meeting rooms and lunch restaurants. Wihlborgs' own conference centre is also nearby, in which tenants can book meeting and conference rooms for large and small events.

Changes in values of properties

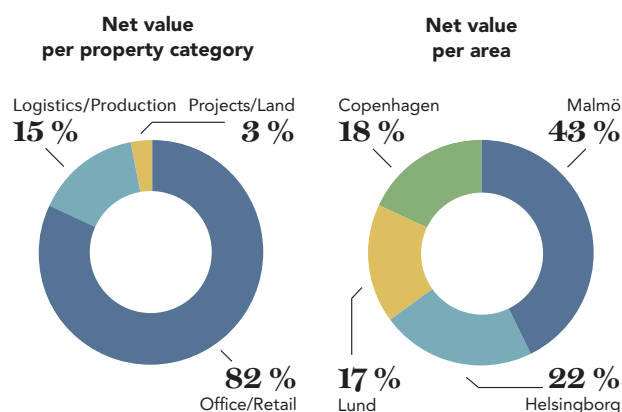
By year-end the valuation of all Wihlborgs' properties is carried out by external valuers. The valuation of the properties as of 30 September 2020 has primarily been made internally and resulted in a value increase at SEK 422 million (456). Lower inflation assumptions in the valuation models have negatively impacted property values. The sale of 21 properties in the logistics/production segment agreed in September has in part meant that the value of the sold properties has increased, and in part that the yield requirement on other properties in this segment has declined.

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 30 September 2020 the carrying amount for the properties is SEK 47,041 million (45,519).

Changes in carrying amount of properties

Changes	Group total, SEK m
Carrying amount 1 January 2020	45,519
Acquisitions	245
Investments	859
Properties sold	-110
Change in value	422
Currency translations	106
Carrying amount 30 September 2020	47,041



Investments and current projects

Investments in the property portfolio totalled SEK 859 million (1,184).

Approved investments in ongoing projects amount to SEK 1,796 million, of which 998 million had been invested at the end of period.

Liquid assets

The Groups liquid assets totalled SEK 1,203 million (567) including unutilized overdraft facilities.

At the end of the period unutilized credit facilities amounted to SEK 2,524 million (3,106).

Given the ongoing pandemic, tenants have been granted rent deferrals in the amount of SEK 32 million, of which the majority falls due within 6 months.

Of the rent that fell due for payment (excluding granted deferrals) on the last day of September 95 percent has been paid as of 20 October, which is in line with an average over the last six quarters.

Investments in progress >SEK 50 million, 30 September 2020

Property	Category of use	Municipality	Completion date	Lettable area, m ²	Occupancy rate, %	Estimated investment, SEK m	Expended 30-09-2020, SEK m
Stenåldern 7	Logistics/Production	Malmö	Q4 2020	4,300	100	78	71
Ursula 1	Office/Retail	Helsingborg	Q4 2020	13,000	50	405	299
Terminalen 1	Office/Retail	Helsingborg	Q4 2020	8,800	50	257	183
Musköten 20	Office/Retail	Helsingborg	Q4 2020	4,400	100	97	73
Sunnanå 12:54 a	Logistics/Production	Malmö	Q1 2021	3,600	100	96	39
Sunnanå 12:54 b	Logistics/Production	Malmö	Q1 2021	2,300	100	58	23
Kranen 2	Office/Retail	Malmö	Q4 2021	3,700	100	137	11
Raffinaderiet 3	Office/Retail	Lund	Q2 2022	5,800	0	114	4
Total				45,900		1,242	703

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	360,156	47,145	254,740	32,556	17,781 ¹	712,378	32
Helsingborg	207,242	61,180	286,751	40,112	13,046 ²	608,331	28
Lund	205,225	14,656	35,539	4,429	9,224 ³	269,073	12
Copenhagen	438,472	7,073	84,278	11,519	78,610 ⁴	619,952	28
Total	1,211,095	130,054	661,308	88,616	118,661	2,209,734	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 proper- ties	Area, m ² of 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	452	16,643	1,035	2,289	93	965	738	76	770	4.6
Logistics/Production	47	245	2,871	230	940	95	218	167	77	179	6.2
Projects & Land	21	15	767	1	77	-	1	-1	-	-1	-
Total Malmö	120	712	20,281	1,267	1,778	93	1,184	904	76	948	4.7
Helsingborg											
Office/Retail	31	231	6,355	458	1,978	93	424	324	76	337	5.3
Logistics/Production	62	377	3,474	339	900	89	301	221	74	237	6.8
Projects & Land	12	-	661	-	-	-	-	-2	-	-	-
Total Helsingborg	105	608	10,490	797	1,310	91	725	544	75	574	5.5
Lund											
Office/Retail	26	246	7,577	585	2,374	86	501	338	67	384	5.1
Logistics/Production	4	23	212	18	805	94	17	13	74	14	6.5
Projects & Land	3	-	115	-	-	-	-	-	-	-	-
Total Lund	33	269	7,904	603	2,241	86	518	351	68	397	5.0
Copenhagen											
Office/Retail	47	566	7,742	655	1,157	90	590	387	66	406	5.2
Logistics/Production	8	54	602	49	906	94	46	34	75	35	5.8
Projects & Land	1	-	21	-	-	-	-	-	-	-	-
Total Copenhagen	56	620	8,365	704	1,136	90	636	421	66	440	5.3
Total Wihlborgs	314	2,210	47,041	3,371	1,525	91	3,063	2,219	72	2,359	5.0
Total excluding projects and land	277	2,195	45,477	3,369	1,535	91	3,062	2,222	73	2,361	5.2



During the third quarter, Wihlborgs signed an agreement to sell 21 properties in Outer Malmö encompassing a total of 124,000 m².

Property transactions

During the third quarter, Wihlborgs acquired the Bläckhornet 1 project property in Malmö which encompasses building rights for 20,000 m² offices. The Torrdockan 7 project property, also in Malmö, with planning permission for 170 homes was divested. Agreement has also been signed to sell 21 properties in Outer Malmö during the quarter, with the transfer set for 1 December 2020. The properties are in Arlöf, Bulltofta and the port in Malmö and encompass a total of 124,000 m², containing 24,000 m² of office space and 100,000 m² of logistics and production premises. The total rental value for these 21 properties amounts to SEK 110 million.

Property transactions January–September 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	-		
Total acquisitions 2020					19,636	245	10
Sales							
3	Torrdockan 7	Malmö	Malmö Dockan	Projects/Land	-		
Total sales 2020					-	110	1

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

Liabilities and equity

As of 30 September 2020 equity totalled SEK 18,729 million (17,887) after dividend payment of SEK 691 million in the second quarter. The equity/assets ratio stood at 38.4 percent (38.4).

Interest-bearing liabilities

The group's interest-bearing liabilities as of 30 September amounted to SEK 24,612 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 24.6 billion, the loan-to-value ratio is 52.3 percent (51.9) as a percentage of property values.

The loans' average fixed interest period including effects of derivatives on 30 September 2020 amounted to 3.3 years (3.5). The average loan maturity, including committed credit facilities, amounted to 6.2 år (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 30 September 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	1,788	0.41
>2024	5,544	0.59
Total	14,337	0.37

The deficit value in Wihlborgs' interest rate derivative portfolio amounted to SEK 230 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 30 September 2020

Matures, year	Interest maturity		Loan maturity	
	Loan amount, SEK m	Av. interest rate, %	Credit ag., SEK m	Utilised, SEK m
2020	9,182	1,06	876	876
2021	2,199	1,12	3,568	3,224
2022	1,850	1,22	8,237	7,107
2023	2,430	1,48	4,550	4,000
2024	1,788	1,50	2,000	1,500
>2024	7,163	1,65	7,905	7,905
Total	24 612	1,32*	27 136	24 612

*) Excluding costs for credit agreements



The renovation of Helsingborg central station (Terminalen 1) is nearing completion. A new dining hub – Kitchen Floor – is being set up one floor above, and will become Helsingborg's new living room and meeting place with options for everyone, whether this means lunch with colleagues, dinner with friends or a coffee with the family. Bella Divino and Siam Street Food are two of the restaurants that will open here.

Miscellaneous

Employees

At the end of the period, the number of FTEs at Wihlborgs was 238 (221), of which 108 (97) were in property service.

Of the total number of FTEs, 80 (73) were in Malmö, 31 (31) in Helsingborg, 29 (26) in Lund and 98 (97) in Copenhagen. The average age of employees is 43 years and women make up 41 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 (731), 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.

Shares held by owners registered abroad account for 38 percent. The number of shareholders is approximately 28,000.

Largest shareholders in Wihlborgs 30 September 2020

	Number of shares, thousands	Proportion of equity and votes, %
Erik Paulsson with family, privately and via company	15,768	10.3
SEB Investment Management	10,507	6.8
Länsförsäkringar Funds	6,644	4.3
Handelsbanken funds	5,157	3.4
Swedbank Robur funds	4,969	3.2
Bank of Norway	4,001	2.6
Qviberg family	3,477	2.3
Tibia Konsult	1,596	1.0
Life insurance company Skandia	1,512	1.0
The Second Swedish National Pension Fund	1,417	0.9
Other shareholders reg. in Sweden	44,870	29.2
Other shareholders reg. abroad	53,795	35.0
Total outstanding shares	153,713	100.0

Significant risks and uncertainty factors

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



At the beginning of October, Funnys Äventyr opened in Malmö, a cultural centre that aims to get children to discover the world of literature. Wihlborgs is one of the founders, and our commitment aims to stimulate children to read, providing them with the chance to develop their imagination and creativity allowing them to grow up and become the innovators of the future.

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. We are entering an economic downturn but the duration of the downturn is difficult to forecast. 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.

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.

Events after the accounting period

On 1 October 2020, the Baldersbuen 5 property in Hedehusene, Denmark, was acquired for a consideration of DKK 58 million. The property encompasses a plot of 55,000 m² and 6,300 m² of lettable area.

Malmö 23 October 2020

Wihlborgs Fastigheter AB (publ)

Ulrika Hallengren, CEO

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

Review report

Introduction

We have reviewed the interim report for Wihlborgs Fastigheter AB (publ) for the period 1 January–30 September 2020. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

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

Malmö, 23 October 2020

Deloitte AB, Richard Peters, Authorized Public Accountant

Consolidated income statement summary

SEK m	2020 Jul–Sep 3 months	2019 Jul–Sep 3 months	2020 Jan–Sep 9 months	2019 Jan–Sep 9 months	2019/2020 Oct–Sep 12 months	2019 Jan–Dec 12 months
Rental income	775	743	2,323	2,218	3,088	2,983
Operating costs	-88	-87	-308	-307	-428	-427
Repairs and maintenance	-24	-19	-67	-59	-102	-94
Property tax	-54	-54	-155	-148	-206	-199
Property administration	-35	-31	-94	-89	-128	-123
Total property costs	-201	-191	-624	-603	-864	-843
Operating surplus	574	552	1,699	1,615	2,224	2,140
Central administration	-17	-18	-55	-53	-74	-72
Interest income	3	2	10	11	13	14
Interest expense	-83	-91	-244	-252	-328	-336
Leasehold rent	-1	-1	-4	-4	-5	-5
Share in results of joint ventures	1	2	5	2	37	34
Income from property management	477	446	1,411	1,319	1,867	1,775
Change in value of properties	335	179	422	456	1,445	1,479
Change in value of derivatives	-1	-56	-117	-272	168	13
Pre-tax profit	811	569	1,716	1,503	3,480	3,267
Current tax	-12	-25	-33	-54	-33	-54
Deferred tax	21	-94	-155	-72	-373	-290
Profit for the period¹	820	450	1,528	1,377	3,074	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	17	28	40	131	-50	41
Hedging of currency risk in foreign operations	-18	-25	-42	-117	39	-36
Tax attributable to items that will be reclassified to profit or loss for the year	3	4	7	17	-5	5
Other comprehensive income for the period	2	7	5	31	-16	10
Total comprehensive income for the period¹	822	457	1,533	1,408	3,058	2,933
Earnings per share ²	5.33	2.93	9.94	8.96	20,00	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	30-09-2020	30-09-2019	31-12-2019
ASSETS			
Investment properties	47,041	45,306	45,519
Right-of-use assets	168	146	169
Other fixed assets	396	350	389
Current receivables	314	253	201
Liquid assets	843	263	280
Total assets	48,762	46,318	46,558
EQUITY AND LIABILITIES			
Equity	18,729	16,362	17,887
Deferred tax liability	3,734	3,358	3,582
Borrowings	24,612	24,948	23,628
Lease liability	166	152	174
Derivatives	230	298	81
Other long-term liabilities	70	69	69
Current liabilities	1,221	1,131	1,137
Total equity & liabilities	48,762	46,318	46,558

Consolidated statement of changes in equity

SEK m	Jan-Sep 2020	Jan-Sep 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	1,528	1,377	2,923
Other comprehensive income	5	31	10
Closing amount	18,729	16,362	17,887
Equity attributable to minority shares with non-controlling interests	-	-	-
Total equity at end of period	18,729	16,362	17,887

Consolidated cash flow statement summary

SEK m	Jul–Sep 2020	Jul–Sep 2019	Jan–Sep 2020	Jan–Sep 2019	Jan–Dec 2019
Operating activities					
Operating surplus	574	552	1,699	1,615	2,140
Central administration	-17	-18	-55	-53	-72
Non-cash items	15	4	10	9	12
Interest received	0	3	2	9	7
Interest paid	-79	-90	-250	-259	-341
Income tax paid	0	-	-5	-2	-25
Change in other working capital	-26	34	-48	-126	-37
Cashflow from operating activities	467	485	1,353	1,193	1,684
Investment activities					
Acquisitions of properties	-105	-216	-245	-2,881	-2,881
Investments in existing properties	-274	-377	-859	-1,184	-1,659
Sales of properties	110	-	110	1,710	2,764
Change in other non-current assets	-21	-9	-14	4	-8
Cash flow from investment activities	-290	-602	-1,008	-2,351	-1,784
Financing activities					
Dividend paid	0	-	-691	-576	-576
Change in borrowing	250	244	914	1,853	774
Change in other long-term liabilities	-1	-37	-5	-39	-1
Cash flow from financing activities	249	207	218	1,238	197
Cash flow for the period	426	90	563	80	97
Opening cash flow	417	173	280	183	183
Closing cash flow	843	263	843	263	280

Historical summary of last eight quarters

SEK m	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Rental income	775	767	781	765	743	757	718	687
Operating costs	-88	-96	-124	-120	-87	-96	-124	-105
Repairs and maintenance	-24	-21	-22	-35	-19	-19	-21	-29
Property tax	-54	-52	-49	-51	-54	-50	-44	-39
Leasehold rent	-	-	-	-	-	-	-	-1
Property administration	-35	-28	-31	-34	-31	-29	-29	-34
Operating surplus	574	570	555	525	552	563	500	479
Income from property management	477	474	460	456	446	467	406	355
Profit for the period	820	364	344	1,546	450	616	311	934
Surplus ratio, %	74.1	74.3	71.1	68.6	74.3	74.4	69.6	69.7
Investment yield, %	4.9	4.9	4.8	4.6	4.9	5.1	4.6	4.7
Equity/assets ratio, %	38.4	37.6	38.3	38.4	35.3	35.1	35.2	36.3
Return on equity, %	17.9	8.0	7.6	36.1	11.2	15.5	7.9	24.8
Earnings per share, SEK	5.33	2.37	2.24	10.06	2.93	4.01	2.02	6.08
Income property management per share, SEK	3.10	3.08	2.99	2.97	2.90	3.04	2.64	2.31
Cash flow fr operating activities per share, SEK	3.08	3.11	2.65	3.19	3.16	2.97	1.63	3.23
EPRA net asset value per share, SEK	147.63	142.19	143.77	140.20	130.23	126.29	125.75	122.64
Share price as % of EPRA NAV	120.23	107.25	96.2	123.0	122.9	106.6	100.8	83.5
Carrying amount of properties	47,041	46,392	46,559	45,519	45,306	44,455	43,839	42,146
Equity	18,729	17,907	18,285	17,887	16,362	15,905	15,853	15,530
Total assets	48,762	47,616	47,795	46,558	46,318	45,330	45,039	42,742

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		Totalt	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rental income	886	837	561	515	399	405	477	461	2 323	2 218
Property costs	-209	-208	-133	-122	-120	-117	-161	-156	-624	-603
Operating surplus	677	629	427	393	279	288	316	305	1 699	1 615

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 1,699 million (1,615) and the pre-tax profit of SEK 1,716 million (1,503) consists of central administration SEK -55 million (-53), financial net SEK -238 million (-245), share in results SEK 5 million (2) and changes in value of properties and derivatives SEK 305 million (184).

Parent company's income statement summary

SEK m	Jan–Sep 2020	Jan–Sep 2019	Jan–Dec 2019
Income	155	136	192
Expenses	-146	-141	-195
Operating profits	9	-6	-3
Financial income	1,213	1,515	1,827
Financial expenses	-399	-610	-385
Pre-tax profit	823	899	1,439
Appropriations	-	-	548
Tax	-78	81	-78
Profit for the period	745	980	1,909

Parent company's balance sheet summary

SEK m	30-09-2020	30-09-2019	31-12-2019
Participations in Group companies	9,592	10,236	9,591
Receivables fr Group companies	14,303	13,145	13,399
Other assets	439	663	518
Cash and bank balances	679	221	116
Total assets	25,013	24,265	23,624
Equity	5,993	5,012	5,941
Liabilities to credit institutions	16,692	16,449	15,516
Derivatives	230	298	81
Liabilities to Group companies	2,005	2,415	1,997
Other liabilities	93	91	89
Total equity and liabilities	25,013	24,265	23,624

Key figures for the group				
SEK m	Jan-Sep 2020	Jan-Sep 2019	Oct-Sep 2019/2020	Jan-Dec 2019
Financial				
Return on equity, %	11.1	11.5	17.5	17.5
Return on total capital, %	6.5	6.8	8.6	9.0
Equity/assets ratio, %	38.4	35.3	38.4	38.4
Interest coverage ratio, multiple	6.7	6.2	6.6	6.2
Leverage properties, %	52.3	55.1	52.3	51.9
Debt/equity ratio, multiple	1.3	1.5	1.3	1.3
Share-related				
Earnings per share, SEK	9.94	8.96	20.00	19.02
Earnings per share before tax, SEK	11.16	9.78	22.64	21.25
EPRA EPS, SEK	8.28	7.91	10.90	10.53
Cashflow from operations per share, SEK	8.80	7.76	12.00	10.96
Equity per share I, SEK	121.84	106.45	121.84	116.37
Equity per share II, SEK	146.14	128.29	146.14	139.67
EPRA NAV (net asset value) per share, SEK	147.63	130.23	147.63	140.20
Market value per share, SEK	177.50	160.00	177.50	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	13.4	13.4	7.6	9.1
P/E-ratio II, multiple	16.1	15.2	14.0	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	314	314	312
Carrying amount of properties, SEK m	47,041	45,306	47,041	45,519
Estimated investment yield, % – all properties	4.7	4.8	4.7	4.9
Estimated direct return, % – excl project properties	4.9	5.0	4.9	5.0
Lettable area, m ²	2,209,733	2,194,430	2,209,733	2,181,359
Rental income, SEK per m ²	1,525	1,498	1,525	1,508
Operating surplus, SEK per m ²	1004	988	1004	1,015
Financial occupancy rate, % – all properties	91	92	91	93
Financial occupancy rate, % – excl project properties	91	92	91	93
Estimated surplus ratio, %	72	72	72	72
Employees				
Number of employees at period end	238	217	238	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