

INTERIM REPORT | JANUARY–SEPTEMBER 2022

A home for everyone



About Willhem

Willhem owns, manages and develops secure, sustainable residential properties in 13 growth regions in Sweden. We believe in a world with rental apartments for people to enjoy and be proud of. A world with a home for everyone.

Since the outset in 2011, we have had a clear ambition to think innovatively and from a new perspective. We wanted to be inspired by other industries and create a residential real estate company for a new era. After more than a decade of business, we can look back on a journey that has made us into one of Sweden's leading private residential real estate companies.

Our starting point is the needs and expectations of customers, owners and society. The result is a living space that is economically, socially and environmentally sustainable and that creates long-term, secure and high returns for our owner, Första AP-fonden.



Summary

January–September 2022

- Revenue increased to SEK 1,987 million (1,860), up 6.8%.
- Net operating income totalled SEK 1,279 million (1,170), up 9.3%. For the comparable property portfolio, net operating income rose 4.4%.
- Unrealised changes in the value of the properties for the period amounted to SEK 786 million (4,558), corresponding to a value increase of 1.3% (9.5). In the third quarter there was no change in the value of the properties.
- The change in the value of financial instruments amounted to SEK 1,798 million (488).
- Profit after tax for the period totalled SEK 2,712 million (4,551).
- The market value of the properties was SEK 59,949 million (52,299) at the end of the period.
- During the period, Willhem acquired 14 properties in Gothenburg, Helsingborg, Malmö and Stockholm for a total of SEK 1,222 million (236).
- Investments in the property portfolio amounted to SEK 1,381 million (1,238), of which SEK 835 million (795) pertained to investments in existing properties and SEK 546 million (443) to property development.
- In September 2022, Willhem's long-term credit rating of A- with a stable outlook was confirmed by the credit rating agency Standard & Poor's (S&P) in a new credit report.

NUMBER OF APARTMENTS

27,913

MARKET VALUE OF PROPERTIES

SEK 59,949 million

AVERAGE TOTAL
RETURN OVER 10 YEARS

10.1%

NET OPERATING MARGIN

64.4%

LOAN-TO-VALUE RATIO

48.4%

CEO comments

We are living in uncertain times with an ongoing war in Ukraine. The economic situation is difficult to analyse, to say the least. Interest rates and inflation are rising. There is no doubt that we are heading into a weaker business environment.

The earnings impact for the current year can be seen in higher electricity costs, stagnating property values and a sharp rise in the value of our derivatives. As we move forward, administration costs, in particular media costs, will increase together with interest expenses. This creates a need for an increase in revenue that far exceeds previous years. Accordingly, lease negotiations for 2023 will be important.

The transaction market is dominated by uncertainty. We understand that the transaction volume has generally fallen during the second half of the year. Even if yields are essentially unchanged since year end, it is likely that property values will be affected in the long term, assuming the current interest rate trend continues. Our opinion is that there is a delay in relation to the interest rate trend with respect to property value regardless of whether the interest rates rise or fall. Naturally, we are following developments with great interest. As regards to residential property development, the pace will slow sharply given the current situation.

Stable performance

Net operating income amounted to SEK 1,279 million, up 9.3%, and the net operating margin was 64.4%. The change in the value of our financial instruments developed positively as market interest rates rose sharply. The change in the value of properties amounted to SEK 786 million, most of the change is attributable to the first quarter, and the property value is now SEK 59,949 million. Interest-bearing liabilities totalled SEK 33,470 million. In September, our credit rating of A- was renewed by Standard & Poor's.

The transaction market was calmer during the last quarter. In September, we took possession of 21 new apartments in Malmö located near to our existing portfolio.

Willhem Logistics

Our renovation method, Willhemlyftet is a successful model and we aim to continue at the same pace. Price increases and inadequate access to construction materials were factors in the decision to form a separate company, Willhem Logistics. The company's function is to purchase and stock materials for use in our renovations, without any intermediaries. This gives us complete control over the entire purchasing and logistics chain.



Property development

The property development business area has continued to grow, albeit at a slower pace. Preconditions for constructing new rental properties have now greatly deteriorated. Cost developments have an impact, but more importantly there is uncertainty surrounding the valuation of the properties when the project is completed. In spite of this, we made an investment decision in August to build 50 new apartments in Kviberg, Gothenburg, with construction scheduled to start in the fourth quarter. We also began the production of 78 new apartments in Karlstad and completed our development projects in Viksjö in Stockholm and Kronojägaren in Karlstad. Both projects were handed over to our property management teams fully let, which shows that we continue to deliver an attractive product to the market. Our acquired projects continue to have a high construction pace and new tenants have moved into the first completed phases of the Smedjan project in Eskilstuna and Cesar Nord in Haninge, Stockholm.



Focus on sustainability

Our most important sustainability issue is energy consumption. To date, we have invested heavily in energy-saving projects, work that is now intensifying. This means, among other things, we are accelerating our solar panel projects. We are already affiliated with the Science Based Targets and have now drawn up a roadmap for how we can achieve net zero carbon emissions in Scope 1 and 2 as well as halve emissions in Scope 3 by 2030. The roadmap includes detailed targets and specific activities.

Within the framework of our social sustainability efforts, we have worked together with other key players in Gothenburg to agree a shared approach on the future development of Biskopsgården. The aim is to transform Biskopsgården from a particularly vulnerable area into an area exhibiting optimism and entrepreneurship. The project is being launched in the hope that we can jointly strengthen Biskopsgården in the future.

Satisfied customers

We continue dialogue with our customers through regular customer surveys and digital panels. These provide us with a deeper insight into the everyday lives of our tenants and offer us a tangible way to improve customer experience. The trend for the service index remains positive, a result of a focus on this issue both at central and at local levels in the company. There is demand for more digital services, and we can now meet this demand following the decision to commence a shift to a new system environment.

All in all, we find ourselves in a situation with many uncertainties. But I am very optimistic about the company's future. We will face challenges. But these are challenges that can be transformed into opportunities thanks to our stable owners and financial strength. We have excellent momentum and will make sure to capitalise on the opportunities that arise. In 2023 I will leave as CEO. After 12-13 years as CEO, it feels like a wise decision, but also a difficult one.

Mikael Granath
Chief Executive Officer

Vision, business idea, core values and targets

VISION

Rental apartments for people to enjoy and be proud of – a home for everyone.

BUSINESS IDEA

Willhem owns, manages and develops safe, sustainable residential properties in growth regions in Sweden, offering a level of service that makes life easier for tenants.



TARGETS

Finances

Willhem's target is to provide a stable total return that is higher than other privately-owned residential real estate companies.

Customers

Willhem is to have customers that are satisfied and loyal, who choose us and recommend us to others because we provide attractive and secure residential and offer unrivalled service.

Property

Willhem's property portfolio is to be sustainable in the long term, and comprise well-maintained and attractive residential properties in carefully chosen growth regions in Sweden.

Internal

Willhem is to be the most attractive employer in the residential property sector, our employees recommend us to others.

Operating environment

Willhem is to be seen as an innovative and reliable company with a long-term perspective that contributes to sustainable development.

CORE VALUES

Value creating

We create value for our customers by constantly developing our offering. We create value for our owners by working efficiently and refining the portfolio in the long term. We create value for our employees through an open and creative corporate culture.

Business minded

We think and act with a long-term perspective, always aiming for increased profitability. Each decision is appraised from an overall perspective.

Customer focused

We base our actions on what is important to the customer and strive to exceed customer expectations. We treat customers with respect, are straightforward in our dealings and responsive. In all interaction, we are engaged, inquisitive and true to our word.

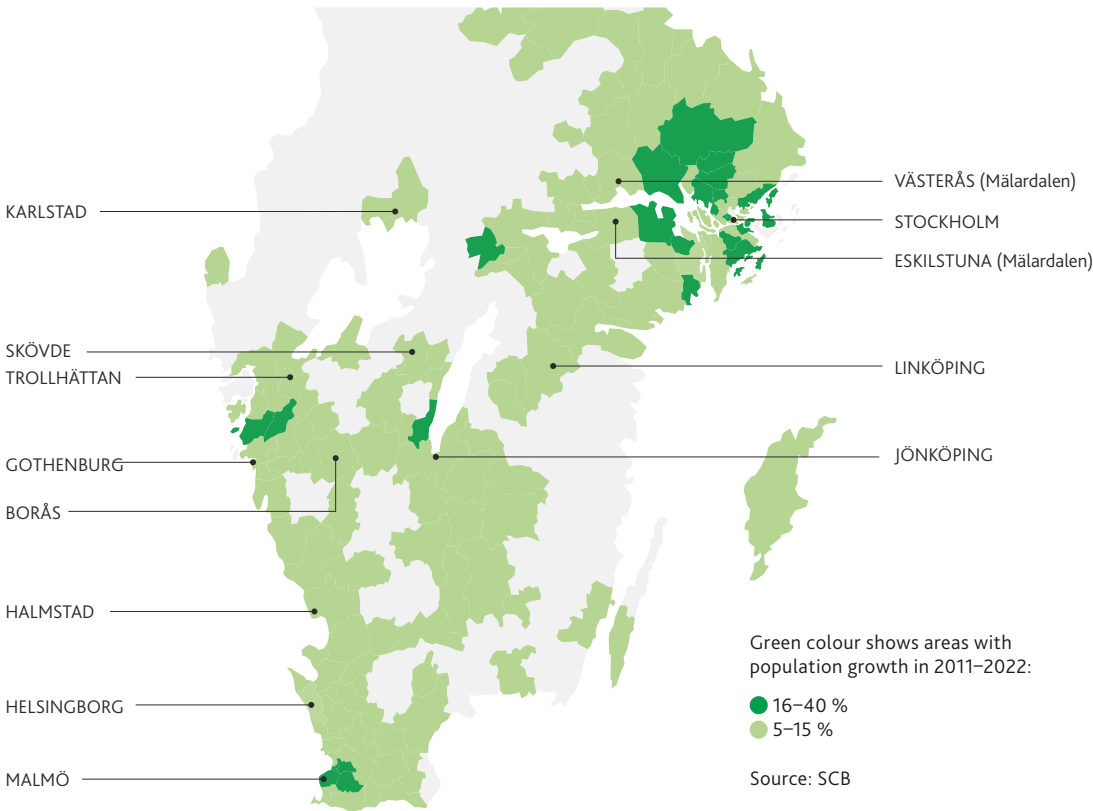
Innovative

We are creative, daring, see opportunities where others see problems and have the courage to try new and different ideas that benefit our customers. We have a high level of motivation and job satisfaction facilitated by an accepting environment.

Responsible

We act with responsibility and respect towards Willhem as a company, our customers and our surroundings, by minimising the impact we have on the environment, taking a long-term approach to managing and developing our properties, and creating sustainable and safe neighbourhoods.

Portfolio in major growth regions



Biet 31 property in Malmö.



Consolidated income statement

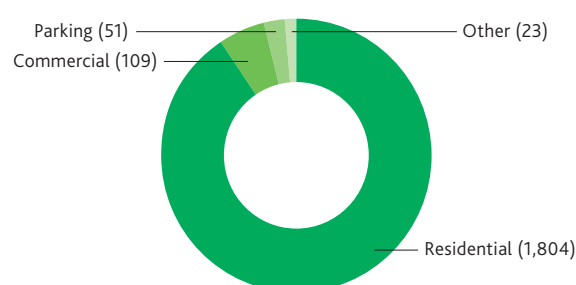
Amounts in SEK m	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Rental revenues	669	623	1,987	1,860	2,491
Operating expenses	-126	-121	-459	-431	-600
Repairs and maintenance	-33	-31	-93	-98	-132
Property administration	-38	-37	-119	-126	-167
Property tax	-13	-11	-37	-35	-48
Total property expenses	-210	-200	-708	-690	-947
Net operating income	459	423	1,279	1,170	1,544
Corporate administration expenses	-17	-16	-63	-61	-91
Other operating income	-	0	-	1	1
Change in value of investment properties, unrealised	35	1,672	786	4,558	7,653
Change in value of investment properties, realised	-	2	-3	3	1
Operating profit	477	2,081	1,999	5,671	9,108
Interest income and expenses	-123	-95	-324	-291	-388
Leasehold fee	-4	-3	-10	-9	-12
Other financial expenses	11	-23	-26	-100	-151
Change in value of financial instruments	285	112	1,798	488	670
Total financial items	169	-9	1,438	88	119
Profit before tax	646	2,072	3,437	5,759	9,227
Tax	-137	-428	-725	-1,208	-1,946
Profit for the period	509	1,644	2,712	4,551	7,281

Profit for the period corresponds to comprehensive income for the Group.

RENTAL REVENUE PER AREA 30 SEPTEMBER 2022, SEK M



RENTAL REVENUE PER CATEGORY OF REVENUE 30 SEPTEMBER 2022, SEK M



Results January–September 2022

Rental revenues

The Group's rental revenues rose to SEK 1,987 million (1,860), up 6.8%. The increase is mainly due to growth in the property portfolio, but also to annual rent increases and the investments made in properties that have resulted in higher rents. For the comparable property portfolio, rental revenues rose SEK 50 million, up 2.7%.

The economic occupancy rate for residential housing was 99.5% (99.7). The total occupancy rate for the entire property portfolio, including commercial premises and other areas, amounted to 98.7% (98.8).

Property expenses

Property expenses amounted to SEK –708 million (–690). Operating expenses were SEK 28 million higher compared to the previous year. This was mainly due to high electricity and heating prices. Willhem hedges electricity prices by using electricity derivatives, but the high market prices still resulted in increased costs. Costs for service and inspections also rose slightly this year. Repairs and maintenance expenses fell SEK 5 million compared with the preceding year. For the comparable portfolio, property expenses were SEK 1 million lower.

Seasonal effects for Willhem primarily consist of fluctuating operating expenses, which are normally highest in the first and fourth quarters when costs for heating and property management are higher.

Net operating income

Net operating income for the period totalled SEK 1,279 million (1,170), up 9.3%. The improvement in net operating income is due to increased rental revenues. The net operating margin for the period was 64.4% (62.9).

For the comparable property portfolio, net operating income rose SEK 51 million compared with the preceding year, up 4.4%.

Central administration costs

Central administration costs amounted to SEK –63 million (–61).

Change in value of investment properties

Unrealised changes in the value of the properties for the period amounted to SEK 786 million (4,558), corresponding to a value increase of 1.3% (9.5). The positive value performance is mainly attributable to changed yield requirements and improved cash flows. The change in the value from completed development projects amounted to approximately 10% of the change in value for the period. The average, weighted yield was 3.1% (3.3). At year end, this was 3.2%.

Net financial items

Net interest for the period amounted to SEK –334 million (–300) and includes leasehold fees of SEK –10 million (–9).

Other financial expenses amounted to SEK –26 million (–100) and were impacted by SEK 3 million (–77) from exchange rate effects on bonds in NOK. Currency risk is managed with currency derivatives, which means that when the bonds expire there are no currency effects. The average interest rate was 1.8% (1.3). The interest coverage ratio for the period was 3.4 (3.5).

Change in value of financial instruments

The value of the derivatives increased SEK 1,798 million (488), mainly due to a sharp rise in long-term market interest rates during the period. The largest share of value change for the period pertains to interest-rate derivatives, though the value of Willhem's electricity derivatives also increased significantly due to rising electricity prices.

Tax

Current and deferred tax has been calculated based on a nominal tax rate of 20.6%.

The total tax expense for the period was SEK –725 million (–1,208), of which deferred tax amounted to SEK –722 million (–1,207) and current tax to SEK –3 million (–1). The deferred tax is mainly attributable to the period's unrealised value change, temporary differences on investment properties and financial instruments.

Profit

Operating profit totalled SEK 1,999 million (5,671). Operating profit before change in property values rose SEK 107 million to SEK 1,216 million compared with SEK 1,110 million in the preceding year. Profit after tax for the Group totalled SEK 2,712 million (4,551), with the lower profit attributable to the lower unrealised changes in the value of the properties compared with the year-earlier period.

Third quarter

Revenue in the third quarter rose to SEK 669 million (623), up 7.4%. The increase is mainly due to growth in the property portfolio, but also to annual rent increases and the investments made in properties that have resulted in higher rents. For the comparable portfolio, revenue rose 2.6%.

Property expenses amounted to SEK –210 million (–200), with the increase mainly due to higher operating expenses, such as electricity and heating. Net operating income amounted to SEK 459 million (423). For the comparable portfolio, net operating income rose 3.4% in the second quarter.

Unrealised change in the value of properties amounted to SEK 35 million (1,672) and the realised change in value to SEK – million (2). Operating profit totalled SEK 477 million (2,081). The change in the value of financial instruments had a positive impact on profit of SEK 285 million (112).

Consolidated balance sheet

Amounts in SEK m	30 Sep 2022	30 Sep 2021	31 Dec 2021
Assets			
Non-current assets			
Investment properties	59,949	52,299	56,560
Right-of-use assets, leaseholds	461	371	371
Equipment	9	9	8
Derivatives	1,446	38	48
Non-current receivables	956	715	787
Total non-current assets	62,821	53,432	57,774
Current assets			
Other current receivables	241	248	252
Derivatives	99	7	11
Cash and cash equivalents	4,443	3,765	3,254
Total current assets	4,783	4,020	3,517
Total assets	67,604	57,452	61,291
Equity and liabilities			
Equity attributable to Parent Company shareholders			
Equity	26,971	22,029	24,759
Total equity	26,971	22,029	24,759
Non-current liabilities			
Interest-bearing liabilities	23,921	19,494	18,489
Deferred tax liability	5,995	4,533	5,270
Derivatives	38	518	347
Right-of-use liabilities, leaseholds	461	371	371
Total non-current liabilities	30,415	24,916	24,477
Current liabilities			
Interest-bearing liabilities	9,549	9,919	11,448
Derivatives	–	1	3
Other non-interest-bearing liabilities	669	587	604
Total current liabilities	10,218	10,507	12,055
Total equity and liabilities	67,604	57,452	61,291

Investment properties

Property market

While the war between Russia and Ukraine is continuing and adversely impacts the global economy, the main focus in late summer and autumn was inflation, rising interest rates and record high energy prices. The situation is concerning, to say the least, and there is great uncertainty in the market. During the quarter, Sweden has also held a general election and the Riksbank has raised the key interest rate by a full percentage point to 1.75%. The raise fuelled concern felt by many property companies regarding the funding situation. However, despite several concerns in the residential market in recent months, strong interest remains for this type of secure investment, with its low risk profile and the secure cash flow offered by rental apartments.

The transaction market in Sweden was strong during the year in terms of volume, despite the uncertain market conditions. After the first nine months of the year, the total transaction volume was just over SEK 153 billion and the percentage of residential properties was approximately 28%. However, volume after July has slowed sharply and the market has been cautious. Few residential transactions have taken place after the summer, when the price gap between buyers and sellers was larger than previously. The low number of residential transactions noted since the summer makes the price situation very difficult to assess. There is still a shortage of housing in most of the country's municipalities, which means the existing portfolio is still attractive. Interest from foreign investors remains strong and may even have strengthened now the SEK is so weak. The foreign interest indicates continued severe competition and a relatively high transaction volume during the year.

According to SCB, the number of newly constructed apartments declined approximately 11% year-on-year for the first half of 2022. Due to the sharp rise in construction costs and delivery problems for materials as well as the end of investment subsidies and increasing financing costs, the rate of construction for new residential properties in Sweden will probably fall further. Shortly before the summer, the National Board of Housing, Building and Planning estimated that construction would begin on approximately 10,000 fewer apartments this year, compared with last year's historically high level of 71,500, with a further reduction of 10,000 expected next year to approximately 50,000 new apartments. The construction of new rental properties in apartment buildings is expected to fall 40% between 2021 and 2023.

Investment properties

Willhem owns and manages 549 properties (532) in carefully chosen growth regions in Sweden. The property portfolio was valued internally on 30 September 2022. The estimated market value was SEK 59,949 million (52,299). The total lettable area was 1,918,662 sq m, of which 92.8% relates to residential housing.

Unrealised changes in value during the period amounted to SEK 786 million (4,558), corresponding to a value increase of 1.3% (9.5). In accordance with Willhem's valuation model, the properties are subject to external valuation once per year at the end of the year. The valuation institutes engaged were Savills Sweden AB and Newsec Advice AB. An internal valuation is performed for the other quarters. The value assessment, both for external and for internal valuations, is derived from a cash-flow statement whereby the property's value is based on the present value of the forecast cash flows together with the residual value after the end of the calculation horizon. Valuation is conducted in accordance with level 3 of the fair value hierarchy in IFRS 13.

Investments in the property portfolio amounted to SEK 1,381 million (1,238), of which SEK 835 million (795) pertained to investments in existing properties and SEK 546 million (443) to property development. Willhemlyft accounted for SEK 221 million (243) of investments in existing property.

During the first half of the year, 383 apartments were acquired in Gothenburg. Willhem also acquired a development project in Stockholm to construct 232 apartments. The apartments are scheduled to be completed in 2024. 61 apartments were acquired in Helsingborg. In September, a property was acquired with 21 apartments in Malmö.

Investment properties

Amounts in SEK m	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Market value at the beginning of the period	56,560	46,347	46,347
+ Acquisitions (incl. acquisition costs)	1,222	236	1,039
+ Investments in existing property	835	795	1,092
+ Investments in development projects	546	443	633
+ Unrealised changes in value	786	4,558	7,653
- Divestments	-	-80	-204
Market value at the end of the period	59,949	52,299	56,560

Investment properties (cont.)

Development projects

Willhem's property development comprises proprietary projects and acquired projects. On the balance-sheet date, 218 apartments were in ongoing property projects on a proprietary basis and 861 apartments

were in acquired projects.

During the period, three projects were completed comprising 129 apartments.

Ongoing development projects

Property	Location	Type of project	Number of apartments	Residential area, sq m	Estimated investment remaining, SEK m	Planned occupancy
Kolartorp 1:395	Haninge	Development project*	157	4,255	13	Q4 2022
Valsverket 5	Eskilstuna	Development project*	337	14,604	115	Q2 2022–Q4 2023
Guldfisken 10	Linköping	Conversion	106	3,821	24	Q1 2023
Kolartorp 1:394	Haninge	Development project*	135	5,638	85	Q2–Q3 2023
Kallhäll 9:4	Järfälla	Development project	34	2,396	76	Q3 2023
Karmen 5	Karlstad	Development project	78	3,900	138	Q2 2024
Smedjan 2	Ursvik	Development project*	232	10,334	475	Q2–Q3 2024
Total ongoing			1,079	44,948	926	

* Acquired development project

Completed development projects

Property	Location	Type of project	Number of apartments	Residential area, sq m	Completion
Vildkatten 3	Jönköping	Development project	54	1,776	Q1 2022
Kronojägaren 2	Karlstad	Extension	43	1,380	Q3 2022
Viksjo 2:595	Järfälla	Development project	32	1,554	Q3 2022
Total completed			129	4,710	

Vildkatten 3 property in Jönköping.



Financing

Financial market

The high inflation rates have continued both in Sweden and in the rest of the world. The global imbalance in supply and demand, which emerged during the pandemic and the war in Ukraine, has driven up prices. Central banks are rapidly raising key interest rates to slow inflation and their efforts to combat inflation are far from over. Aggressive interest rate hikes are seen as the only alternative to avoid larger problems in the future. Household purchasing power is being eroded in the wake of high inflation and increasing interest expenses. The Riksbank raised the key interest rate at its meeting in September by 1 percentage point to 1.75% and the rate path indicates additional raises over the next six months.

The purchasing managers' index (PMI) for industry in Sweden fell to 49.2 in September. The slowing global economy has further weakened the economic situation for industry during the autumn. The index reported a clear decline in order intake and in companies' production plans. The PMI for services fell to 55.1 in September, which indicates that growth in the service sector is also slowing.

The quarter has been volatile on the stock exchange, with strong fluctuations. By 30 September, the Swedish OMX30 share index had fallen 25% this year.

Cash and cash equivalents and interest-bearing liabilities

Cash and cash equivalents totalled SEK 4,443 million (3,765) at the end of the period. In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 14,700 million (11,600).

The Group's interest-bearing liabilities totalled SEK 33,470 million (29,413). Financing via the capital markets through bonds and certificates accounted for 72.7% of financing.

The loan-to-value ratio was 48.4% (49.0). According to Willhem's financial target, this should be below 60.0%.

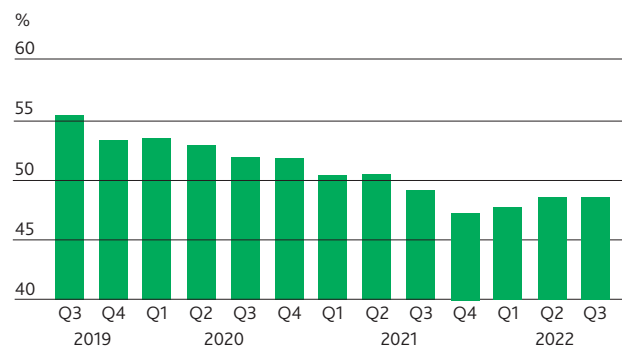
The market value of bonds totalled SEK 18,944 million (18,902). Given that the value is derived from an observable market, the valuation is conducted in accordance with level 2 of the fair value hierarchy in IFRS 13.

The average interest rate was 1.8% (1.3) on the balance-sheet date. The average fixed-interest tenor was 3.2 years (4.1) and the percentage of fixed-interest maturity was 30.6% (23.8) in the next 12 months.

The loan-to-maturity period was 2.7 years (2.4) and taking into account the commitments, the adjusted loan-to-maturity period was 3.6 years (3.2). The refinancing rate, including credit margins for an equivalent loan portfolio, is difficult to estimate today.

The interest coverage ratio was 3.4 (3.5). Willhem's financial target is that this is to exceed 2.2.

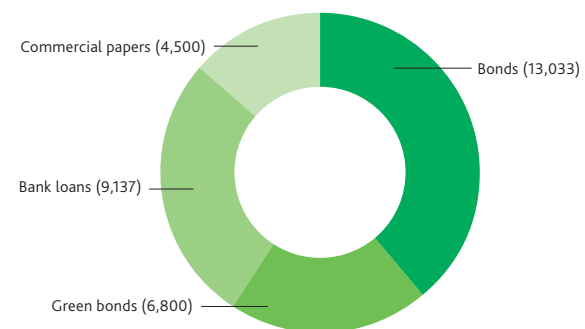
LOAN-TO-VALUE RATIO



AVERAGE INTEREST RATE



SOURCES OF FINANCING



FIXED-INTEREST AND LOAN-TO-MATURITY



Financing (cont.)

Interest and capital maturity structure

	Interest maturity, SEK m	Interest, %	Capital maturity, SEK m
Within 1 year*	10,237	3.0	9,550
1–2 years	4,100	1.1	7,722
2–3 years	2,950	0.7	5,255
3–4 years	2,725	0.9	2,400
4–5 years	4,990	1.7	2,625
5–6 years	2,063	1.6	1,663
6–7 years	2,750	1.2	3,700
7–8 years	1,300	0.6	–
8–9 years	2,180	1.5	380
9–10 years	–	–	–
10–30 years	200	1.8	200
Total	33,495	1.8	33,495

* Interest rates shorter than one year are not comparable with other durations, the average interest rate also includes credit margins with longer maturity periods. Capital maturity of SEK 9,550 million includes SEK 4,500 million in certificates. The statement of financial position included interest-bearing liabilities of SEK 33,470 million, the difference compared with the above table pertains to arrangement fees of SEK –31 million and exchange rate translation concerning foreign bonds of SEK 6 million.

Green financing

At the end of the period, green bonds amounted to SEK 6,800 million (4,000), which corresponds to 34.3% of Willhem's total bonds outstanding.

Derivatives

The net market value of the Group's derivatives totalled SEK 1,507 million (–474), of which SEK 1,545 million is recognised as an asset and SEK –38 million as a liability in the Group's statement of financial position. Net interest-rate and currency derivatives totalled SEK 1,389 million (–482), of which SEK 1,427 million was recognised as an asset on the balance-sheet date.

The market value of electricity derivatives totalled SEK 118 million (8). Derivatives are used to address the Group's risk exposure with respect to interest rates, currencies and electricity prices. The valuation is conducted in accordance with level 2 of the fair value hierarchy in IFRS 13.

Group's interest-rate and currency derivatives outstanding (net volume)

Amounts in SEK m	Nominal amount	Market value
Within 1 year	900	3
1–2 years	3,020	57
2–3 years	50	3
3–4 years	2,525	193
4–5 years	3,913	268
5–6 years	2,300	93
>6 years	5,850	772
Total	18,558	1,389

Rating

On 27 September 2022, Willhem's long-term credit rating of A- with a stable outlook was confirmed by the credit rating agency Standard & Poor's (S&P) in a new credit report.

The assessment of Willhem's creditworthiness has confirmed the company's strong capacity to meet its financial obligations and is also an excellent testimonial for the company's operations as a whole.

Consolidated statement of changes in equity

Amounts in SEK m	30 Sep 2022	30 Sep 2021	31 Dec 2021
Opening equity	24,759	17,979	17,979
Dividends	-501	-501	-501
Comprehensive income for the year	2,712	4,551	7,281
Closing equity	26,971	22,029	24,759

Equity totalled SEK 26,971 million (22,029). The equity/assets ratio was 39.9% (38.3).



Consolidated cash-flow statement

Amounts in SEK m	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
OPERATING ACTIVITIES			
Operating profit	1,999	5,671	9,108
Adjustments for items not affecting liquidity	-878	-4,640	-7,587
Interest paid, net	-352	-331	-436
Taxes paid	-2	-1	-1
Cash flow from operating activities before changes in working capital	767	699	1,084
Change in current receivables	19	47	38
Change in current liabilities	138	131	-1
Cash flow from operating activities	924	877	1,121
INVESTING ACTIVITIES			
Investments in existing property	-1,381	-1,238	-1,725
Acquisition of properties	-726	-201	-489
Sale of properties	-4	83	205
Investments in other, net	-3	-2	-2
Cash flow from investing activities	-2,114	-1,357	-2,011
FINANCING ACTIVITIES			
Liabilities raised	17,660	8,329	10,929
Repayments of liabilities	-14,610	-6,091	-8,726
Dividends	-501	-501	-501
Non-current receivables	-170	-606	-677
Cash flow from financing activities	2,379	1,131	1,025
Cash flow for the period	1,189	651	135
Opening balance, cash and cash equivalents	3,254	3,113	3,113
Acquired cash and cash equivalents	0	1	6
Closing balance, cash and cash equivalents	4,443	3,765	3,254

COMMENTS

Cash flow from operating activities totalled SEK 924 million (877). Investments in properties totalled SEK -1,381 million (-1,238). Gross capital formation for the period pertaining to acquisitions of properties amounted to SEK -1,298 million (-236) and deductions for latent tax amounted to SEK 75 million (2). SEK 500 million (37) in existing loans on acquired properties was repaid. Acquisition costs paid during the period amounted to SEK -3 million (-4), and accordingly SEK -726 million (-201) had a direct liquidity impact on cash flow.

During the period, SEK 17,660 million (8,329) was raised in new loans and SEK 14,610 million (6,091) was repaid.

As of 30 September 2022, the Group's cash and cash equivalents were SEK 4,443 million (3,765). In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 14,700 million (11,600).

Segment reporting

Amounts in SEK m	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Rental revenues					
Southern Region	206	188	614	564	756
Western Region	207	193	614	574	767
Eastern Region	256	242	759	722	968
Total	669	623	1,987	1,860	2,491
Property expenses					
Southern Region	-60	-55	-202	-189	-262
Western Region	-71	-68	-238	-235	-319
Eastern Region	-79	-77	-268	-266	-366
Total	-210	-200	-708	-690	-947
Net operating income					
Southern Region	146	133	412	375	494
Western Region	136	125	376	339	448
Eastern Region	177	165	491	456	602
Total	459	423	1,279	1,170	1,544

The Group's internal reporting of operations is broken down into the segments above. Southern Region comprises Halmstad, Helsingborg, Jönköping and Malmö. Western Region comprises Borås, Gothenburg, Skövde and Trollhättan. Eastern Region comprises Karlstad, Linköping, Mälardalen and Stockholm.

The total net operating income corresponds to the recognised net operating income in the consolidated income statement. The difference between the net operating income of SEK 1,279 million (1,170) and profit before tax of SEK 3,437 million (5,759), consists of central admin-

istration costs of SEK -63 million (-61), other operating income of SEK -million (1), the change in property values of SEK 783 million (4,561), net financial items of SEK -360 million (-400) and the change in value of financial instruments of SEK 1,798 million (488).

During the period, the carrying amount of the properties changed as a result of investments completed, acquisitions, sales and unrealised changes in value totalling SEK 621 million (1,538) in the Southern Region, SEK 1,550 million (1,696) in the Western Region and SEK 1,218 million (2,718) in the Eastern Region.

Amounts in SEK m	30 Sep 2022	30 Sep 2021	31 Dec 2021
Market value investment property			
Southern Region	19,723	16,992	19,102
Western Region	16,871	14,722	15,321
Eastern Region	23,355	20,585	22,137
Total carrying amount	59,949	52,299	56,560

Parent Company income statement

Amounts in SEK m	2022 Jan–Sep	2021 Jan–Sep	2021 Jan–Dec
Revenues	45	43	58
Administrative expenses	–108	–106	–149
Other operating income	–	1	1
Operating profit	–63	–62	–90
Interest income	395	376	483
Interest expense	–292	–266	–359
Other financial items	–25	–98	–149
Change in value of financial instruments	311	450	619
Profit after financial items	326	400	504
Appropriations, Group contributions	–	–	–29
Appropriations, principal earnings	–	–	122
Profit before tax	326	400	597
Tax	–64	–93	–128
Profit for the period	262	307	469

The Parent Company's operations consist of the performance of Group-wide services and analysing and conducting acquisitions and investments, as well as developing and managing strategy and ownership issues. Since January 2019, the Parent Company operates, in fiscal terms, on commission with its subsidiaries, with the exception of limited and general partnerships. All companies included in this arrangement are also members of a VAT group.

Sales for the period amounted to SEK 45 million (43), of which intra-Group revenue totalled SEK 45 million (43).

The Parent Company's interest income amounted to SEK 395 million

(376), of which intra-Group interest income totalled SEK 385 million (373). Other financial items included exchange-rate effects of SEK 3 million (–77) pertaining to bonds in NOK. Currency risk is managed with currency derivatives, which means that when the bonds expire there are no currency effects. The unrealised change in the value of financial instruments, which pertains to interest-rate and currency derivatives, amounted to SEK 311 million (450). The value of the derivatives developed positively during the period, largely due to rising market interest rates.

Profit before tax amounted to SEK 326 million (400).



Parent Company balance sheet

Amounts in SEK m	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
Non-current assets			
Shares and participations in Group companies	4,655	4,642	4,655
Receivables from Group companies	22,369	22,308	23,262
Deferred tax assets	10	109	74
Equipment	4	4	3
Non-current receivables	887	715	743
Total non-current assets	27,925	27,778	28,737
Current assets			
Other receivables	67	100	82
Cash and cash equivalents	4,441	3,765	3,248
Total current assets	4,508	3,865	3,330
TOTAL ASSETS	32,433	31,643	32,067
EQUITY AND LIABILITIES			
Equity	2,929	3,007	3,168
Total equity	2,929	3,007	3,168
Non-current liabilities			
Interest-bearing liabilities	15,284	15,223	13,867
Liabilities to Group companies	4,994	4,066	3,964
Derivatives	38	519	347
Total non-current liabilities	20,316	19,808	18,178
Current liabilities			
Interest-bearing liabilities	9,049	8,740	10,620
Derivatives	–	0	3
Other liabilities	139	88	98
Total current liabilities	9,188	8,828	10,721
TOTAL EQUITY AND LIABILITIES	32,433	31,643	32,067

Gullkragen 2 property in Borås.



Other information

Personnel and organisation

Property management is organised into three regions comprising 12 management areas. The head office is located in Gothenburg and provides Group-wide functions. As of 30 September 2022, there were a total of 299 employees (283).

Significant risks and uncertainties

In its operations, Willhem is exposed to different types of risks. These risks are described in the 2021 annual report on pages 30–37.

To be able to prepare statements in accordance with generally accepted accounting policies, executive management must make assessments and assumptions that may impact the content of the financial statements. For Willhem, the valuation of properties is such a material item.

Transactions with related parties

Relationships with related parties are described in Willhem's 2021 annual report on page 77. Första AP-fonden has an issue undertaking of SEK 8,000 million. During the period, fees were paid pertaining to the issue undertaking to Första AP-fonden. The Parent Company invoiced subsidiaries for Group-wide services. An internal rate of interest was charged between Group companies. Other than this, no other material transactions took place with related parties.

Accounting policies

The Group's interim report is presented in accordance with IAS 34 and for the Parent Company in accordance with RFR 2, published by Swedish Financial Reporting Board and follows the principles set out in Willhem's 2021 annual report.

Events after the balance-sheet date

In October and November possessions was taken of previously agreed acquisitions of 243 newly built apartments in Stockholm.

Report signatures

The Board of Directors and CEO give their assurance that the interim report provides a true and fair account of the performance of the Parent Company's and Group's operations, financial position and earnings, and that it describes the significant risks and uncertainties faced by the Parent Company and the companies that form the Group.

Gothenburg, 21 November 2022

Fredrik Wirdenius
Chairman

Christel Armstrong Darvik
Member

Anders Ahlberg
Member

Ragnhild Backman
Member

Johan Temse
Member

Mikael Granath
Chief Executive Officer

Auditor's report

Willhem AB (publ). reg. no. 556797-1295

Introduction

We have reviewed the condensed interim financial information (interim report) of Willhem AB (publ) as at 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish 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 Report 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 is substantially less in scope than an audit conducted in accordance with

International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Gothenburg, 21 November 2022

Öhrlings PricewaterhouseCoopers AB

Bengt Kron
Authorised Public Accountant
Partner in Charge

Ulrika Ramsvik
Authorised Public Accountant

Property portfolio

Property portfolio	Number of properties	Number of apartments	Residential area, sq m	Commercial premises area, sq m	Total area, sq m	Total economic occupancy rate, %	Revenue, SEK m	Market value, SEK m
Halmstad	42	3,013	184,262	8,932	193,194	98.6	198	5,821
Helsingborg	73	2,447	169,638	14,598	184,236	98.6	198	6,403
Jönköping	19	1,203	59,256	3,206	62,462	99.6	75	2,501
Malmö	55	1,542	107,014	12,314	119,328	99.2	143	4,998
Southern Region	189	8,205	520,170	39,050	559,220	98.9	614	19,723
Borås	152	3,362	214,334	16,007	230,341	98.9	241	6,638
Gothenburg	34	4,077	266,341	12,243	278,584	99.3	273	7,789
Skövde	15	821	56,831	1,731	58,562	99.2	52	1,372
Trollhättan	24	730	43,063	7,469	50,532	99.1	48	1,072
Western Region	225	8,990	580,570	37,450	618,020	99.2	614	16,871
Karlstad	59	2,595	151,497	11,193	162,690	99.2	167	4,218
Linköping	29	3,430	238,157	24,814	262,971	96.3	249	6,570
Mälardalen	12	1,466	90,891	15,936	106,827	97.9	107	3,494
Stockholm	35	3,227	199,095	9,839	208,934	99.7	236	9,073
Eastern Region	135	10,718	679,640	61,782	741,422	98.2	759	23,355
Total	549	27,913	1,780,380	138,282	1,918,662	98.7	1,987	59,949

Haga 10 property in Malmö.



Property transactions during the period

Acquisitions

Quarter	Property	Region	Location	Number of apartments	Residential area, sq m	Total area, sq m
Q1	Järnbrott 144:7	Western	Gothenburg	47	3,233	3,233
Q1	Järnbrott 146:3	Western	Gothenburg	127	9,617	9,617
Q1	Kortedala 138:1	Western	Gothenburg	53	3,801	3,862
Q1	Krokslätt 85:1	Western	Gothenburg	33	1,865	1,865
Q1	Krokslätt 85:6	Western	Gothenburg	21	1,160	1,160
Q1	Krokslätt 85:8	Western	Gothenburg	26	1,161	1,237
Q1	Majorna 406:2	Western	Gothenburg	76	4,106	4,702
Q1	Smedjan 2 *	Eastern	Stockholm			
Q2	Sanden 4	Southern	Helsingborg	8	605	605
Q2	Sanden 5	Southern	Helsingborg	7	429	429
Q2	Sanden 12	Southern	Helsingborg	17	1,089	1,265
Q2	Sanden 13	Southern	Helsingborg	19	1,278	1,278
Q2	Sanden 14	Southern	Helsingborg	10	831	831
Q3	Källan 11	Southern	Malmö	21	1,065	1,375
Total acquisitions				465	30,240	31,459

* Ongoing development projects

Majorna 406:2 property in Gothenburg.



Key metrics

Willhem presents certain financial metrics that are outside IFRS definitions (known as alternative performance measures, according to ESMA guidelines). The company believes these metrics offer valuable supplementary information for investors and the company's management as

they enable an effective evaluation of the company's financial position and performance. Given that not all companies calculate financial metrics in the same way, these are not always comparable with metrics used by other companies but should be viewed as a complement to metrics defined under IFRS.

	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Property-related					
Total area, sq m	1,918,662	1,860,989	1,881,077	1,857,831	1,803,353
Number of properties	549	532	533	530	508
Number of residential properties	27,913	26,719	27,134	26,625	25,783
Market value, SEK m	59,949	52,299	56,560	46,347	40,075
Market value, SEK/sq m	31,245	28,103	30,068	24,946	22,222
Rental value, SEK m	2,728	2,542	2,600	2,480	2,318
Economic occupancy rate, %	98.7	98.8	98.8	98.8	98.9
Net operating margin, %	64.4	62.9	62.0	62.6	60.6
Financial					
Average interest rate, %	1.8	1.3	1.2	1.4	1.5
Average fixed-interest tenor, years	3.2	4.1	3.9	4.8	5.6
Average loan-to-maturity, years	2.7	2.4	2.3	2.3	2.1
Loan-to-value (LTV) ratio, %	48.4	49.0	47.2	51.7	53.2
Interest coverage ratio, multiple	3.4	3.5	3.5	3.3	3.3
Equity/assets ratio, %	39.9	38.3	40.4	35.8	35.7
Other					
Number of employees	299	283	279	278	268

Reconciliation of alternative performance measures

	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Loan-to-value ratio			
Interest-bearing liabilities, SEK m	33,470	29,413	29,937
Cash and cash equivalents, SEK m	-4,443	-3,765	-3,254
Total interest-bearing liabilities, net	29,027	25,648	26,683
Net interest-bearing liabilities, SEK m	29,027	25,648	26,683
Market value of properties, SEK m	59,949	52,299	56,560
Loan-to-value (LTV) ratio, %	48.4%	49.0%	47.2%
Interest coverage ratio			
Operating profit, SEK m	1,999	5,671	9,108
Property change in value, SEK m	-783	-4,561	-7,654
Total operating profit excl. change in value	1,216	1,110	1,454
Operating profit excl. change in value, SEK m	1,216	1,110	1,454
Interest income, interest expenses and other financial expenses, excluding exchange-rate effects, SEK m	353	314	419
Interest coverage ratio, multiple	3.4	3.5	3.5
Equity/assets ratio			
Equity, SEK m	26,971	22,029	24,759
Total assets, SEK m	67,604	57,452	61,291
Equity/assets ratio, %	39.9%	38.3%	40.4%
Net operating margin			
Net operating income, SEK m	1,279	1,170	1,544
Rental revenues, SEK m	1,987	1,860	2,491
Net operating margin, %	64.4%	62.9%	62.0%

Definitions

PROPERTY-RELATED DEFINITIONS

Total area, sq m*

Total lettable floor space in residential housing and commercial premises at the end of the period.

Rental value, SEK m*

Contracted rent together with the estimated market rent for unlet objects.

Economic occupancy rate residential property, %*

Contracted rent for residential property in relation to the total rental value of residential property on the balance-sheet date.

Total economic occupancy rate, %*

Total contracted rent in relation to the total rental value on the balance-sheet date.

Net operating margin, %

Net operating income as a percentage of rental revenues for the period.

Net operating income, SEK m

Rental revenues less operating and maintenance expenses, property administration and property tax.

Comparable property portfolio*

The property portfolio included for the entire reporting period and for the comparative period.

Contracted rent, SEK m*

Total rented objects running on the balance-sheet date.

Change in property values, %*

Change in value for the period relative to closing market value less change in value for the period.

Yield, %*

Net operating income divided by the properties' closing market value less changes to the market value of properties.

Total return, %*

Yield as a percentage plus change in value as a percentage.

FINANCIAL DEFINITIONS

Average interest rate, %

Average interest rate on the interest-bearing loan and derivative portfolio on the balance-sheet date.

Average fixed-interest tenor, years

The remaining average tenor until it is time to reset interest rates for all credits in the debt portfolio.

Average loan-to-maturity, years

The remaining average tenor until final maturity on interest-bearing liabilities and derivatives on the balance-sheet date.

Loan-to-value (LTV) ratio, %

Interest-bearing liabilities less cash and cash equivalents relative to the market value of properties at the end of the period.

Interest coverage ratio, multiple

Operating profit for the period excluding changes in value in relation to interest income, interest expenses and other financial expenses, excluding exchange-rate effects.

Equity/assets ratio, %

Equity in relation to total assets at the end of the period.

OTHER DEFINITIONS

Number of employees*

Number of permanent employees and employees with a fixed-term of more than six months at the end of the period.

* This metric is operational and is not considered an alternative performance measure under ESMA's guidelines.

REPORT DATES

Interim report Jan–Sep 2022	22 November 2022
Year-end report 2022	23 February 2023
Annual and Corporate Responsibility Report 2022	20 April 2023

Interim report Jan–Mar 2023	12 May 2023
Interim Report Jan–Jun 2023	24 August 2023
Interim report Jan–Sep 2023	24 November 2023
Year-end report 2023	20 February 2024

This information is such that Willhem AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation.

The information was submitted for publication at 9.00 a.m. on 22 November 2022.

