



About Willhem

Willhem is a residential company that believes in the idea of creating living spaces that truly feel like home. We own, manage and develop rental apartments in growth regions in Sweden. We currently own residential properties in Borås, Eskilstuna, Gothenburg, Halmstad, Helsingborg, Jönköping, Karlstad, Linköping, Malmö, Skövde, Stockholm, Trollhättan and Västerås.

The company was founded in 2011 with a clear vision 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. Today, we are proud to be one of the leading private residential companies in Sweden with almost 27,000 apartments that people can call their homes.

Every day, we take a long-term approach to creating convenient accommodation that benefits both the buildings and the people living in them. We are owned by Första AP-fonden (AP1).

27,134

APARTMENTS

SEK 56,560 million

MARKET VALUE OF PROPERTIES



Above from left:
Saga 1 property, Hyllie Allé in Malmö.
Myggan 1 property in Helsingborg.
Elitroddaren 4 property in Linköping.

From left:
Biet 5 property in Halmstad.

10.1%

AVERAGE
TOTAL RETURN OVER 10 YEARS

62.0%

NET OPERATING MARGIN

47.2%

LOAN-TO-VALUE RATIO

Summary

January–December 2021

- Revenue increased to SEK 2,491 million (2,374), up 4.9%.
- Net operating income totalled SEK 1,544 million (1,487), up 3.8%.
- Unrealised changes in the value of the properties for the year amounted to SEK 7,653 million (2,639), corresponding to a value increase of 15.6% (6.0).
- The change in the value of financial instruments amounted to SEK 670 million (-370).
- Profit after tax totalled SEK 7,281 million (2,774).
- The market value of the properties was SEK 56,560 million (46,347) at the end of the period.
- During the year, Willhem acquired seven properties in Stockholm, Malmö and Halmstad, for a total of SEK 1,039 million (2,405).
- Investments in the property portfolio amounted to SEK 1,725 million (1,397), of which SEK 1,092 million (1,126) relate to investments in existing properties and SEK 633 million (271) to property development.
- During the year 117 apartments were divested in Helsingborg and Borås.
- In the autumn, four green bonds were issued for a total SEK 2,900 million.
- Willhem has, due to COVID-19, adapted its operations, but overall the pandemic has had a marginal impact on the company.
- The Board of Directors proposes a dividend of SEK 0.65 (0.65) per share, corresponding to SEK 501 million (501).

Unless otherwise stated, amounts are presented in SEK million. The comparative figures in parentheses relate to the year-earlier period.

Topasen 5 property in Stockholm.



CEO comments

This has been a year of high transaction intensity and the value development of the properties has never been stronger, which is reflected in this year's figures. It is the best result in Willhem's history. It has been a very dramatic year in domestic politics. The discussion concerning market rents, resulted in a Government crisis. A new Social Democrat Prime Minister is now governing with a partly Conservative budget.

We can see that the pandemic has again impacted a large part of the year, particularly in the first half of the year when infection rates gave cause for concern. The autumn period was calmer due to the increased vaccination rate. At the end of the year, infection rates rose and we witnessed a fourth wave at the beginning of 2022. We are grateful that we as a company were not adversely impacted by the pandemic.

Strong value development

The residential market has continued to demonstrate robust growth, which increased the value of tenant-owner properties and houses. Demand for rental properties in our areas remains high.

The capital markets are liquid and interest-rate levels low, which is positive for the industry. There is continued interest for investments in residential properties. This results in increased competition in the acquisition processes and leads to a rise in values. This means that we are increasingly investing in the production of our own development properties.

Compared with last year, net operating income rose 3.8% to SEK 1,544 million. The increase for the comparable property portfolio was 1.2%. Value development in properties totalled SEK 7,653 million. At December 31, 2021, the properties' market value was SEK 56,560 million.

We remain active in the capital markets, which provide most of the financing for our operations. In September, Willhem's long-term credit rating of A- was renewed with a stable outlook. In September, we also renewed our green bond framework that allows us to continue to issue green bonds under the company's existing MTN programme. Total financing amounted to SEK 29,937 million.

Continued expansion

Our Willhemlyft continues to be demanded by customers and also a profitable investment and our pace has remained unchanged with approximately 1,000 renovations per year. The rate of relocation and demand determine the pace. There has been significant focus on streamlining the production process and we can see clear results in terms of reduced costs, sustainability effects and more satisfied customers.

The outcome of energy saving investments has exceeded expectations. This year we have reduced our energy consumption by 5%. A positive ranking in this year's Global Real Estate Sustainability Benchmark survey, with an increase from 80 to 83 points, indicates that our sustainability work has matured. Another step in this direction is the approval of our climate targets by Science Based Targets. According to the climate targets, Willhem undertakes to achieve net zero carbon emissions from its own operations by 2030 and to



halve emissions in the value chain by the same year.

During the year, we acquired 679 apartments in Stockholm, Malmö and Halmstad. We also sold 117 apartments in Borås and Helsingborg. In Gothenburg, we acquired building rights to build 55 new rental properties. At year-end, we also had agreements for future acquisitions covering more than 1,700 apartments.

In our new production, we have drawn up a more robust plan for the future. A total of 200 apartments were completed during the year and we have begun the production of 875 apartments, most of these on land we already own. We are aiming to certify all of our new production in line with the Sweden Green Building Council (SGBC) Silver and the project to conceptualise our new production according to the Willhem standard is continuing.

Positive trends

Increased digitalisation is a top priority in order to offer customers better service and also enhance the efficiency of operations. We are preparing to introduce a completely new application environment and look forward to laying the foundations for more rapid development that benefits customers and the business.

I am proud of the positive general trend in our customer ratings, despite the slight decline this year. In February, we received the Kundkristallen award for our constant improvement efforts and also received an honourable mention for our contribution in making an impression on the industry.

Satisfied employees are essential for success. I am pleased to note the best results to date in our employee surveys. I would like to extend my sincere appreciation to everyone who has helped us continue to provide attractive residential housing and a high level of service to our customers.

In summary, the year was strongly marked by the pandemic but I believe we have successfully managed the challenges and the company has developed positively during this time. We can now look to the future, and enter the new year with excellent conditions for continued growth and development.

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.

OVERALL OBJECTIVE

A long-term and stable total return that outperforms the rest of the residential property sector.



TARGETS

Finances

Willhem's target is to provide a stable total return that is well in line with the best operators in the residential property sector.

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 of 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

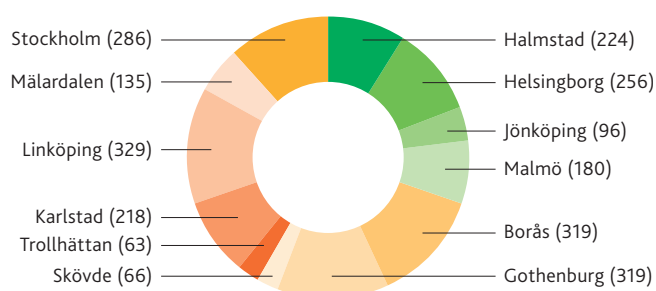
We act with responsibility and respect towards Willhem as a company, our customers and our surroundings, by minimising the impact we have on the environment, taking a long-term approach to managing and developing our properties, and creating sustainable and safe neighbourhoods.

Consolidated income statement

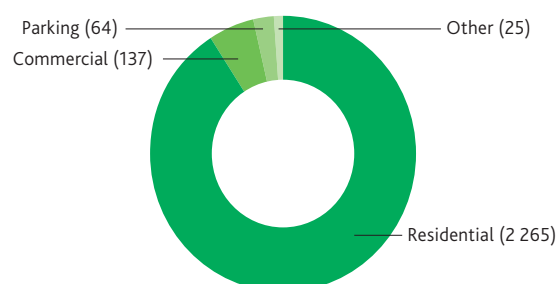
Amounts in SEK m	2021 Oct–Dec	2020 Oct–Dec	2021 Jan–Dec	2020 Jan–Dec
Rental revenues	631	603	2,491	2,374
Operating expenses	-169	-161	-600	-551
Repairs and maintenance	-34	-35	-132	-138
Property administration	-41	-41	-167	-152
Property tax	-13	-11	-48	-46
Total property expenses	-257	-248	-947	-887
Net operating income	374	355	1,544	1,487
Corporate administration expenses	-30	-26	-91	-82
Other operating income	0	–	1	–
Change in value of investment properties, unrealised	3,095	1,384	7,653	2,639
Change in value of investment properties, realised	-2	39	1	38
Operating profit	3,437	1,752	9,108	4,082
Interest income and expenses	-97	-98	-388	-400
Leasehold fee	-3	-3	-12	-11
Other financial expenses	-51	-17	-151	152
Change in value of financial instruments	182	51	670	-370
Total financial items	31	-67	119	-629
Profit before tax	3,468	1,685	9,227	3,453
Tax	-738	-342	-1,946	-679
Profit for the period	2,730	1,343	7,281	2,774

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

RENTAL REVENUE PER AREA 31 DECEMBER 2021, SEK M



RENTAL REVENUE PER CATEGORY OF REVENUE
31 DECEMBER 2021, SEK M



Results January–December 2021

Rental revenues

The Group's rental revenues rose to SEK 2,491 million (2,374), up 4.9%. 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 61 million, up 2.6%.

The economic occupancy rate for residential housing was 99.7% (99.7). The total occupancy rate for the entire property portfolio, including commercial premises and other areas, amounted to 98.8% (98.5).

Property expenses

Property expenses amounted to SEK -947 million (-887). Operating expenses were SEK 49 million higher compared to the previous year. This was mainly because cost of energy consumption and snow clearance were higher in 2021 compared with the preceding year. Repairs and maintenance expenses fell slightly compared with the preceding year. One reason for this was the limited maintenance work conducted early in the year due to COVID-19. Costs for property administration increased partly due to non-recurring costs.

For the comparable property portfolio, property expenses were SEK 43 million higher, largely due to higher operating expenses this year and an increase in property administration arising in part from non-recurring costs.

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 year totalled SEK 1,544 million (1,487), up 3.8%. The improvement in net operating income is due to increased rental revenues. The net operating margin for the period was 62.0% (62.6).

For the comparable property portfolio, net operating income rose SEK 18 million compared with the preceding year. Profit for the year includes non-recurring costs amounting to just over SEK 8 million.

Central administration costs

Central administration costs amounted to SEK -91 million (-82).

Change in value of investment properties

Unrealised changes in the value of the properties for the year amounted to SEK 7,653 million (2,639), corresponding to a value increase of 15.6% (6.0). The positive value performance is mainly attributable to changed yield requirements. The average, weighted yield was 3.2% (3.6).

Net financial items

Net interest amounted to SEK -400 million (-411) and includes leasehold fees of SEK -12 million (-11).

Other financial expenses amounted to SEK -151 million (152) and were impacted by SEK -120 million (183) 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 1.2% (1.4). The interest coverage ratio for the period was 3.4 (3.2).

Change in value of financial instruments

The unrealised change in the value of financial instruments, which largely consists of interest-rate derivatives, amounted to SEK 670 million (-370). The value of the derivatives developed positively during the period, largely due to higher market interest rates.

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 -1,946 million (-679), of which deferred tax amounted to SEK -1,945 million (-678) and current tax to SEK -1 million (-1). The deferred tax is mainly attributable to the year's unrealised value change, temporary differences on investment properties and financial instruments.

Profit

Operating profit totalled SEK 9,108 million (4,082). Operating profit before change in property values rose SEK 49 million to SEK 1,454 million compared with SEK 1,405 million in the preceding year. Profit after tax for the year totalled SEK 7,281 million (2,774), with the higher profit attributable to the year's unrealised changes in the value of the properties.

Fourth quarter

Revenue in the fourth quarter rose to SEK 631 million (603), up 4.6%. 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 3.0%.

Property expenses amounted to SEK -257 million (-248), with the increase due to higher operational and maintenance costs. Net operating income amounted to SEK 374 million (355). For the comparable portfolio, net operating income rose 3.2% in the last quarter.

Unrealised change in the value of properties amounted to SEK 3,095 million (1,384) and the realised change in value to SEK -2 million (39). Operating profit totalled SEK 3,437 million (1,752). The change in the value of financial instruments had an impact on profit of SEK 182 million (-51).

Consolidated balance sheet

Amounts in SEK m	31 Dec 2021	31 Dec 2020
Assets		
Non-current assets		
Investment properties	56,560	46,347
Right-of-use assets, leaseholds	371	369
Equipment	8	10
Derivatives	48	7
Non-current receivables	787	110
Total non-current assets	57,774	46,843
Current assets		
Other current receivables	252	289
Derivatives	11	1
Cash and cash equivalents	3,254	3,113
Total current assets	3,517	3,403
Total assets	61,291	50,246
Equity and liabilities		
Equity attributable to Parent Company shareholders		
Equity	24,759	17,979
Total equity	24,759	17,979
Non-current liabilities		
Interest-bearing liabilities	18,489	16,852
Deferred tax liability	5,270	3,325
Derivatives	347	969
Right-of-use liabilities, leaseholds	371	369
Total non-current liabilities	24,477	21,515
Current liabilities		
Interest-bearing liabilities	11,448	10,206
Derivatives	3	0
Other non-interest-bearing liabilities	604	546
Total current liabilities	12,055	10,752
Total equity and liabilities	61,291	50,246

Investment properties

Property market

The pandemic and its impact have continued to influence economies around the world. However, as economies in many countries are beginning to recover, the Omicron variant of the virus is causing uncertainty. The uncertainty caused by the pandemic has increased interest for real estate investments with reliable cash flows. Demand for rental properties is exceptionally strong and has created fierce competition for these objects. Most municipalities still have a housing shortage, and together with low interest rates this has resulted in a continued drop in yield requirements and rising prices. There is strong demand for rental objects with their low rental risks, with substantial interest from both Swedish property investors and international investors.

The transaction volume in 2021 set a new record and beat the previous record from 2019 by 82%. During the year, the total value of real estate transactions in Sweden was approximately SEK 400 billion. By far the largest share was in the residential segment, which accounted for 35% of total investment volume. Several major structural transactions took place during the year with a high level of activity for listed property companies and privately-owned property companies. Demand for new properties and development projects has been very strong this year resulting in rising prices. Residential construction gained substantial momentum in 2021 due to the high demand. According to the National Board of Housing, Building and Planning, construction will begin on about 66,000 new residential properties in 2021 and a similar number in 2022. However, supply is very difficult to assess for 2022 since the pandemic has caused uncertainty in deliveries of construction materials and the decision to phase out investment subsidies for rental and student apartments is expected to impact construction, though the effect is difficult to assess at present.

Investment properties

Willhem owns and manages 533 properties (530) in carefully chosen growth regions in Sweden. The property portfolio was valued externally on 31 December 2021. The estimated market value was SEK 56,560 million (46,347). The total lettable area was 1,881,077 sq m, of which 92.4% relate to residential housing.

Unrealised changes in value during the year amounted to SEK 7,653 million (2,639), corresponding to a value increase of 15.6% (6.0). 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, for both external and 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 1,725 million (1,397), of which SEK 1,092 million (1,126) pertained to investments in existing properties and SEK 633 million (271) to new production. Willhemlyft accounted for SEK 332 million (321) of investments in existing property.

57 apartments were acquired in Malmö during the first six months, at a contracted property value of SEK 122 million. Willhem also acquired 292 apartments that will be built in Haninge, with a contracted property value of SEK 492 million. The apartments are scheduled to be completed in stages in 2022 and 2023. In May, a development right was acquired for 55 apartments in Gothenburg with a property value of SEK 26 million. 330 apartments were acquired in Halmstad in December, with a property value of SEK 818 million.

During the year, three properties with 61 apartments were divested in Helsingborg as were 56 apartments in Borås.

Leasehold properties

IFRS 16 Leases took effect on 1 January 2019, which means that Willhem must measure its right-of-use assets as an asset with a corresponding liability. Willhem has a number of leasehold agreements that are recognised as right-of-use assets. On the balance-sheet date, the value of these amounted to SEK 371 million (369).

Investment properties

SEK million	2021 Jan-Dec	2020 Jan-Dec
Market value at the beginning of the period	46,347	40,075
+ Acquisitions (incl. acquisition costs)	1,039	2,405
+ Investments in existing property	1,092	1,126
+ Investments in new production	633	271
+ Unrealised changes in value	7,653	2,639
- Divestments	-204	-169
Market value at the end of the period	56,560	46,347

Investment properties (cont.)

Property development

Willhem's property development comprises proprietary projects and acquired projects. At December 31, 2021, 246 apartments were in ongoing property projects on a proprietary basis and 629 apartments were in acquired projects.

During the year, two properties were completed containing 200 apartments. In addition to these, agreements were signed to acquire 467 apartments that are under production

Ongoing development projects

Property	Location	Type of project	Number of apartments	Residential area, sq m	Planned occupancy
Vildkatten 3	Jönköping	Development projects	54	1,773	Q1 2022
Kronojägaren 2	Karlstad	Extension	43	1,380	Q3 2022
Viksjo 2:595	Järfälla	Development projects	32	1,554	Q3 2022
Valsverket 5	Eskilstuna	Development projects*	337	14,604	Q2-Q3 2022
Guldfisken 10	Linköping	Conversion	117	4,168	Q4 2022
Kolartorp 1:395	Haninge	Development projects*	157	4,255	Q2-Q4 2022
Kolartorp 1:394	Haninge	Development projects*	135	5,638	Q2-Q3 2023
Total ongoing			875	33,372	

* Acquired development projects

Completed development projects

Property	Location	Type of project	Number of apartments	Residential area, sq m	Completion
Haga 10	Malmö	Development projects	22	1,444	Q3 2021
Topasen 5	Täby	Development projects*	178	8,702	Q4 2021
Total completed			200	10,146	

* Acquired development projects

Haga 10 property in Malmö.



Financing

Financial market

The year began around the world with a focus on viruses and vaccines and unfortunately ended in a similar fashion. In December, a number of restrictions were reintroduced in Sweden and the progress of the new virus variant is being carefully monitored.

During 2021, the interest rate trend rose for the 2, 5 and 10-year segments by about 32 basis points, 58 basis points and 59 basis points, respectively. Interest rates remain at historically low levels. After more than a decade, inflation has returned. The market is now asking whether it will become established and how long will it stay at levels above central bank targets or whether it is temporary and will fall back to, or below, inflationary targets. However, Sweden's inflation expectations have remained near to the Riksbank's long-term inflation target of 2%.

Global stock markets developed strongly in 2021. The US S&P500 rose 28% and Sweden's OMX30 by 29%.

The economy remains strong and in December the purchasing managers' index for Sweden's manufacturing industry was 62.1 and for the service sector 67.3. This is a strong fourth quarter even if both indexes fell slightly compared with the third quarter. The positive economic situation has continued despite supply disruption and a return to uncertainty surrounding the pandemic and its impact on market conditions.

Cash and cash equivalents and interest-bearing liabilities

Cash and cash equivalents totalled SEK 3,254 million (3,113) at the end of the period. In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 13,600 million (11,600).

The Group's interest-bearing liabilities totalled SEK 29,937 million (27,058). Financing via the capital markets through bonds and certificates accounted for 81.8% of financing.

The loan-to-value ratio was 47.2% (51.7). According to Willhem's financial target, this should be below 60.0%.

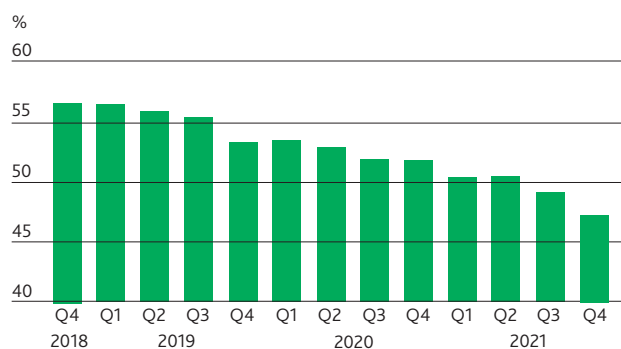
The market value of bonds totalled SEK 18,578 million (17,422). Given that the value is derived from an observable market, the valuation is conducted in accordance with level 2 of the fair value hierarchy in IFRS 13.

The average interest rate was 1.2% (1.4) on the balance-sheet date. The average fixed-interest tenor was 3.9 years (4.8) and the percentage of fixed-interest maturity was 24.3% (20.3) in the next 12 months.

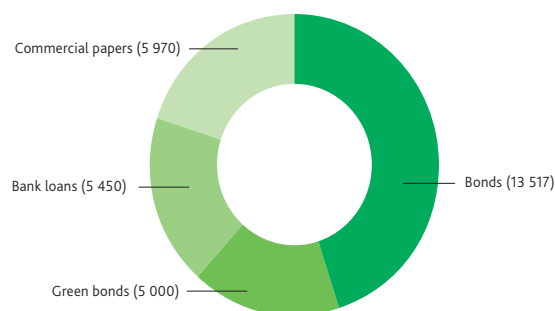
The loan-to-maturity period was 2.3 years (2.3) and taking into account the commitments, the adjusted loan-to-maturity period was 3.4 years (3.2). The refinancing rate, including credit margins for an equivalent loan portfolio, is 1.1% (0.7).

The interest coverage ratio was 3.4 (3.2). Willhem's financial target is that this is to exceed 2.2.

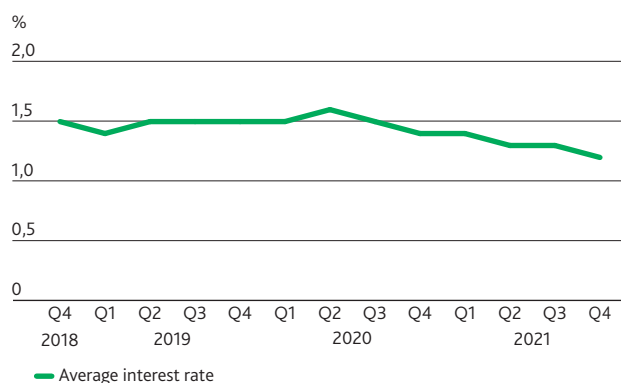
LOAN-TO-VALUE RATIO



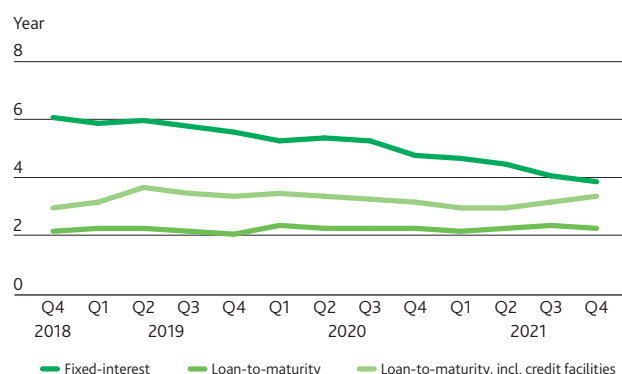
SOURCES OF FINANCING



AVERAGE INTEREST RATE



FIXED-INTEREST AND LOAN-TO-MATURITY



Financing (cont.)

Interest and capital maturity structure

	Interest maturity	Interest, %	Capital maturity
Within 1 year*	7,287	1.8	11,449
1–2 years	2,650	0.7	4,300
2–3 years	2,200	0.6	4,679
3–4 years	3,800	0.8	4,078
4–5 years	4,000	1.0	2,171
5–6 years	3,578	1.6	1,788
6–7 years	2,350	1.3	900
7–8 years	400	0.4	–
8–9 years	2,600	1.0	–
9–10 years	880	1.6	380
10–11 years	–	–	–
11–12 years	–	–	–
12–30 years	200	1.8	200
Total	29,945	1.2	29,945

* 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 11,449 million includes SEK 5,970 million in certificates. The statement of financial position included interest-bearing liabilities of SEK 29,937 million, the difference compared with the above table pertains to arrangement fees of SEK -16 million and exchange rate translation concerning foreign bonds of SEK 8 million.

Green financing

At the end of the period, green bonds amounted to SEK 5,000 million (2,100), which accounts for 27.0% of Willhem's total bonds outstanding. During the year, five green bonds were issued for a total SEK 2,900 million, with a maturity of 3–5 years.

Willhem also renewed its green bond framework that thereby allows the company to continue to issue green bonds under its existing MTN programme. The updated framework is adapted to current standards in the market and describes Willhem's sustainability work and investment areas in environment and energy. Willhem can use the green bond framework to finance environmentally certified buildings, properties adapted to achieve the company's goals for low energy consumption, and initiatives in renewable energy, sustainable transport solutions and waste management.

The framework is based on Green Bond Principles 2021, prepared by the International Capital Market Association (ICMA) and has, as was Willhem's previous framework, been reviewed by the independent climate and research institute Cicero Shades of Green. Cicero Shades of Green rated the framework as "Medium Green" while the company's governance and transparency was rated "Excellent."

Derivatives

The net market value of the Group's derivatives totalled SEK -291 million (-961), of which SEK 59 million is recognised as an asset and SEK -350 million as a liability in the Group's statement of financial position. Net interest-rate and currency derivatives totalled SEK -301 million (-962), of which SEK 48 million was recognised as an asset on the balance-sheet date.

Electricity derivatives totalled SEK 10 million (1). 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)

	Nominal amount	Average interest rate, %	Market value
Within 1 year	600	2.9	-2
1–2 years	1,250	0.6	-8
2–3 years	1,000	0.7	-9
3–4 years	1,200	1.0	-19
4–5 years	3,550	1.0	-52
5–6 years	3,988	1.2	-103
>6 years	5,850	1.1	-108
Total	17,438	1.1	-301

Rating

On 2 September, Willhem's long-term credit rating of A- with a stable outlook was confirmed by the credit rating agency Standard & Poor's in a new credit report.

Standard & Poor's (S&P) has updated its criteria for "Public & Social Housing Providers" and pursuant to the updated criteria, S&P has evaluated Willhem using criteria for traditional property companies "Key Credit Factors For The Real Estate Industry."

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. The credit rating is one component of Willhem's strategy to have a relatively large share of capital market borrowings in the total debt portfolio in order to diversify refinancing risk and reduce borrowing costs.

Consolidated statement of changes in equity

Amounts in SEK m	31 Dec 2021	31 Dec 2020
Opening equity	17,979	15,205
Dividends	-501	–
Comprehensive income for the year	7,281	2,774
Closing equity	24,759	17,979

Equity totalled SEK 24,759 million (17,979). The equity/assets ratio was 40.4% (35.8).

Makrillen 6 property in Halmstad.



Consolidated cash-flow statement

Amounts in SEK m	2021 Jan–Dec	2020 Jan–Dec
OPERATING ACTIVITIES		
Operating profit	9,108	4,082
Adjustments for items not affecting liquidity	-7,587	-2,639
Interest paid, net	-436	-436
Taxes paid	-1	-1
Cash flow from operating activities before changes in working capital	1,084	1,006
Change in current receivables	38	-107
Change in current liabilities	-1	-1
Cash flow from operating activities	1,121	898
INVESTING ACTIVITIES		
Investments in existing property	-1,725	-1,396
Acquisition of properties	-489	-1,469
Sale of properties	205	207
Investments in other, net	-2	-6
Cash flow from investing activities	-2,011	-2,664
FINANCING ACTIVITIES		
Liabilities raised	10,929	17,522
Repayments of liabilities	-8,726	-14,561
Dividends	-501	–
Non-current receivables	-677	-110
Cash flow from financing activities	1,025	2,851
Cash flow for the period	135	1,085
Opening balance, cash and cash equivalents	3,113	2,010
Acquired cash and cash equivalents	6	18
Closing balance, cash and cash equivalents	3,254	3,113

Comments

Cash flow from operating activities totalled SEK 1,121 million (898). Investments in properties totalled SEK -1,725 million (-1,396). Gross capital formation for the year pertaining to acquisitions of properties amounted to SEK -1,055 million (-2,444) and deductions for latent tax amounted to SEK 18 million (55). SEK 552 million (959) in existing loans on acquired properties was repaid. Acquisition costs paid during the period amounted to SEK -4 million (-39), and accordingly SEK -489 million (-1,469) had a direct liquidity impact on cash flow.

During the period, SEK 10,929 million (17,522) was raised in new loans and SEK 8,726 million (14,561) was repaid. Dividends of SEK 501 million (–) were disbursed to shareholders.

As of 31 December 2021, the Group's cash and cash equivalents were SEK 3,254 million (3,113). In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 13,600 million (11,600).

Segment reporting

Amounts in SEK m	2021 Jan–Dec	2020 Jan–Dec	2021 Jan–Dec	2020 Jan–Dec
Rental revenues				
Southern Region	192	176	756	681
Western Region	193	191	767	756
Eastern Region	246	236	968	937
Total	631	603	2,491	2,374
Property expenses				
Southern Region	-73	-69	-262	-239
Western Region	-84	-83	-319	-297
Eastern Region	-100	-96	-366	-351
Total	-257	-248	-947	-887
Net operating income				
Southern Region	119	107	494	442
Western Region	109	108	448	459
Eastern Region	146	140	602	586
Total	374	355	1,544	1,487

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 1,544 million (1,487) and profit before tax of SEK 9,227 million (3,453), consists of central admin-

istration costs of SEK -91 million (-82), other operating income SEK 1 million (-), change in property values SEK 7,654 million (2,677), net financial items SEK -551 million (-259) and change in value of financial instruments SEK 670 million (-370).

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 3,648 million (3,078) in the Southern Region, SEK 2,295 million (848) in the Western Region and SEK 4,270 million (2,346) in the Eastern Region.

Amounts in SEK m	31 Dec 2021	31 Dec 2020
Market value investment property		
Southern Region	19,102	15,454
Western Region	15,321	13,026
Eastern Region	22,137	17,867
Total carrying amount	56,560	46,347

Parent Company income statement

Amounts in SEK m	2021 Jan–Dec	2020 Jan–Dec
Revenues	58	57
Administrative expenses	-149	-141
Other operating income	1	–
Operating loss	-90	-84
Interest income	483	473
Interest expense	-359	-363
Other financial items	-149	153
Change in value of financial instruments	619	-361
Profit/loss after financial items	504	-182
Appropriations, Group contributions	-29	-16
Appropriations, principal earnings	122	104
Profit before tax	597	-94
Tax	-128	74
Profit for the period	469	-20

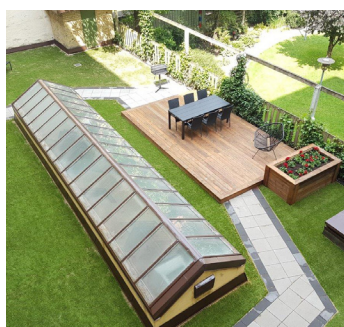
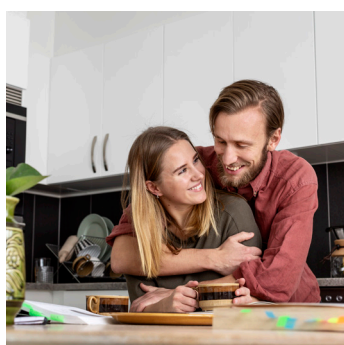
The Parent Company's operations consist of the performance of Group-wide services and analysing and conducting acquisitions and investments, as well as developing and managing strategy and ownership issues. Since January 2019, the Parent Company operates, in fiscal terms, on commission with its subsidiaries,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

Sales for the year amounted to SEK 58 million (57), of which intra-Group revenue totalled SEK 58 million (57).

The Parent Company's interest income amounted to SEK 483 million

(473), of which intra-Group interest income totalled SEK 477 million (471). Other financial items includes exchange-rate effects of SEK -120 million (183) pertaining to bonds in NOK. Currency risk is managed with currency derivatives, which means when the bonds expire there are no currency effects. The unrealised change in the value of financial instruments, which predominantly pertains to interest-rate and currency derivatives, amounted to SEK 619 million (-361). The value of the derivatives developed positively during the period, largely due to rising market interest rates.

Profit before tax amounted to SEK 597 million (-94).



Above from left:
Partille 105:8 property in Gothenburg.
Maria 6 property in Malmö.

From left:
Flundran 8 property in Halmstad.

Parent Company balance sheet

Amounts in SEK m	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Shares and participations in Group companies	4,655	4,642
Receivables from Group companies	23,262	21,381
Deferred tax assets	74	202
Equipment	3	4
Non-current receivables	743	110
Total non-current assets	28,737	26,339
Current assets		
Other receivables	82	176
Cash and cash equivalents	3,248	3,093
Total current assets	3,330	3,269
TOTAL ASSETS	32,067	29,608
EQUITY AND LIABILITIES		
Equity	3,168	3,200
Total equity	3,168	3,200
Non-current liabilities		
Interest-bearing liabilities	13,867	13,840
Liabilities to Group companies	3,964	3,337
Derivatives	347	969
Total non-current liabilities	18,178	18,146
Current liabilities		
Interest-bearing liabilities	10,620	8,160
Derivatives	3	0
Other liabilities	98	102
Total current liabilities	10,721	8,262
TOTAL EQUITY AND LIABILITIES	32,067	29,608

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 31 December 2021, there were a total of 279 employees (278).

Significant risks and uncertainties

In its operations, Willhem is exposed to different types of risks. These risks are described in the 2020 annual report on pages 54–57.

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.

COVID-19

During the period, Willhem adopted the necessary safeguards to address the situation as regards COVID-19 towards its customers, employees and partners. In addition to national and regional restrictions, we have adapted operations to the prevailing situation. For example, whenever necessary we have closed our local offices to visitors, increased cleaning at properties and paused projects in our residential areas that could contribute to increased risk. Monitor the status of rent payments was assigned high priority. 91% of rental revenues relate to residential housing and 6% to commercial premises. A small number of commercial tenants experienced problems paying their rent. We

assessed each individual case to offer support, for example, in the form of deferrals when this was justified. We have not yet noted any problems among our residential tenants.

Transactions with related parties

Relationships with related parties are described in Willhem's 2020 annual report on page 81. 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 2020 annual report.

Events after the balance-sheet date

In January, Willhem took possession of 383 apartments in Gothenburg as agreed in October 2021. Possession was also taken of a new production project in Stockholm as agreed in October 2021.

The project contains 232 apartments that are under production and are expected to be completed in 2024.

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, 24 February 2022

Fredrik Wirdeus
Chairman

Christel Armstrong Darvik
Member

Anders Ahlberg
Member

Ragnhild Backman
Member

Johan Temse
Member

Mikael Granath
Chief Executive Officer

This year-end report has not been subject to examination by the company's auditors.

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	99.4	224	5,691
Helsingborg	68	2,384	165,305	14,414	179,719	98.3	256	6,197
Jönköping	19	1,149	57,480	3,206	60,686	99.7	96	2,349
Malmö	52	1,517	105,672	12,035	117,707	99.1	180	4,865
Southern Region	181	8,063	512,719	38,587	551,306	99.0	756	19,102
Borås	152	3,361	214,265	16,607	230,872	99.0	319	6,304
Gothenburg	27	3,682	240,906	11,663	252,569	99.1	319	6,635
Skövde	15	821	56,831	1,677	58,508	99.3	66	1,337
Trollhättan	24	727	42,993	7,463	50,456	99.2	63	1,045
Western Region	218	8,591	554,995	37,410	592,405	99.1	767	15,321
Karlstad	58	2,552	150,120	11,458	161,578	99.2	218	4,137
Linköping	29	3,429	238,113	29,295	267,408	97.2	329	6,369
Mälardalen	12	1,386	87,212	15,853	103,065	97.4	135	3,279
Stockholm	35	3,113	195,366	9,949	205,315	99.5	286	8,352
Eastern Region	134	10,480	670,811	66,555	737,366	98.4	968	22,137
Total	533	27,134	1,738,525	142,552	1,881,077	98.8	2,491	56,560

Rörtorget 1 property in Malmö.



Property transactions during the year

Acquisitions

Quarter	Property	Region	Location	Number of apartments	Residential area, sq m	Total area, sq m
Q1	Kolartorp 1:395	Eastern	Stockholm	157	4,255	4,255
Q1	Kolartorp 1:394	Eastern	Stockholm	135	5,638	5,638
Q1	Uret 8	Southern	Malmö	46	2,326	2,372
Q2	Laget 6	Southern	Malmö	11	718	718
Q2	Kviberg 28:4 *	Western	Gothenburg	0	0	0
Q4	Halmstad	Southern	Halmstad	0	0	1,065
Q4	Halmstad	Southern	Halmstad	330	19,005	19,005
Total acquisitions				679	31,942	33,053

* Building rights

Divestments

Quarter	Property	Region	Location	Number of apartments	Residential area, sq m	Total area, sq m
Q2	Skinfaxe 9	Southern	Helsingborg	1	65	65
Q3	Asken 7	Southern	Helsingborg	29	2,016	2,519
Q3	Dahlian 10	Southern	Helsingborg	31	1,770	1,882
Q4	Stången 10-65	Western	Borås	56	5,884	5,901
Total divestments				117	9,735	10,367

Uret 8 property in Malmö.



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.

	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec
Property-related					
Total area, sq m	1,881,077	1,857,831	1,803,353	1,826,922	1,841,621
Number of properties	533	530	508	500	503
Number of residential properties	27,134	26,625	25,783	25,992	26,002
Market value, SEK m	56,560	46,347	40,075	36,265	33,397
Market value, SEK/sq m	30,068	24,946	22,222	19,850	18,135
Rental value, SEK m	2,600	2,480	2,318	2,228	2,168
Economic occupancy rate, %	98.8	98.8	98.9	98.8	98.7
Net operating margin, %	62.0	62.6	60.6	59.1	58.6
Financial					
Average interest rate, %	1.2	1.4	1.5	1.5	1.9
Average fixed-interest tenor, years	3.9	4.8	5.6	6.1	5.6
Average loan-to-maturity, years	2.3	2.3	2.1	2.2	2.5
Loan-to-value (LTV) ratio, %	47.2	51.7	53.2	56.6	59.0
Interest coverage ratio, multiple	3.4	3.2	3.2	2.9	3.3
Equity/assets ratio, %	40.4	35.8	35.7	34.7	32.3
Other					
Number of employees	279	278	268	254	244

Reconciliation of alternative performance measures

	2021 Jan–Dec	2020 Jan–Dec
Loan-to-value ratio		
Interest-bearing liabilities, SEK m	29,937	27,058
Cash and cash equivalents, SEK m	-3,254	-3,113
Total interest-bearing liabilities, net	26,683	23,945
Net interest-bearing liabilities, SEK m	26,683	23,945
Market value of properties, SEK m	56,560	46,347
Loan-to-value (LTV) ratio, %	47.2%	51.7%
Interest coverage ratio		
Operating profit, SEK m	9,108	4,082
Property change in value, SEK m	-7,654	-2,677
Total operating profit excl. change in value	1,454	1,405
Operating profit excl. change in value, SEK m	1,454	1,405
Net financial items excl. exchange-rate effects, SEK m	431	442
Interest coverage ratio, multiple	3.4	3.2
Equity/assets ratio		
Equity, SEK m	24,759	17,979
Total assets, SEK m	61,291	50,246
Equity/assets ratio, %	40.4%	35.8%
Net operating margin		
Net operating income, SEK m	1,544	1,487
Rental revenues, SEK m	2,491	2,374
Net operating margin, %	62.0%	62.6%

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 in relation to the total rental value of residential 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 financial income and 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

Annual and Corporate Responsibility Report 2021	21 April 2022
Interim report Jan–Mar 2022	13 May 2022
Interim Report Jan–Jun 2022	25 August 2022
Interim report Jan–Sep 2022	18 November 2022
Year-end report 2022	23 February 2023

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 3.00 p.m. on 24 February 2022.

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