

YEAR-END REPORT | JANUARY–DECEMBER 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 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–December 2022

- Revenue increased to SEK 2,664 million (2,491), up 6.9%.
- Net operating income totalled SEK 1,695 million (1,544), up 9.8%. For the comparable property portfolio, net operating income rose 4.6%.
- Unrealised changes in the value of the properties for the year amounted to SEK –1,069 million (7,653), corresponding to a value decline of –1.8% (15.6). Unrealised changes in the fourth quarter amounted to SEK –1 855 million (3 095), corresponding to a value decline of –3.0% (6.1).
- The change in the value of financial instruments amounted to SEK 1,811 million (670).
- Profit after tax for the year totalled SEK 1,316 million (7,281).
- The market value of the properties was SEK 59,886 million (56,560) at the end of the period.
- During the period, Willhem acquired 17 properties in Gothenburg, Helsingborg, Malmö and Stockholm for a total of SEK 2,429 million (1,039).
- Investments in the property portfolio amounted to SEK 1,966 million (1,725), of which SEK 1,284 million (1,092) relates to investments in existing properties and SEK 682 million (633) 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

28,451

MARKET VALUE OF PROPERTIES

SEK 59,886 million

AVERAGE TOTAL
RETURN OVER 10 YEARS

9.8%

NET OPERATING MARGIN

63.6%

LOAN-TO-VALUE RATIO

49.6%

CEO comments

Over the past year, the game plan has been properly shaken up by events in our external environment. The war in Europe has become a catalyst for increased inflation and rising interest rates have contributed to a complete change in market conditions, not least for the property sector. An overall effect has been that activity in the property market in general has decreased. The consequence for us is that we will develop fewer new buildings and be more restrained in terms of investments.

I believe that we as a company succeeded well in managing developments during the year, despite obviously feeling the effects of higher operating and interest expenses. But the major change will come in 2023. The Swedish Riksbank was active during the year and hiked interest rates to counter the rising inflation. The pace of development projects has declined due to the uncertainty of property valuations and the increasing interest rates.

It was a year that required risk assessments from multiple perspectives to determine how the company will develop in this new environment. An example of the actions we have taken was to strengthen our purchasing procedures for apartment renovations, leaving us well equipped to be able to impact the price structure moving forward.

Net profit for the year

We report stable and positive earnings, albeit marginally weaker than we had planned. This was due to slightly lower revenue and increased costs.

Compared with 2021, net operating income rose 9.8% to SEK 1,695 million. The increase for the comparable property portfolio was 4.6%. Value development in properties amounted to SEK -1,069 million. At December 31, 2022, the properties' market value was SEK 59,886 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. Under our green bond framework, we have the possibility of issuing green bonds under the company's existing MTN programme. Total financing amounted to SEK 34,194 million.

The first half of the year was generally characterised by high activity in the property market. The second half of the year entailed a slowdown in the transaction market due to financing problems and rising interest rates, which is reflected in our valuations, where we noted a slight decline during the year. We expect property values to continue to fall, but we are uncertain concerning the rate of decline.



Active property development

During the year, we took possession of 383 apartments in Gothenburg and 21 apartments in Malmö. We also acquired 61 apartments in Helsingborg. We started development of 162 apartments on a proprietary basis and 232 apartments in acquired projects, and completed production of 129 apartments on a proprietary basis and 157 apartments in acquired projects. In addition, we took possession of three development projects in the Stockholm area, with a total of 461 apartments. At the end of the year, we had 972 apartments in ongoing production.

Our project portfolio continues to evolve. It currently contains development rights for slightly more than 600 apartments. In addition, we have approximately 800 apartments currently in the zoning plan phase. The fact that we, in the face of fierce competition, secured a land allocation in Jönköping late in the year is confirmation that we have strengthened our position as a project developer. The project, which pertains to one of the last undeveloped sites in central Jönköping, comprises just over 60 residential properties.

Based on current conditions, it would be risky to start development of properties whose value on completion is difficult to anticipate. The focus moving forwards will



therefore be to continue preparing zoning plans for projects with a view to securing a stable portfolio of development rights that can be implemented when the time is right.

We have continued with the Willhemlyft renovation concept, but completed slightly fewer renovations than planned. At the end of the year, we launched Willhem Logistics, an independent company for sourcing and stocking building materials. This company has developed well and will contribute to increasing our control over both price levels and access to materials.

Successful climate measures

Our roadmap to reduce our climate impact is moving us forward. It is satisfying to note the positive outcome of our investments in energy saving measures. This year we have reduced our energy consumption by 7.0%. An improved score in the year's Global Real Estate Sustainability Benchmark survey indicates that our sustainability work has matured. Looking at the social perspective, we are particularly proud of the "Handslaget" project at Biskopsgården, a collaboration with AB Volvo and the municipally owned Framtiden group aimed at strengthening and developing Biskopsgården in Gothenburg.

Satisfied customers who feel proud of their homes are the foundation of our business. To be successful in this, we need to make continuous improvements that affect the customers' everyday lives. During the year, we introduced regular surveys to ensure a quicker response when something is not as it should be. The results show that we continue to maintain a good level in the service index, which is gratifying. This also applies to employee satisfaction, where our surveys continue to show positive development of our culture and strong pride in working for Willhem.

During the year, I decided to step down from my position as CEO of Willhem after nearly 13 years. It was a difficult decision but also a natural step. It will be with some sadness but, above all, pride that in 2023 I will hand over to my successor Mariette Hilmerström. Congratulations on taking over the most enjoyable job in the world!

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.

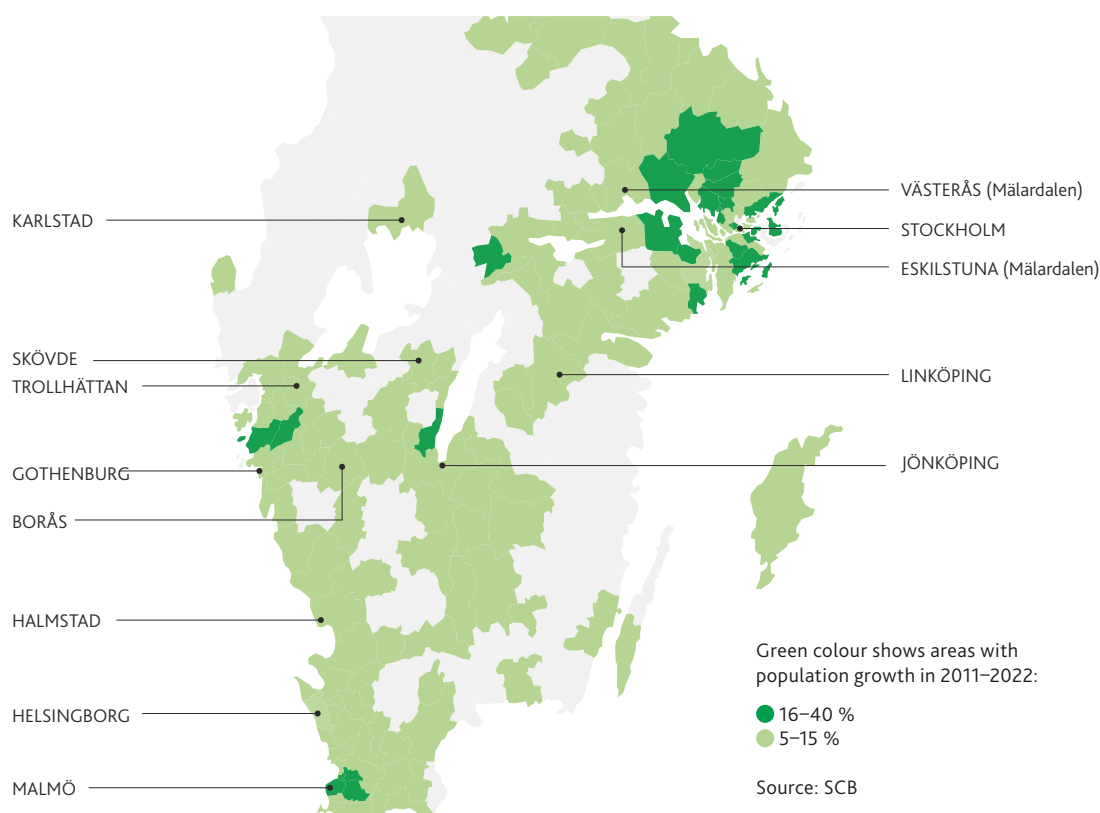
Innovative

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 growth regions



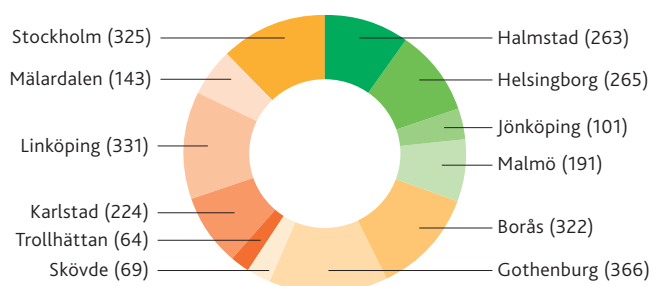
Property portfolio	Number of properties	Number of apartments	Residential area, sq m	Commercial premises area, sq m	Total area, sq m	Total economic occupancy rate, %	Revenue, SEK m	Market value, SEK m
Halmstad	42	3,013	184,275	8,932	193,207	98.2	263	5,609
Helsingborg	73	2,448	169,681	14,612	184,293	98.5	265	6,315
Jönköping	19	1,203	59,256	3,206	62,462	99.6	101	2,428
Malmö	55	1,543	107,014	12,314	119,328	99.3	191	4,885
Southern Region	189	8,207	520,226	39,064	559,290	98.7	820	19,237
Borås	152	3,362	214,334	16,038	230,372	98.8	322	6,509
Gothenburg	34	4,077	266,342	12,337	278,679	99.3	366	7,693
Skövde	15	821	56,831	1,733	58,564	99.2	69	1,351
Trollhättan	24	730	43,063	7,441	50,504	99.0	64	1,044
Western Region	225	8,990	580,570	37,549	618,119	99.1	821	16,597
Karlstad	59	2,595	151,497	11,182	162,679	99.2	224	4,214
Linköping	29	3,430	238,157	23,881	262,038	96.1	331	6,422
Mälardalen	12	1,466	90,891	15,936	106,827	97.6	143	3,410
Stockholm	38	3,763	223,562	10,319	233,881	99.7	325	10,006
Eastern Region	138	11,254	704,107	61,318	765,425	98.1	1,023	24,052
Total	552	28,451	1,804,903	137,931	1,942,834	98.6	2,664	59,886

Consolidated income statement

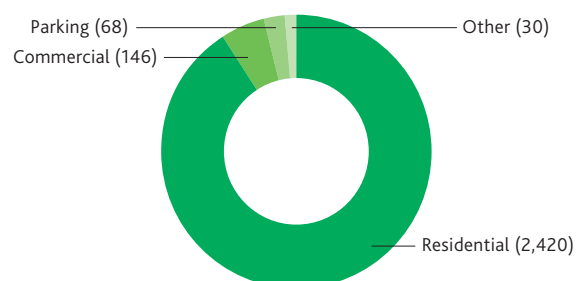
Amounts in SEK m	2022 Oct–Dec	2021 Oct–Dec	2022 Jan–Dec	2021 Jan–Dec
Rental revenues	677	631	2,664	2,491
Operating expenses	–178	–169	–637	–600
Repairs and maintenance	–25	–34	–118	–132
Property administration	–44	–41	–163	–167
Property tax	–14	–13	–51	–48
Total property expenses	–261	–257	–969	–947
Net operating income	416	374	1,695	1,544
Corporate administration expenses	–32	–30	–95	–91
Other operating income	–	0	–	1
Change in value of investment properties, unrealised	–1,855	3,095	–1,069	7,653
Change in value of investment properties, realised	–	–2	–3	1
Operating profit/loss	–1,471	3,437	528	9,108
Interest income and expenses	–147	–97	–471	–388
Leasehold fee	–4	–3	–14	–12
Other financial expenses	–64	–51	–90	–151
Change in value of financial instruments	13	182	1,811	670
Total financial items	–202	31	1,236	119
Profit/loss before tax	–1,673	3,468	1,764	9,227
Tax	277	–738	–448	–1,946
Profit/loss for the period	–1,396	2,730	1,316	7,281

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

RENTAL REVENUE PER AREA 31 DECEMBER 2022, SEK M



RENTAL REVENUE PER CATEGORY OF REVENUE 31 DECEMBER 2022, SEK M



Results January–December 2022

Rental revenues

The Group's rental revenues rose to SEK 2,664 million (2,491), up 6.9%. The increase is due in part to growth in the property portfolio, and in part 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 64 million, up 2.6%.

The economic occupancy rate for residential housing was 99.4% (99.7). The total occupancy rate for the entire property portfolio, including commercial premises and other areas, amounted to 98.6% (98.8).

Property expenses

Property expenses amounted to SEK –969 million (–947). Operating expenses were SEK 37 million higher compared to the previous year. This was mainly due to high electricity and heating prices which, combined with increased water and refuse collection costs, were SEK 25 million higher in 2022. Each year, Willhem hedges its electricity trading costs using electricity derivatives; despite this, the costs were higher in 2022 compared with the preceding year. Costs for service and inspections also rose slightly this year. Repair and maintenance expenses fell SEK 14 million compared with the preceding year. For the comparable portfolio, property expenses were SEK 6 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 year totalled SEK 1,695 million (1,544), up 9.8%. The improvement in net operating income is due to increased rental revenues. The net operating margin for the period was 63.6% (62.0).

For the comparable property portfolio, net operating income rose SEK 71 million compared with the preceding year, up 4.6%.

Central administration costs

Central administration costs amounted to SEK –95 million (–91).

Change in value of investment properties

Unrealised changes in the value of the properties for the year amounted to SEK –1,069 million (7,653), corresponding to a value decline of –1.8% (15.6). The negative value performance is due to an increased yield requirement. The change in the value from completed development projects accounted for approximately SEK 90 million and Willhemlyftet for approximately SEK 360 million of the year's change in value. The average, weighted yield was 3.4% (3.2).

Net financial items

Net interest amounted to SEK –485 million (–400) and includes leasehold fees of SEK –14 million (–12).

Other financial expenses amounted to SEK –90 million (–151) and were impacted by SEK –51 million (–120) 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 2.1% (1.2). The interest coverage ratio for the year was 3.1 (3.5).

Change in value of financial instruments

The value of derivatives increased SEK 1,811 million (670), mainly due to a sharp rise in long-term market interest rates during the year.

The largest share of the value change pertains to interest-rate derivatives, though the value of Willhem's electricity derivatives also increased due to rising electricity prices. The year-end value of the electricity derivatives was SEK 60 million (10).

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 –448 million (–1,946), of which deferred tax amounted to SEK –446 million (–1,945) and current tax to SEK –2 million (–1). The deferred tax is mainly attributable to the period's unrealised value change in financial instruments and temporary differences in investment properties.

Profit

Operating profit totalled SEK 528 million (9,108). Operating profit before change in property values rose SEK 147 million to SEK 1,600 million compared with SEK 1,454 million in the preceding year. Profit after tax for the Group totalled SEK 1,316 million (7,281), with the lower profit mainly due to the year's decline in the value of the properties compared with the year-earlier period.

Fourth quarter

Revenue in the fourth quarter rose to SEK 677 million (631), up 7.3%. 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 2.3%.

Property expenses amounted to SEK –261 million (–257), with the increase mainly due to higher operating expenses, such as electricity and heating. Net operating income amounted to SEK 416 million (374). For the comparable portfolio, net operating income rose 5.4% in the fourth quarter.

Unrealised change in the value of properties amounted to SEK –1,855 million (3,095), corresponding to a value decline of –3.0% (6.1). The and the realised change in value amounted to SEK – million (–2). Operating loss totalled SEK –1,471 million (profit: 3,437). The change in the value of financial instruments had a positive impact on profit of SEK 13 million (182).

Consolidated balance sheet

Amounts in SEK m	31 Dec 2022	31 Dec 2021
Assets		
Non-current assets		
Investment properties	59,886	56,560
Right-of-use assets, leaseholds	473	371
Equipment	9	8
Derivatives	1,464	48
Non-current receivables	85	787
Total non-current assets	61,917	57,774
Current assets		
Other current receivables	225	252
Derivatives	77	11
Cash and cash equivalents	4,464	3,254
Total current assets	4,766	3,517
Total assets	66,683	61,291
Equity and liabilities		
Equity attributable to Parent Company shareholders		
Equity	25,574	24,759
Total equity	25,574	24,759
Non-current liabilities		
Interest-bearing liabilities	24,125	18,489
Deferred tax liability	5,719	5,270
Derivatives	21	347
Right-of-use liabilities, leaseholds	473	371
Total non-current liabilities	30,338	24,477
Current liabilities		
Interest-bearing liabilities	10,069	11,448
Derivatives	–	3
Other non-interest-bearing liabilities	702	604
Total current liabilities	10,771	12,055
Total equity and liabilities	66,683	61,291

Investment properties

Property market

The year was very special in many ways and was mainly shaped by the war in Ukraine, which continues to have a negative impact on the global economy. At the same time, conditions in the property market deteriorated sharply and very quickly during the second half of the year. The uncertainty in the market is considerable due to the strong rate of inflation combined with high interest rates and energy prices. To offset the high inflation, the Riksbank, for the fourth time during the year, raised the policy rate again in the final quarter of the year by 0.75 percentage points to 2.50%. Due to the financial turmoil and increased financing costs for property companies, a sharp slowdown in the market occurred during the latter part of the year. This has resulted in a situation where there is a wide gap between the positions of buyer and seller in terms of agreeing on the price of rental apartments. However, despite all the concerns in the residential market, there is still a strong interest in rental apartments and, with a continued housing shortage in most Swedish municipalities, items in the current portfolio continue to be attractive objects.

The transaction market in Sweden was strong during the year in terms of volume, despite the uncertain market conditions. Although the transaction volume was nearly halved compared with the record year of 2021, it still ended up at a high level from a historical perspective. Overall for 2022, the total transaction volume was approximately SEK 220 billion, of which residential properties accounted for 24%. Residential properties have been the most traded segment of the property market for many years, although their share declined in 2022 compared with recent years. Based on the few residential property transactions noted during the latter part of the year, the price of rental apartments is more difficult than normal to assess. In 2022, community service properties and logistics/warehouse/industrial properties accounted for approximately the same share as residential properties, each representing about 21% of the volume. The proportion of foreign investors was 24% of the year's transaction volume.

The rate of construction is expected to be more than halved in 2023 according to an assessment made by the Swedish Board of Housing Building and Planning at the end of the year. The number of construction starts of residential properties is expected to decline sharply from about 59,000 in 2022 to 33,000 in 2023. However, the range of uncertainty is large and, as inflation and interest rates decline, the Swedish Board of Housing Building and Planning sees some opportunities of an upswing in the rate of construction. In view of the uncertainty currently characterising the market, the Swedish Board of Housing Building and Planning also assesses that attitudes to the development of new rental properties, particularly among the private companies that account for the largest proportion of the planned production, will be defensive. The construction of new rental properties in apartment buildings is expected to fall nearly 50% between 2022 and 2023, from 26,000 to an estimated 14,000.

Investment properties

Amounts in SEK m	2022 Jan–Dec	2021 Jan–Dec
Market value at the beginning of the period	56,560	46,347
+ Acquisitions (incl. acquisition costs)	2,429	1,039
+ Investments in existing property	1,284	1,092
+ Investments in development projects	682	633
+ Unrealised changes in value	–1,069	7,653
– Divestments	–	–204
Market value at the end of the period	59,886	56,560

Investment properties

Willhem owns and manages 552 properties (533) in carefully chosen growth regions in Sweden. The property portfolio was valued externally on 31 December 2022. The estimated market value was SEK 59,886 million (56,560). The total lettable area was 1,942,834 sq m, of which 92.9% relates to residential housing.

The year's unrealised change in value was SEK –1,069 million (7,653), corresponding to a value decline of –1.8% (15.6). 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 1,966 million (1,725), of which SEK 1,284 million (1,092) relates to investments in existing properties and SEK 682 million (633) to property development. Willhemlyft accounted for SEK 299 million (332) 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. During the final quarter, possession was taken of three previously agreed properties in Stockholm, Sweden. In total, 926 apartments were acquired during the year, at a combined value of SEK 2,429 million (1,039).

Valuation assumptions	2022 Jan–Dec	2021 Jan–Dec
Inflation assumption, %	2.0–4.0	2.0
Calculation horizon, years	5–14	5–16
Required yield, residential properties, %	2.0–4.5	1.6–4.2
Required yield, commercial properties, %	3.5–10.0	3.0–10.0
Cost of capital, %	4.2–13.2	3.7–12.2
Long-term vacancy rate, %	0.1–10.0	0.1–10.0
Rent assumption	Existing rent and market rent	
Operating and maintenance expenses	Individual adapted on the basis of outcomes for the various types of property and the valuation agency's experience of similar objects.	

Investment properties (cont.)

Development projects

Willhem's property development comprises proprietary projects and acquired projects. On the balance-sheet date, 268 apartments were in ongoing property projects on a proprietary basis and 704 apartments

were in acquired projects.

During the year, four properties were completed containing 286 apartments.

Ongoing development projects

Property	Location	Type of project	Number of apartments	Residential area, sq m	Total investment, SEK m	Incurred cost, SEK m	Planned occupancy
Valsverket 5	Eskilstuna	Development project*	337	14,604	487	403	Q2 2022-Q4 2023
Guldfisken 10	Linköping	Conversion	106	3,821	109	93	Q2 2023
Kolartorp 1:394	Haninge	Development project*	135	5,638	255	208	Q2-Q3 2023
Kallhäll 9:4	Järfälla	Development project	34	2,396	85	27	Q3 2023
Karmen 5	Karlstad	Development project	78	3,900	140	28	Q2 2024
Smedjan 2	Ursvik	Development project*	232	10,334	662	225	Q2-Q3 2024
Kviberg 28:4	Göteborg	Development project	50	1,792	90	4	Q3 2024
Total ongoing			972	42,485	1,828	988	

* 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
Kolartorp 1:395	Haninge	Development project*	157	4,255	Q4 2022
Total completed			286	8,965	

* Acquired development project

Vildkatten 3 property in Jönköping.



Financing

Financial market

An unusual year in many ways, with Russia's war of aggression against Ukraine, accelerating inflation, energy crisis and sharp interest rate hikes by the world's central banks. During the year, Covid restrictions were removed and Sweden opened up again. Development was volatile from one day to the next.

The Purchasing Managers' Index (PMI) for the industrial sector in Sweden was 45.9 in December, which means that for the fifth consecutive month the index was outside the growth zone. The PMI for the service sector was 53.0, which indicates continued growth but a weakening of the index during the year.

Inflation accelerated during the year from being around 1.5% for a long time. The rate of inflation, according to CPIF, was 10.2% in December. The CPIF, excluding energy, was 8.4%. The Swedish Riksbank and also other central banks raised policy rates at a rapid pace during the year, in an attempt to contain inflation by dampening financial activity and general demand for goods and services. The Riksbank raised interest rates on four occasions during the year, from 0% to 2.5%.

The OMXSPI stock market index closed the year at minus 25%. A similar pattern was noted globally. Due to the rapid increase in interest rates, the value of both equities and bonds declined simultaneously.

Cash and cash equivalents and interest-bearing liabilities

Cash and cash equivalents totalled SEK 4,464 million (3,254) at the end of the period. In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 17,700 million (13,600). We have increased cash and cash equivalents and credit facilities, which enables us to manage all liquidity requirements for about 24 months ahead, without the need for additional financing.

The Group's interest-bearing liabilities totalled SEK 34,194 million (29,937). Financing via the capital markets through bonds and commercial papers accounted for 72.6% of financing.

The loan-to-value ratio was 49.6% (47.2). According to Willhem's financial target, this should be below 60.0%.

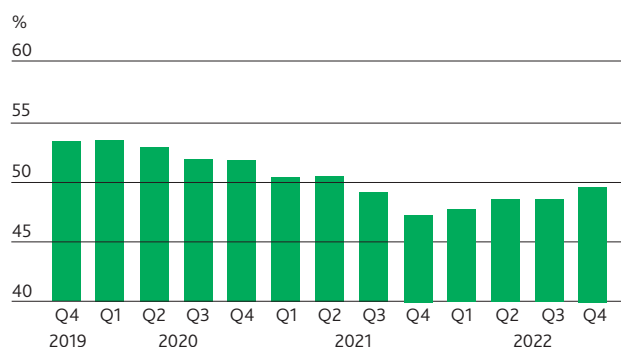
The market value of bonds totalled SEK 18,202 million (18,578). Given that the value is derived from an observable market, the valuation is conducted in accordance with level 2 of the fair value hierarchy in IFRS 13.

The average interest rate was 2.1% (1.2) on the balance-sheet date. The average fixed-interest tenor was 3.5 years (3.9) and the percentage of fixed-interest maturity was 28.9% (24.3) in the next 12 months.

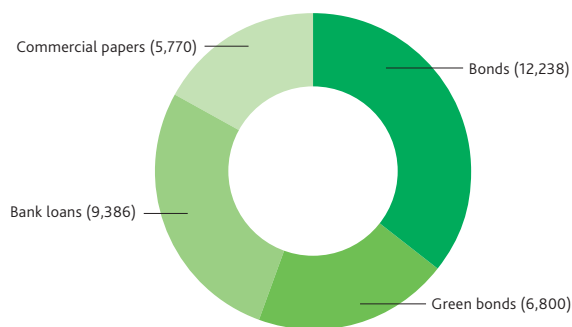
The loan-to-maturity period was 2.5 years (2.3) and taking into account the commitments, the adjusted loan-to-maturity period was 3.5 years (3.4).

The interest coverage ratio was 3.1 (3.5). Willhem's financial target is that this is to exceed 2.2.

LOAN-TO-VALUE RATIO



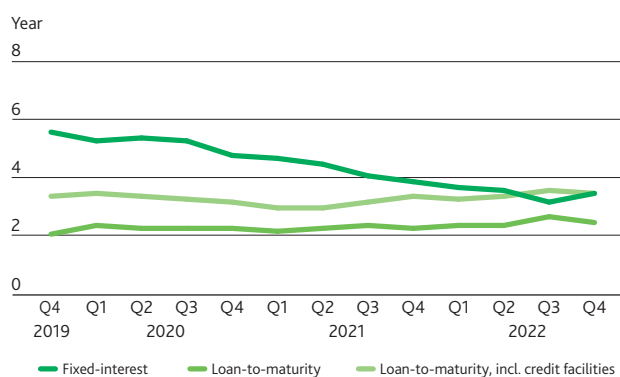
SOURCES OF FINANCING



AVERAGE INTEREST RATE



FIXED-INTEREST AND LOAN-TO-MATURITY



Financing (cont.)

Interest and capital maturity structure

	Interest maturity, SEK m	Interest, %	Capital maturity, SEK m
Within 1 year*	9,857	3.9	10,070
1–2 years	3,300	1.2	8,749
2–3 years	4,100	0.8	4,378
3–4 years	4,000	1.0	2,650
4–5 years	4,578	2.0	3,138
5–6 years	2,350	1.3	900
6–7 years	400	0.4	3,700
7–8 years	2,600	1.0	–
8–9 years	880	1.6	380
9–10 years	1,050	2.9	–
10–30 years	1,050	2.6	200
Total	34,165	2.1	34,165

* 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 10,070 million includes SEK 5,770 million in certificates. The statement of financial position included interest-bearing liabilities of SEK 34,194 million, the difference compared with the above table pertains to arrangement fees of SEK –30 million and exchange rate translation concerning foreign bonds of SEK 59 million.

Green financing

At the end of the period, green bonds amounted to SEK 6,800 million (5,000), which corresponds to 35.7% of Willhem's total bonds outstanding.

Derivatives

The net market value of the Group's derivatives totalled SEK 1,520 million (–291), of which SEK 1,541 million is recognised as an asset and SEK –21 million as a liability in the Group's statement of financial position. Net interest-rate and currency derivatives totalled SEK 1,460 million (–301), of which SEK 1,481 million was recognised as an asset on the balance-sheet date.

The market value of electricity derivatives totalled SEK 60 million (10). 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	2,470	22
1–2 years	1,000	28
2–3 years	1,200	79
3–4 years	3,550	288
4–5 years	3,988	278
5–6 years	2,350	232
>6 years	5,400	533
Total	19,958	1,460

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	31 Dec 2022	31 Dec 2021
Opening equity	24,759	17,979
Dividends	-501	-501
Comprehensive income for the year	1,316	7,281
Closing equity	25,574	24,759

Equity totalled SEK 25,574 million (24,759). The equity/assets ratio was 38.4% (40.4).



Consolidated cash-flow statement

Amounts in SEK m	2022 Jan-Dec	2021 Jan-Dec
OPERATING ACTIVITIES		
Operating profit	527	9,108
Adjustments for items not affecting liquidity	983	-7,587
Interest paid, net	-466	-436
Taxes paid	-2	-1
Cash flow from operating activities before changes in working capital	1,042	1,084
Change in current receivables	32	38
Change in current liabilities	120	-1
Cash flow from operating activities	1,194	1,121
INVESTING ACTIVITIES		
Investments in existing property	-1,966	-1,725
Acquisition of properties	-893	-489
Sale of properties	-4	205
Investments in other, net	-4	-2
Cash flow from investing activities	-2,867	-2,011
FINANCING ACTIVITIES		
Liabilities raised	21,770	10,929
Repayments of liabilities	-19,087	-8,726
Dividends	-501	-501
Non-current receivables	701	-677
Cash flow from financing activities	2,883	1,025
Cash flow for the period	1,210	135
Opening balance, cash and cash equivalents	3,254	3,113
Acquired cash and cash equivalents	0	6
Closing balance, cash and cash equivalents	4,464	3,254

COMMENTS

Cash flow from operating activities totalled SEK 1,194 million (1,121). Investments in properties totalled SEK -1,966 million (-1,725). The gross investments of properties for the period amounted to -2,511 million (-1,055) and deductions for latent tax amounted to SEK 86 million (18). SEK 1,537 million (552) in existing loans on acquired properties was repaid. Acquisition costs paid during the period amounted to SEK -5 million (-4), and accordingly SEK -893 million (-489) had a direct liquidity impact on cash flow.

During the period, SEK 21,770 million (10,929) was raised in new loans and SEK 19,087 million (8,726) was repaid. Dividends of SEK 501 million (501) were disbursed to shareholders.

As of 31 December 2022, the Group's cash and cash equivalents were SEK 4,464 million (3,254). In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 17,700 million (13,600).

Segment reporting

Amounts in SEK m	2022 Oct–Dec	2021 Oct–Dec	2022 Jan–Dec	2021 Jan–Dec
Rental revenues				
Southern Region	206	192	820	756
Western Region	207	193	821	767
Eastern Region	264	246	1,023	968
Total	677	631	2,664	2,491
Property expenses				
Southern Region	–76	–73	–278	–262
Western Region	–88	–84	–326	–319
Eastern Region	–97	–100	–365	–366
Total	–261	–257	–969	–947
Net operating income				
Southern Region	130	119	542	494
Western Region	119	109	495	448
Eastern Region	167	146	658	602
Total	416	374	1,695	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 1,694 million (1,544) and profit before tax of SEK 1,764 million (9,227), consists of central admin-

istration costs of SEK –95 million (–91), other operating income of SEK –million (1), the change in property values of SEK –1,072 million (7,654), net financial items of SEK –574 million (–551) and the change in value of financial instruments of SEK 1,811 million (670).

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 135 million (3,648) in the Southern Region, SEK 1,276 million (2,295) in the Western Region and SEK 1,915 million (4,270) in the Eastern Region.

Amounts in SEK m	31 Dec 2022	31 Dec 2021
Market value investment property		
Southern Region	19,237	19,102
Western Region	16,597	15,321
Eastern Region	24,052	22,137
Total carrying amount	59,886	56,560

Parent Company income statement

Amounts in SEK m	2022 Jan–Dec	2021 Jan–Dec
Revenues	60	58
Administrative expenses	–154	–149
Other operating income	–	1
Operating loss	–94	–90
Interest income	742	483
Interest expense	–389	–359
Other financial items	–88	–149
Change in value of financial instruments	329	619
Profit after financial items	500	504
Appropriations, Group contributions	–166	–29
Appropriations, principal earnings	–329	122
Profit before tax	5	597
Tax	–68	–128
Profit/loss for the period	–63	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 60 million (58), of which intra-Group revenue totalled SEK 60 million (58).

The Parent Company's interest income amounted to SEK 742 million

(483), of which intra-Group interest income totalled SEK 711 million (477). Other financial items included exchange-rate effects of SEK –51 million (–120) 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 329 million (619). The value of the derivatives developed positively during the period, largely due to rising market interest rates.

Profit before tax amounted to SEK 5 million (597).



Parent Company balance sheet

Amounts in SEK m	31 Dec 2022	31 Dec 2021
ASSETS		
Non-current assets		
Shares and participations in Group companies	4,657	4,655
Receivables from Group companies	23,693	23,262
Deferred tax assets	6	74
Equipment	5	3
Non-current receivables	16	743
Total non-current assets	28,377	28,737
Current assets		
Other receivables	62	82
Cash and cash equivalents	4,464	3,248
Total current assets	4,526	3,330
TOTAL ASSETS	32,903	32,067
EQUITY AND LIABILITIES		
Equity	2,604	3,168
Total equity	2,604	3,168
Non-current liabilities		
Interest-bearing liabilities	15,338	13,867
Liabilities to Group companies	5,284	3,964
Derivatives	21	347
Total non-current liabilities	20,643	18,178
Current liabilities		
Interest-bearing liabilities	9,470	10,620
Derivatives	–	3
Other liabilities	186	98
Total current liabilities	9,656	10,721
TOTAL EQUITY AND LIABILITIES	32,903	32,067

Biet 31 property in Malmö.



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 2022, there were a total of 298 employees (279).

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

The Board of Directors of Willhem AB has appointed Mariette Hilmer-son as new Chief Executive Officer. She will assume her new position around mid-year 2023, succeeding Mikael Granath, who intends to retire.

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, 23 February 2023

Fredrik Wirdenius
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 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
Q4	Vilunda 6:67	Eastern	Stockholm	112	5,842	5,943
Q4	Agaten 2	Eastern	Stockholm	125	5,190	5,385
Q4	Jakobsberg 11:21 & 11:23	Eastern	Stockholm	224	11,366	11,526
Total acquisitions				926	52,638	54,313

* 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-Dec	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec	2018 Jan-Dec
Property-related					
Total area, sq m	1,942,834	1,881,077	1,857,831	1,803,353	1,826,922
Number of properties	552	533	530	508	500
Number of residential properties	28,451	27,134	26,625	25,783	25,992
Market value, SEK m	59,886	56,560	46,347	40,075	36,265
Market value, SEK/sq m	30,824	30,068	24,946	22,222	19,850
Rental value, SEK m	2,799	2,600	2,480	2,318	2,228
Economic occupancy rate, %	98.6	98.8	98.8	98.9	98.8
Net operating margin, %	63.6	62.0	62.6	60.6	59.1
Financial					
Average interest rate, %	2.1	1.2	1.4	1.5	1.5
Average fixed-interest tenor, years	3.5	3.9	4.8	5.6	6.1
Average loan-to-maturity, years	2.5	2.3	2.3	2.1	2.2
Loan-to-value (LTV) ratio, %	49.6	47.2	51.7	53.2	56.6
Interest coverage ratio, multiple	3.1	3.5	3.3	3.3	2.9
Equity/assets ratio, %	38.4	40.4	35.8	35.7	34.7
Other					
Number of employees	298	279	278	268	254

Reconciliation of alternative performance measures

	2022 Jan–Dec	2021 Jan–Dec
Loan-to-value ratio		
Interest-bearing liabilities, SEK m	34,194	29,937
Cash and cash equivalents, SEK m	–4,464	–3,254
Total interest-bearing liabilities, net	29,730	26,683
Net interest-bearing liabilities, SEK m	29,730	26,683
Market value of properties, SEK m	59,886	56,560
Loan-to-value (LTV) ratio, %	49.6%	47.2%
Interest coverage ratio		
Operating profit, SEK m	528	9,108
Property change in value, SEK m	1,072	–7,654
Total operating profit excl. change in value	1,600	1,454
Operating profit excl. change in value, SEK m	1,600	1,454
Interest income, interest expenses and other financial expenses, excluding exchange-rate effects, SEK m	510	419
Interest coverage ratio, multiple	3.1	3.5
Equity/assets ratio		
Equity, SEK m	25,574	24,759
Total assets, SEK m	66,683	61,291
Equity/assets ratio, %	38.4%	40.4%
Net operating margin		
Net operating income, SEK m	1,695	1,544
Rental revenues, SEK m	2,664	2,491
Net operating margin, %	63.6%	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 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 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

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 and the Securities Market Act.

The information was submitted for publication at 3.00 p.m. on 23 February 2023.

