

INTERIM REPORT JANUARY–MARCH 2022

A home for everyone



About Willhem

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

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

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



Summary

January–March 2022

- Revenue increased to SEK 655 million (615), up 6.5%.
- Net operating income totalled SEK 376 million (353), up 6.5%. For the comparable property portfolio, net operating income rose 1.9%.
- Unrealised changes in the value of the properties during the period amounted to SEK 689 million (1,918), corresponding to a value increase of 1.2% (4.1).
- The change in the value of financial instruments amounted to SEK 904 million (386).
- Profit after tax for the period totalled SEK 1,383 million (1,886).
- The market value of the properties was SEK 58,729 million (48,829) at the end of the period.
- During the period, Willhem acquired eight properties in Gothenburg and Stockholm for a total SEK 1,067 million (185).
- Investments in the property portfolio amounted to SEK 413 million (379), of which SEK 254 million (231) relates to investments in existing properties and SEK 159 million (148) to property development.

NUMBER OF APARTMENTS

27,598

MARKET VALUE OF PROPERTIES

SEK 58,729 million

AVERAGE

TOTAL RETURN OVER 10 YEARS

10.1%

NET OPERATING MARGIN

57.4%

LOAN-TO-VALUE RATIO

47.7%

CEO comments

Developments in our macro environment with the Russian invasion of Ukraine is an area of concern, but so far we have not seen any negative impact on the company's economy. The year started well with stable revenue flows, increased net operating income and positive changes in value.

The war in Ukraine has shocked the world and caused significant human suffering. On top of the turbulence previously caused by the pandemic, the war is now ongoing and has reinforced the general feeling of global uncertainty.

As a company, we have thus far noted only limited effects. There is a shortage of certain types of construction materials, but the impact has been manageable to date. The capital markets are working but it has become apparent that the financial market conditions have changed with higher inflation and rising interest rates. We have not seen these kind of market conditions in years and it is likely to affect the transaction market. Though we did not see any direct affect during the first quarter and the transaction market was still strong, with a particular interest being shown in investing in residential buildings containing rental apartments. Demand for accommodation is unrelenting and we can see no signs of a rise in vacancies in lettings. The assessment is that residential properties as an investment will retain a strong position moving forward.

Strong financial performance

The positive economic trend is continuing. Net operating income increased 6.5% compared with the preceding year and totalled SEK 376 million. The increase for the comparable property portfolio was 1.9% year-on-year. The change in the value of properties amounted to SEK 689 million. Property value totalled SEK 58,729 million on the balance-sheet date. We remain active in the capital markets and total financing amounted to SEK 30,164 million.

We can see that the energy prices have had a negative impact on profit for the period, despite our energy price hedging. Value development, which was exceptionally strong in 2021, demonstrated a slower trend at the beginning of the year.

High rate of investment

The rate of investment in our existing buildings remains high. Our ambition is to complete about 1,000 renovations as part of the Willhemlyftet concept over the next year. Price increases and limited access to construction materials may impact the rate of development and investments in the future. We are monitoring developments closely.

In the area of sustainability, our focus is on energy investments and we are gradually moving closer to the long-term target that purchased energy should be equal to 92 kWh/sq m. Daily management includes many improvement projects. The war in Ukraine has raised the issue of civil defence shelters. Inventory work is already taking place and for obvious reasons was intensified during the quarter.

In January, we took possession of 383 apartments in attrac-



tive locations in Gothenburg. Activity remains high in our development projects and profitability is generally good. At the end of the first quarter, we had nine ongoing property projects that include a total of 1,277 apartments. Of these, 181 apartments are being constructed on a proprietary basis and 1,096 apartments are acquired from project developers. During the quarter, we completed and occupied our proprietary project Vildkatten 3 in Jönköping, which comprises 54 apartments.

Digital development

We have now started to do monthly customer surveys instead of yearly, to further improve our customer service. In March, we introduced virtual apartment viewings, which have been well received by customers. We are now building a platform to continue to expand our digital services going forward. Planning is in progress to review our entire system environment to allow us to better respond to future development opportunities and to streamline operations.

No one is untouched by the situation in Ukraine. Our contribution to relief efforts was to provide financial support to the people of Ukraine through UNHCR. We are also very pleased to be able to contribute safe homes for the Ukrainian refugees who have arrived in Sweden. In total, we have provided 100 apartments to the Swedish Migration Agency and municipalities for this purpose.

And lastly, I am proud to see the commitment within our organisation. A number of fundraising activities have taken place for Ukraine locally in our locations, where we are working together with our tenants to offer support during this crisis. We all hope there will be a swift resolution, but until then it is important that we all help each other.

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

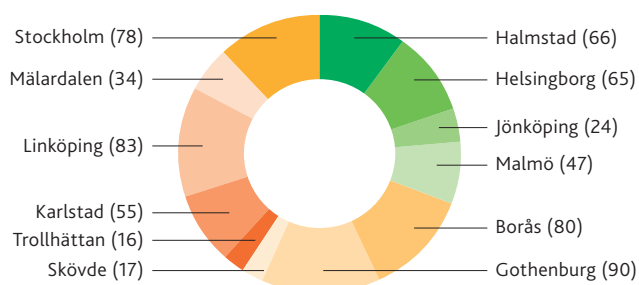
We act with responsibility and respect towards Willhem as a company, our customers and our surroundings, by minimising the impact we have on the environment, taking a long-term approach to managing and developing our properties, and creating sustainable and safe neighbourhoods.

Consolidated income statement

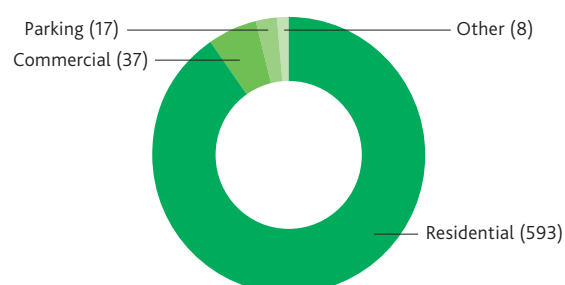
Amounts in SEK m	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Rental revenues	655	615	2,491
Operating expenses	-195	-175	-600
Repairs and maintenance	-31	-33	-132
Property administration	-40	-42	-167
Property tax	-13	-12	-48
Total property expenses	-279	-262	-947
Net operating income	376	353	1,544
Corporate administration expenses	-20	-23	-91
Other operating income	-	1	1
Change in value of investment properties, unrealised	689	1,918	7,653
Change in value of investment properties, realised	-3	-1	1
Operating profit	1,042	2,248	9,108
Interest income and expenses	-92	-98	-388
Leasehold fee	-3	-3	-12
Other financial expenses	-79	-120	-151
Change in value of financial instruments	904	386	670
Total financial items	730	165	119
Profit before tax	1,772	2,413	9,227
Tax	-389	-527	-1,946
Profit for the period	1,383	1,886	7,281

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

RENTAL REVENUE PER AREA 31 MARCH 2022, SEK M



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



Results January–March 2022

Rental revenues

The Group's rental revenues rose to SEK 655 million (615), up 6.5%. 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 17 million, up 2.8%.

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

Property expenses

Property expenses amounted to SEK –279 million (–262). Operating expenses were SEK 17 million higher compared to the previous year. This was mainly due to high electricity prices, and also extra costs for service and inspections. Repairs and maintenance expenses fell slightly compared with the preceding year.

For the comparable portfolio, property expenses were SEK 10 million higher, largely due to increased operating expenses this year.

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

Net operating income

Net operating income for the period totalled SEK 376 million (353), up 6.5%. The improvement in net operating income is due to increased rental revenues. The net operating margin for the period was 57.4% (57.4).

For the comparable property portfolio, net operating income rose SEK 7 million compared with the preceding year, up 1.9%.

Central administration costs

Central administration costs amounted to SEK –20 million (–23).

Change in value of investment properties

Unrealised changes in the value of the properties during the quarter amounted to SEK 689 million (1,918), corresponding to a value increase of 1.2% (4.1). The positive value performance is mainly attributable to changed yield requirements and improved cash flows. The average, weighted yield was 3.1% (3.5).

Net financial items

Net interest for the period amounted to SEK –95 million (–101) and includes leasehold fees of SEK –3 million (–3).

Other financial expenses amounted to SEK –79 million (–120) and were impacted by SEK –70 million (–112) 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 (3.0).

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 904 million (386). 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 –389 million (–527), of which deferred tax amounted to SEK –384 million (–527) and current tax to SEK –5 million (–0). The deferred tax is mainly attributable to the period's unrealised value change, temporary differences on investment properties and financial instruments.

Profit

Operating profit for the year's first quarter totalled SEK 1,042 million (2,248). Operating profit before change in property values rose SEK 25 million to SEK 356 million compared with SEK 331 million in the preceding year. Profit after tax for the period totalled SEK 1,383 million (1,886), with the lower profit attributable to the lower unrealised changes in the value of the properties compared with the year-earlier period.

Consolidated balance sheet

Amounts in SEK m	31 Mar 2022	31 Mar 2021	31 Dec 2021
Assets			
Non-current assets			
Investment properties	58,729	48,829	56,560
Right-of-use assets, leaseholds	424	368	371
Equipment	7	10	8
Derivatives	598	28	48
Non-current receivables	845	390	787
Total non-current assets	60,603	49,625	57,774
Current assets			
Other current receivables	228	263	252
Derivatives	23	1	11
Cash and cash equivalents	2,175	1,927	3,254
Total current assets	2,426	2,191	3,517
Total assets	63,029	51,816	61,291
Equity and liabilities			
Equity attributable to Parent Company shareholders			
Equity	26,142	19,865	24,759
Total equity	26,142	19,865	24,759
Non-current liabilities			
Interest-bearing liabilities	19,685	16,263	18,489
Deferred tax liability	5,656	3,852	5,270
Derivatives	7	604	347
Right-of-use liabilities, leaseholds	424	368	371
Total non-current liabilities	25,772	21,087	24,477
Current liabilities			
Interest-bearing liabilities	10,479	10,246	11,448
Derivatives	1	0	3
Other non-interest-bearing liabilities	635	618	604
Total current liabilities	11,115	10,864	12,055
Total equity and liabilities	63,029	51,816	61,291

Investment properties

Property market

Russia's invasion of Ukraine has resulted in a completely new global situation, the impact of which is being felt in many ways. The geopolitical situation is very uncertain. It is too early to say how great an impact the war will have on the European and Swedish economies, though certain effects have already been felt. So far, the conflict has not had a significant impact on the property market. However, inflation has risen sharply in many countries in a relatively short space of time, leading to higher interest rates, which in turn will influence the property markets in the long term. Other uncertainties include higher energy prices, higher prices for materials and contractors, and a rise in infection rates in several countries with new variants of COVID-19.

The record interest last year for real estate investments is continuing, with significant demand for residential housing. Demand for residential properties remains very strong as does the willingness to investment. Demand is still much higher than supply, which has continued to put pressure on the bidding process for residential buildings. The year began with a relatively high transaction volume in historical terms. During the first quarter of the year, properties were sold for a value of about SEK 50 billion, which is on a level with the year-earlier quarter. Residential remains the largest segment and accounted for about one third of the total transaction volume to date this year. Interest from international investors remains very strong. The situation for residential construction is difficult to assess at present, partly due to the removal of investment subsidies, and also due to the rise in construction project prices. It remains to be seen exactly how the forecast for 2022 from the National Board of Housing, Building and Planning holds up – that construction will begin on roughly the same number of residential properties as in the previous year (approximately 66,000 new residential properties).

Investment properties

Willhem owns and manages 543 properties (533) in carefully chosen growth regions in Sweden. The property portfolio was valued internally on 31 March 2022. The estimated market value was SEK 58,729 million (48,829). The total lettable area was 1,909,989 sq m, of which 92.5% relates to residential housing.

Unrealised changes in value during the quarter amounted to SEK 689 million (1,918), corresponding to a value increase of 1.2% (4.1). 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 413 million (379), of which SEK 254 million (231) relates to investments in existing properties and SEK 159 million (148) to property development. Willhemlyft accounted for SEK 76 million (82) of investments in existing property.

During the quarter, 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.

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 424 million (368).

Investment properties

SEK million	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
Market value at the beginning of the period	56,560	46,347	46,347
+ Acquisitions (incl. acquisition costs)	1,067	185	1,039
+ Investments in existing property	254	231	1,092
+ Investments in development projects	159	148	633
+ Unrealised changes in value	689	1,918	7,653
– Divestments	–	–	–204
Market value at the end of the period	58,729	48,829	56,560

Investment properties (cont.)

Development projects

Willhem's property development comprises proprietary projects and acquired projects. On the balance-sheet date, 181 apartments were in ongoing property projects on a proprietary basis and 629 apartments

were in acquired projects.

During the first quarter of the year, one property was completed with 54 apartments.

Ongoing development projects

Property	Location	Type of project	Number of apartments	Residential area, sq m	Planned occupancy
Kronojägaren 2	Karlstad	Extension	43	1,380	Q3 2022
Viksjö 2:595	Järfälla	Development project	32	1,554	Q3 2022
Kolartorp 1:395	Haninge	Development project*	157	4,255	Q2-Q4 2022
Valsverket 5	Eskilstuna	Development project*	337	14,604	Q2 2022-Q4 2023
Guldfisken 10	Linköping	Conversion	106	3,821	Q1 2023
Kolartorp 1:394	Haninge	Development project*	135	5,638	Q2-Q3 2023
Total ongoing			810	31,252	

* 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	1,773	Q1 2022
Total completed			54	1,773	

Vildkatten 3 property in Jönköping.



Financing

Financial market

The first quarter was marked by the pandemic and geopolitical unrest. The war in Ukraine is creating uncertainty as regards economic developments and forecasts have been adjusted downward. The direct adverse effects – in the form of sanctions, higher energy prices and delivery disruptions – have been mitigated by fiscal policy measures in the areas of energy and defence.

Global turbulence and high inflation figures have led to historical increases in interest rates, both in Sweden and abroad.

Volatile energy prices, increased food prices, higher prices for input goods, logistics problems and uncertainty have also fuelled a rise in inflation. Even if the central banks have underestimated the sharp rise in inflation, it is still reasonable to assume that inflation will decrease over time. The Riksbank in Sweden has observed the new situation and will probably need to introduce tighter measures earlier than it previously announced.

The purchasing managers' index (PMI) indicates a sustained high level of activity in the business community though this is increasingly driven by the service sector while industry has entered a slower growth phase. The PMI for industry fell to 57.3 in March compared with 58.0 in February. The PMI for the service sector slowed in March to 65.3 from 67.7 in February.

The quarter has been volatile on the stock exchange, with strong fluctuations. The Swedish OMX30 share index fell –13.4% during the first quarter.

Cash and cash equivalents and interest-bearing liabilities

Cash and cash equivalents totalled SEK 2,175 million (1,927) 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 30,164 million (26,509). Financing via the capital markets through bonds and certificates accounted for 79.3% of financing.

The loan-to-value ratio was 47.7% (50.3). According to Willhem's financial target, this should be below 60.0%.

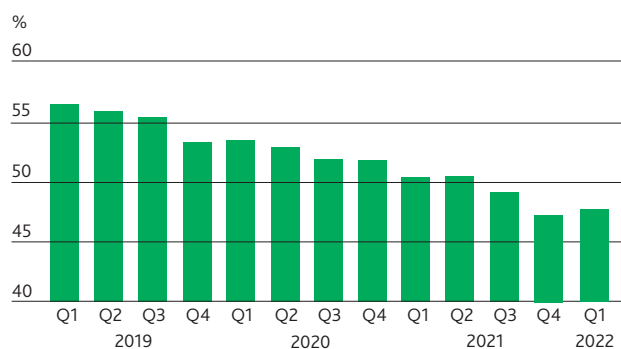
The market value of bonds totalled SEK 18,009 million (16,728). Given that the value is derived from an observable market, the valuation is conducted in accordance with level 2 of the fair value hierarchy in IFRS 13.

The average interest rate was 1.2% (1.4) on the balance-sheet date. The average fixed-interest tenor was 3.7 years (4.7) and the percentage of fixed-interest maturity was 28.1% (21.5) in the next 12 months.

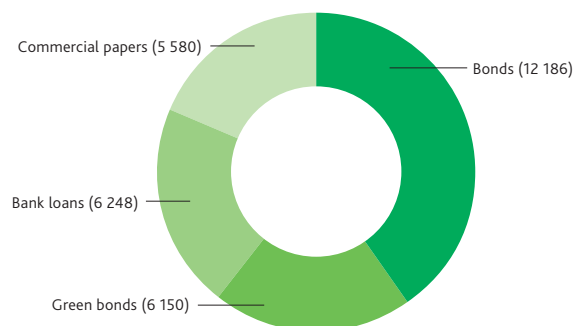
The loan-to-maturity period was 2.4 years (2.2) and taking into account the commitments, the adjusted loan-to-maturity period was 3.3 years (3.0). The refinancing rate, including credit margins for an equivalent loan portfolio, is 1.6% (0.7).

The interest coverage ratio was 3.4 (3.0). Willhem's financial target is that this is to exceed 2.2.

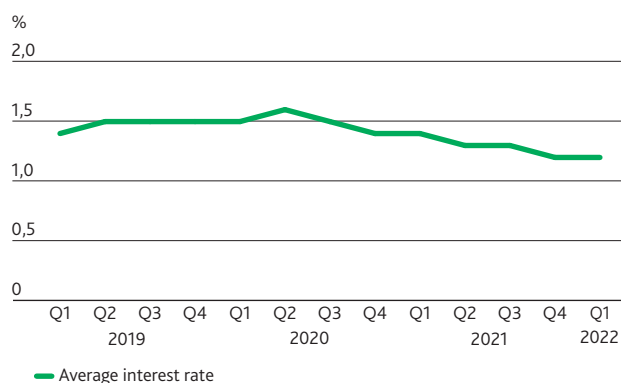
LOAN-TO-VALUE RATIO



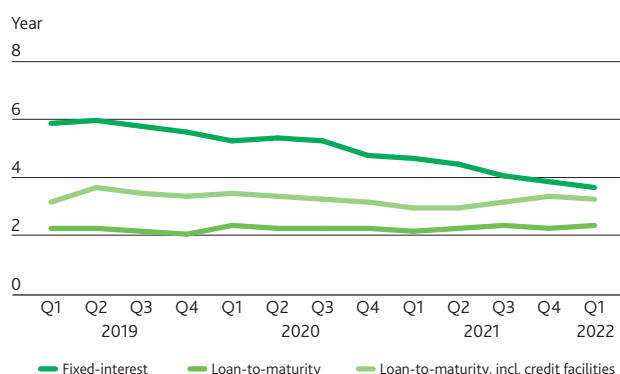
SOURCES OF FINANCING



AVERAGE INTEREST RATE



FIXED-INTEREST AND LOAN-TO-MATURITY



Financing (cont.)

Interest and capital maturity structure

	Interest maturity	Interest, %	Capital maturity
Within 1 year*	8,447	1.6	10,480
1–2 years	1,900	0.9	5,472
2–3 years	2,900	0.7	5,385
3–4 years	2,850	0.7	2,179
4–5 years	4,400	1.0	2,521
5–6 years	3,178	1.7	1,788
6–7 years	2,350	1.3	1,700
7–8 years	1,700	0.6	–
8–9 years	2,180	1.5	380
9–10 years	–	–	–
10–11 years	–	–	–
11–12 years	–	–	–
12–30 years	200	1.8	200
Total	30,105	1.2	30,105

* 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 10,480 million includes SEK 5,580 million in certificates. The statement of financial position included interest-bearing liabilities of SEK 30,164 million, the difference compared with the above table pertains to arrangement fees of SEK –19 million and exchange rate translation concerning foreign bonds of SEK 78 million.

Green financing

At the end of the period, green bonds amounted to SEK 6,150 million (2,100), which accounts for 33.5% of Willhem's total bonds outstanding.

Derivatives

The net market value of the Group's derivatives totalled SEK 613 million (–575), of which SEK 621 million is recognised as an asset and SEK –8 million as a liability in the Group's statement of financial position. Net interest-rate and currency derivatives totalled SEK 588 million (–576), of which SEK 596 million was recognised as an asset on the balance-sheet date.

Electricity derivatives totalled SEK 25 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	1,000	0.8	1
1–2 years	1,200	0.7	11
2–3 years	650	0.8	11
3–4 years	1,200	1.0	32
4–5 years	3,950	1.0	135
5–6 years	3,588	1.2	85
>6 years	5,850	1.1	313
Total	17,438	1.0	588

Rating

On 2 September 2021, 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.

Standard & Poor's 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 Mar 2022	31 Mar 2021	31 Dec 2021
Opening equity	24,759	17,979	17,979
Dividends	–	–	–501
Comprehensive income for the year	1,383	1,886	7,281
Closing equity	26,142	19,865	24,759

Equity totalled SEK 26,142 million (19,865). The equity/assets ratio was 41.5% (38.3).



Consolidated cash-flow statement

Amounts in SEK m	2022 Jan–Mar	2021 Jan–Mar	2021 Jan–Dec
OPERATING ACTIVITIES			
Operating profit	1,042	2,248	9,108
Adjustments for items not affecting liquidity	–773	–1,970	–7,587
Interest paid, net	–122	–116	–436
Taxes paid	–5	0	–1
Cash flow from operating activities before changes in working capital	142	162	1,084
Change in current receivables	28	27	38
Change in current liabilities	135	137	–1
Cash flow from operating activities	305	326	1,121
INVESTING ACTIVITIES			
Investments in existing property	–413	–379	–1,725
Acquisition of properties	–666	–150	–489
Sale of properties	–3	0	205
Investments in other, net	0	–1	–2
Cash flow from investing activities	–1,082	–530	–2,011
FINANCING ACTIVITIES			
Liabilities raised	3,920	2,290	10,929
Repayments of liabilities	–4,164	–2,992	–8,726
Dividends	–	–	–501
Non-current receivables	–58	–280	–677
Cash flow from financing activities	–302	–982	1,025
Cash flow for the period	–1,079	–1,186	135
Opening balance, cash and cash equivalents	3,254	3,113	3,113
Acquired cash and cash equivalents	0	–	6
Closing balance, cash and cash equivalents	2,175	1,927	3,254

COMMENTS

Cash flow from operating activities totalled SEK 305 million (326). Investments in properties totalled SEK –413 million (–379). Gross capital formation for the period pertaining to acquisitions of properties amounted to SEK –1,140 million (–185) and deductions for latent tax amounted to SEK 72 million (2). SEK 404 million (34) in existing loans on acquired properties was repaid. Acquisition costs paid during the period amounted to SEK –2 million (–1), and accordingly SEK –666 million (–150) had a direct liquidity impact on cash flow.

During the period, SEK 3,920 million (2,290) was raised in new loans and SEK 4,164 million (2,992) was repaid.

As of 31 March 2022, the Group's cash and cash equivalents were SEK 2,175 million (1,927). 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	2022 Jan–Mar	2021 Jan–Mar	2021 Jan–Dec
Rental revenues			
Southern Region	202	187	756
Western Region	203	189	767
Eastern Region	250	239	968
Total	655	615	2,491
Property expenses			
Southern Region	–79	–71	–262
Western Region	–94	–87	–319
Eastern Region	–106	–104	–366
Total	–279	–262	–947
Net operating income			
Southern Region	123	116	494
Western Region	109	102	448
Eastern Region	144	135	602
Total	376	353	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 376 million (353) and profit before tax of SEK 1,772 million (2,413), consists of central administra-

tion costs of SEK –20 million (–23), other operating income SEK – million (1), change in property values SEK 686 million (1,917), net financial items SEK –174 million (–221) and change in value of financial instruments SEK 904 million (386).

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 246 million (655) in the Southern Region, SEK 1,341 million (564) in the Western Region and SEK 582 million (1,263) in the Eastern Region.

Amounts in SEK m	31 Mar 2022	31 Mar 2021	31 Dec 2021
Market value investment property			
Southern Region	19,348	16,109	19,102
Western Region	16,662	13,590	15,321
Eastern Region	22,719	19,130	22,137
Total carrying amount	58,729	48,829	56,560

Parent Company income statement

Amounts in SEK m	2022 Jan–Mar	2021 Jan–Mar	2021 Jan–Dec
Revenues	15	15	58
Administrative expenses	–35	–38	–149
Other operating income	–	1	1
Operating loss	–20	–22	–90
Interest income	125	108	483
Interest expense	–83	–88	–359
Other financial items	–79	–120	–149
Change in value of financial instruments	342	365	619
Profit after financial items	285	243	504
Appropriations, Group contributions	–	–	–29
Appropriations, principal earnings	–	–	122
Profit before tax	285	243	597
Tax	–70	–75	–128
Profit for the period	215	168	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 year amounted to SEK 15 million (15), of which intra-Group revenue totalled SEK 15 million (15).

The Parent Company's interest income amounted to SEK 125 million

(108), of which intra-Group interest income totalled SEK 122 million (108). Other financial items includes exchange-rate effects of SEK –70 million (–112) 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 342 million (365). The value of the derivatives developed positively during the period, largely due to rising market interest rates.

Profit before tax amounted to SEK 285 million (243).



Parent Company balance sheet

Amounts in SEK m	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS			
Non-current assets			
Shares and participations in Group companies	4,655	4,642	4,655
Receivables from Group companies	23,512	21,652	23,262
Deferred tax assets	4	127	74
Equipment	3	5	3
Non-current receivables	801	390	743
Total non-current assets	28,975	26,816	28,737
Current assets			
Other receivables	40	100	82
Cash and cash equivalents	2,145	1,927	3,248
Total current assets	2,185	2,027	3,330
TOTAL ASSETS	31,160	28,843	32,067
EQUITY AND LIABILITIES			
Equity	3,383	3,368	3,168
Total equity	3,383	3,368	3,168
Non-current liabilities			
Interest-bearing liabilities	13,937	12,560	13,867
Liabilities to Group companies	3,723	3,451	3,964
Derivatives	7	604	347
Total non-current liabilities	17,667	16,615	18,178
Current liabilities			
Interest-bearing liabilities	9,979	8,774	10,620
Derivatives	1	0	3
Other liabilities	130	86	98
Total current liabilities	10,110	8,860	10,721
TOTAL EQUITY AND LIABILITIES	31,160	28,843	32,067

Gullkragen 2 property in Borås.



Other information

Personnel and organisation

Property management is organised into three regions comprising 12 management areas. The head office is located in Gothenburg and provides Group-wide functions. As of 31 March 2022, there were a total of 287 employees (277).

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

Willhem signed a new credit facility agreement of SEK 1,000 million on 4 April. Additionally, Willhem issued a bond of SEK 500 million with the repayment date of 7 April 2022.

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, 12 May 2022

Fredrik Wirdenius
Chairman

Christel Armstrong Darvik
Member

Anders Ahlberg
Member

Ragnhild Backman
Member

Johan Temse
Member

Mikael Granath
Chief Executive Officer

This interim 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	98.3	66	5,730
Helsingborg	68	2,384	165,305	14,414	179,719	98.6	65	6,235
Jönköping	19	1,149	57,480	3,206	60,686	99.7	24	2,475
Malmö	54	1,517	105,672	12,035	117,707	99.0	47	4,908
Southern Region	183	8,063	512,719	38,587	551,306	98.7	202	19,348
Borås	152	3,362	214,334	15,964	230,298	99.0	80	6,562
Gothenburg	34	4,077	266,341	12,411	278,752	99.3	90	7,700
Skövde	15	821	56,831	1,677	58,508	99.2	17	1,345
Trollhättan	24	730	43,063	7,469	50,532	99.3	16	1,055
Western Region	225	8,990	580,569	37,521	618,090	99.2	203	16,662
Karlstad	59	2,552	150,127	11,249	161,376	99.3	55	4,178
Linköping	29	3,430	238,157	29,384	267,541	96.6	83	6,436
Mälardalen	12	1,386	87,212	15,853	103,065	97.9	34	3,368
Stockholm	35	3,177	198,771	9,839	208,610	99.6	78	8,737
Eastern Region	135	10,545	674,267	66,325	740,592	98.3	250	22,719
Total	543	27,598	1,767,556	142,433	1,909,989	98.7	655	58,729

Haga 10 property in Malmö.



Property transactions during the period

Acquisitions

Quarter	Property	Region	Location	Number of apartments	Residential area, sq m	Total area, sq m
Q1	Järnbrott 144:7	Western	Gothenburg	47	3,233	3,233
Q1	Järnbrott 146:3	Western	Gothenburg	127	9,617	9,617
Q1	Kortedala 138:1	Western	Gothenburg	53	3,801	3,862
Q1	Krokslätt 85:1	Western	Gothenburg	33	1,865	1,865
Q1	Krokslätt 85:6	Western	Gothenburg	21	1,160	1,160
Q1	Krokslätt 85:8	Western	Gothenburg	26	1,161	1,237
Q1	Majorna 406:2	Western	Gothenburg	76	4,106	4,702
Q1	Smedjan 2 *	Eastern	Stockholm			
Total acquisitions				383	24,943	25,676

* 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-Mar	2021 Jan-Mar	2021 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Property-related					
Total area, sq m	1,909,989	1,859,561	1,881,077	1,857,831	1,803,353
Number of properties	543	533	533	530	508
Number of residential properties	27,598	26,682	27,134	26,625	25,783
Market value, SEK m	58,729	48,829	56,560	46,347	40,075
Market value, SEK/sq m	30,748	26,258	30,068	24,946	22,222
Rental value, SEK m	2,670	2,504	2,600	2,480	2,318
Economic occupancy rate, %	98.7	98.7	98.8	98.8	98.9
Net operating margin, %	57.4	57.4	62.0	62.6	60.6
Financial					
Average interest rate, %	1.2	1.4	1.2	1.4	1.5
Average fixed-interest tenor, years	3.7	4.7	3.9	4.8	5.6
Average loan-to-maturity, years	2.4	2.2	2.3	2.3	2.1
Loan-to-value (LTV) ratio, %	47.7	50.3	47.2	51.7	53.2
Interest coverage ratio, multiple	3.4	3.0	3.4	3.2	3.2
Equity/assets ratio, %	41.5	38.3	40.4	35.8	35.7
Other					
Number of employees	287	277	279	278	268

Reconciliation of alternative performance measures

	2022 Jan–Mar	2021 Jan–Mar	2021 Jan–Dec
Loan-to-value ratio			
Interest-bearing liabilities, SEK m	30,164	26,509	29,937
Cash and cash equivalents, SEK m	–2,175	–1,927	–3,254
Total interest-bearing liabilities, net	27,989	24,582	26,683
Net interest-bearing liabilities, SEK m	27,989	24,582	26,683
Market value of properties, SEK m	58,729	48,829	56,560
Loan-to-value (LTV) ratio, %	47.7%	50.3%	47.2%
Interest coverage ratio			
Operating profit, SEK m	1,042	2,248	9,108
Property change in value, SEK m	–686	–1,917	–7,654
Total operating profit excl. change in value	356	331	1,454
Operating profit excl. change in value, SEK m	356	331	1,454
Net financial items excl. exchange-rate effects, SEK m	105	109	431
Interest coverage ratio, multiple	3.4	3.0	3.4
Equity/assets ratio			
Equity, SEK m	26,142	19,865	24,759
Total assets, SEK m	63,029	51,816	61,291
Equity/assets ratio, %	41.5%	38.3%	40.4%
Net operating margin			
Net operating income, SEK m	376	353	1,544
Rental revenues, SEK m	655	615	2,491
Net operating margin, %	57.4%	57.4%	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 residentials 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

Interim report Jan–Jun 2022	25 August 2022
Interim report Jan–Sep 2022	22 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 9.00 a.m. on 13 May 2022.

