

INTERIM REPORT JANUARY–JUNE 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-June 2022

- Revenue increased to SEK 1,318 million (1,237), up 6.5%.
- Net operating income totalled SEK 820 million (747), up 9.8%. For the comparable property portfolio, net operating income rose 5.0%.
- Unrealised changes in the value of the properties during the period amounted to SEK 751 million (2,886), corresponding to a value increase of 1.3% (6.1).
- The change in the value of financial instruments amounted to SEK 1,513 million (376).
- Profit after tax for the period totalled SEK 2,203 million (2,907).
- The market value of the properties was SEK 59,375 million (50,265) at the end of the period.
- During the first half of the year, Willhem acquired 13 properties in Gothenburg, Helsingborg and Stockholm for a total SEK 1,181 million (236).
- Investments in the property portfolio amounted to SEK 883 million (798), of which SEK 524 million (498) relates to investments in existing properties and SEK 359 million (300) to property development.

NUMBER OF APARTMENTS

27,733

MARKET VALUE OF PROPERTIES

SEK 59,375 million

AVERAGE TOTAL
RETURN OVER 10 YEARS

10.1%

NET OPERATING MARGIN

62.2%

LOAN-TO-VALUE RATIO

48.6%

CEO comments

First a global pandemic and then war in Europe. It has been a challenging time and huge pressure has been exerted on society and the economy. In particular, the first half of the year was marked by a feeling of helplessness when faced with the suffering caused by war.

Inflation, which was believed to be temporary at the beginning of the year, is still quite high. One consequence is the rise in market interest rates throughout the first half of the year and the decision of the Riksbank to change its rate path in May. The new rate path signalled a rapid and relatively steep increase in the key interest rate, which was confirmed at the Riksbank meeting on 30 June when the key interest rate was raised 50 basis points to 0.75%. The Riksbank is also reducing its asset purchasing in the capital markets and intends to reduce its holdings moving forward. At the same time, Sweden's economy is still strong, but the economy is getting weaker.

Property values have yet to be affected, however, our interest in acquisitions generally waned during the first half of the year. We are taking a more cautious approach as we believe that values will be impacted moving forward. There is growing uncertainty in terms of the rate of new property development and prices of houses and tenant-owner properties have begun to fall. In summary, this means that there is a new reality in the financial and property markets. It is difficult to gain an overview of the full consequences, but despite inadequate access to construction materials and high energy prices, we can note that our operations have not been impacted to any great extent to date this year. Demand remains healthy for our rental properties.

Strong finances

During the first half of the year, net operating income increased 9.8% and net operating margin was 62.2%. The change in the value of properties amounted to SEK 751 million and the property value is now SEK 59,375 million. The change in value is lower than in the preceding year and the valuation yields are unchanged compared with the preceding quarter. With our strong credit rating of A- we remain active in the commercial paper and bond markets and total financing amounted to SEK 31,116 million. One effect of the new financial situation is that we can see that financing in the capital markets has become noticeably more expensive. Even if the capital markets serve as a source of funding for us, we do not rule out an increase in the share of bank loans, primarily for cost reasons.

Green light for zoning plan in Borås

We have experienced a calmer period for property transactions. The portfolio in Gothenburg has grown by 383 apartments, which we took possession of in January. In May, we also acquired 61 apartments in Helsingborg. There is substantial activity in the property development business area in order for us to achieve our target of starting the construction of 800 apartments per year over a five-year period. During the period, we started the production of 266 apartments and have 1,076 apartments in ongoing property projects. One project in



Jönköping, Vildkatten 3, was completed with 54 apartments. In Eskilstuna, occupancy began of the first phase of Valsverket 5, comprising 80 apartments.

One positive milestone is the approval of the zoning plan for Morfeus, a project that will be built in Borås city centre. The building will be 19–24 storeys with 140 apartments and commercial premises on the ground floor.

The rate of investment in our existing buildings remains high. Our Willhemlyftet concept renovations are proceeding but at a slightly slower pace to date this year. However, the long-term ambition of 1,000 renovations per year remains.

It is positive that we are moving closer to our long-term target for energy consumption. Purchased energy should be equal to 92 kWh/sq m and the forecast for the rest of the year is looking really good. A couple of our cities have surpassed 100 kWh/sq m. Other sustainability work focuses extensively on property management with many ongoing social initiatives. One example is the VÅXA project in Halmstad where young people are given employment opportunities. We have also continued to prepare an inventory of civil defence shelters in all of our locations.

New realities

It should be easy, safe and enjoyable to live in a Willhem building. How we live up to this ambition is reflected in our routine customer surveys. During the first half of the year, we noted a positive year-on-year trend. This is good, but we will improve even more! Clear action plans with improvement measures will help us as we move forward. During the summer, we received extra help from our Minibovårdar (youth summer workers from 16 years of age) who are keeping the outdoor environments clean and tidy.

Looking back, despite a turbulent operating environment in the first half of the year, Willhem continued to perform stably. It is clear that we are entering a changed global situation, but from this new opportunities may also arise. Given our strong financial position and our ownership structure, I am convinced that we can look to the future with confidence.

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 residentials 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

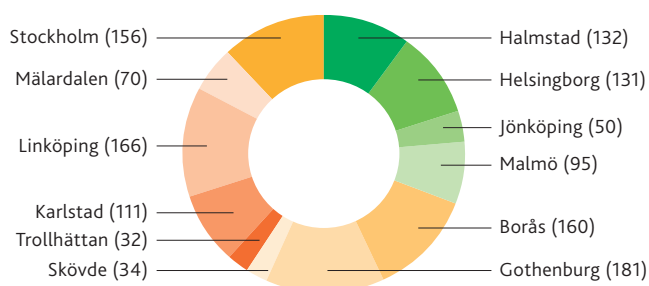
We act with responsibility and respect towards Willhem as a company, our customers and our surroundings, by minimising the impact we have on the environment, taking a long-term approach to managing and developing our properties, and creating sustainable and safe neighbourhoods.

Consolidated income statement

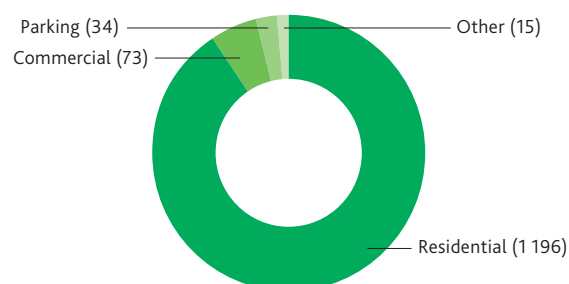
Amounts in SEK m	2022 Apr–Jun	2021 Apr–Jun	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
Rental revenues	663	622	1,318	1,237	2,491
Operating expenses	–138	–135	–333	–310	–600
Repairs and maintenance	–29	–34	–60	–67	–132
Property administration	–41	–47	–81	–89	–167
Property tax	–11	–12	–24	–24	–48
Total property expenses	–219	–228	–498	–490	–947
Net operating income	444	394	820	747	1,544
Corporate administration expenses	–26	–22	–46	–45	–91
Other operating income	–	0	–	1	1
Change in value of investment properties, unrealised	62	968	751	2,886	7,653
Change in value of investment properties, realised	–	2	–3	1	1
Operating profit	480	1,342	1,522	3,590	9,108
Interest income and expenses	–109	–98	–201	–196	–388
Leasehold fee	–3	–3	–6	–6	–12
Other financial expenses	42	43	–37	–77	–151
Change in value of financial instruments	609	–10	1,513	376	670
Total financial items	539	–68	1,269	97	119
Profit before tax	1,019	1,274	2,791	3,687	9,227
Tax	–199	–253	–588	–780	–1,946
Profit for the period	820	1,021	2,203	2,907	7,281

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

RENTAL REVENUE PER AREA 30 JUNE 2022, SEK M



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



Results January–June 2022

Rental revenues

The Group's rental revenues rose to SEK 1,318 million (1,237), 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 34 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% (98.8).

Property expenses

Property expenses amounted to SEK –498 million (–490). Operating expenses were SEK 23 million higher compared to the previous year. This was mainly due to high electricity prices, and also higher costs for service and inspections. Repairs and maintenance expenses fell by SEK 7 million compared with the preceding year. For the comparable portfolio, property expenses were SEK 3 million lower, largely due to reduced costs for property administration and maintenance 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 820 million (747), up 9.8%. The improvement in net operating income is due to increased rental revenues. The net operating margin for the period was 62.2% (60.4).

For the comparable property portfolio, net operating income rose SEK 37 million compared with the preceding year, up 5.0%.

Central administration costs

Central administration costs amounted to SEK –46 million (–45).

Change in value of investment properties

Unrealised changes in the value of the properties during the period amounted to SEK 751 million (2,886), corresponding to a value increase of 1.3% (6.1). The positive value performance is mainly attributable to changed yield requirements and improved cash flows. The average, weighted yield was 3.1% (3.4).

Net financial items

Net interest for the period amounted to SEK –207 million (–202) and includes leasehold fees of SEK –6 million (–6).

Other financial expenses amounted to SEK –37 million (–77) and were impacted by SEK –18 million (–61) 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 1.5% (1.3). The interest coverage ratio for the period was 3.5 (3.3).

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 1,513 million (376). The value of the derivatives developed positively during the period, largely due to a sharp rise in 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 –588 million (–780), of which deferred tax amounted to SEK –587 million (–779) and current tax to SEK –1 million (–1). The deferred tax is mainly attributable to the period's unrealised value change, temporary differences on investment properties and financial instruments.

Profit

Operating profit totalled SEK 1,522 million (3,590). Operating profit before change in property values rose SEK 71 million to SEK 774 million compared with SEK 703 million in the preceding year. Profit after tax for the Group totalled SEK 2,203 million (2,907), with the lower profit attributable to the lower unrealised changes in the value of the properties compared with the year-earlier period.

Second quarter

Revenue in the second quarter rose to SEK 663 million (622), up 6.6%. The increase is mainly due to growth in the property portfolio, but also to annual rent increases and the investments made in properties that have resulted in higher rents. For the comparable portfolio, revenue rose 2.8%.

Property expenses amounted to SEK –219 million (–228), the decline is mainly attributable to lower costs for repairs and maintenance, as well as property administration. Net operating income amounted to SEK 444 million (394). For the comparable portfolio, net operating income rose 7.7% in the second quarter.

Unrealised change in the value of properties amounted to SEK 62 million (968) and the realised change in value to SEK – million (2). Operating profit totalled SEK 480 million (1,342). The change in the value of financial instruments had an impact on profit of SEK 609 million (–10).

Consolidated balance sheet

Amounts in SEK m	30 Jun 2022	30 Jun 2021	31 Dec 2021
Assets			
Non-current assets			
Investment properties	59,375	50,265	56,560
Right-of-use assets, leaseholds	461	371	371
Equipment	7	10	8
Derivatives	1,184	26	48
Non-current receivables	890	453	787
Total non-current assets	61,917	51,125	57,774
Current assets			
Other current receivables	224	266	252
Derivatives	64	4	11
Cash and cash equivalents	2,270	1,757	3,254
Total current assets	2,558	2,027	3,517
Total assets	64,475	53,152	61,291
Equity and liabilities			
Equity attributable to Parent Company shareholders			
Equity	26,462	20,385	24,759
Total equity	26,462	20,385	24,759
Non-current liabilities			
Interest-bearing liabilities	21,432	17,533	18,489
Deferred tax liability	5,859	4,105	5,270
Derivatives	26	615	347
Right-of-use liabilities, leaseholds	461	371	371
Total non-current liabilities	27,778	22,624	24,477
Current liabilities			
Interest-bearing liabilities	9,684	9,566	11,448
Derivatives	–	–	3
Other non-interest-bearing liabilities	551	577	604
Total current liabilities	10,235	10,143	12,055
Total equity and liabilities	64,475	53,152	61,291

Investment properties

Property market

The spring has been dominated by the war in Ukraine and Sweden's application to join NATO and also the sharp rise in inflation and climbing interest rates. Together with higher energy and material prices and contractor costs, this has caused a great deal of uncertainty in the market. One effect of climbing interest rates could be that a growing number of companies, including several property companies, which have relatively high levels of debt, may find it more difficult to refinance or find new capital. Forthcoming decisions during the year from the Riksbank on the key interest rate will play an important role in how the property market will develop moving forward. It remains to be seen the extent to which rising inflation and higher financing costs will impact the willingness to invest in the short and long term.

Despite the market situation, the rate of transactions was high during the quarter. The second strongest second quarter ever, but nothing like last year's record quarter. To date this year, the total transaction volume amounts to approximately SEK 120 billion and the percentage of residential properties was just over 25%. The percentage of residential properties has clearly fallen since last year and the beginning of this year. There have been fewer major residential property transactions compared with last year though price expectations for properties for sale remain high and price levels for properties sold continue to be high. Residential property is still regarded as an attractive asset for investors with its low risk profile and secure cash flow. With the continued shortage on the residential market in a large proportion of the country's municipalities – according to the National Board of Housing, Building and Planning – and very low vacancies in general, residential properties remain a long-term secure investment. The assessment is that long-term demand for residential property will remain healthy. As a result of the sharp increase in construction costs, the National Board of Housing, Building and Planning expects construction to begin on fewer new residential properties compared with last year, falling to approximately 61,000 apartments this year and about 50,000 next year. The construction of new rental and tenant-owner apartments is expected to fall by 40% and 35%, respectively, between 2021 and 2023.

Investment properties

Willhem owns and manages 548 properties (534) in carefully chosen growth regions in Sweden. The property portfolio was valued internally on 30 June 2022. The estimated market value was SEK 59,375 million (50,265). The total lettable area was 1,916,252 sq m, of which 92.6% relates to residential housing.

Unrealised changes in value during the period amounted to SEK 751 million (2,886), corresponding to a value increase of 1.3% (6.1). 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 883 million (798), of which SEK 524 million (498) relates to investments in existing properties and SEK 359 million (300) to property development. Willhemlyft accounted for SEK 149 million (161) 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.

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 461 million (371).

Investment properties

SEK million	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
Market value at the beginning of the period	56,560	46,347	46,347
+ Acquisitions (incl. acquisition costs)	1,181	236	1,039
+ Investments in existing property	524	498	1,092
+ Investments in development projects	359	300	633
+ Unrealised changes in value	751	2,886	7,653
– Divestments	–	–2	–204
Market value at the end of the period	59,375	50,265	56,560

Investment properties (cont.)

Development projects

Willhem's property development comprises proprietary projects and acquired projects. On the balance-sheet date, 215 apartments were in ongoing property projects on a proprietary basis and 861 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
Viksjo 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
Kallhäll 9:4	Järfälla	Development project	34	2,396	Q2 2023
Smedjan 2	Ursvik	Development project*	232	10,334	Q2-Q3 2024
Total ongoing			1,076	43,982	

* 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
Total completed			54	1,776	

Vildkatten 3 property in Jönköping.



Financing

Financial market

Imbalances in the market as demand outpaced supply have been further exasperated over the past six months due to Russia's invasion of Ukraine and pandemic restrictions in China. Prices for energy, input goods and food have been driven up. Inflation is eroding household purchasing power. Central banks have tightened monetary policy through interest rate increases and by reducing purchases of securities to cool down economic activity and reduce inflation. The Riksbank expects inflation to remain above 7% for the remainder of the year. The Riksbank raised the key interest rate twice in the second quarter. In April, the rate was raised to 0.25% and in June by a further 0.50% to 0.75%. More interest rate hikes have already been taken into account by the interest-rate market. The Riksbank forecasts that the key interest rate will be almost 2% at the beginning of next year. Interest rates for longer maturities rose sharply during the quarter but fell slightly towards the end of the period. Long-term interest rates may level off at current levels as the outlook for global inflation and growth slows.

The purchasing managers' index (PMI) for industry fell slightly in Sweden in June, to 53.7 from 54.9 in the preceding month. Companies are seeing more cautious consumers as a result of rising prices and increasingly uncertain economic prospects.

Global stock markets have plummeted this year as a result of inflationary fears. Nasdaq Stockholm reported a decline of 22.6% (OMX30) for the first six months of 2022.

Cash and cash equivalents and interest-bearing liabilities

Cash and cash equivalents totalled SEK 2,270 million (1,757) at the end of the period. In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 14,700 million (11,600).

The Group's interest-bearing liabilities totalled SEK 31,116 million (27,099). Financing via the capital markets through bonds and certificates accounted for 79.9% of financing.

The loan-to-value ratio was 48.6% (50.4). According to Willhem's financial target, this should be below 60.0%.

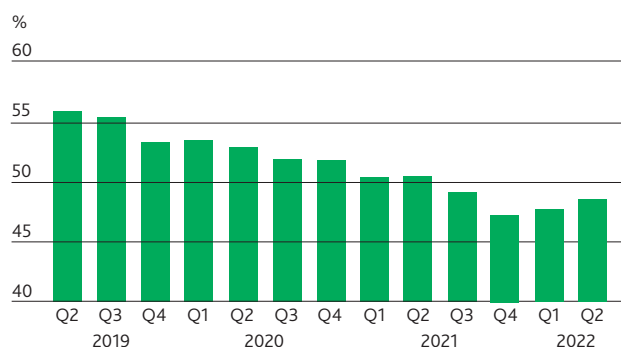
The market value of bonds totalled SEK 19,363 million (16,955). Given that the value is derived from an observable market, the valuation is conducted in accordance with level 2 of the fair value hierarchy in IFRS 13.

The average interest rate was 1.5% (1.3) on the balance-sheet date. The average fixed-interest tenor was 3.6 years (4.5) and the percentage of fixed-interest maturity was 23.6% (19.3) in the next 12 months.

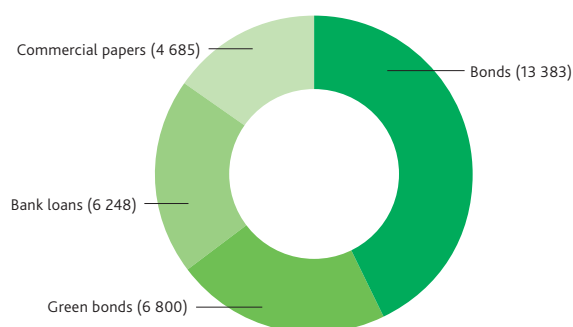
The loan-to-maturity period was 2.4 years (2.3) and taking into account the commitments, the adjusted loan-to-maturity period was 3.4 years (3.0). The refinancing rate, including credit margins for an equivalent loan portfolio, is difficult to estimate today.

The interest coverage ratio was 3.5 (3.3). Willhem's financial target is that this is to exceed 2.2.

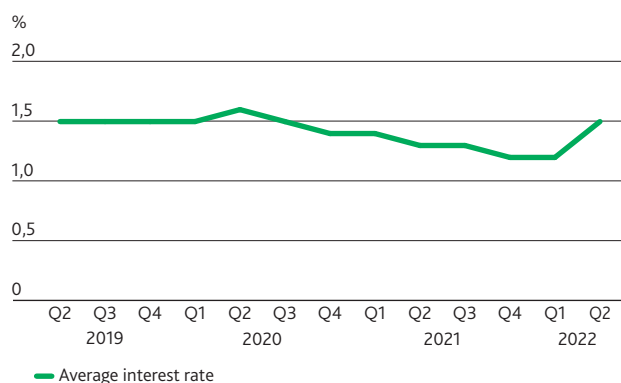
LOAN-TO-VALUE RATIO



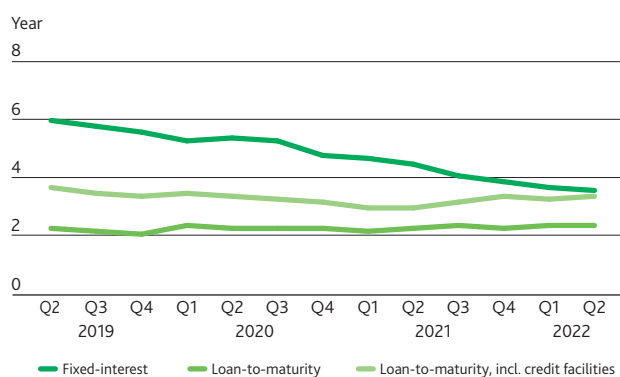
SOURCES OF FINANCING



AVERAGE INTEREST RATE



FIXED-INTEREST AND LOAN-TO-MATURITY



Financing (cont.)

Interest and capital maturity structure

	Interest maturity	Interest, %	Capital maturity
Within 1 year*	7,352	2.3	9,685
1–2 years	4,200	1.1	6,622
2–3 years	2,700	0.8	5,885
3–4 years	2,975	0.9	2,350
4–5 years	4,275	1.5	2,500
5–6 years	3,178	1.7	1,788
6–7 years	2,550	1.3	1,700
7–8 years	1,500	0.6	–
8–9 years	2,180	1.5	380
9–10 years	–	–	–
10–11 years	–	–	–
11–30 years	200	1.8	200
Total	31,110	1.5	31,110

* Interest rates shorter than one year are not comparable with other durations, the average interest rate also includes credit margins with longer maturity periods. Capital maturity of SEK 9,685 million includes SEK 4,685 million in certificates. The statement of financial position included interest-bearing liabilities of SEK 31,116 million, the difference compared with the above table pertains to arrangement fees of SEK –20 million and exchange rate translation concerning foreign bonds of SEK 26 million.

Green financing

At the end of the period, green bonds amounted to SEK 6,800 million (2,100), which corresponds to 33.7% of Willhem's total bonds outstanding.

Derivatives

The net market value of the Group's derivatives totalled SEK 1,222 million (–585), of which SEK 1,248 million is recognised as an asset and SEK –26 million as a liability in the Group's statement of financial position. Net interest-rate and currency derivatives totalled SEK 1,141 million (–589), of which SEK 1,167 million was recognised as an asset on the balance-sheet date.

The market value of electricity derivatives totalled SEK 81 million (4). 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	–5.6	4
1–2 years	1,400	0.7	34
2–3 years	450	0.7	17
3–4 years	2,125	1.0	123
4–5 years	3,025	1.0	206
5–6 years	3,588	1.2	134
>6 years	5,850	1.1	623
Total	17,438	0.6	1,141

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	30 Jun 2022	30 Jun 2021	31 Dec 2021
Opening equity	24,759	17,979	17,979
Dividends	-501	-501	-501
Comprehensive income for the year	2,203	2,907	7,281
Closing equity	26,462	20,385	24,759

Equity totalled SEK 26,462 million (20,385). The equity/assets ratio was 41.0% (38.4).



Consolidated cash-flow statement

Amounts in SEK m	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
OPERATING ACTIVITIES			
Operating profit	1,522	3,590	9,108
Adjustments for items not affecting liquidity	–834	–2,960	–7,587
Interest paid, net	–224	–221	–436
Taxes paid	–1	–1	–1
Cash flow from operating activities before changes in working capital	463	408	1,084
Change in current receivables	32	33	38
Change in current liabilities	30	111	–1
Cash flow from operating activities	525	552	1,121
INVESTING ACTIVITIES			
Investments in existing property	–883	–798	–1,725
Acquisition of properties	–689	–201	–489
Sale of properties	–4	2	205
Investments in other, net	0	–2	–2
Cash flow from investing activities	–1,576	–999	–2,011
FINANCING ACTIVITIES			
Liabilities raised	10,270	5,160	10,929
Repayments of liabilities	–9,599	–5,225	–8,726
Dividends	–501	–501	–501
Non-current receivables	–103	–344	–677
Cash flow from financing activities	67	–910	1,025
Cash flow for the period	–984	–1,357	135
Opening balance, cash and cash equivalents	3,254	3,113	3,113
Acquired cash and cash equivalents	0	1	6
Closing balance, cash and cash equivalents	2,270	1,757	3,254

COMMENTS

Cash flow from operating activities totalled SEK 525 million (552). Investments in properties totalled SEK –883 million (–798). Gross capital formation for the period pertaining to acquisitions of properties amounted to SEK –1,254 million (–236) and deductions for latent tax amounted to SEK 73 million (2). SEK 494 million (37) in existing loans on acquired properties was repaid. Acquisition costs paid during the period amounted to SEK –2 million (–4), and accordingly SEK –689 million (–201) had a direct liquidity impact on cash flow.

During the period, SEK 10,270 million (5,160) was raised in new loans and SEK 9,599 million (5,225) was repaid.

As of 30 June 2022, the Group's cash and cash equivalents were SEK 2,270 million (1,757). In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 14,700 million (11,600).

Segment reporting

Amounts in SEK m	2022 Apr–Jun	2021 Apr–Jun	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
Rental revenues					
Southern Region	206	189	408	376	756
Western Region	204	192	407	381	767
Eastern Region	253	241	503	480	968
Total	663	622	1,318	1,237	2,491
Property expenses					
Southern Region	–63	–63	–142	–134	–262
Western Region	–73	–80	–167	–167	–319
Eastern Region	–83	–85	–189	–189	–366
Total	–219	–228	–498	–490	–947
Net operating income					
Southern Region	143	126	266	242	494
Western Region	131	112	240	214	448
Eastern Region	170	156	314	291	602
Total	444	394	820	747	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 820 million (747) and profit before tax of SEK 2,791 million (3,687), consists of central administra-

tion costs of SEK –46 million (–45), other operating income SEK –million (1), change in property values SEK 748 million (2,887), net financial items SEK –244 million (–279) and change in value of financial instruments SEK 1,513 million (376).

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 472 million (1,005) in the Southern Region, SEK 1,442 million (1,014) in the Western Region and SEK 901 million (1,899) in the Eastern Region.

Amounts in SEK m	30 Jun 2022	30 Jun 2021	31 Dec 2021
Market value investment property			
Southern Region	19,574	16,459	19,102
Western Region	16,763	14,040	15,321
Eastern Region	23,038	19,766	22,137
Total carrying amount	59,375	50,265	56,560

Parent Company income statement

Amounts in SEK m	2022 Jan-Jun	2021 Jan-Jun	2021 Jan-Dec
Revenues	30	29	58
Administrative expenses	-76	-76	-149
Other operating income	-	1	1
Operating loss	-46	-46	-90
Interest income	260	225	483
Interest expense	-194	-173	-359
Other financial items	-22	-76	-149
Change in value of financial instruments	324	354	619
Profit after financial items	322	284	504
Appropriations, Group contributions	-	-	-29
Appropriations, principal earnings	-	-	122
Profit before tax	322	284	597
Tax	-67	-73	-128
Profit for the period	255	211	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 30 million (29), of which intra-Group revenue totalled SEK 30 million (29).

The Parent Company's interest income amounted to SEK 260 million

(225), of which intra-Group interest income totalled SEK 254 million (223). Other financial items includes exchange-rate effects of SEK -18 million (-61) 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 predominantly pertains to interest-rate and currency derivatives, amounted to SEK 324 million (354). The value of the derivatives developed positively during the period, largely due to rising market interest rates.

Profit before tax amounted to SEK 322 million (284).



Parent Company balance sheet

Amounts in SEK m	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Non-current assets			
Shares and participations in Group companies	4,655	4,642	4,655
Receivables from Group companies	23,827	22,347	23,262
Deferred tax assets	7	129	74
Equipment	3	4	3
Non-current receivables	846	453	743
Total non-current assets	29,338	27,575	28,737
Current assets			
Other receivables	53	112	82
Cash and cash equivalents	2,268	1,757	3,248
Total current assets	2,321	1,869	3,330
TOTAL ASSETS	31,659	29,444	32,067
EQUITY AND LIABILITIES			
Equity	2,923	2,910	3,168
Total equity	2,923	2,910	3,168
Non-current liabilities			
Interest-bearing liabilities	15,684	13,308	13,867
Liabilities to Group companies	3,736	3,901	3,964
Derivatives	26	615	347
Total non-current liabilities	19,446	17,824	18,178
Current liabilities			
Interest-bearing liabilities	9,184	8,615	10,620
Derivatives	–	0	3
Other liabilities	106	95	98
Total current liabilities	9,290	8,710	10,721
TOTAL EQUITY AND LIABILITIES	31,659	29,444	32,067

Gullkragen 2 property in Borås.



Other information

Personnel and organisation

Property management is organised into three regions comprising 12 management areas. The head office is located in Gothenburg and provides Group-wide functions. As of 30 June 2022, there were a total of 293 employees (278).

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 an agreement to acquire 135 apartments that will be built in Malmö, with a contracted property value of SEK 294 million. Possession will be taken when the apartments are completed in 2026–2027.

Willhem has agreed on a new bank loan of SEK 900 million for payment on 4 July 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, 25 August 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	98.7	132	5,768
Helsingborg	73	2,445	169,537	14,598	184,135	98.7	131	6,371
Jönköping	19	1,203	59,256	3,206	62,462	99.6	50	2,490
Malmö	54	1,521	105,949	12,004	117,953	99.1	95	4,945
Southern Region	188	8,182	519,005	38,740	557,745	98.9	408	19,574
Borås	152	3,362	214,334	16,012	230,346	99.0	160	6,606
Gothenburg	34	4,077	266,341	11,937	278,279	99.3	181	7,741
Skövde	15	821	56,831	1,715	58,546	99.3	34	1,354
Trollhättan	24	730	43,063	7,469	50,532	99.2	32	1,062
Western Region	225	8,990	580,570	37,133	617,703	99.2	407	16,763
Karlstad	59	2,552	150,127	11,239	161,366	99.2	111	4,202
Linköping	29	3,430	238,157	29,249	267,406	96.5	166	6,491
Mälardalen	12	1,466	90,891	15,936	106,827	98.1	70	3,437
Stockholm	35	3,113	195,366	9,839	205,205	99.6	156	8,908
Eastern Region	135	10,561	674,541	66,263	740,804	98.3	503	23,038
Total	548	27,733	1,774,116	142,136	1,916,252	98.7	1,318	59,375

Haga 10 property in Malmö.



Property transactions during the period

Acquisitions

Quarter	Property	Region	Location	Number of apartments	Residential area, sq m	Total area, sq m
Q1	Järnbrott 144:7	Western	Gothenburg	47	3,233	3,233
Q1	Järnbrott 146:3	Western	Gothenburg	127	9,617	9,617
Q1	Kortedala 138:1	Western	Gothenburg	53	3,801	3,862
Q1	Krokslätt 85:1	Western	Gothenburg	33	1,865	1,865
Q1	Krokslätt 85:6	Western	Gothenburg	21	1,160	1,160
Q1	Krokslätt 85:8	Western	Gothenburg	26	1,161	1,237
Q1	Majorna 406:2	Western	Gothenburg	76	4,106	4,702
Q1	Smedjan 2 *	Eastern	Stockholm			
Q2	Sanden 4	Southern	Helsingborg	8	605	605
Q2	Sanden 5	Southern	Helsingborg	7	429	429
Q2	Sanden 12	Southern	Helsingborg	17	1,089	1,265
Q2	Sanden 13	Southern	Helsingborg	19	1,278	1,278
Q2	Sanden 14	Southern	Helsingborg	10	831	831
Total acquisitions				444	29,175	30,084

* 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–Jun	2021 Jan–Jun	2021 Jan–Dec	2020 Jan–Dec	2019 Jan–Dec
Property-related					
Total area, sq m	1,916,252	1,860,666	1,881,077	1,857,831	1,803,353
Number of properties	548	534	533	530	508
Number of residential properties	27,733	26,705	27,134	26,625	25,783
Market value, SEK m	59,375	50,265	56,560	46,347	40,075
Market value, SEK/sq m	30,985	27,015	30,068	24,946	22,222
Rental value, SEK m	2,705	2,529	2,600	2,480	2,318
Economic occupancy rate, %	98.7	98.8	98.8	98.8	98.9
Net operating margin, %	62.2	60.4	62.0	62.6	60.6
Financial					
Average interest rate, %	1.5	1.3	1.2	1.4	1.5
Average fixed-interest tenor, years	3.6	4.5	3.9	4.8	5.6
Average loan-to-maturity, years	2.4	2.3	2.3	2.3	2.1
Loan-to-value (LTV) ratio, %	48.6	50.4	47.2	51.7	53.2
Interest coverage ratio, multiple	3.5	3.3	3.5	3.3	3.3
Equity/assets ratio, %	41.0	38.4	40.4	35.8	35.7
Other					
Number of employees	293	278	279	278	268

Reconciliation of alternative performance measures

	2022 Jan–Jun	2021 Jan–Jun	2021 Jan–Dec
Loan-to-value ratio			
Interest-bearing liabilities, SEK m	31,116	27,099	29,937
Cash and cash equivalents, SEK m	–2,270	–1,757	–3,254
Total interest-bearing liabilities, net	28,846	25,342	26,683
Net interest-bearing liabilities, SEK m	28,846	25,342	26,683
Market value of properties, SEK m	59,375	50,265	56,560
Loan-to-value (LTV) ratio, %	48.6%	50.4%	47.2%
Interest coverage ratio			
Operating profit, SEK m	1,522	3,590	9,108
Property change in value, SEK m	–748	–2,887	–7,654
Total operating profit excl. change in value	774	703	1,454
Operating profit excl. change in value, SEK m	774	703	1,454
Interest income, interest expenses and other financial expenses excl. exchange-rate effects, SEK m	220	212	419
Interest coverage ratio, multiple	3.5	3.3	3.5
Equity/assets ratio			
Equity, SEK m	26,462	20,385	24,759
Total assets, SEK m	64,475	53,152	61,291
Equity/assets ratio, %	41.0%	38.4%	40.4%
Net operating margin			
Net operating income, SEK m	820	747	1,544
Rental revenues, SEK m	1,318	1,237	2,491
Net operating margin, %	62.2%	60.4%	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 residentials 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 interest income, interest expenses and other financial expenses, excluding exchange-rate effects.

Equity/assets ratio, %

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

OTHER DEFINITIONS

Number of employees*

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

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

REPORT DATES

Interim report Jan–Sep 2022	22 November 2022
Year-end report 2022	23 February 2023

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 25 August 2022.

