S&P Global
Ratings

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Tear Sheet:

Willhem AB (publ)

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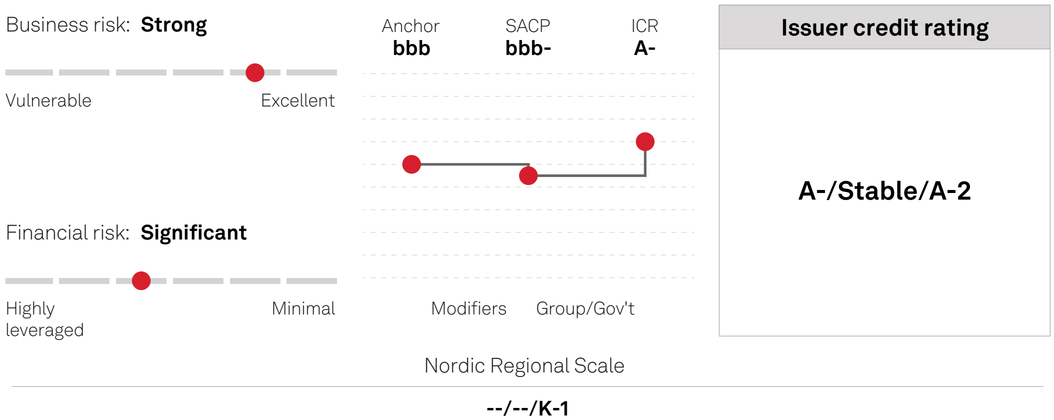
This report does not constitute a rating action.

Sustained demand for Swedish residential assets and Willhem's investment plans will likely drive continued EBITDA growth over the coming 24 months. S&P Global Ratings assumes 2.0%-2.5% like-for-like growth in rental income over 2026-2028, driven by 2.0%-3.0% indexation and broadly stable occupancy rates of 96.0%-97.0%. For the first half of 2026, Willhem reported a growth of 2.9% like-for-like growth, in line with yearly negotiations between the tenant association and the property owners on rent reviews. We also expect growing rents in major cities to offset rental discounts granted to maintain occupancy in the few underperforming cities. In addition to this organic growth, we expect the company to continue gradually growing its EBITDA over the next 24 months to around Swedish krona (SEK) 2.3 billion by 2028 from SEK1.9 billion, reflecting the company's goal to reinforce its market position in metropolitan cities through acquisitions and development capital expenditure (capex).

We forecast the company's occupancy to remain broadly stable over the next 24 months, after a moderate decline over the past few months. As of June 2026, Willhem's economic occupancy rate stood at 95.7%. While this remains relatively high, it has seen a slight and gradual downward trend from 98.6% in 2022, largely due to concentrated oversupply in a few cities, including Borås, the Mälardalen area (and notably Västerås), and Linköping, which together represent around 25% of the company's revenue. Despite still steady population growth in these regions, local supply imbalances have led to this marginal decline in occupancy. We understand rent levels will be adjusted accordingly in these areas to sustain occupancy and we therefore expect occupancy to remain broadly stable over the coming 24 months. Further negative rent adjustments in these areas would likely also be more than offset by positive adjustments in other cities where demand remains particularly robust, in particular Stockholm and Gothenburg.

Willhem's credit metrics should remain commensurate with the current rating over 2026-2028, with comfortable headroom. We forecast the company's debt to debt plus equity to increase moderately to around 54.5%-55.0% over 2026-2028 from 53.1% over 2025, remaining well below our 60% downside threshold. This is based on our assumption of up to 2% potential devaluation over 2026 in the context of increasing long rates, after a decline of 0.3% over the first half of the year, as well as SEK€3.5 billion-SEK4.0 billion in total acquisitions over 2026-2028 and €3.8 billion-€4.0 billion development capex. While we have not assumed any capital injections over the period, we note the track record of regular shareholder contributions over the past few years (SEK1.6 billion in 2024 and SEK1.1 billion in 2025) that have contributed to the company's ability to maintain good headroom at the current rating. Additionally, we expect debt to EBITDA to remain in 15.2x-16.0x over the period and EBITDA interest coverage 2.1x-2.2x. The anticipated rise in debt and associated costs will likely be offset by a gradual increase in EBITDA. Lastly, we expect the weighted average maturity to remain between two and three years over the next 24 months (2.4 years as of June 2026), as reflected in our negative capital structure modifier.

Ratings Score Snapshot



ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Recent Research

- Willhem AB, Dec. 15, 2025
- Industry Credit Outlook Update Europe: Real Estate (REITs), July 16, 2026

Company Description

Willhem is one of the largest private housing companies in Sweden, owning a property portfolio worth SEK61.9 billion (€5.7 billion) as of June 30, 2026. The portfolio comprises about 30,861 apartments across Sweden, enjoying a high total occupancy of 95.7% for the entire property portfolio (96.4% for residential housing).

The company focuses its operations on high-growth regions, currently owning and managing properties in 13 growth cities located between the three largest cities in Sweden (Stockholm, Gothenburg, and Malmö) with headquarters in Gothenburg. The Swedish rental markets is 100% regulated, and the rents are set through negotiations between tenant associations and the landlords. All participants, public and private, must adhere to these rules.

The company was founded in December 2010 and is now owned equally by Swedish pension funds AP3 and AP4 since January 2026 following the closing of AP1 at the end of 2025. We still consider Willhem as a strategically important subsidiary to AP3 and AP4 under our group methodology, and therefore apply three notches of uplift to our 'bbb-' stand-alone credit profile.

Outlook

The stable outlook on Willhem reflects our expectation of continued favorable demand for midsize residential apartments in major Swedish cities, where new supply remains limited. We expect like-for-like rental income will increase 2.0%-2.5% annually in the next 24 months. We also anticipate the company's S&P Global Ratings-adjusted EBITDA interest coverage will remain at about 2.1x-2.2x and debt to debt-plus-equity will be 53.5%-55% over the next 24 months.

Downside scenario

We could consider a negative rating action if:

- Debt to debt plus equity increases to 60% or above for a prolonged period because of higher negative asset revaluation or a larger-than-expected debt-financed investment;
- EBITDA to interest nears 1.8x or below for a sustained period, for instance due to higher funding costs or materially weaker-than-expected operating performance;
- Willhem's standing in the debt capital markets deteriorates, creating refinancing risks, notably with respect to its commercial paper and bonds, or pushing its average debt maturity below two years; or
- A change in the shareholders' (currently AP1 and from 2026, AP3 and AP4) approach and commitment to its investment in Willhem prompts us to see a reduced likelihood of extraordinary support.

Upside scenario

We could raise the rating on Willhem if:

- EBITDA interest coverage improves to comfortably above 3.0x;
- Debt to debt plus equity is below 50%;
- Debt to EBITDA improves well below 13x;
- Access to capital markets for refinancing remains reliable; and
- The shareholders' strategy and commitment toward the company is unchanged.

Key Metrics

Willhem AB (publ)--Forecast summary

Period ending	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. SEK)	2024a	2025a	2026e	2027f	2028f
Revenue	3,015	3,251	3,406	3,623	3,800
EBITDA	1,853	1,932	1,975	2,138	2,261
Funds from operations (FFO)	948	1,017	813	902	935
Interest expense	892	874	948	989	1,071
Cash flow from operations (CFO)	956	980	826	912	945
Capital expenditure (capex)	809	858	1,773	1,062	1,000
Dividends	--	--	--	--	--
Debt	29,239	29,610	31,246	32,884	34,426
Equity	24,178	26,200	26,781	27,690	28,632
Adjusted ratios					
Debt/EBITDA (x)	15.8	15.3	15.7-15.9	15.3-15.5	15.1-15.3
EBITDA interest coverage (x)	2.1	2.2	2.0-2.2	2.0-2.2	2.0-2.2

Willhem AB (publ)--Forecast summary

EBITDA margin (%)	61.5	59.4	~58.0	~59.0	~59.5
Debt/debt and equity (%)	54.7	53.1	53.5-54.0	54.0-54.5	54.2-54.7

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. SEK--Swedish krona.

Financial Summary

Willhem AB (publ)--Financial Summary

Period ending	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025
Reporting period	2020a	2021a	2022a	2023a	2024a	2025a
Display currency (mil.)	SEK	SEK	SEK	SEK	SEK	SEK
Revenues	2,374	2,491	2,664	2,860	3,015	3,251
EBITDA	1,408	1,458	1,604	1,761	1,853	1,932
Funds from operations (FFO)	969	1,021	1,136	954	948	1,017
Interest expense	413	406	516	825	892	874
Operating cash flow (OCF)	898	1,121	1,194	795	956	980
Capital expenditure	1,396	1,725	1,966	1,605	809	858
Dividends paid	0	501	501	0	0	0
Cash and short-term investments	3,113	3,254	4,464	2,313	2,347	1,503
Debt	24,314	27,054	30,203	30,197	29,239	29,610
Common equity	17,979	24,759	25,574	22,265	24,178	26,200
Adjusted ratios						
EBITDA margin (%)	59.3	58.5	60.2	61.6	61.5	59.4
EBITDA interest coverage (x)	3.4	3.6	3.1	2.1	2.1	2.2
Debt/EBITDA (x)	17.3	18.6	18.8	17.1	15.8	15.3
Debt/debt and equity (%)	57.5	52.2	54.1	57.6	54.7	53.1

Peer Comparison

Willhem AB (publ)--Peer Comparisons

	Willhem AB (publ)	Hemso Fastighets AB	Vesteda Residential Fund FGR	Akelius Residential Property AB	Grand City Properties S.A.
Foreign currency issuer credit rating	A-/Stable/A-2	A-/Stable/A-2	BBB/Stable/A-2	BBB-/Stable/A-3	BBB/Stable/A-2
Local currency issuer credit rating	A-/Stable/A-2	A-/Stable/A-2	BBB/Stable/A-2	BBB-/Stable/A-3	BBB/Stable/A-2
Period	Annual	Quarterly	Annual	Quarterly	Quarterly
Period ending	2025-12-31	2026-06-30	2025-12-31	2025-03-31	2026-03-31
Revenue	3,251	5,235	4,567	3,960	6,602
EBITDA	1,932	3,812	3,030	2,116	3,717
Funds from operations (FFO)	1,017	2,642	2,403	1,375	2,227
Interest expense	874.0	1152.1	--	490.8	1339.0
Operating cash flow (OCF)	980	1,731	2,316	1,701	2,074
Capital expenditure	858	2,666	1,028	1,573	1,068
Dividends paid	0.0	1270.0	--	279.5	0.3

Willhem AB (publ)--Peer Comparisons

Cash and short-term investments	1,503	842	693	1,866	17,514
Debt	29,610	51,930	28,419	25,723	39,241
Equity	26,200	34,076	84,889	37,190	58,499
Adjusted Ratios					
EBITDA margin (%)	59.4	72.8	66.4	53.4	56.3
EBITDA interest coverage (x)	2.2	3.3	4.3	4.3	2.8
Debt/EBITDA (x)	15.3	13.6	9.4	12.2	10.6
Debt/debt and equity (%)	53.1	60.4	25.1	40.9	40.1

Liquidity

Our assessment of Willhem's liquidity profile as adequate is supported by its access to committed bank lines and the long-term commitment from its owner for subscription of its commercial paper program. We forecast the company's liquidity sources will exceed its funding needs by nearly 2.x over the 12 months started Oct. 1, 2025. We view positively that Willhem covers its full commercial paper program of SEK8 billion with long-dated committed bank lines, maturing beyond the next 12 months. While numerically Willhem's liquidity would qualify for a higher assessment, we don't consider that it meets enough qualitative factors for a higher assessment.

Principal liquidity sources	Principal liquidity uses
• SEK1.7 billion of cash and equivalents reported as of June 30, 2026. • Undrawn revolving credit facility of SEK7.56 billion maturing beyond 12 months and SEK8.0 billion of commitment from AP3 and AP4 for subscription of commercial paper. • Our expectation of cash funds from operations of SEK886 billion.	• Upcoming debt maturities of SEK10.6 billion. • Committed capex of SEK250 million. • No dividend payments.

Rating Component Scores	
Foreign currency issuer credit rating	**A-/Stable/A-2**
Local currency issuer credit rating	**A-/Stable/A-2**
Business risk	**Strong**
Country risk	Very Low
Industry risk	Low
Competitive position	Strong
Financial risk	**Significant**
Cash flow/leverage	Significant
Anchor	**bbb**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Negative (-1 notch)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	**bbb-**

Related Criteria

- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry, Feb. 26, 2018
- General Criteria: Methodology For Linking Long-Term And Short, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011