



YEAR-END REPORT JANUARY–DECEMBER 2023



SUMMARY

Willhem reports stable net operating income

- Revenue increased to SEK 2,860 million (2,664), up 7.4%.
- Net operating income totalled SEK 1,861 million (1,695), up 9.8%. For the comparable property portfolio, net operating income rose 5.9%.
- Unrealised changes in the value of the properties for the year amounted to SEK –5,227 million (–1,069), corresponding to a value decline of –8.5% (–1.8). Unrealised changes in value during the fourth quarter amounted to SEK –556 million (–1,855), corresponding to –0.9% (–3.0).
- The change in the value of financial instruments amounted to SEK –1,114 million (1,811).
- Profit/loss after tax for the year totalled SEK –4,309 million (1,316).
- The market value of the properties was SEK 56,497 million (59,886) at the end of the period.
- Investments in the property portfolio amounted to SEK 1,605 million (1,966) and the acquisition for the year amounted to SEK 234 million (2,429).
- In September, Willhem had its A- rating confirmed by Standard & Poor's, with an adjustment from stable to negative outlook.
- In December Willhem received an unconditional shareholder contribution of SEK 1.0 billion from Första AP-fonden. At the beginning of 2024, Första AP-fonden decided on another unconditional shareholder contribution of SEK 1.0 billion, with payment during the first quarter.



THIS IS WILLHEM

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

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

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

NUMBER OF APARTMENTS

29,095

NET OPERATING MARGIN

65.1%

AVERAGE TOTAL RETURN OVER 10 YEARS

8.6%

MARKET VALUE OF PROPERTIES, SEK MILLION

56,497

LOAN-TO-VALUE RATIO

52.5%

REDUCTION IN ENERGY CONSUMPTION KWH PER SQ M SINCE 2012

–31.7%



CEO COMMENTS



CEO comments

During the year, our property values were adjusted downward to a relatively large extent as a result of higher interest rates and market conditions. Nevertheless, we maintained a positive performance in terms of net operating income, which increased 9.8% compared with the preceding year. This is the result of a determined effort to increase revenue and reduce costs.

The property market in 2023 was characterised by an uncertain operating environment with geopolitical turmoil, high inflation and high interest rates. While the transaction market was cautious, a higher level of activity was noted towards the end of the year. However, there is still considerable uncertainty regarding the price situation. These challenging times have also affected demand in some locations. We are maintaining a high level of vigilance and have reviewed and streamlined our working methods in order to safeguard our occupancy rate going forward.

We remain active in the capital markets, which provide most of the financing for our operations. We have a strong credit rating of A-, although our outlook was adjusted from positive to negative by Standard & Poor's in September. To secure our credit rating, our owner Första AP-fonden decided on an unconditional shareholder contribution of SEK 1 billion in November. Total financing amounted to SEK 32,000 million.

This year's rent negotiations have attracted considerable attention. Our hope was that the established three-party model could be used in the negotiations, but we can see that the model is not being fully utilised, making the outcome unpredictable. It is clear that the current rent-setting system needs to change. However, one bright spot is the arbitration procedure, which is speeding up negotiations and giving our tenants clarity on their rents faster, something that benefits all parties involved.

Efficient property development

Our Willhemlyftet renovation concept continued during the year, albeit to a lesser extent than planned. During the year, we developed sourcing and storage of building materials in our own company, Willhem Logistics. Towards the end of the year, we took a further step in our sustainability agenda by establishing a process for promoting reuse in connection with renova-

tions together with the building retailer Holgers. Products such as white goods and mixers will be offered to customers in the reuse and repurposing market, including Willhem's own property management business.

Despite the challenging operating environment, we have managed to implement a number of new production projects during the year. At year-end we had a total of 525 apartments in production, of which 293 were on a proprietary basis, and a portfolio of building rights that have entered legal force for just under 800 apartments.

Lower carbon footprint

Our roadmap for reducing our climate and environmental impact is moving us forward. This was confirmed in this year's Global Real Estate Sustainability Benchmark (GRESB), in which we achieved an impressive score of 83 and retained our Green Star rating. In the autumn, we took another step by joining HS30, a sustainability network for residential real estate companies. Our hope is that, together with other member companies, we will accelerate the crucial transition of the industry. We have made considerable progress in our efforts to reduce our energy consumption. Since 2015, our consumption has been reduced by 65% relative to our target of 72 kWh/m² Atemp by 2030. During the year, we devoted extra focus to managing our power costs and continued our implementation of AI support for managing our properties.

From a social perspective, I would particularly like to highlight the work carried out to strengthen Biskopsgården; a combination of physical measures, including a major facade replacement on Blidvädersgatan, and increased social engagement. Considerable progress is being made within the framework of the "Handslaget i Biskopsgården" initiative, a collaborative proj-

CEO COMMENTS



“For us at Willhem, it has been necessary to reorganise our operations in response to a market that has undergone considerable change.”

ect between Business Region Göteborg, AB Volvo, the Framtiden Group and Willhem. In December, we received the positive news that the police had downgraded the district from a particularly vulnerable area to a risk area. We now need to continue our hard work, guided by the keyword of collaboration.

Ensuring that our customers are satisfied with their homes is an important part of our social responsibility. To succeed, we need to be engaged in everything from keeping the outdoor environments in order to providing fast service. It is gratifying to see that the ratings in our customer surveys are continuing to improve. With a service index of 81.5% (80.5), it is clear that our continuous improvements in property management are appreciated by our customers.

Adapting to new realities

In the new economic climate we find ourselves in, it is important that we do not rest on our laurels, but use our expertise and experience to adapt to the new conditions. To strengthen our operations going forward, we carried out a minor restructuring of the company, which resulted in a reduction in the number of positions. We are more cautious with investments and therefore our project managers as well as employees at the head office are affected by the restructure.

Six months have now passed since I started as CEO of Willhem. The challenges we are facing are linked to major changes in our operating environment. For us at Willhem, it has been necessary to reorganise our operations in response to a market that has undergone considerable change. Ultimately, it is about securing revenue, reducing costs and ensuring that our key metrics remain stable. As we now enter a new year, we do so with determination, energy and a sense of great anticipation.

Mariette Hilmersson
Chief Executive Officer



VISION AND TARGETS

Broad perspective for long-term value creation

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.



SUSTAINABILITY

Sustainability on several fronts

Willhem's operations affect society as a whole – from a local to global perspective. We are firmly committed at each stage to being responsive to external demands and take full responsibility for an economically, environmentally and socially sustainable development.

The platform for our sustainability agenda rests on ten identified areas of sustainability, where each area contributes to one or more of the UN's 17 Sustainable Development Goals. The long-term economic value creation is conditional upon operations that are environmentally and socially sustainable and each area of sustainability has therefore a clear link to one of

our five overall objectives. Each area of sustainability is also broken down into one or more measurable objective that ensures that our sustainability practices reach all the way out into day-to-day operations.

The following is a selection of targets and outcomes as well as events during the fourth quarter.

>> Read more about our sustainability reporting in [Willhem's Annual and Corporate Responsibility Report 2022](#).



Finances

Events in Q4:

- Continued focus on efficient management and operations.
- Took possession of 254 apartments in Trollhättan.

TOTAL RETURN

Long-term target

>5.5%

Outcome 2013–2023

8.6%



Customer

Events in Q4:

- PostNord parcel lockers were installed at selected locations in our portfolio to facilitate deliveries.
- Strengthened cooperation with tenants through local groups in Linköping.
- The new willhem.se was launched.

SERVICE INDEX

Long-term target

>85%

Outcome 2023

81.5%



Property

Events in Q4:

- Focus on reducing peaks in district heating consumption in our properties.
- Implementation of AI control for energy optimisation is continuing.

ENERGY CONSUMPTION

Long-term target

72 kWh/sq m Atemp

Outcome 2023

98.2 kWh/sq m Atemp



Internal

Events in Q4:

- Annual mandatory training materials relating to responsibility sent to all employees.
- Crisis management and crisis plan were revised and updated.

ENPS

Long-term target

40 units

Outcome 2023

31 units



Operating environment

Events in Q4:

- Expanded collaboration with supplier Holgers to promote reuse.
- Hisingen Boxing Club opened a facility in newly renovated premises in Biskopsgården.
- GRESB Green Star rating retained.

EMISSIONS

Long-term target

0 net zero emissions
in Scope 1 and 2 by 2030

Outcome 2023

-44.3% tonnes CO₂e
since base year 2018

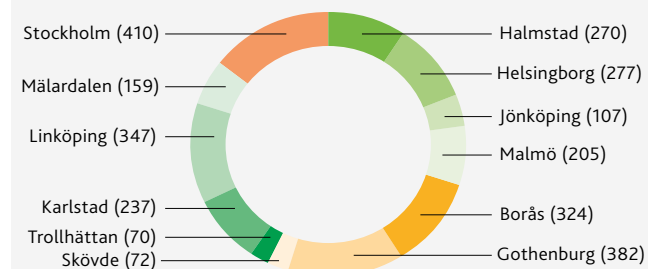
CONSOLIDATED FINANCIAL REPORTING

Consolidated income statement

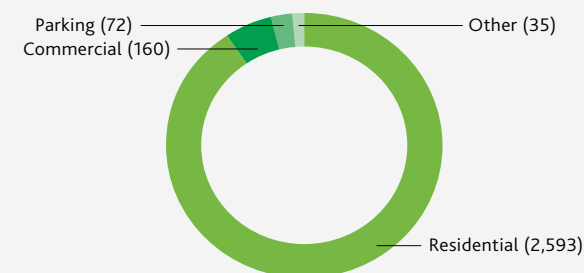
Amounts in SEK m	2023 Oct–Dec	2022 Oct–Dec	2023 Jan–Dec	2022 Jan–Dec
Rental revenues	725	677	2,860	2,664
Operating expenses	-194	-178	-683	-637
Repairs and maintenance	-11	-25	-88	-118
Property administration	-47	-44	-175	-163
Property tax	-14	-14	-53	-51
Total property expenses	-266	-261	-999	-969
Net operating income	459	416	1,861	1,695
Corporate administration expenses	-34	-32	-103	-95
Other operating income	-	-	-1	-
Change in value of investment properties, unrealised	-556	-1,855	-5,227	-1,069
Change in value of investment properties, realised	-	-	-	-3
Operating profit/loss	-131	-1,471	-3,470	528
Interest income	26	20	100	31
Interest expense	-216	-167	-809	-502
Leasehold fee	-4	-4	-16	-14
Other financial expenses	28	-64	11	-90
Change in value of financial instruments	-972	13	-1,114	1,811
Total financial items	-1,138	-202	-1,828	1,236
Profit/loss before tax	-1,269	-1,673	-5,298	1,764
Tax	222	277	989	-448
Profit/loss for the period	-1,047	-1,396	-4,309	1,316

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

RENTAL REVENUE PER AREA 31 DECEMBER 2023, SEK M



RENTAL REVENUE PER CATEGORY OF REVENUE 31 DECEMBER 2023, SEK M



CONSOLIDATED FINANCIAL REPORTING

Rental revenues

The Group's rental revenues rose to SEK 2,860 million (2,664), up 7.4%. The increase is due in part 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 77 million, up 4.0%.

The economic occupancy rate for residential housing was 98.5% (99.4). The total occupancy rate for the entire property portfolio, including commercial premises and other areas, amounted to 97.9% (98.6).

Property expenses

Property expenses amounted to SEK -999 million (-969). Operating expenses were SEK 46 million higher compared to the previous year. This was mainly due to high maintenance costs as well as high electricity and heating prices. Electricity costs were positively impacted by the electricity subsidy that Willhem received.

For the comparable portfolio, property expenses were SEK 6 million higher, largely due to increased maintenance and heating costs, but were also positively impacted by the electricity subsidy.

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 1,861 million (1,695), up 9.8%. The improvement in net operating income is due to increased rental revenues. The net operating margin for the period was 65.1% (63.6).

For the comparable property portfolio, net operating income rose SEK 99 million compared with the preceding year, up 5.9%.

Corporate administration expenses

Central administration costs amounted to SEK -103 million (-95).

Change in value of investment properties

Unrealised changes in the value of the properties for the year amounted to SEK -5,227 million (-1,069), corresponding to a value decline of -8.5% (1.8). The negative value performance is mainly attributable to changed yield requirements. The average weighted yield was 3.9% (3.4).

Net financial items

Interest income for the period amounted to SEK 100 million (31) and interest expenses amounted to SEK -809 million (-502).

Other financial expenses amounted to SEK 11 million (-90) and were impacted by SEK 114 million (-51) from exchange rate effects on bonds in NOK. Currency risk is managed with currency derivatives, which means that when the bonds expire there are no currency effects. The average interest rate was 2.6% (2.1). The interest coverage ratio for the year was 2.2 (3.1).

Change in value of financial instruments

The value of derivatives decreased SEK -1,114 million (1,811), mainly due to changes in the interest-rate market. During the year, interest-rate derivatives were redeemed early at a nominal value of SEK 1,000 million while new interest-rate derivatives were signed with longer tenors. The realised gain totalled SEK 23 million (-). The change in value of the electricity derivatives was SEK -59 million (50) at the end of the period.

Tax

Current and deferred tax have been calculated based on a nominal tax rate of 20.6%.

The total tax expense for the period was SEK 989 million (-448), of which deferred tax amounted to SEK 989 million (-446) and current tax to SEK 0 million (-2). The deferred tax is mainly attributable to the year's unrealised value change, temporary differences on investment properties and financial instruments.

Profit/Loss

Operating profit/loss for the period totalled -3,470 million (528). Operating profit before change in property values rose SEK 157 million to SEK 1,757 million compared with SEK 1,600 million in the preceding year. Profit/loss after tax for the year totalled SEK -4,309 million (1,316), with the lower result mainly attributable to lower unrealised changes in the value of the properties and financial instruments compared with the year-earlier period.



“The Group's rental revenues rose to SEK 2,860 million (2,664), up 7.4%. The increase is due in part to growth in the property portfolio, but also to annual rent increases and the investments made in properties that have resulted in higher rents.”

Fourth quarter

Revenue in the fourth quarter rose to SEK 725 million (677), up 7.1%. 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 4.2%.

Property expenses amounted to SEK -266 million (-261), with the increase due primarily to higher electricity and heating costs. Net operating income amounted to SEK 459 million (416). For the comparable portfolio, net operating income rose 7.2% in the fourth quarter. The unrealised change in the value of properties amounted to SEK -556 million (-1,855), corresponding to a value decline of -0.9% (-3.0). Operating loss totalled SEK -131 million (-1,471). The change in the value of financial instruments had an impact on profit of SEK -972 million (13).

CONSOLIDATED FINANCIAL REPORTING

Consolidated balance sheet

Amounts in SEK m	31 Dec 2023	31 Dec 2022
Assets		
Non-current assets		
Investment properties	56,497	59,886
Right-of-use assets, leaseholds	510	473
Equipment	7	9
Intangible assets in progress	12	–
Derivatives	679	1,464
Non-current receivables	103	85
Total non-current assets	57,808	61,917
Current assets		
Inventory	27	–
Other current receivables	330	225
Derivatives	5	77
Cash and cash equivalents	2,313	4,464
Total current assets	2,675	4,766
Total assets	60,483	66,683
Equity and liabilities		
Equity attributable to Parent Company shareholders		
Equity	22,265	25,574
Total equity	22,265	25,574
Non-current liabilities		
Interest-bearing liabilities	19,505	24,125
Deferred tax liability	4,730	5,719
Derivatives	290	21
Right-of-use liabilities, leaseholds	510	473
Total non-current liabilities	25,035	30,338
Current liabilities		
Interest-bearing liabilities	12,495	10,069
Derivatives	11	–
Other non-interest-bearing liabilities	677	702
Total current liabilities	13,183	10,771
Total equity and liabilities	60,483	66,683



CONSOLIDATED FINANCIAL REPORTING

Investment properties

Property market

The business environment remains turbulent, with high inflation and geopolitical instability, which meant that the conditions for the housing market deteriorated drastically during the year. Rising financing costs resulted in a cautious transaction market, with buyers and sellers experiencing continued difficulty in agreeing on pricing. The inflation rate declined after the summer but remains relatively high. After eight consecutive interest rate hikes, the Riksbank left the key interest rate unchanged in November, marking the first time the rate was not raised since February 2022. Opinions are divided on when the Riksbank will start cutting the key interest rate, but the market's assessment is that this will happen in 2024, which is much earlier than the rate path signalled by the Riksbank.

The total transaction volume in the Swedish property market was low in 2023 compared with recent years. During the year, the total value of real estate transactions in Sweden was SEK 104 billion. The share of residential properties in the total volume as of December was 22%, which is a

lower share of the total volume than in recent years but a slightly higher share compared with the preceding quarter, when residential properties accounted for 21%. Several of the relatively few transactions with residential properties that took place during the year had various fund structures as buyers. Offices accounted for 17%, and warehousing, logistics and industry was the segment with the highest volume of sales, with 27% of the transaction volume. International investors remain active in the Swedish property market, accounting for approximately a third of the total transaction volume to date this year.

According to the Swedish Board of Housing Building and Planning's latest forecast from October 2023, only 19,000 apartments in apartment buildings were projected to be started in 2023 and 12,500 residential units were planned to be started in 2024. This can be compared to 44,100 in 2022. However, there is a large range of uncertainty and there may be even fewer housing starts. The Board also points out that the drastic fall

in the rate of construction will lead to a decrease in capacity in the construction sector, skills will disappear and it may take some time to build up again when – and if – demand increases.

In addition to the high interest rates, high production costs and the end of investment subsidies, the market situation is becoming more difficult following the Supreme Court's ruling on limiting rent increases for pre-sumption rents. The Swedish government set up an investigation during the year that will produce recommendations for how the regulations around presumption rents can be restored.

Our properties

Willhem owns and manages 552 properties (552) in carefully chosen growth regions in Sweden. The property portfolio was valued externally on 31 December 2023. The estimated market value was SEK 56,497 million (59,886). The total lettable area was 1,976,659 sq m, of which 93.0% relates to residential housing.

Valuation

The year's unrealised change in value was SEK –5,227 million (–1,069), corresponding to a value decline of –8.5% (–1.8). The average weighted yield was 3.9% (3.4). The yield for residential properties amounted to 2.4–5.1% (2.0–4.5) and for commercial properties to 3.8–10.0% (3.5–10.0).

In accordance with Willhem's valuation model, the properties are subject to external valuation once per year at the end of the year. The valuation institutes engaged were Savills Sweden AB and Newsec Advice AB. An internal valuation is performed for the other quarters. The value assessment, both for external and for internal valuations, is derived from a cash-flow statement whereby the property's value is based on the present value of the forecast cash flows together with the residual value after the end of the calculation horizon. Valuation is conducted in accordance with level 3 of the fair value hierarchy in IFRS 13.

Investments

Investments in the property portfolio amounted to SEK 1,605 million (1,966), of which SEK 985 million (1,284) relates to investments in existing properties and SEK 620 million (682) to property development. Willhemlyft accounted for SEK 293 million (299) of investments in existing property.

In November, possession was taken of four properties with 254 apartments in Trollhättan, with a contracted property value of SEK 242 million. During the year, final payments of previous acquisitions were also made, bringing the net amount for acquisitions for the year to SEK 233 million (2,429).

Valuation assumptions

	2023 Jan–Dec	2022 Jan–Dec
Inflation assumption, %	2.0	2,0–4,0
Calculation horizon, years	5–15	5–14
Required yield, residential properties, %	2,4–5,1	2,0–4,5
Required yield, commercial properties, %	3,8–10,0	3,5–10,0
Cost of capital, %	4,5–12,2	4,2–13,2
Long-term vacancy rate, %	0,0–10,0	0,1–10,0
Rent assumption	Existing rent and market rent	
Operating and maintenance expenses	Individual adapted on the basis of outcomes for the various types of property and the valuation agency's experience of similar objects.	

Investment properties

SEK million	2023 Jan–Dec	2022 Jan–Dec
Market value at the beginning of the period	59,886	56,560
+ Acquisitions (incl. acquisition costs)	233	2,429
+ Investments in existing property	985	1,284
+ Investments in development projects	620	682
+ Unrealised changes in value	–5,227	–1,069
– Divestments	–	–
Market value at the end of the period	56,497	59,886

CONSOLIDATED FINANCIAL REPORTING

Development projects

Willhem's property development comprises proprietary projects and acquired projects. On the balance-sheet date, 293 apartments were in ongoing property projects on a proprietary basis and 232 apartments were in acquired projects. During the year, two proprietary projects were completed with a total of 140 apartments as well as 472 apartments in acquired development projects.

Ongoing development projects

Property	Location	Type of project	Number of apartments	Residential area, sq m	Approved investment, SEK million	Costs incurred, SEK million	Planned occupancy
Karmen 5	Karlstad	Development project	78	3,906	140	108	Q2 2024
Smedjan 2	Ursvik	Development project*	232	10,334	662	468	Q4 2024–Q1 2025
Kviberg 28:4	Gothenburg	Development project	50	1,792	90	54	Q4 2024
Krusbäret 1	Halmstad	Development project	165	5,802	295	70	Q2 2025
Total ongoing			525	21,834	1,187	700	

Completed development projects

Property	Location	Type of project	Number of apartments	Residential area, sq m	Approved investment, SEK million	Costs incurred, SEK million	Completion
Guldfisken 10	Linköping	Conversion	106	3,821	109	108	Q2 2023
Kolartorp 1:394	Haninge	Development project*	135	5,639	192	190	Q2 2023
Valsverket 5	Eskilstuna	Development project*	337	14,604	487	514	Q2 2022–Q4 2023
Kallhäll 9:4	Järfälla	Development project	34	2,396	85	80	Q4 2023
Total completed			612	26,460	873	892	

* Acquired development project



CONSOLIDATED FINANCIAL REPORTING

Financing

Financial market

The year began with a key interest rate in Sweden of 2.5%. During the year, the key interest rate was raised on four occasions, ultimately landing at 4%. Stibor 3M had a similar start at 2.701% and finished at 4.052%. In the fourth quarter, long-term market interest rates declined after several central banks left their key interest rates unchanged and indicated that interest rate cuts will take place in 2024 and 2025. Inflation is deemed to have peaked and is likely to fall in 2024, but the outlook is uncertain.

The Purchasing Managers Index (PMI) for the industrial sector in Sweden was 48.8 in December. The index remained outside the growth zone throughout the year. There is a risk that growth will be delayed due to the weak global economy. The PMI for the service sector was 50.0, the highest level recorded for five months. During the year, the Swedish services market was pressured by weak consumption and a decline in housing construction.

The OMX S30 index developed positively in the fourth quarter and closed the year up 17.3%.

Cash and cash equivalents and interest-bearing liabilities

Cash and cash equivalents totalled SEK 2,313 million (4,464) at the end of the period. In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 18,600 million (17,700).

The Group's interest-bearing liabilities totalled SEK 32,000 million (34,194). Financing via the capital markets through bonds and certificates accounted for 65.4% of financing.

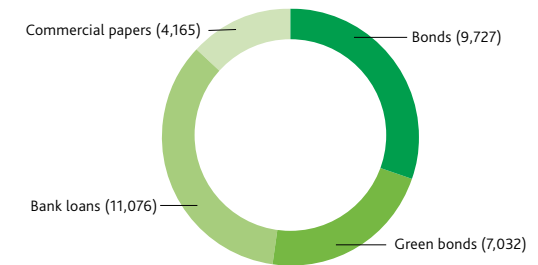
The loan-to-value ratio was 52.5% (49.6). According to Willhem's financial target, this should be below 60.0%. The average interest rate was 2.6% (2.1) on the balance-sheet date. The average fixed-interest tenor was 3.5 years (3.5) and the percentage of fixed-interest maturity was 27.8% (28.9) in the next 12 months.

The loan-to-maturity period was 2.2 years (2.5) and taking into account the commitments, the adjusted loan-to-maturity period was 3.7 years (3.5). The interest coverage ratio was 2.2 (3.1). Willhem's financial target is that this is to exceed 2.0.

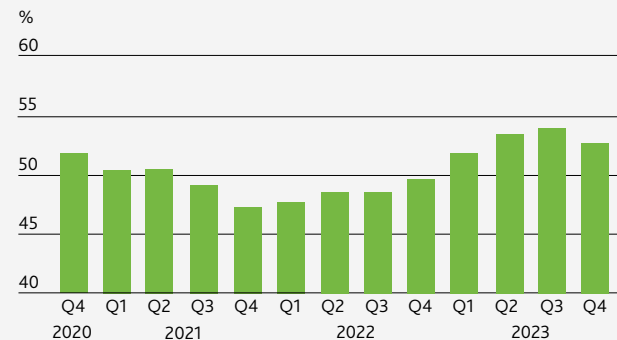
The company is subject to a number of covenants, meaning conditions required by a lender to provide credit, and if the conditions are not met, the credit falls due. All of the company's covenants were met in 2023.

The market value of bonds totalled SEK 16,373 million (18,202). 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.

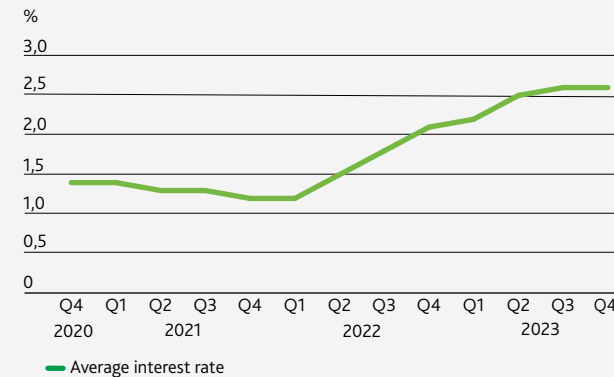
SOURCES OF FINANCING



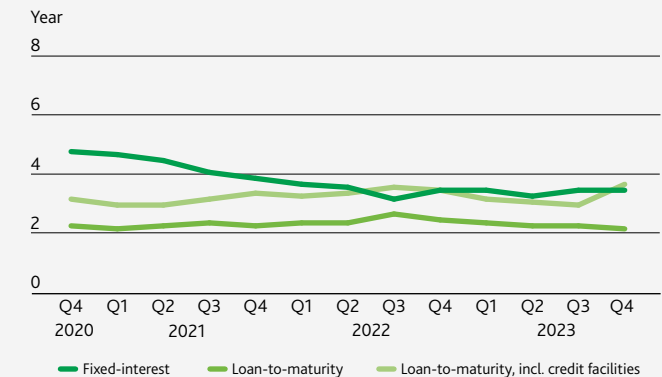
LOAN-TO-VALUE RATIO



AVERAGE INTEREST RATE



FIXED-INTEREST AND LOAN-TO-MATURITY



CONSOLIDATED FINANCIAL REPORTING



Financing (cont.)

Interest and capital maturity structure

	Interest maturity, SEK m	Interest, %	Capital maturity, SEK m
Within 1 year*	8,926	5.3	12,496
1–2 years	4,650	1.2	5,878
2–3 years	4,000	1.0	2,850
3–4 years	4,578	2.0	4,387
4–5 years	2,350	1.3	2,350
5–6 years	400	0.4	3,543
6–7 years	2,600	1.0	–
7–8 years	980	1.7	380
8–9 years	1,050	2.9	–
9–10 years	1,500	3.1	–
10–11 years	850	2.8	–
11–12 years	–	–	–
12–30 years	200	1.8	200
Total	32,084	2.6	32,084

* 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 12,496 million includes SEK 4,165 million in certificates. The statement of financial position included interest-bearing liabilities of SEK 32,000 million, the difference compared with the above table pertains to arrangement fees of SEK –30 million and exchange rate translation concerning foreign bonds of SEK –54 million.

Green financing

At the end of the period, green bonds amounted to SEK 7,032 million (6,800), which accounts for 42.0% of Willhem's total bonds outstanding.

Derivatives

The net market value of the Group's derivatives totalled SEK 383 million (1,520), of which SEK 684 million is recognised as an asset and SEK –301 million as a liability in the Group's statement of financial position. Net interest-rate and currency derivatives totalled SEK 382 million (1,460), of which SEK 679 million (1,481) was recognised as an asset on the balance-sheet date.

Electricity derivatives totalled SEK 1 million (60). 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

	Nominal amount, SEK m	Market value, SEK m
Within 1 year	1,220	–6
1–2 years	1,200	43
2–3 years	3,550	154
3–4 years	3,988	–3
4–5 years	2,350	111
5–6 years	400	39
>6 years	6,600	44
Total	19,308	382

Rating

In September, Standard & Poor's confirmed Willhem's long-term credit rating of A- while its outlook was adjusted from stable to negative.

The change to a negative outlook relates to highlighting a certain risk of deteriorating key metrics and uncertainty around value performance for properties going forward. Willhem confirms its commitment to maintaining an A- and, if needed, to taking the measures required to support the company's balance sheet and key credit metrics.

CONSOLIDATED FINANCIAL REPORTING

Consolidated cash-flow statement

Amounts in SEK m	2023 Jan–Dec	2022 Jan–Dec
OPERATING ACTIVITIES		
Operating profit/loss	-3,470	527
Adjustments for items not affecting liquidity	5,247	983
Interest paid, net	-807	-466
Taxes paid	-	-2
Cash flow from operating activities before changes in working capital	970	1,042
Change in current receivables	-105	32
Change in current liabilities	-70	120
Cash flow from operating activities	795	1,194
INVESTING ACTIVITIES		
Investments in existing property	-1,605	-1,966
Acquisition of properties	-173	-893
Sale of properties	-	-4
Inventory	-27	-
Investments in other, net	-11	-4
Cash flow from investing activities	-1,816	-2,867
FINANCING ACTIVITIES		
Liabilities raised	14,119	21,770
Repayments of liabilities	-16,255	-19,087
Redemption of derivatives	23	-
Dividends	-	-501
Non-current receivables	-17	701
Shareholder contributions	1,000	-
Cash flow from financing activities	-1,130	2,883
Cash flow for the period	-2,151	1,210
Opening balance, cash and cash equivalents	4,464	3,254
Acquired cash and cash equivalents	-	0
Closing balance, cash and cash equivalents	2,313	4,464

Cash flow from operating activities totalled SEK 795 million (1,194). Investments in properties totalled SEK -1,605 million (-1,966). Gross capital formation for the period pertaining to acquisitions of properties amounted to SEK -243 million (-2,511) and deductions for latent tax amounted to SEK -1 million (86). SEK 55 million (1,537) in existing loans on acquired properties was repaid. Acquisition costs paid during the period amounted to SEK -1 million (-5), and accordingly SEK -173 million (-893) had a direct liquidity impact on cash flow. During the period, SEK 14,119 million (21,770) was raised in new loans and SEK -16,255 million (-19,087) was repaid.

As of 31 December 2023, the Group's cash and cash equivalents were SEK 2,313 million (4,464). In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 18,600 million (17,700).

Consolidated statement of changes in equity

Amounts in SEK m	31 Dec 2023	31 Dec 2022
Opening equity	25,574	24,759
Dividends	-	-501
Shareholder contributions	1,000	-
Comprehensive income for the year	-4,309	1,316
Closing equity	22,265	25,574

Equity totalled SEK 22,265 million (25,574). The equity/assets ratio was 36.8% (38.4).

CONSOLIDATED FINANCIAL REPORTING

Segment reporting

Amounts in SEK m	2023 Oct–Dec	2022 Oct–Dec	2023 Jan–Dec	2022 Jan–Dec
Rental revenues				
Southern Region	217	206	859	820
Western Region	215	207	848	821
Eastern Region	293	264	1153	1023
Total	725	677	2,860	2,664
Property expenses				
Southern Region	–73	–76	–284	–278
Western Region	–91	–88	–330	–326
Eastern Region	–102	–97	–385	–365
Total	–266	–261	–999	–969
Net operating income				
Southern Region	144	130	575	542
Western Region	124	119	518	495
Eastern Region	191	167	768	658
Total	459	416	1,861	1,695

Amounts in SEK m	31 Dec 2023	31 Dec 2022
Market value investment property		
Southern Region	17,822	19,237
Western Region	15,720	16,597
Eastern Region	22,955	24,052
Total carrying amount	56,497	59,886

The Group's internal reporting of operations is broken down into the following segments. Southern Region comprises Halmstad, Helsingborg, Jönköping and Malmö. Western Region comprises Borås, Gothenburg, Skövde and Trollhättan. Eastern Region comprises Karlstad, Linköping, Mälardalen and Stockholm.

The total net operating income corresponds to the recognised net operating income in the consolidated income statement. The difference between the net operating income of SEK 1,861 million (1,695) and profit/loss before tax of SEK –5,298 million (1,764), consists of central administration costs of SEK –103 million (–95), other operating expenses of SEK –1 million (–), change in property values SEK –5,227 million (–1,072), net financial items SEK –714 million (–575) and change in value of financial instruments SEK –1,114 million (–1,811).

During the period, the carrying amount of the properties changed as a result of investments completed, acquisitions and unrealised changes in value totalling SEK –1,415 million (135) in the Southern Region, SEK –877 million (1,276) in the Western Region and SEK –1,097 million (1,915) in the Eastern Region.

PARENT COMPANY FINANCIAL REPORTING

Parent Company income statement

Amounts in SEK m	2023 Jan–Dec	2022 Jan–Dec
Revenues	62	60
Administrative expenses	–164	–154
Operating loss	–102	–94
Interest income	620	742
Interest expense	–437	–389
Other financial items	24	–88
Change in value of financial instruments	–258	329
Profit/loss after financial items	–153	500
Appropriations, Group contributions	–445	–166
Appropriations, principal earnings	–131	–329
Profit/loss before tax	–729	5
Tax	61	–68
Loss for the period	–668	–63

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 62 million (60), of which intra-Group revenue totalled SEK 62 million (60). The Parent Company's interest income amounted to SEK 620 million (742), of which intra-Group interest income totalled SEK 521 million (711). Other financial items included exchange-rate effects of SEK 114 million (–51) 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 –281 million (329). The value of the derivatives developed negatively during the period due to rising market interest rates. Profit/loss before tax amounted to SEK –729 million (5).

No current tax has arisen in the Parent Company, since there is a possibility of making Group contributions and utilising deficits. Tax for the period pertains to deferred tax of SEK 61 million (–68).

Parent Company balance sheet

Amounts in SEK m	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Shares and participations in Group companies	4,664	4,657
Receivables from Group companies	23,371	23,693
Deferred tax assets	67	6
Equipment	4	5
Intangible assets in progress	12	–
Non-current receivables	33	16
Total non-current assets	28,151	28,377
Current assets		
Other receivables	170	62
Cash and cash equivalents	2,313	4,464
Total current assets	2,483	4,526
TOTAL ASSETS	30,634	32,903
EQUITY AND LIABILITIES		
Equity	2,936	2,604
Total equity	2,936	2,604
Non-current liabilities		
Interest-bearing liabilities	11,207	15,338
Liabilities to Group companies	6,370	5,284
Derivatives	290	21
Total non-current liabilities	17,867	20,643
Current liabilities		
Interest-bearing liabilities	9,717	9,470
Derivatives	11	–
Other liabilities	103	186
Total current liabilities	9,831	9,656
TOTAL EQUITY AND LIABILITIES	30,634	32,903

OTHER INFORMATION

Other information

Personnel and organisation

Property management is organised into three regions comprising 12 management areas. The head office is located in Gothenburg and provides Group-wide functions. As of 31 December 2023, there were a total of 301 employees (298).

Significant risks and uncertainties

In its operations, Willhem is exposed to different types of risks. These risks are described in the 2022 annual report on pages 29–34.

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 2022 annual report on page 74. Första AP-fonden has an issue undertaking of SEK 8,000 million, and fees pertaining to the issue undertaking were paid to Första AP-fonden during the period. In December, Willhem AB (publ) received a shareholder contribution of SEK 1,000 million from 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 2022 annual report.

Events after the balance-sheet date

At the beginning of 2024, the owner of the company decided on another unconditional shareholder contribution of SEK 1.0 billion, with payment during the first quarter.

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, 20 February 2024

Fredrik Wirdenius
Chairman

Christel Armstrong Darvik
Member

Anders Ahlberg
Member

Ragnhild Backman
Member

Johan Temse
Member

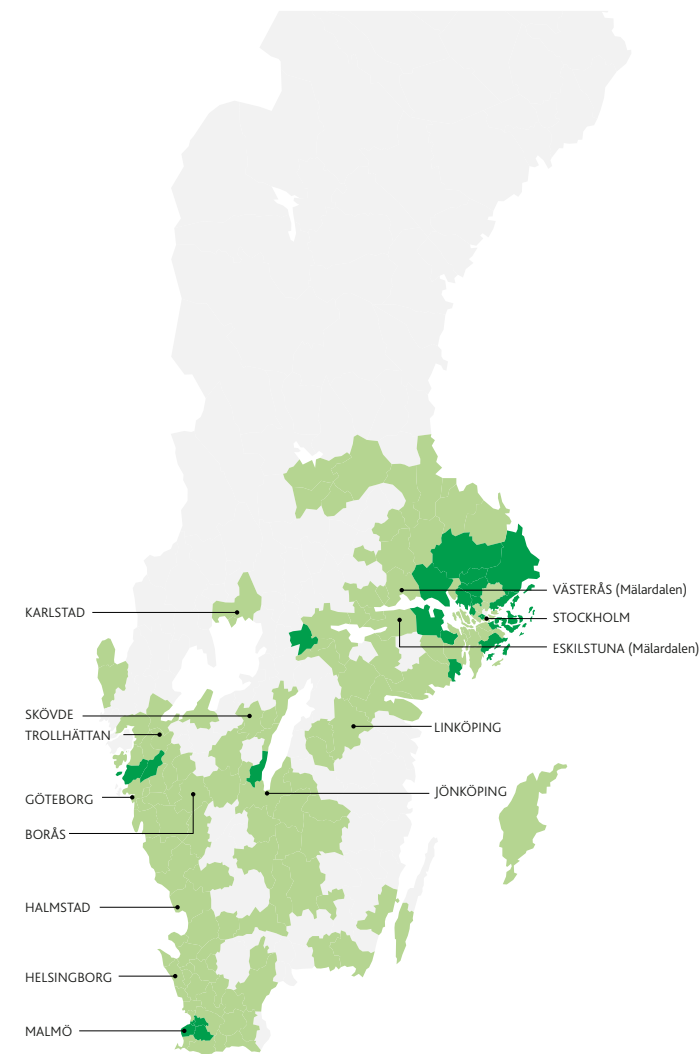
Mariette Hilmersson
Chief Executive Officer

This interim report has not been subject to examination by the company's auditors.

OTHER INFORMATION

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	2,849	178,235	8,321	186,556	98.3	270	5,266
Helsingborg	73	2,453	169,919	14,667	184,586	97.6	277	5,777
Jönköping	19	1,203	59,256	3,206	62,462	99.6	107	2,206
Malmö	51	1,544	107,014	12,314	119,328	99.3	205	4,573
Southern Region	185	8,049	514,424	38,508	552,932	98.4	859	17,822
Borås	152	3,364	214,423	15,885	230,308	95.6	324	6,012
Gothenburg	34	4,077	266,340	12,211	278,551	99.4	382	7,171
Skövde	15	821	56,831	1,986	58,817	99.0	72	1,304
Trollhättan	28	985	57,987	8,129	66,116	98.9	70	1,233
Western Region	229	9,247	595,581	38,211	633,792	97.8	848	15,720
Karlstad	59	2,597	151,497	11,072	162,569	99.1	237	4,026
Linköping	29	3,536	241,918	24,204	266,122	95.7	347	6,046
Mälardalen	12	1,724	102,092	16,697	118,789	94.4	159	3,324
Stockholm	38	3,942	231,933	10,522	242,455	99.4	410	9,559
Eastern Region	138	11,799	727,440	62,495	789,935	97.5	1,153	22,955
Total	552	29,095	1,837,445	139,214	1,976,659	97.9	2,860	56,497



Green indicates areas with population growth in 2012–2022 of:

● 16–40%

● 5–15%

Source: Statistics Sweden

OTHER INFORMATION

Property transactions during the period

Acquisitions

Quarter	Property	Region	Location	Number of apartments	Residential area, sq m	Total area, sq m
Q4	Lantsågen 1	Western	Trollhättan	187	10,260	10,647
Q4	Fågeln 3	Western	Trollhättan	18	1,061	1,061
Q4	Fågeln 8	Western	Trollhättan	12	646	646
Q4	Oxen 10	Western	Trollhättan	37	2,930	3,060
Total acquisitions				254	14,897	15,414



Krokslätt 85:1, Gothenburg

OTHER INFORMATION

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.

	2023 Jan–Dec	2022 Jan–Dec	2021 Jan–Dec	2020 Jan–Dec	2019 Jan–Dec
Property-related					
Total area, sq m	1,976,659	1,942,834	1,881,077	1,857,831	1,803,353
Number of properties	552	552	533	530	508
Number of residential properties	29,095	28,451	27,134	26,625	25,783
Market value, SEK m	56,497	59,886	56,560	46,347	40,075
Market value, SEK/sq m	28,582	30,824	30,068	24,946	22,222
Rental value, SEK m	3,020	2,799	2,600	2,480	2,318
Economic occupancy rate, %	97.9	98.6	98.8	98.8	98.9
Net operating margin, %	65.1	63.6	62.0	62.6	60.6
Financial					
Average interest rate, %	2.6	2.1	1.2	1.4	1.5
Average fixed-interest tenor, years	3.5	3.5	3.9	4.8	5.6
Average loan-to-maturity, years	2.2	2.5	2.3	2.3	2.1
Loan-to-value (LTV) ratio, %	52.5	49.6	47.2	51.7	53.2
Interest coverage ratio, multiple	2.2	3.1	3.5	3.3	3.3
Equity/assets ratio, %	36.8	38.4	40.4	35.8	35.7
Other					
Number of employees	301	298	279	278	268

OTHER INFORMATION

Reconciliation of alternative performance measures

	2023 Jan–Dec	2022 Jan–Dec
Loan-to-value ratio		
Interest-bearing liabilities, SEK m	32,000	34,194
Cash and cash equivalents, SEK m	–2,313	–4,464
Total interest-bearing liabilities, net	29,687	29,730
Net interest-bearing liabilities, SEK m	29,687	29,730
Market value of properties, SEK m	56,497	59,886
Loan-to-value (LTV) ratio, %	52.5%	49.6%
Interest coverage ratio		
Operating profit/loss, SEK m	–3,470	528
Property change in value, SEK m	5,227	1,072
Total operating profit excl. change in value	1,757	1,600
Operating profit excl. change in value, SEK m	1,757	1,600
Net financial items excl. exchange-rate effects, SEK m	812	510
Interest coverage ratio, multiple	2.2	3.1
Equity/assets ratio		
Equity, SEK m	22,265	25,574
Total assets, SEK m	60,483	66,683
Equity/assets ratio, %	36.8%	38.4%
Net operating margin		
Net operating income, SEK m	1,861	1,695
Rental revenues, SEK m	2,860	2,664
Net operating margin, %	65.1%	63.6%

OTHER INFORMATION

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 financial income and expenses, excluding exchange-rate effects.

Equity/assets ratio, %

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

OTHER DEFINITIONS

Number of employees*

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

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



REPORT DATES

Annual and Corporate Responsibility Report 2023	11 April 2024
Interim report Jan–Mar 2024	8 May 2024
Interim Report Jan–Jun 2024	22 August 2024
Interim report Jan–Sep 2024	13 November 2024
Year-end report 2024	20 February 2025

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 4.00 p.m. on 20 February 2024.

www.willhem.se

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