



INTERIM REPORT JANUARY–SEPTEMBER 2023



SUMMARY

Willhem reports stable net operating income

- Revenue increased to SEK 2,135 million (1,987), up 7.4%.
- Net operating income totalled SEK 1,402 million (1,279), up 9.6%. For the comparable property portfolio, net operating income rose 5.5%.
- Unrealised changes in the value of the properties during the period amounted to SEK –4,671 million (786), corresponding to a value decline of –7.6% (1.3). Unrealised changes in value during the third quarter amounted to SEK –852 million (3), corresponding to a value decline of –1.3% (0.1).
- The change in the value of financial instruments amounted to SEK –142 million (1,798).
- Profit/loss after tax for the period totalled SEK –3,261 million (2,712).
- The market value of the properties was SEK 56,390 million (59,949) at the end of the period.
- Investments in the property portfolio amounted to SEK 1,170 million (1,381).
- In September, Willhem had its A- rating confirmed by Standard & Poor's, with an adjustment from stable to negative outlook.
- After the end of the reporting period, Willhem's shareholder, Första AP-fonden, decided on an unconditional shareholder contribution of SEK 1.0 billion, with disbursement in the fourth 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

28,649

NET OPERATING MARGIN

65.7%

AVERAGE TOTAL RETURN OVER 10 YEARS

9.8%

MARKET VALUE OF PROPERTIES, SEK MILLION

56,390

LOAN-TO-VALUE RATIO

53.9%

REDUCTION IN ENERGY CONSUMPTION KWH PER SQ M SINCE 2012

-32.1%



CEO COMMENTS



CEO comments

During my initial time as CEO, I have focused on getting to know the operation and all of the employees. I am particularly impressed by the commitment and know-how I encountered among our employees when I visited our offices around the country. We have a strong starting position in a time that will require us to strengthen our abilities on many levels.

Inflation, rising interest rates and increased costs are having a major impact on the operation. Moreover, we note that sentiment in the transaction market remains cautious. It will be interesting to see during the autumn whether sellers and buyers can reach agreements with one another. We are monitoring developments very closely.

In most of our submarkets, demand for our residential properties remains good. However, as a result of the economic situation, we see a slight decline in the number of people applying for apartments in a few locations. This is a signal we take very seriously, and we are now adjusting our procedures to the new conditions in order to be able to adapt rapidly. The plan is clear, and we are making good progress.

In September, we put out the call to initiate the 2024 rent negotiations. The negotiations this year will be incredibly important so that we can, to the greatest extent possible, compensate for the cost increases we have had including interest rates and heating. We have requested a level of 11–12% and are hoping for a rapid and sensible settlement that benefits both ourselves and our tenants.

Financial performance

Net operating income totalled SEK 1,402 million, up 9.6% compared with the preceding year. The increase for the comparable property portfolio was 5.5% year-on-year.

Earnings for the period were SEK –3,261 million, a consequence of the negative change in value on properties that totalled SEK –4,671 million. This corresponds to –7.6% of the

property value, which totalled SEK 56,390 million on the balance-sheet date. Willhem's total financing, which comprises both bank loans and capital market financing, amounted to SEK 33,359 million.

Our credit rating at Standard & Poor's was adjusted in September from A- with a stable outlook, to negative. This is due primarily to the impairments of the property values which results in an increased loan-to-value ratio. As a step in retaining our strong credit rating our owner, Första AP-fonden, will carry out an unconditional shareholders' contribution of SEK 1,000 million during the fourth quarter. Our absolute focus now is on ensuring that the key metrics going forward remain strong.

Acquisition in Trollhättan and new construction in Halmstad

In July, a conditional agreement was signed to acquire 254 apartments from the municipal company Eidar, in Trollhättan. This was followed in September by a positive decision on the municipal council. Late in the summer, we came closer to completing a development project in the Kallhäll district of Stockholm, where all apartments have now been let. In September, we held a symbolic groundbreaking ceremony for production of 165 new apartments in Halmstad, which will be completed in 2025. Several zoning plans in our in-house projects on own land are nearing adoption, and the hope is that these will result in complete building rights very soon. At the end of the period, we had 896 apartments in ongoing property projects, of which 327 on a proprietary basis.

CEO COMMENTS



“We have a strong starting position in a time that will require us to strengthen our abilities on many different levels.”

Sustainable projects

We are continuing our long-term efforts to reduce our energy use in line with our climate targets for 2030. Considering the major announced price increases for district heating in our locations, it is especially important that we are successful in improving our net operating income. During the heating season this year, we will intensify our efforts at optimising our energy systems.

We are concentrating our social initiatives in the areas that have the greatest need. The Biskopsgården district in Gothenburg is one example where, as part of the “Handslaget i Biskopsgården” initiative, we are working together with Business Region Göteborg, AB Volvo and the Framtiden Group to create more job opportunities in the area, enabling children and young people to have meaningful occupations during their free time and to work on the issue of security at an overall level. For example, in partnership with the other parties we have security officers on site in the area during evenings. Many good forces are now collaborating on this extremely important issue.

Yet another tool for promoting security is our routine customer surveys, which help us decide on the right priorities based on the current situation. The fact that customer satisfaction levels remain high and stable throughout the company is a gratifying source of pride.

I would like to conclude by extending my warmest thanks to all employees, partners and customers I have had the opportunity to meet so far. It is quite clear that there is the will and desire to promote a strong Willhem going forward. Now, let's focus on what's ahead.

Mariette Hilmersson
Chief Executive Officer



Gräshoppan 13, Borås

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 third quarter.

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



Finances

Events in Q3:

- Renewed rating of A- by Standard & Poor's, with adjusted outlook.
- Continued focus on efficient management and operations.

TOTAL RETURN

Long-term target

>5.5%

Outcome 2012–2022

9.8%



Customer

Events in Q3:

- An extensive renovation of the outdoor environment in our residential district in Fittja has been completed. Asphalt surfaces have been replaced by flowerbeds, playgrounds and spaces for socialising while lighting was overhauled.

SERVICE INDEX

Long-term target

>85%

Outcome 2022

80.5%



Property

Events in Q3:

- 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 2022

101 kWh/sq m Atemp



Internal

Events in Q3:

- Work continued to strengthen the purchasing process, which included supplier controls.

ENPS

Long-term target

40 units

Outcome 2022

37 units



Operating environment

Events in Q3:

- Development leaders in social sustainability on site to drive these efforts further forward.
- Waste management projects started, with continued reduced climate impact as one of the goals.

EMISSIONS

Long-term target

0 net zero emissions
in Scope 1 and 2 by 2030

Outcome 2022

–36% tonnes CO₂e
since base year 2018

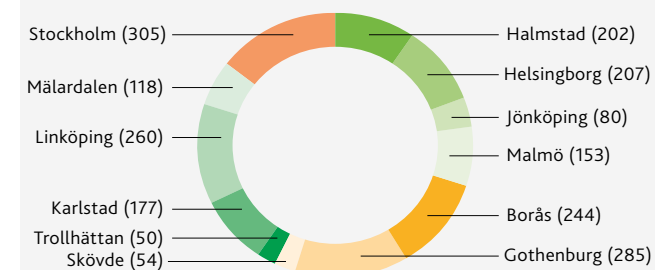
CONSOLIDATED FINANCIAL REPORTING

Consolidated income statement

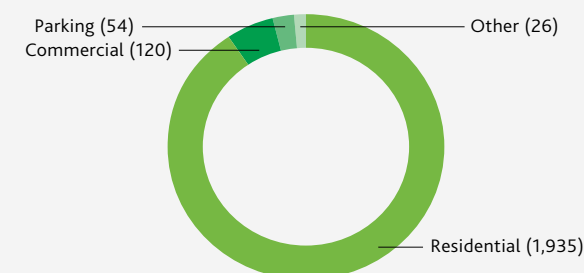
Amounts in SEK m	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Rental revenues	718	669	2,135	1,987	2,664
Operating expenses	-142	-126	-489	-459	-637
Repairs and maintenance	-21	-33	-77	-93	-118
Property administration	-40	-38	-128	-119	-163
Property tax	-13	-13	-39	-37	-51
Total property expenses	-216	-210	-733	-708	-969
Net operating income	502	459	1,402	1,279	1,695
Corporate administration expenses	-19	-17	-69	-63	-95
Other operating income	-	-	0	-	-
Change in value of investment properties, unrealised	-852	35	-4,671	786	-1,069
Change in value of investment properties, realised	-	-	-	-3	-3
Operating profit/loss	-369	477	-3,338	1,999	528
Interest income	35	4	74	10	31
Interest expense	-229	-127	-593	-334	-502
Leasehold fee	-4	-4	-12	-10	-14
Other financial expenses	-59	11	-17	-26	-90
Change in value of financial instruments	119	285	-142	1,798	1,811
Total financial items	-138	169	-690	1,438	1,236
Profit/loss before tax	-507	646	-4,028	3,437	1,764
Tax	66	-137	767	-725	-448
Profit/loss for the period	-441	509	-3,261	2,712	1,316

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

RENTAL REVENUE PER AREA 30 SEPTEMBER 2023, SEK M



RENTAL REVENUE PER CATEGORY OF REVENUE 30 SEPTEMBER 2023, SEK M



CONSOLIDATED FINANCIAL REPORTING

Rental revenues

The Group's rental revenues rose to SEK 2,135 million (1,987), 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 3.9%.

The economic occupancy rate for residential housing was 98.7% (99.5). The total occupancy rate for the entire property portfolio, including commercial premises and other areas, amounted to 98.1% (98.7).

Property expenses

Property expenses amounted to SEK -733 million (-708). Operating expenses were SEK 30 million higher compared to the previous year. This was mainly due to high electricity and heating prices, and also extra costs for service and inspections. Electricity costs were positively impacted by the electricity subsidy that Willhem received.

For the comparable portfolio, property expenses were SEK 7 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 1,402 million (1,279), up 9.6%. The improvement in net operating income is due to increased rental revenues. The net operating margin for the period was 65.7% (64.4).

For the comparable property portfolio, net operating income rose SEK 70 million compared with the preceding year, up 5.5%.

Corporate administration expenses

Central administration costs amounted to SEK -69 million (-63).

Change in value of investment properties

Unrealised changes in the value of the properties during the period amounted to SEK -4,671 million (786), corresponding to a value decline of -7.6% (1.3). The negative value performance is mainly attributable to changed yield requirements. The average weighted yield was 3.6% (3.1).

Net financial items

Interest income for the period amounted to SEK 74 million (10) and interest expenses amounted to SEK -593 million (-334).

Other financial expenses amounted to SEK -17 million (-26) and were impacted by SEK 60 million (3) 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% (1.8). The interest coverage ratio for the period was 2.2 (3.4). The interest coverage ratio, rolling 12 month, was 2.3.

Change in value of financial instruments

The value of derivatives decreased SEK -142 million (1,798), mainly due to changes in the currency market and falling electricity prices during the period. In September, interest-rate derivatives were redeemed early at a nominal value of SEK 950 million while new interest-rate derivatives were signed with longer tenors. The realised gain totalled SEK 21 million (-). The change in value of the electricity derivatives was SEK -60 million (108) 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 767 million (-725), of which deferred tax amounted to SEK 767 million (-722) and current tax to SEK 0 million (-3). The deferred tax is mainly attributable to the period's unrealised value change, temporary differences on investment properties and financial instruments.

Profit/Loss

Operating profit/loss for the period totalled -3,338 million (1,999). Operating profit before change in property values rose SEK 117 million to SEK 1,333 million compared with SEK 1,216 million in the preceding year. Profit/loss after tax for the period totalled SEK -3,261 million (2,712), with the lower result 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 2,135 million (1,987), 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.”

Third quarter

Revenue in the third quarter rose to SEK 718 million (669), up 7.3%. The increase is mainly due to growth in the property portfolio, but also to annual rent increases and the investments made in properties that have resulted in higher rents. For the comparable portfolio, revenue rose 3.8%.

Property expenses amounted to SEK -216 million (-210), with the increase due primarily to higher electricity and heating costs. Net operating income amounted to SEK 502 million (459). For the comparable portfolio, net operating income rose 4.9% in the third quarter. The unrealised change in the value of properties amounted to SEK -852 million (35), corresponding to a value decline of -1.3% (0.1). Operating profit/loss totalled SEK -369 million (477). The change in the value of financial instruments had an impact on profit of SEK 119 million (285).

CONSOLIDATED FINANCIAL REPORTING

Consolidated balance sheet

Amounts in SEK m	30 Sep 2023	30 Sep 2022	31 Dec 2022
Assets			
Non-current assets			
Investment properties	56,390	59,949	59,886
Right-of-use assets, leaseholds	511	461	473
Equipment	7	9	9
Intangible assets in progress	5	–	–
Derivatives	1,417	1,446	1,464
Non-current receivables	103	956	85
Total non-current assets	58,433	62,821	61,917
Current assets			
Inventory	29	–	–
Other current receivables	342	241	225
Derivatives	9	99	77
Cash and cash equivalents	2,953	4,443	4,464
Total current assets	3,333	4,783	4,766
Total assets	61,766	67,604	66,683
Equity and liabilities			
Equity attributable to Parent Company shareholders			
Equity	22,313	26,971	25,574
Total equity	22,313	26,971	25,574
Non-current liabilities			
Interest-bearing liabilities	20,293	23,921	24,125
Deferred tax liability	4,952	5,995	5,719
Derivatives	56	38	21
Right-of-use liabilities, leaseholds	511	461	473
Total non-current liabilities	25,812	30,415	30,338
Current liabilities			
Interest-bearing liabilities	13,066	9,549	10,069
Derivatives	14	–	–
Other non-interest-bearing liabilities	561	669	702
Total current liabilities	13,641	10,218	10,771
Total equity and liabilities	61,766	67,604	66,683



CONSOLIDATED FINANCIAL REPORTING

Investment properties

Property market

The continued turbulence in the business environment with high inflation, rapidly rising interest rates and geopolitical instability has meant that the conditions for the housing market deteriorated drastically this year. Rising financing costs have resulted in a cautious transaction market, with buyers and sellers experiencing continued difficulty in agreeing on pricing. The pace of inflation fell somewhat after the summer as well but remains at a high level, and the Riksbank has continued to raise the key interest rate. Many now feel that the interest rate will be higher over a longer period than initially anticipated. Inflation was also adversely impacted by the weak Swedish krona.

To date, the total transaction volume in the Swedish property market this year has been relatively low compared with the corresponding period in previous years. In the first three quarters of the year, properties totaling SEK 76 billion were sold. The share of residential properties in the total volume as of September was 21%, which is a lower share of the total volume than in recent years but unchanged against the preceding quarter. Several of the relatively few transactions with residential properties that took place during the year have had various fund structures as buyers. Offices accounted for 20% and to date this year warehousing, logistics and industry was the segment with the highest volume of sales (22%).

International investors remain active in the Swedish property market, accounting for approximately 32% of the total transaction volume to date this year.

According to the latest assessment in June from the Swedish National Board of Housing, Building and Planning, only 27,000 apartments will be

started in 2023 and 21,500 apartments in 2024, of which half will be rental properties. However, the range of uncertainty is large. 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.

Our properties

Willhem owns and manages 552 properties (549) in carefully chosen growth regions in Sweden. The property portfolio was valued internally on 30 September 2023. The estimated market value was SEK 56,390 million (59,949). The total lettable area was 1,953,170 sq m, of which 92.9% relates to residential housing.

Valuation

Unrealised changes in value during the period amounted to SEK –4,671 million (786), corresponding to a value decline of –7.6% (1.3). The average weighted yield was 3.6% (3.1). The yield for residential properties amounted to 2.7–4.7% (1.6–4.3) and for commercial properties 4.0–10.7% (3.0–10.0).

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 1,170 million (1,381), of which SEK 690 million (835) pertained to investments in existing properties and SEK 480 million (546) to property development. Willhemlyft accounted for SEK 221 million (221) of investments in existing property.

Investment properties

SEK million	2023 Jan–Sep	2022 Jan–Sep	2022 Jan–Dec
Market value at the beginning of the period	59,886	56,560	56,560
+ Acquisitions (incl. acquisition costs)	5	1,222	2,429
+ Investments in existing property	690	835	1,284
+ Investments in development projects	480	546	682
+ Unrealised changes in value	–4,671	786	–1,069
– Divestments	–	–	–
Market value at the end of the period	56,390	59,949	59,886

CONSOLIDATED FINANCIAL REPORTING

Development projects

Willhem's property development comprises proprietary projects and acquired projects. On the balance-sheet date, 327 apartments were in ongoing property projects on a proprietary basis and 569 apartments were in acquired projects. During the second quarter, a proprietary project of 106 apartments was completed, as was a project of 135 apartments in an acquired development project.

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
Valsverket 5	Eskilstuna	Development project*	337	14,604	487	486	Q2 2022–Q4 2023
Kallhäll 9:4	Järfälla	Development project	34	2,396	85	77	Q4 2023
Karmen 5	Karlstad	Development project	78	3,906	140	90	Q2–Q3 2024
Smedjan 2	Ursvik	Development project*	232	10,334	662	415	Q4 2024–Q1 2025
Kviberg 28:4	Gothenburg	Development project	50	1,792	90	34	Q4 2024
Krusbäret 1	Halmstad	Development project	165	5,802	295	34	Q2 2025
Total ongoing			896	38,834	1,759	1,136	

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
Total completed			241	9,460	301	298	

* Acquired development project



CONSOLIDATED FINANCIAL REPORTING

Financing

Financial market

Interest rates have continued to rise, both in and outside Sweden, during the third quarter. Central banks are continuing to focus on inflation. Global interest rates are likely nearing their peak this time, even if several central banks are clearly communicating that the higher interest rates will remain for a longer period of time.

The Riksbank raised the key interest rate by 0.25% at its meeting in September. The Swedish key interest rate now totals 4.0%. The forecast for the key interest rate indicates that it may be raised further.

The purchasing managers' index (PMI) for the manufacturing industry in Sweden fell to 43.3 in September, compared with 45.5 in the preceding month. This is the fourteenth consecutive month that the industry has fallen outside the growth zone, meaning under 50. The PMI for the service sector was noted at 46.3, which is also a downturn compared with the preceding month.

The OMX S30 stock exchange performed negatively, -6.7%, during the third quarter. To date this year, the index has risen 5.5%.

Cash and cash equivalents and interest-bearing liabilities

Cash and cash equivalents totalled SEK 2,953 million (4,443) 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 (14,700).

The Group's interest-bearing liabilities totalled SEK 33,359 million (33,470). Financing via the capital markets through bonds and certificates accounted for 67.1% of financing.

The loan-to-value ratio was 53.9% (48.4). According to Willhem's financial target, this should be below 60.0%.

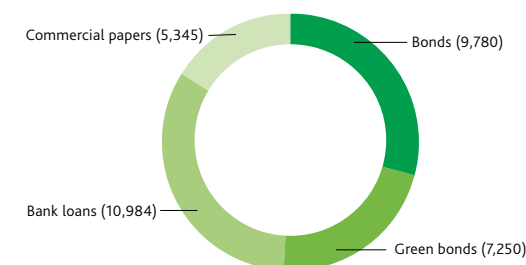
The market value of bonds totalled SEK 16,344 million (18,944). Given that the value is derived from an observable market, the valuation is conducted in accordance with level 2 of the fair value hierarchy in IFRS 13.

The average interest rate was 2.6% (1.8) on the balance-sheet date. The average fixed-interest tenor was 3.5 years (3.2) and the percentage of fixed-interest maturity was 30.9% (30.6) in the next 12 months.

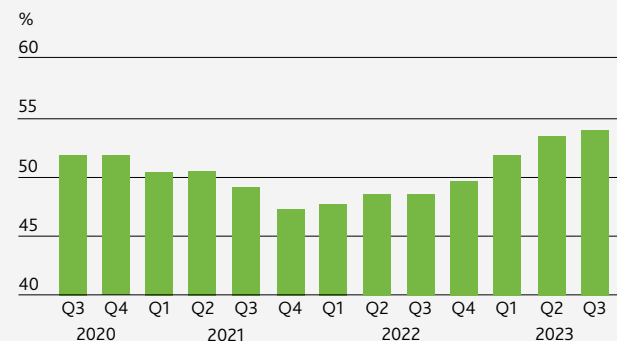
The loan-to-maturity period was 2.3 years (2.7) and taking into account the commitments, the adjusted loan-to-maturity period was 3.0 years (3.6).

The interest coverage ratio was 2.2 (3.4). The interest coverage ratio, rolling 12 month, was 2.3. Willhem's financial target is that this is to exceed 2.0.

SOURCES OF FINANCING



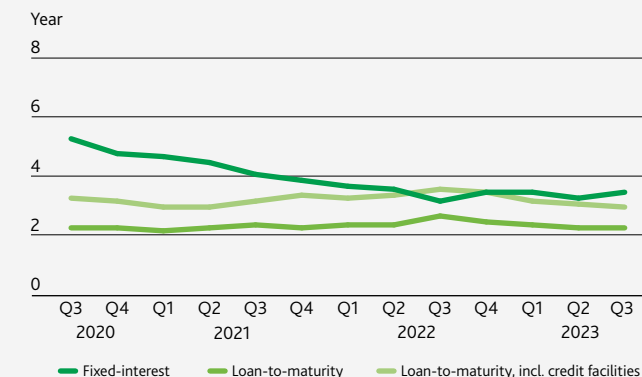
LOAN-TO-VALUE RATIO



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*	10,332	5.0	13,067
1–2 years	3,250	1.1	6,755
2–3 years	2,975	1.2	3,150
3–4 years	4,990	1.7	3,025
4–5 years	2,063	1.6	3,113
5–6 years	2,750	1.2	3,700
6–7 years	1,300	0.6	–
7–8 years	2,180	1.5	380
8–9 years	–	–	–
9–10 years	2,500	3.0	–
10–11 years	–	–	–
11–12 years	850	2.8	–
12–30 years	200	1.8	200
Total	33,390	2.6	33,390

* 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 13,067 million includes SEK 5,345 million in certificates. The statement of financial position included interest-bearing liabilities of SEK 33,359 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 –1 million.

Green financing

At the end of the period, green bonds amounted to SEK 7,250 million (6,800), which accounts for 42.6% of Willhem's total bonds outstanding.

Derivatives

The net market value of the Group's derivatives totalled SEK 1,356 million (1,507), of which SEK 1,426 million is recognised as an asset and SEK –70 million as a liability in the Group's statement of financial position. Net interest-rate and currency derivatives totalled SEK 1,356 million (1,389), of which SEK 1,422 million (1,427) was recognised as an asset on the balance-sheet date.

Electricity derivatives totalled SEK –0.2 million (118). 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	2,070	–8
1–2 years	50	2
2–3 years	2,525	173
3–4 years	4,150	201
4–5 years	2,063	119
5–6 years	2,750	301
>6 years	6,450	568
Total	20,058	1,356

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-Sep	2022 Jan-Sep	2022 Jan-Dec
OPERATING ACTIVITIES			
Operating profit/loss	-3,338	1,999	527
Adjustments for items not affecting liquidity	4,651	-878	983
Interest paid, net	-621	-352	-466
Taxes paid	-	-2	-2
Cash flow from operating activities before changes in working capital	692	767	1,042
Change in current receivables	-118	19	32
Change in current liabilities	-108	138	120
Cash flow from operating activities	466	924	1,194
INVESTING ACTIVITIES			
Investments in existing property	-1,170	-1,381	-1,966
Acquisition of properties	0	-726	-893
Sale of properties	-	-4	-4
Inventory	-29	-	-
Investments in other, net	-7	-3	-4
Cash flow from investing activities	-1,206	-2,114	-2,867
FINANCING ACTIVITIES			
Liabilities raised	12,320	17,660	21,770
Repayments of liabilities	-13,095	-14,610	-19,087
Redemption of derivatives	21	-	-
Dividends	-	-501	-501
Non-current receivables	-17	-170	701
Cash flow from financing activities	-771	2,379	2,883
Cash flow for the period	-1,511	1,189	1,210
Opening balance, cash and cash equivalents	4,464	3,254	3,254
Acquired cash and cash equivalents	-	0	0
Closing balance, cash and cash equivalents	2,953	4,443	4,464

Cash flow from operating activities totalled SEK 466 million (924). Investments in properties totalled SEK -1,170 million (-1,381). Gross capital formation for the period pertaining to acquisitions of properties amounted to SEK - million (-1,298) and deductions for latent tax amounted to SEK - million (75). SEK - million (500) in existing loans on acquired properties was repaid. Acquisition costs paid during the period amounted to SEK 0.5 million (-3), and accordingly SEK 0 million (-726) had a direct liquidity impact on cash flow. During the period, SEK 12,320 million (17,660) was raised in new loans and SEK -13,095 million (-14,610) was repaid.

As of 30 September 2023, the Group's cash and cash equivalents were SEK 2,953 million (4,443). In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 18,600 million (14,700).

Consolidated statement of changes in equity

Amounts in SEK m	30 Sep 2023	30 Sep 2022	31 Dec 2022
Opening equity	25,574	24,759	24,759
Dividends	-	-501	-501
Comprehensive income for the year	-3,261	2,712	1,316
Closing equity	22,313	26,970	25,574

Equity totalled SEK 22,313 million (26,970). The equity/assets ratio was 36.1% (39.9).

CONSOLIDATED FINANCIAL REPORTING

Segment reporting

Amounts in SEK m	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Rental revenues					
Southern Region	216	206	642	614	820
Western Region	212	207	633	614	821
Eastern Region	290	256	860	759	1023
Total	718	669	2,135	1,987	2,664
Property expenses					
Southern Region	-63	-60	-211	-202	-278
Western Region	-70	-71	-239	-238	-326
Eastern Region	-83	-79	-283	-268	-365
Total	-216	-210	-733	-708	-969
Net operating income					
Southern Region	153	146	431	412	542
Western Region	142	136	394	376	495
Eastern Region	207	177	577	491	658
Total	502	459	1,402	1,279	1,695

Amounts in SEK m	30 Sep 2023	30 Sep 2022	31 Dec 2022
Market value investment property			
Southern Region	18,037	19,723	19,237
Western Region	15,473	16,871	16,597
Eastern Region	22,880	23,355	24,052
Total carrying amount	56,390	59,949	59,886

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

The total net operating income corresponds to the recognised net operating income in the consolidated income statement. The difference between the net operating income of SEK 1,402 million (1,279) and profit/loss before tax of SEK -4,028 million (3,437) consists of central administration costs of SEK -69 million (-63), change in property values SEK -4,671 million (783), net financial items of SEK -548 million (-360) and change in value of financial instruments of SEK -142 million (1,798).

During the period, the carrying amount of the properties changed as a result of investments completed, acquisitions and unrealised changes in value totalling SEK -1,200 million (621) in the Southern Region, SEK -1,124 million (1,550) in the Western Region and SEK -1,172 million (1,218) in the Eastern Region.

PARENT COMPANY FINANCIAL REPORTING

Parent Company income statement

Amounts in SEK m	2023 Jan–Sep	2022 Jan–Sep	2022 Jan–Dec
Revenues	47	45	60
Administrative expenses	–117	–108	–154
Operating loss	–70	–63	–94
Interest income	989	395	742
Interest expense	–295	–292	–389
Other financial items	–8	–25	–88
Change in value of financial instruments	–27	311	329
Profit after financial items	589	326	500
Appropriations, Group contributions	–	–	–166
Appropriations, principal earnings	–	–	–329
Profit before tax	589	326	5
Tax	9	–64	–68
Profit/loss for the period	598	262	–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 47 million (45), of which intra-Group revenue totalled SEK 47 million (45). The Parent Company's interest income amounted to SEK 989 million (395), of which intra-Group interest income totalled SEK 915 million (385). Other financial items includes exchange-rate effects of SEK 60 million (3) 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 –27 million (311). The value of the derivatives developed negatively during the period, largely due to rising market interest rates. Profit before tax amounted to SEK 589 million (326).

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 9 million (–64).

Parent Company balance sheet

Amounts in SEK m	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Shares and participations in Group companies	4,659	4,655	4,657
Receivables from Group companies	23,442	22,369	23,693
Deferred tax assets	14	10	6
Equipment	4	4	5
Intangible assets in progress	5	–	–
Non-current receivables	33	887	16
Total non-current assets	28,157	27,925	28,377
Current assets			
Other receivables	192	67	62
Cash and cash equivalents	2,953	4,441	4,464
Total current assets	3,145	4,508	4,526
TOTAL ASSETS	31,302	32,433	32,903
EQUITY AND LIABILITIES			
Equity	3,202	2,929	2,604
Total equity	3,202	2,929	2,604
Non-current liabilities			
Interest-bearing liabilities	11,560	15,284	15,338
Liabilities to Group companies	5,589	4,994	5,284
Derivatives	56	38	21
Total non-current liabilities	17,205	20,316	20,643
Current liabilities			
Interest-bearing liabilities	10,814	9,049	9,470
Derivatives	14	–	–
Other liabilities	67	139	186
Total current liabilities	10,895	9,188	9,656
TOTAL EQUITY AND LIABILITIES	31,302	32,433	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 30 September 2023, there were a total of 307 employees (299).

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. 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 2022 annual report.

Events after the balance-sheet date

After the end of the reporting period, the company's shareholders decided on an unconditional shareholder contribution of SEK 1.0 billion, with disbursement in the fourth quarter.

On 1 November, Willhem took possession of four properties with 254 apartments in Trollhättan.

Report signatures

The Board of Directors and CEO give their assurance that the interim report provides a true and fair account of the performance of the Parent Company's and Group's operations, financial position and earnings, and that it describes the significant risks and uncertainties faced by the Parent Company and the companies that form the Group.

Gothenburg, 23 November 2023

Fredrik Wirdenius
Chairman

Christel Armstrong Darvik
Member

Anders Ahlberg
Member

Ragnhild Backman
Member

Johan Temse
Member

Mariette Hilmersson
Chief Executive Officer

SECTION

Auditor's report

Willhem AB (publ)
reg. no. 556797-1295

Introduction

We have reviewed the condensed interim financial information (interim report) of Willhem AB (publ) as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and with the Annual Accounts Act regarding the Parent Company.

Gothenburg, 23 November 2023

Öhrlings PricewaterhouseCoopers AB

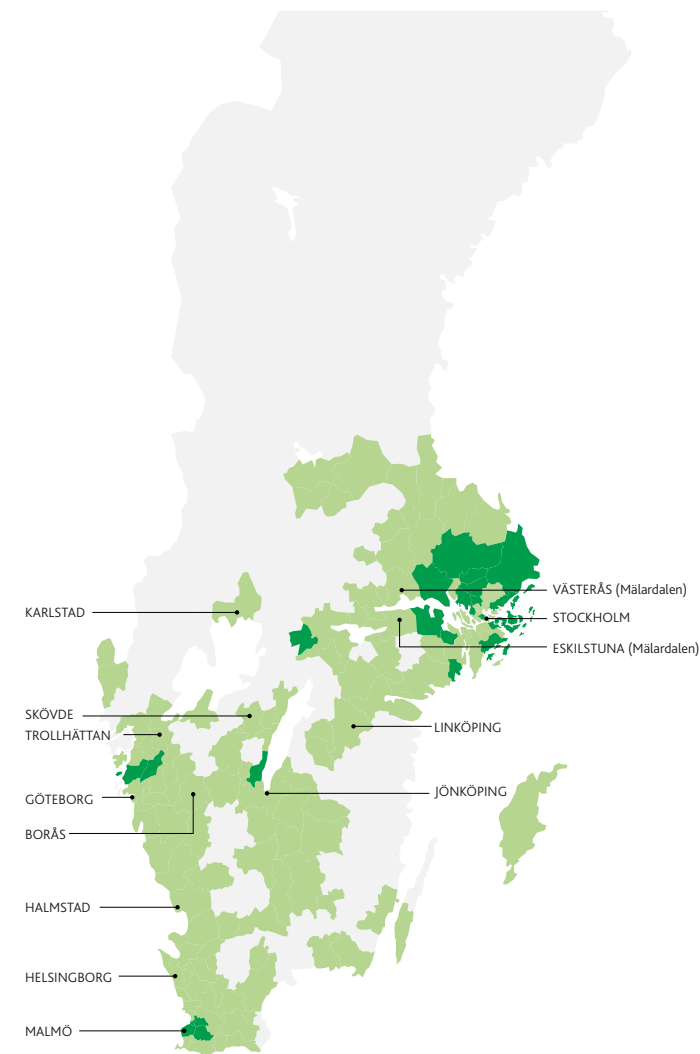
Bengt Kron
Authorised Public Accountant
Partner in Charge

Ulrika Ramsvik
Authorised Public Accountant

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	8,932	187,167	98.1	202	5,268
Helsingborg	73	2,448	169,681	14,672	184,353	97.5	207	5,873
Jönköping	19	1,203	59,256	3,206	62,462	99.6	80	2,247
Malmö	55	1,544	107,014	12,314	119,328	99.3	153	4,649
Southern Region	189	8,044	514,186	39,124	553,310	98.4	642	18,037
Borås	152	3,364	214,423	15,888	230,311	96.5	244	6,079
Gothenburg	34	4,077	266,342	12,364	278,706	99.4	285	7,142
Skövde	15	821	56,831	1,982	58,813	98.9	54	1,279
Trollhättan	24	731	43,091	7,441	50,532	98.9	50	973
Western Region	225	8,993	580,687	37,675	618,362	98.2	633	15,473
Karlstad	59	2,597	151,497	11,124	162,621	99.0	177	4,000
Linköping	29	3,536	241,918	24,543	266,461	96.0	260	6,025
Mälardalen	12	1,573	96,075	16,165	112,240	95.6	118	3,281
Stockholm	38	3,906	229,499	10,677	240,176	99.4	305	9,574
Eastern Region	138	11,612	718,989	62,509	781,498	97.8	860	22,880
Total	552	28,649	1,813,862	139,308	1,953,170	98.1	2,135	56,390



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

● 16–40%

● 5–15%

Source: Statistics Sweden

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-Sep	2022 Jan-Sep	2022 Jan-Dec	2021 Jan-Dec	2020 Jan-Dec
Property-related					
Total area, sq m	1,953,170	1,918,662	1,942,834	1,881,077	1,857,831
Number of properties	552	549	552	533	530
Number of residential properties	28,649	27,913	28,451	27,134	26,625
Market value, SEK m	56,390	59,949	59,886	56,560	46,347
Market value, SEK/sq m	28,871	31,245	30,824	30,068	24,946
Rental value, SEK m	2,968	2,728	2,799	2,600	2,480
Economic occupancy rate, %	98.1	98.7	98.6	98.8	98.8
Net operating margin, %	65.7	64.4	63.6	62.0	62.6
Financial					
Average interest rate, %	2.6	1.8	2.1	1.2	1.4
Average fixed-interest tenor, years	3.5	3.2	3.5	3.9	4.8
Average loan-to-maturity, years	2.3	2.7	2.5	2.3	2.3
Loan-to-value (LTV) ratio, %	53.9	48.4	49.6	47.2	51.7
Interest coverage ratio, multiple *	2.2	3.4	3.1	3.5	3.3
Equity/assets ratio, %	36.1	39.9	38.4	40.4	35.8
Other					
Number of employees	307	299	298	279	278

* The interest coverage ratio, rolling 12 month, was 2.3.

OTHER INFORMATION

Reconciliation of alternative performance measures

	2023 Jan–Sep	2022 Jan–Sep	2022 Jan–Dec
Loan-to-value ratio			
Interest-bearing liabilities, SEK m	33,359	33,470	34,194
Cash and cash equivalents, SEK m	–2,953	–4,443	–4,464
Total interest-bearing liabilities, net	30,406	29,027	29,730
Net interest-bearing liabilities, SEK m	30,406	29,027	29,730
Market value of properties, SEK m	56,390	59,949	59,886
Loan-to-value (LTV) ratio, %	53.9%	48.4%	49.6%
Interest coverage ratio			
Operating profit/loss, SEK m	–3,338	1,999	528
Property change in value, SEK m	4,671	–783	1,072
Total operating profit excl. change in value	1,333	1,216	1,600
Operating profit excl. change in value, SEK m	1,333	1,216	1,600
Net financial items excl. exchange-rate effects, SEK m	596	353	510
Interest coverage ratio, multiple	2.2	3.4	3.1
Equity/assets ratio			
Equity, SEK m	22,313	26,971	25,574
Total assets, SEK m	61,766	67,604	66,683
Equity/assets ratio, %	36.1%	39.9%	38.4%
Net operating margin			
Net operating income, SEK m	1,402	1,279	1,695
Rental revenues, SEK m	2,135	1,987	2,664
Net operating margin, %	65.7%	64.4%	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

Year-end report 2023	20 February 2024
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.

The information was submitted for publication at 9.00 a.m. on 24 November 2023.

www.willhem.se

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