



INTERIM REPORT JANUARY-MARCH 2023



SUMMARY

Willhem reports a weaker start for the year than planned but net operating income increased

- Revenue increased to SEK 699 million (655), up 6.7%.
- Net operating income totalled SEK 395 million (376), up 5.1%. For the comparable property portfolio, net operating income rose 0.9%.
- Unrealised changes in the value of the properties during the period amounted to SEK –2,108 million (689), corresponding to a value decline of –3.5% (1.2).
- The change in the value of financial instruments amounted to SEK –389 million (904).
- Profit/loss after tax for the period totalled SEK –1,753 million (1,383).
- The market value of the properties was SEK 58,138 million (58,729) at the end of the period.
- Investments in the property portfolio amounted to SEK 355 million (413), of which SEK 209 million (254) relates to investments in existing properties and SEK 146 million (159) to property development.
- Sustainability activities are proceeding at a high pace, particularly work to reduce carbon emissions from operations in accordance with the established climate roadmap.
- In the beginning of May, Standard & Poor's renewed Willhem's rating, A-.

Viksjo 2:595, Stockholm



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

28,565

NET OPERATING MARGIN

56.5%

AVERAGE TOTAL RETURN OVER 10 YEARS

9.8%

MARKET VALUE OF PROPERTIES, SEK MILLION

58,138

LOAN-TO-VALUE RATIO

51.6%

REDUCTION IN ENERGY CONSUMPTION KWH PER SQ M SINCE 2012

-32.9%



CEO COMMENTS

CEO comments

The beginning of the year has been challenging. The geopolitical situation remains unclear due to the war in Ukraine. Inflation continued its negative path, which resulted in rising interest rates in Sweden and worldwide.



We can see that both inflation and rising interest rates look set to be more protracted than we expected six months ago. One positive signal is that we are yet to see any tangible economic downturn, though it is naturally unclear how long the economic climate can withstand continued interest rate hikes.

Transaction volumes in the property market were at very low levels. This is a reflection of the situation in the financing market and the cost of borrowing. We expect a continued challenging year on all levels in terms of the development of net operating income and the value development for properties.

Rent negotiations for 2023 have been difficult and protracted. At the time of writing, they are still not being settled. Ahead of 2023, we estimated the size of the increase we needed to cover rising costs and then understood that this was around 16%. Since then, conditions have deteriorated further. And this should be seen in light of the fact that we are a privileged company in terms of financing. The outcome for the year is about 4%.

Cost increases

Earnings for the first quarter were weaker than planned. This is due to increased costs and the fact that the protracted rent negotiations have resulted in rents not being raised during the first quarter. We can also see the impact of inflation and how it is fuelling certain operating expenses. This has made the start to the year more difficult than previous years.

Net operating income increased 5.1% compared with the preceding year and totalled SEK 395 million. The increase for the comparable property portfolio was 0.9% year-on-year. The

change in the value of properties amounted to SEK -2,108 million. Property value totalled SEK 58,138 million on the balance-sheet date. The total financing amounted to SEK 32,344 million and consist of bank loans, bonds and commercial papers. In the beginning of May, Standard & Poor's renewed Willhem's strong rating, A-.

Restrained investment strategy

We have had a restrained acquisition strategy during the first quarter. We were also generally cautious with new construction starts in our development projects. However, we have raised our ambition in respect of work to create new projects and to develop these from an early stage. Despite the difficult global situation, at the beginning of the year we took the investment decision to construct 165 new rental properties in central Halmstad, with occupancy planned for 2025. In March, we also began our first development project in Gothenburg. Here, we are constructing 50 new rental properties in the popular Kviberg neighbourhood, which will be completed at the end of 2024.

Willhem Logistics, our own company that provides us with materials for our renovations, is now operating and the first deliveries have reached our hubs. We are now focusing on developing the business for the long-term.

Reduction in energy consumption

Our ambition is to create as small an environmental footprint as possible. Investments are in progress to reduce our energy consumption and our ambition stands firm for a reduction of 7% per

CEO COMMENTS



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year. We are well on the way to achieving this and are pleased to see a strong performance with a stable, declining curve. Another step in our sustainability agenda is that we have joined “Handslaget”, an initiative by Business Region Gothenburg to achieve a circular construction industry in the region. It will be exciting to see what this will produce. A number of projects for social sustainability are running in parallel, in particular in Bis-kopsgården in Gothenburg. The Medborgarlöfte initiative is a new project where many stakeholders have joined forces to reduce criminality and insecurity.

Routine customer surveys

A certain sign of spring is that we are now beginning to recruit this year's Minibovårdar (youth summer workers from 16 years of age) to all of our locations. Property management is running at full speed and we have a particular focus on measures to improve service. Our routine customer surveys demonstrate a good and stable trend. I am convinced that this has been affected by the new working method we have developed to more quickly respond to customer problems.

So, many thanks to all of the dedicated employees who contribute every day to our continued development as a residential real estate company. We have a solid foundation and we will continue to build on this.

Mikael Granath
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 properties 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 of the way out into day-to-day operations.

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

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



Finances

Events in Q1:

- Focus on efficient management and operations.
- Increased volume of credit facilities.

TOTAL RETURN

Long-term target

>5.5%

Outcome 2012–2022

9.8%



Customer

Events in Q1:

- Action days in our residential areas to increase well-being.
- Evening inspections to review lighting and thereby improve safety and security.

SERVICE INDEX

Long-term target

>85%

Outcome 2012–2022

80.5%



Property

Events in Q1:

- Joined an initiative for a circular construction industry in the Gothenburg region.
- Implementation begun of AI control for energy optimisation.

ENERGY CONSUMPTION

Long-term target

72 kWh/sq m Atemp

Outcome 2012–2022

101 kWh/sq m Atemp



Internal

Events in Q1:

- The Challenge health challenge was introduced as part of employee health efforts.
- Work continued to strengthen the purchasing process, which included supplier controls.

ENPS

Long-term target

40 units

Outcome 2012–2022

37 units



Operating environment

Events in Q1:

- Work to reduce emissions is in progress through our climate roadmap.
- Recruitment of development managers to coordinate Willhem's actions in the Handslaget project in Biskopsgården.

EMISSIONS

Long-term target

0 net zero emissions
in Scope 1 and 2 by 2030

Outcome 2012–2022

–36% on CO₂e
since base year 2018

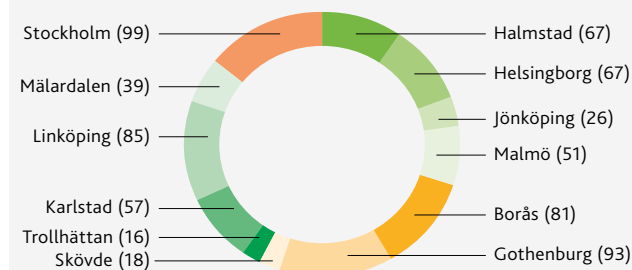
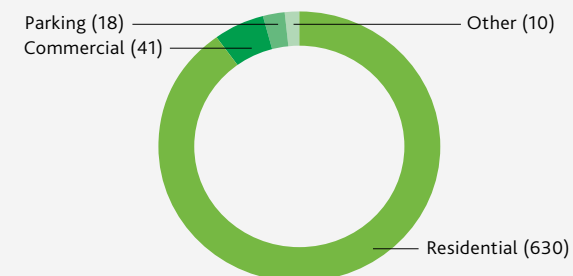
CONSOLIDATED FINANCIAL REPORTING

Consolidated income statement

Amounts in SEK m	2023 Jan–Mar	2022 Jan–Mar	2022 Jan–Dec
Rental revenues	699	655	2,664
Operating expenses	–214	–195	–637
Repairs and maintenance	–35	–31	–118
Property administration	–42	–40	–163
Property tax	–13	–13	–51
Total property expenses	–304	–279	–969
Net operating income	395	376	1,695
Corporate administration expenses	–24	–20	–95
Other operating income	0	–	–
Change in value of investment properties, unrealised	–2,108	689	–1,069
Change in value of investment properties, realised	–	–3	–3
Operating profit/loss	–1,737	1,042	528
Interest income and expenses	–182	–92	–471
Leasehold fee	–4	–3	–14
Other financial expenses	108	–79	–90
Change in value of financial instruments	–389	904	1,811
Total financial items	–467	730	1,236
Profit/loss before tax	–2,204	1,772	1,764
Tax	451	–389	–448
Profit/loss for the period	–1,753	1,383	1,316

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

RENTAL REVENUE PER AREA 31 MARCH 2023, SEK M

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

CONSOLIDATED FINANCIAL REPORTING

Rental revenues

The Group's rental revenues rose to SEK 699 million (655), up 6.7%. The increase is mainly due to growth in the property portfolio, but also to annual rent increases and the investments made in properties that have resulted in higher rents. For the comparable property portfolio, rental revenues rose SEK 20 million, up 3.1%.

The economic occupancy rate for residential housing was 98.9% (99.5). The total occupancy rate for the entire property portfolio, including commercial premises and other areas, amounted to 98.2% (98.7).

Property expenses

Property expenses amounted to SEK –304 million (–279). Operating expenses were SEK 19 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.

For the comparable portfolio, property expenses were SEK 17 million higher, largely due to increased maintenance and operating expenses this year.

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

Net operating income

Net operating income for the period totalled SEK 395 million (376), up 5.1%. The improvement in net operating income is due to increased rental revenues. The net operating margin for the period was 56.5% (57.4).

For the comparable property portfolio, net operating income rose SEK 3 million compared with the preceding year, up 0.9%.

Central administration costs

Central administration costs amounted to SEK –24 million (–20).

Change in value of investment properties

Unrealised changes in the value of the properties during the quarter amounted to SEK –2,108 million (689), corresponding to a value decline of –3.5% (1.2). The negative value performance is mainly attributable to changed yield requirements. The average weighted yield was 3.5% (3.1).

Net financial items

Net interest for the period amounted to SEK –186 million (–95) and includes leasehold fees of SEK –4 million (–3).

Other financial expenses amounted to SEK 108 million (–79) and were impacted by SEK 118 million (–70) 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 2.2% (1.2). The interest coverage ratio for the period was 1.9 (3.4). The interest coverage ratio, rolling 12 month, was 2.7.

Change in value of financial instruments

The value of derivatives decreased SEK –389 million (904), mainly due to a decline in long-term market interest rates during the first quarter.

The largest share of the value change pertains to interest-rate derivatives, though the value of currency and electricity derivatives also decreased. The value of the electricity derivatives was SEK 18 million (25) at the end of the period.

Tax

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

The total tax expense for the period was SEK 451 million (–389), of which deferred tax amounted to SEK 451 million (–384) and current tax to SEK 0 million (–5). The deferred tax is mainly attributable to the period's unrealised value change, temporary differences on investment properties and financial instruments.

Profit

Operating profit/loss for the year's first quarter totalled SEK –1,737 million (1,042). Operating profit before change in property values rose SEK 15 million to SEK 371 million compared with SEK 356 million in the preceding year. Profit after tax for the period totalled SEK –1,753 million (1,383), with the lower profit attributable to the 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 699 million (655), up 6.7%. 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.”

CONSOLIDATED FINANCIAL REPORTING

Consolidated balance sheet

Amounts in SEK m	31 Mar 2023	31 Mar 2022	31 Dec 2022
Assets			
Non-current assets			
Investment properties	58,138	58,729	59,886
Right-of-use assets, leaseholds	510	424	473
Equipment	8	7	9
Intangible assets in progress	4	–	–
Derivatives	1,162	598	1,464
Non-current receivables	93	845	85
Total non-current assets	59,915	60,603	61,917
Current assets			
Inventory	11	–	–
Other current receivables	390	228	225
Derivatives	47	23	77
Cash and cash equivalents	2,319	2,175	4,464
Total current assets	2,767	2,426	4,766
Total assets	62,682	63,029	66,683
Equity and liabilities			
Equity attributable to Parent Company shareholders			
Equity	23,821	26,142	25,574
Total equity	23,821	26,142	25,574
Non-current liabilities			
Interest-bearing liabilities	21,688	19,685	24,125
Deferred tax liability	5,268	5,656	5,719
Derivatives	78	7	21
Right-of-use liabilities, leaseholds	510	424	473
Total non-current liabilities	27,544	25,772	30,338
Current liabilities			
Interest-bearing liabilities	10,656	10,479	10,069
Derivatives	–	1	–
Other non-interest-bearing liabilities	661	635	702
Total current liabilities	11,317	11,115	10,771
Total equity and liabilities	62,682	63,029	66,683



CONSOLIDATED FINANCIAL REPORTING

Investment properties

Property market

The global market is turbulent with high rates of inflation and rising interest rates at the same time as the geopolitical landscape is unstable. Uncertainty in the property market at the end of 2022 has risen sharply at the beginning of the year and is mainly due to the precarious, high level of interest rates and high inflation. The financial turmoil accelerated at the beginning of the year following the threat of, and actual, bankruptcy of a few banks in the US and Switzerland. The rate of inflation remains high in Sweden, where the main driver is rising food prices, according to Statistics Sweden. The question is when inflation will peak. A growing number of property companies are grappling with the sharp rise in financing costs, which is impacting the rate of investment in the commercial property market. More companies are applying for bank financing now it has become more difficult for many companies to raise financing in the capital markets. Factors that support investments in residential properties, despite all of the market uncertainties, are population growth, the shortage of residential housing and plans for very little property development.

Following several years of very high activity, the Swedish property market is now slowing down. Buyers and sellers are still finding it difficult to meet and agree on a price for rental apartments, which has led to a sharp decrease in transaction volume compared with the preceding year. Hardly any transactions with rental apartments were registered during the quarter, which means the market value of rental apartments is still more difficult than normal to assess. The total transaction volume in Sweden only amounted to approximately SEK 18 billion in the first quarter. This is the weakest quarter since 2009. The percentage of residential property transactions was approximately 16%. This means residential property is no lon-

ger the most traded segment of the property market, which has been the case for many years. To date this year, industry has had the largest share of volume, with 39%. Foreign investors have to date this year accounted for approximately 33% of the total transaction volume. Foreign interest is considered to be robust and strongly linked to the weak krona exchange rate.

Property development is expected to be more than halved in 2023 according to an assessment made by the Swedish Board of Housing Building and Planning at the end of last year based on the uncertainty in the market. In addition to the substantial rise in interest rates, high construction costs and the end of investment subsidies, the market situation is made even more difficult following the Supreme Court's ruling on limiting rent increases for presumption rents. However, the government has now stated that it will review the situation that has arisen to try to solve the problem.

Our properties

Willhem owns and manages 552 properties (543) in carefully chosen growth regions in Sweden. The property portfolio was valued internally on 31 March 2023. The estimated market value was SEK 58,138 million (58,729). The total lettable area was 1,949,317 sq m, of which 92.9% relates to residential housing.

Valuation

Unrealised changes in value during the quarter amounted to SEK -2,108 million (689), corresponding to a value decline of -3.5% (1.2). The average

weighted yield was 3.5% (3.1). The yield for residential properties amounted to 2.1-4.6% (1.6-4.4) and for commercial properties 3.5-10.1% (3.1-10.0).

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 355 million (413), of which SEK 209 million (254) relates to investments in existing properties and SEK 146 million (159) to property development. Willhemlyft accounted for SEK 76 million (76) of investments in existing property.

Investment properties

SEK million	2023 Jan-Mar	2022 Jan-Mar	2022 Jan-Dec
Market value at the beginning of the period	59,886	56,560	56,560
+ Acquisitions (incl. acquisition costs)	5	1,067	2,429
+ Investments in existing property	209	254	1,284
+ Investments in development projects	146	159	682
+ Unrealised changes in value	-2,108	689	-1,069
- Divestments	-	-	-
Market value at the end of the period	58,138	58,729	59,886

CONSOLIDATED FINANCIAL REPORTING

Development projects

Willhem's property development comprises proprietary projects and acquired projects. On the balance-sheet date, 433 apartments were in ongoing property projects on a proprietary basis and 704 apartments were in acquired 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
Valsverket 5	Eskilstuna	Development project*	337	14,604	487	449	Q2 2022–Q4 2023
Guldfisken 10	Linköping	Conversion	106	3,821	109	105	Q2 2023
Kolartorp 1:394	Haninge	Development project*	135	5,639	255	241	Q2–Q3 2023
Kallhäll 9:4	Järfälla	Development project	34	2,396	85	45	Q3 2023
Karmen 5	Karlstad	Development project	78	3,906	140	50	Q2 2024
Smedjan 2	Ursvik	Development project*	232	10,334	662	291	Q2–Q3 2024
Kviberg 28:4	Gothenburg	Development project	50	1,792	90	10	Q3 2024
Krusbäret 1	Halmstad	Development project	165	5,802	295	2	Q2 2025
Total ongoing			1,137	48,294	2,123	1,193	

* Acquired development project



CONSOLIDATED FINANCIAL REPORTING

Financing

Financial market

It was a shaky first quarter with intermittent stress in the financial system. The interest-rate market was distinguished by strong fluctuations. Following a sharp rise in interest rates in February, both in Sweden and in the rest of the world, interest rates declined in March. The biggest decline occurred as the bank crisis intensified in the US.

The Purchasing Managers Index (PMI) for the manufacturing industry in Sweden fell to 45.7 in March compared with 46.9 in the preceding month. The decline was mainly due to lower order intake and also production and inventory data. However, there were positive contributions from employment and delivery lead times.

The Riksbank raised its policy rate in February by 0.5 of a percentage point to 3.0%, in an attempt to slow inflation by dampening financial activity and general demand for goods and services. The forecast is suggesting additional raises during the second quarter.

The stock exchange's OMX 30 index rose by almost 9% during the first quarter. The first quarter ended with rising stock markets and falling long-term interest rates.

Cash and cash equivalents and interest-bearing liabilities

Cash and cash equivalents totalled SEK 2,319 million (2,175) at the end of the period. In addition to cash and cash equivalents, Willhem has utilised issue undertakings and credit facilities totalling SEK 18,100 million (13,600).

The Group's interest-bearing liabilities totalled SEK 32,344 million (30,164). Financing via the capital markets through bonds and certificates accounted for 71.0% of financing.

The loan-to-value ratio was 51.6% (47.7). According to Willhem's financial target, this should be below 60.0%.

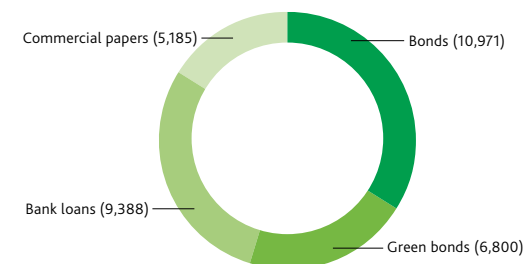
The market value of bonds totalled SEK 16,948 million (18,009). Given that the value is derived from an observable market, the valuation is conducted in accordance with level 2 of the fair value hierarchy in IFRS 13.

The average interest rate was 2.2% (1.2) on the balance-sheet date. The average fixed-interest tenor was 3.5 years (3.7) and the percentage of fixed-interest maturity was 26.7% (28.1) in the next 12 months.

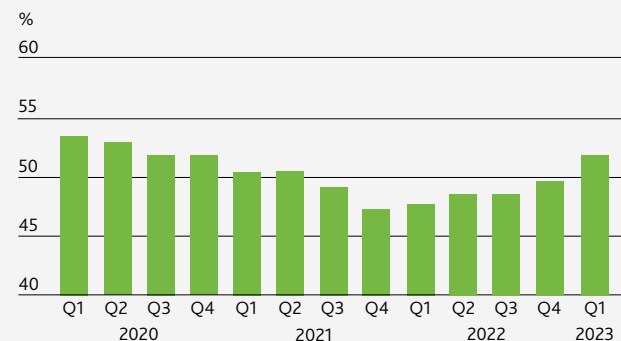
The loan-to-maturity period was 2.4 years (2.4) and taking into account the commitments, the adjusted loan-to-maturity period was 3.2 years (3.3).

The interest coverage ratio was 1.9 (3.4). The interest coverage ratio, rolling 12 month, was 2.7. Willhem's financial target is that this is to exceed 2.0.

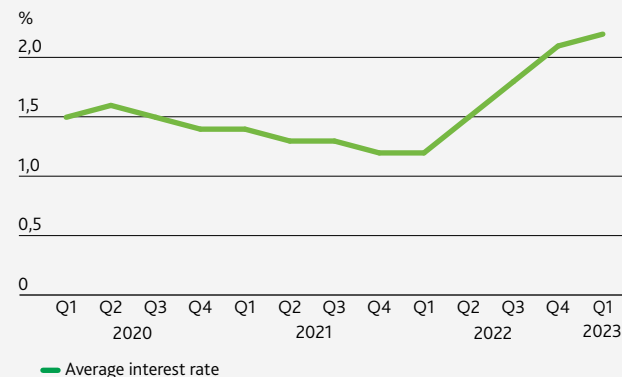
SOURCES OF FINANCING



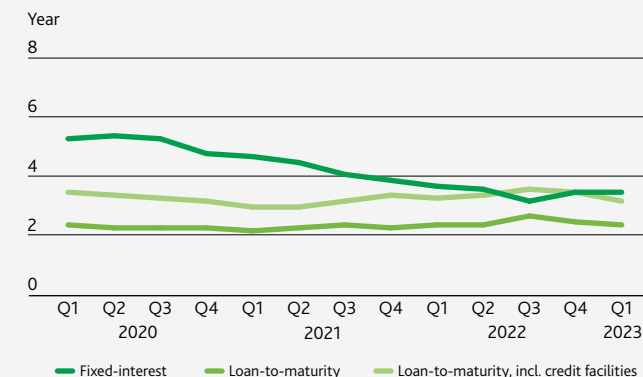
LOAN-TO-VALUE RATIO



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*	8,672	4.7	10,657
1–2 years	4,000	1.1	8,955
2–3 years	2,850	0.7	2,179
3–4 years	4,400	1.0	2,671
4–5 years	4,178	2.1	2,788
5–6 years	2,350	1.3	1,700
6–7 years	1,700	0.6	2,900
7–8 years	2,180	1.5	380
8–9 years	0	0.0	0
9–10 years	1,050	2.9	0
10–11 years	0	0.0	0
11–12 years	850	2.8	0
12–30 years	200	1.8	200
Total	32,430	2.2	32,430

* Interest rates shorter than one year are not comparable with other durations, the average interest rate also includes credit margins with longer maturity periods. Capital maturity of SEK 10,657 million includes SEK 5,185 million in certificates. The statement of financial position included interest-bearing liabilities of SEK 32,344 million, the difference compared with the above table pertains to arrangement fees of SEK –28 million and exchange rate translation concerning foreign bonds of SEK –58 million.

Green financing

At the end of the period, green bonds amounted to SEK 6,800 million (6,150), which accounts for 38.3% of Willhem's total bonds outstanding.

Derivatives

The net market value of the Group's derivatives totalled SEK 1,131 million (613), of which SEK 1,209 million is recognised as an asset and SEK –78 million as a liability in the Group's statement of financial position. Net interest-rate and currency derivatives totalled SEK 1,113 million (588), of which SEK 1,190 million was recognised as an asset on the balance-sheet date.

Electricity derivatives totalled SEK 18 million (25). 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	Average inter- est rate, %	Market value, SEK m
Within 1 year	2,420	-18.6	27
1–2 years	650	-6.7	15
2–3 years	1,200	1.0	71
3–4 years	3,950	1.0	285
4–5 years	3,588	1.2	88
5–6 years	2,350	1.3	199
>6 years	5,400	1.6	428
Total	19,558	-1.7	1,113

Rating

In the beginning of May 2023 Willhem's long-term credit rating of A- with a stable outlook was renewed by the credit rating agency Standard & Poor's (S&P) in a new credit report.

The assessment of Willhem's creditworthiness has confirmed the company's strong capacity to meet its financial obligations and is also an excellent testimonial for the company's operations as a whole.

CONSOLIDATED FINANCIAL REPORTING

Consolidated cash-flow statement

Amounts in SEK m	2023 Jan–Mar	2022 Jan–Mar	2022 Jan–Dec
OPERATING ACTIVITIES			
Operating profit/loss	–1,737	1,042	527
Adjustments for items not affecting liquidity	2,095	–773	983
Interest paid, net	–175	–122	–466
Taxes paid	–	–5	–2
Cash flow from operating activities before changes in working capital	183	142	1,042
Change in current receivables	–165	28	32
Change in current liabilities	–50	135	120
Cash flow from operating activities	–32	305	1,194
INVESTING ACTIVITIES			
Investments in existing property	–355	–413	–1,966
Acquisition of properties	0	–666	–893
Sale of properties	–	–3	–4
Inventory	–11	–	–
Investments in other, net	–4	0	–4
Cash flow from investing activities	–370	–1,082	–2,867
FINANCING ACTIVITIES			
Liabilities raised	3,240	3,920	21,770
Repayments of liabilities	–4,975	–4,164	–19,087
Dividends	–	–	–501
Non-current receivables	–8	–58	701
Cash flow from financing activities	–1,743	–302	2,883
Cash flow for the period	–2,145	–1,079	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	2,319	2,175	4,464

Cash flow from operating activities totalled SEK –32 million (305). Investments in properties totalled SEK –355 million (–413). Gross capital formation for the period pertaining to acquisitions of properties amounted to SEK – million (–1,140) and deductions for latent tax amounted to SEK – million (72). SEK – million (404) in existing loans on acquired properties was repaid. Acquisition costs paid during the period amounted to SEK 0 million (–2), and accordingly SEK 0 million (–666) had a direct liquidity impact on cash flow. During the period, SEK 3,240 million (3,920) was raised in new loans and SEK –4,975 million (–4,164) was repaid.

As of 31 March 2023, the Group's cash and cash equivalents were SEK 2,319 million (2,175). In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 18,100 million (13,600).

Consolidated statement of changes in equity

Amounts in SEK m	31 Mar 2023	31 Mar 2022	31 Dec 2022
Opening equity	25,574	24,759	24,759
Dividends	–	–	–501
Comprehensive income for the year	–1,753	1,383	1,316
Closing equity	23,821	26,142	25,574

Equity totalled SEK 23,821 million (26,142). The equity/assets ratio was 38.0% (41.5).

CONSOLIDATED FINANCIAL REPORTING

Segment reporting

Amounts in SEK m	2023 Jan–Mar	2022 Jan–Mar	2022 Jan–Dec
Rental revenues			
Southern Region	211	202	820
Western Region	208	203	821
Eastern Region	280	250	1,023
Total	699	655	2,664
Property expenses			
Southern Region	–88	–79	–278
Western Region	–98	–94	–326
Eastern Region	–118	–106	–365
Total	–304	–279	–969
Net operating income			
Southern Region	123	123	542
Western Region	110	109	495
Eastern Region	162	144	658
Total	395	376	1,695

Amounts in SEK m	31 Mar 2023	31 Mar 2022	31 Dec 2022
Market value investment property			
Southern Region	18,664	19,348	19,237
Western Region	16,029	16,662	16,597
Eastern Region	23,445	22,719	24,052
Total carrying amount	58,138	58,729	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 395 million (376) and profit/loss before tax of SEK –2,204 million (1,772), consists of central administration costs of SEK –24 million (–20), other operating income SEK 0 million (–), change in property values SEK –2,108 million (686), net financial items SEK –78 million (–174) and change in value of financial instruments SEK –389 million (904).

During the period, the carrying amount of the properties changed as a result of investments completed, acquisitions, sales and unrealised changes in value totalling SEK –573 million (246) in the Southern Region, SEK –568 million (1,341) in the Western Region and SEK –607 million (582) in the Eastern Region.

PARENT COMPANY FINANCIAL REPORTING

Parent Company income statement

Amounts in SEK m	2023 Jan–Mar	2022 Jan–Mar	2022 Jan–Dec
Revenues	15	15	60
Administrative expenses	–39	–35	–154
Operating loss	–24	–20	–94
Interest income	334	125	742
Interest expense	–159	–83	–389
Other financial items	109	–79	–88
Change in value of financial instruments	–57	342	329
Profit after financial items	203	285	500
Appropriations, Group contributions	–	–	–166
Appropriations, principal earnings	–	–	–329
Profit before tax	203	285	5
Tax	12	–70	–68
Profit/loss for the period	215	215	–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 15 million (15), of which intra-Group revenue totalled SEK 15 million (15). The Parent Company's interest income amounted to SEK 334 million (125), of which intra-Group interest income totalled SEK 271 million (122). Other financial items included exchange-rate effects of SEK 118 million (–70) 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 –57 million (342). The value of the derivatives developed positively during the period, largely due to rising market interest rates. Profit before tax amounted to SEK 203 million (285).

Parent Company balance sheet

Amounts in SEK m	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Non-current assets			
Shares and participations in Group companies	4,657	4,655	4,657
Receivables from Group companies	23,961	23,512	23,693
Deferred tax assets	18	4	6
Equipment	5	3	5
Intangible assets in progress	4	–	–
Non-current receivables	23	801	16
Total non-current assets	28,668	28,975	28,377
Current assets			
Other receivables	107	40	62
Cash and cash equivalents	2,319	2,145	4,464
Total current assets	2,426	2,185	4,526
TOTAL ASSETS	31,094	31,160	32,903
EQUITY AND LIABILITIES			
Equity	2,819	3,383	2,604
Total equity	2,819	3,383	2,604
Non-current liabilities			
Interest-bearing liabilities	13,921	13,937	15,338
Liabilities to Group companies	5,143	3,723	5,284
Derivatives	78	7	21
Total non-current liabilities	19,142	17,667	20,643
Current liabilities			
Interest-bearing liabilities	9,035	9,979	9,470
Derivatives	–	1	–
Other liabilities	98	130	186
Total current liabilities	9,133	10,110	9,656
TOTAL EQUITY AND LIABILITIES	31,094	31,160	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 March 2023, there were a total of 302 employees (287).

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

In the beginning of May 2023, Standard & Poor's renewed Willhem's rating, A-.

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, 11 May 2023

Fredrik Wirdeus
Chairman

Christel Armstrong Darvik
Member

Anders Ahlberg
Member

Ragnhild Backman
Member

Johan Temse
Member

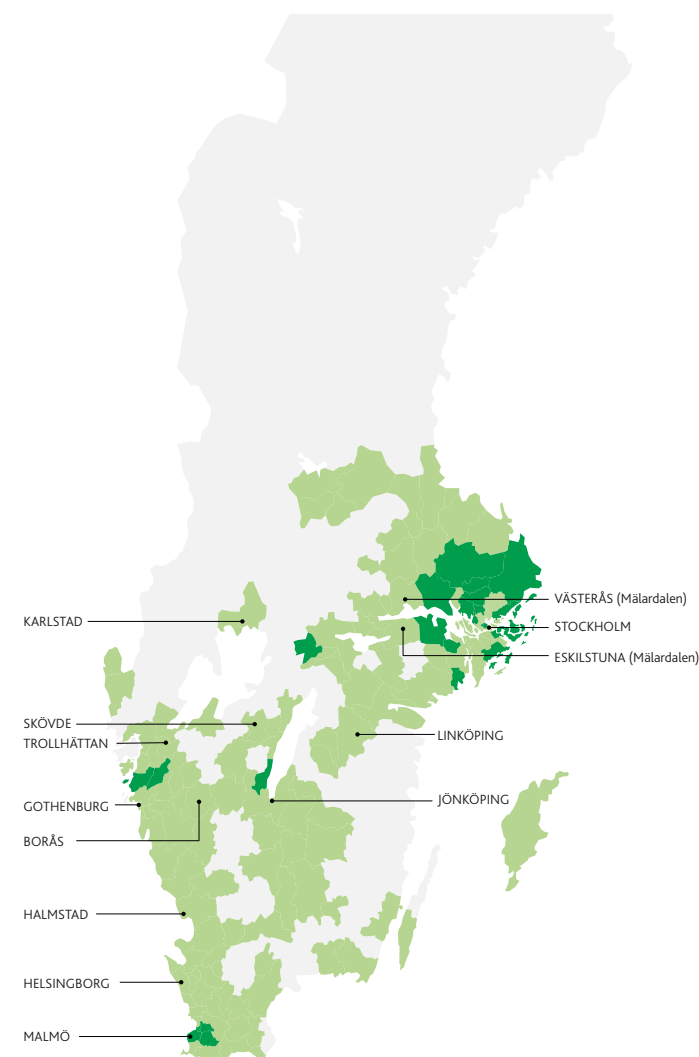
Mikael Granath
Chief Executive Officer

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

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	3,013	184,275	8,932	193,207	96.9	67	5,422
Helsingborg	73	2,448	169,681	14,672	184,354	97.3	67	6,135
Jönköping	19	1,203	59,256	3,206	62,462	99.5	26	2,349
Malmö	55	1,543	107,014	12,314	119,328	99.3	51	4,758
Southern Region	189	8,207	520,227	39,124	559,351	97.9	211	18,664
Borås	152	3,364	214,423	15,874	230,298	97.7	81	6,307
Gothenburg	34	4,077	266,342	12,337	278,679	99.5	93	7,403
Skövde	15	821	56,831	1,728	58,559	98.9	18	1,316
Trollhättan	24	731	43,091	7,441	50,532	98.8	16	1,003
Western Region	225	8,993	580,687	37,380	618,067	98.7	208	16,029
Karlstad	59	2,596	151,479	11,115	162,594	98.8	57	4,074
Linköping	29	3,430	238,157	24,599	262,756	96.7	85	6,234
Mälardalen	12	1,570	95,895	16,162	112,057	96.2	39	3,366
Stockholm	38	3,769	223,817	10,677	234,493	99.5	99	9,771
Eastern Region	138	11,365	709,347	62,553	771,899	98.0	280	23,445
Total	552	28,565	1,810,260	139,057	1,949,317	98.2	699	58,138



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–Mar	2022 Jan–Mar	2022 Jan–Dec	2021 Jan–Dec	2020 Jan–Dec
Property-related					
Total area, sq m	1,949,317	1,909,989	1,942,834	1,881,077	1,857,831
Number of properties	552	543	552	533	530
Number of residential properties	28,565	27,598	28,451	27,134	26,625
Market value, SEK m	58,138	58,729	59,886	56,560	46,347
Market value, SEK/sq m	29,825	30,748	30,824	30,068	24,946
Rental value, SEK m	2,879	2,670	2,799	2,600	2,480
Economic occupancy rate, %	98.2	98.7	98.6	98.8	98.8
Net operating margin, %	56.5	57.4	63.6	62.0	62.6
Financial					
Average interest rate, %	2.2	1.2	2.1	1.2	1.4
Average fixed-interest tenor, years	3.5	3.7	3.5	3.9	4.8
Average loan-to-maturity, years	2.4	2.4	2.5	2.3	2.3
Loan-to-value (LTV) ratio, %	51.6	47.7	49.6	47.2	51.7
Interest coverage ratio, multiple	1.9 *	3.4	3.1	3.5	3.3
Equity/assets ratio, %	38.0	41.5	38.4	40.4	35.8
Other					
Number of employees	302	287	298	279	278

* The interest coverage ratio, rolling 12 month, was 2.7.

OTHER INFORMATION

Reconciliation of alternative performance measures

	2023 Jan–Mar	2022 Jan–Mar	2022 Jan–Dec
Loan-to-value ratio			
Interest-bearing liabilities, SEK m	32,344	30,164	34,194
Cash and cash equivalents, SEK m	–2,319	–2,175	–4,464
Total interest-bearing liabilities, net	30,025	27,989	29,730
Net interest-bearing liabilities, SEK m	30,025	27,989	29,730
Market value of properties, SEK m	58,138	58,729	59,886
Loan-to-value (LTV) ratio, %	51.6%	47.7%	49.6%
Interest coverage ratio			
Operating profit, SEK m	–1,737	1,042	528
Property change in value, SEK m	2,108	–686	1,072
Total operating profit excl. change in value	371	356	1,600
Operating profit excl. change in value, SEK m	371	356	1,600
Net financial items excl. exchange-rate effects, SEK m	192	105	510
Interest coverage ratio, multiple	1.9	3.4	3.1
Equity/assets ratio			
Equity, SEK m	23,821	26,142	25,574
Total assets, SEK m	62,682	63,029	66,683
Equity/assets ratio, %	38.0%	41.5%	38.4%
Net operating margin			
Net operating income, SEK m	395	376	1,695
Rental revenues, SEK m	699	655	2,664
Net operating margin, %	56.5%	57.4%	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

Interim Report Jan–Jun 2023	24 August 2023
Interim report Jan–Sep 2023	24 November 2023
Year-end report 2023	20 February 2024

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 12 May 2023.

www.willhem.se

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