



INTERIM REPORT JANUARY-JUNE 2023





## SUMMARY

## Willhem reports increased net operating income

- Revenue increased to SEK 1,417 million (1,318), up 7.5%.
- Net operating income totalled SEK 900 million (820), up 9.8%. For the comparable property portfolio, net operating income rose 5.8%.
- Unrealised changes in the value of the properties during the period amounted to SEK –3,819 million (751), corresponding to a value decline of –6.3% (1.3).
- The change in the value of financial instruments amounted to SEK –261 million (1,513).
- Profit/loss after tax for the period totalled SEK –2,820 million (2,203).
- The market value of the properties was SEK 56,858 million (59,375) at the end of the period.
- Investments in the property portfolio amounted to SEK 786 million (883), of which SEK 403 million (524) relates to investments in existing properties and SEK 383 million (359) 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.
- At the beginning of May, Willhem's A- rating was renewed by Standard & Poor's.



### 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

28,644

### NET OPERATING MARGIN

63.5%

### AVERAGE TOTAL RETURN OVER 10 YEARS

9.8%

### MARKET VALUE OF PROPERTIES, SEK MILLION

56,858

### LOAN-TO-VALUE RATIO

53.4%

### REDUCTION IN ENERGY CONSUMPTION KWH PER SQ M SINCE 2012

-32.0%



## CEO COMMENTS



## CEO comments

**We are still in an uncertain situation where inflation and interest rate expectations affect the general economic trend. Those of us who are somewhat optimistically inclined can conclude that the peak of inflation is potentially behind us.**

In light of this, Sweden's Riksbank, the FED and the ECB are putting out signals around continued rate hikes. We like to believe that we are reaching the peak. The question is what will happen when inflation begins to fall, and how quickly interest rates will then be lowered. We can assume that the process will be a bit more drawn out, and that interest rates will never return to the low levels that we experienced for a long period of time. All together, this will lead to challenges for the entire property industry – challenges that will differ for various types of companies. In our case, as the owner and manager of residential properties, we foresee property values continuing to fall in pace with yields rising, as a result of the sharp rise in interest rates.

Activity for property transactions encompassing rental properties was cautious during the first half of the year. However, the situation that is emerging could contain interesting acquisition opportunities for Willhem, and this should not be underestimated.

### Earnings are recovering

After a weaker start in the first quarter, we now see that earnings are recovering. Primarily, this has to do with the rent increases for the year beginning to have an effect on revenue, and with the investments we are making in our property portfolio yielding results. We achieved this despite the continued increase in costs in pace with inflation.

Net operating income increased 9.8% compared with the preceding year and totalled SEK 900 million. The increase for the comparable property portfolio was 5.8% year-on-year. The change in the value of properties amounted to SEK –3,819 million. Property value totalled SEK 56,858 million on the balance-

sheet date. Willhem's total financing, which comprises both bank loans and capital market financing, amounted to SEK 33,962 million. The company has good access to financing, both in banks and on the capital market, and our rating is still strong A-.

Where transactions are concerned, this has been a very calm first half of the year. No transactions took place and no new properties were taken into possession during the period. After the end of the period, we have signed a conditional agreement to acquire 254 apartments from the municipal company Eidar in Trollhättan. We completed a development project in Haninge that was acquired in 2022, and we also completed a further stage at the Valsverket project in Västerås. In the spring, the conversion project involving 106 apartments on the Guldfisken 10 property in Linköping was completed.

Despite the market's rapid slowdown in residential construction, and the fact that we are generally a bit more cautious with new construction starts, the volume of property development operations in our portfolio remained stable. Our ambition to create and develop projects from the early stages – preferably on our own land – continues. In April, the production of 165 apartments in central Halmstad began, and together with our other projects we have a total of 896 apartments in ongoing property projects, 327 of which on a proprietary basis.

### Sustainable housing

To reduce our climate footprint, we are focusing on energy. This year, we took a further step in reducing our energy consumption by strengthening our workforce by adding two building operations engineers who will be working on optimising our properties. The more we reduce our energy consumption, the



## CEO COMMENTS



“After a weaker start in the first quarter, we now see that earnings are recovering. Net operating income increased 9.8% compared with the preceding year. The increase for the comparable property portfolio was 5.8%.”

greater the demands placed on our technical property systems, our organisation, and how we can work more innovatively to achieve our goals. One example of this is letting AI help us optimise the use of heating in several of our properties.

It is also gratifying to see that our monthly customer surveys are yielding such positive results. As the time of writing, the service index is 81%, a high figure entirely in line with our goal of a high standard for delivery and residential services for our customers. A success factor for maintaining a high occupancy rate is having satisfied customers. And we are continually striving to do better. Specifically, this includes being a responsible landlord that is engaged in the development of residential districts. A few of the initiatives I would like to highlight in particular are “Barns bostad först” [Children’s housing first], which is a partnership with Save the Children International and Sveriges stadsmissioner. By allocating apartments to the project, we can help homeless families with children find stable housing. The “Handslaget” initiative in Biskopsgården is another ongoing project where, together with other operators, we are planning various measures that will boost city districts and create hope in the future among young people. One good sign that summer is here is our “Mini-bovårdar” summer workers, who are helping to keep our neighbourhoods neat and clean. If we’re lucky, we will see these young men and women working in the property industry in the future.

As the new CEO, so far I have only managed to peak in the door at Willhem. What strikes me, spontaneously, is the positive culture and inquisitiveness that characterise the company. Strong finances, satisfied customers, and committed employees are a stable foundation that we can build high on. It will be incredibly gratifying and exciting to lead Willhem.

Mariette Hilmersson  
Chief Executive Officer





## VISION AND TARGETS

## Broad perspective for long-term value creation

## VISION

Rental apartments for people to enjoy and be proud of – a home for everyone.

## BUSINESS IDEA

Willhem owns, manages and develops safe, sustainable residential properties in growth regions in Sweden, offering a level of service that makes life easier for tenants.



## TARGETS



## Finances

Willhem's target is to provide a stable total return that is higher than other privately-owned residential real estate companies.



## Customers

Willhem is to have customers that are satisfied and loyal, who choose us and recommend us to others because we provide attractive and secure residential 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 second quarter.

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



### Finances

#### Events in Q2:

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

#### TOTAL RETURN

Long-term target

>5.5%

Outcome 2012–2022

9.8%



### Customer

#### Events in Q2:

- Willhem have employed 92 summer workers (Mini-bovårdar), who will help us in our residential areas from June to August.
- We are seeing a positive trend in the service index in our customer surveys.

#### SERVICE INDEX

Long-term target

>85%

Outcome 2022

80.5%



### Property

#### Events in Q2:

- Implementation of AI control for energy optimisation is continuing.
- A large number of apartments have been scanned, and many apartment showings take place online.

#### ENERGY CONSUMPTION

Long-term target

72 kWh/sq m Atemp

Outcome 2022

101 kWh/sq m Atemp



### Internal

#### Events in Q2:

- Based on our occupational health and safety initiatives, we have conducted health profiling via our occupational health service for the property manager occupational group.

#### ENPS

Long-term target

40 units

Outcome 2022

37 units



### Operating environment

#### Events in Q2:

- Development of new rental properties using re-used brick in the building entrances, walkways and outdoor spaces.
- Work to reduce emissions is in progress through our climate roadmap.

#### EMISSIONS

Long-term target

0 net zero emissions  
in Scope 1 and 2 by 2030

Outcome 2022

–36% tonnes CO<sub>2</sub>e  
since base year 2018



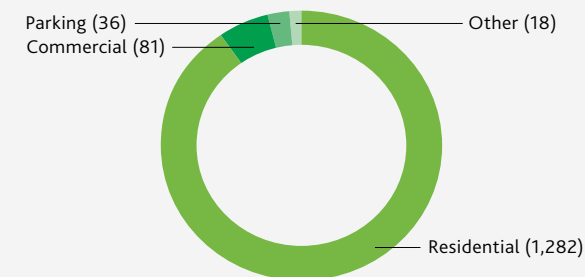
## CONSOLIDATED FINANCIAL REPORTING

## Consolidated income statement

Amounts in SEK m	2023 April–June	2022 April–June	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Rental revenues	718	663	1,417	1,318	2,664
Operating expenses	–133	–138	–347	–333	–637
Repairs and maintenance	–21	–29	–56	–60	–118
Property administration	–46	–41	–88	–81	–163
Property tax	–13	–11	–26	–24	–51
<b>Total property expenses</b>	<b>–213</b>	<b>–219</b>	<b>–517</b>	<b>–498</b>	<b>–969</b>
<b>Net operating income</b>	<b>505</b>	<b>444</b>	<b>900</b>	<b>820</b>	<b>1,695</b>
Corporate administration expenses	–26	–26	–50	–46	–95
Other operating income	–	–	0	–	–
Change in value of investment properties, unrealised	–1,711	62	–3,819	751	–1,069
Change in value of investment properties, realised	–	–	–	–3	–3
<b>Operating profit/loss</b>	<b>–1,232</b>	<b>480</b>	<b>–2,969</b>	<b>1,522</b>	<b>528</b>
Interest income and expenses	–163	–109	–345	–201	–471
Leasehold fee	–4	–3	–8	–6	–14
Other financial expenses	–46	42	62	–37	–90
Change in value of financial instruments	128	609	–261	1,513	1,811
<b>Total financial items</b>	<b>–85</b>	<b>539</b>	<b>–552</b>	<b>1,269</b>	<b>1,236</b>
<b>Profit/loss before tax</b>	<b>–1,317</b>	<b>1,019</b>	<b>–3,521</b>	<b>2,791</b>	<b>1,764</b>
Tax	250	–199	701	–588	–448
<b>Profit/loss for the period</b>	<b>–1,067</b>	<b>820</b>	<b>–2,820</b>	<b>2,203</b>	<b>1,316</b>

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

## RENTAL REVENUE PER AREA 30 JUNE 2023, SEK M

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



## CONSOLIDATED FINANCIAL REPORTING

**Rental revenues**

The Group's rental revenues rose to SEK 1,417 million (1,318), up 7.5%. 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 52 million, up 3.9%.

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 –517 million (–498). Operating expenses were SEK 14 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 has applied for and, it is believed, will receive.

For the comparable portfolio, property expenses were SEK 5 million higher, largely due to increased maintenance and heating costs, but were also positively impacted by the expected 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 900 million (820), up 9.8%. The improvement in net operating income is due to increased rental revenues. The net operating margin for the period was 63.5% (62.2).

For the comparable property portfolio, net operating income rose SEK 47 million compared with the preceding year, up 5.8%.

**Corporate administration expenses**

Central administration costs amounted to SEK –50 million (–46).

**Change in value of investment properties**

Unrealised changes in the value of the properties during the period amounted to SEK –3,819 million (751), corresponding to a value decline of –6.3% (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 and interest expenses for the period amounted to SEK –345 million (–201), of which interest income amounted to SEK 45 million (6).

Other financial expenses amounted to SEK 62 million (–37) and were impacted by SEK 83 million (–18) 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 2.5% (1.5). The interest coverage ratio for the period was 2.3 (3.5). The interest coverage ratio, rolling 12 month, was 2.5.

**Change in value of financial instruments**

The value of derivatives decreased SEK –261 million (1,513), mainly due to a rise in long-term market interest rates during the first half of the year. The largest share of the value change pertains to exchange-rate derivatives, though the value of interest-rate and electricity derivatives also decreased. The change in value of the electricity derivatives was SEK –43 million (71) 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 701 million (–588), of which deferred tax amounted to SEK 701 million (–587) and current tax to SEK 0 million (–1). 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 first half of the year totalled SEK –2,969 million (1,522). Operating profit before change in property values rose SEK 76 million to SEK 850 million compared with SEK 774 million in the preceding year. Profit/Loss after tax for the period totalled SEK –2,820 million (2,203), 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 1,417 million (1,318), up 7.5%. 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.”

**Second quarter**

Revenue in the second quarter rose to SEK 718 million (663), up 8.3%. 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 4.7%.

Property expenses amounted to SEK –213 million (–219), the decline is mainly attributable to electricity subsidies but also to lower costs for repairs and maintenance. Net operating income amounted to SEK 505 million (444). For the comparable portfolio, net operating income rose 9.9% in the second quarter. The unrealised change in the value of properties amounted to SEK –1,711 million (62), corresponding to a value decline of –2.8% (0.1). Operating profit/loss totalled SEK –1,232 million (480). The change in the value of financial instruments had an impact on profit of SEK 128 million (609).

## CONSOLIDATED FINANCIAL REPORTING

## Consolidated balance sheet

Amounts in SEK m	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	56,858	59,375	59,886
Right-of-use assets, leaseholds	510	461	473
Equipment	8	7	9
Intangible assets in progress	5	–	–
Derivatives	1,311	1,184	1,464
Non-current receivables	103	890	85
<b>Total non-current assets</b>	<b>58,795</b>	<b>61,917</b>	<b>61,917</b>
<b>Current assets</b>			
Inventory	21	–	–
Other current receivables	475	224	225
Derivatives	44	64	77
Cash and cash equivalents	3,590	2,270	4,464
<b>Total current assets</b>	<b>4,130</b>	<b>2,558</b>	<b>4,766</b>
<b>Total assets</b>	<b>62,925</b>	<b>64,475</b>	<b>66,683</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to Parent Company shareholders</b>			
Equity	22,754	26,462	25,574
<b>Total equity</b>	<b>22,754</b>	<b>26,462</b>	<b>25,574</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	21,773	21,432	24,125
Deferred tax liability	5,018	5,859	5,719
Derivatives	52	26	21
Right-of-use liabilities, leaseholds	510	461	473
<b>Total non-current liabilities</b>	<b>27,353</b>	<b>27,778</b>	<b>30,338</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	12,189	9,684	10,069
Derivatives	44	–	–
Other non-interest-bearing liabilities	585	551	702
<b>Total current liabilities</b>	<b>12,818</b>	<b>10,235</b>	<b>10,771</b>
<b>Total equity and liabilities</b>	<b>62,925</b>	<b>64,475</b>	<b>66,683</b>





## CONSOLIDATED FINANCIAL REPORTING

## Investment properties

### Property market

The situation in the business environment remains turbulent, with geopolitical instability, high inflation, and high interest rates. Conditions for the housing market thus continued to deteriorate this year. The robust and rapid rise in interest rates and high levels of inflation have created a great deal of uncertainty in the market. Increases in financing costs have led to an extremely cautious transaction market. Buyers and sellers are still experiencing difficulties in agreeing on pricing, with buyer's willingness to pay decreasing in pace with the rises in interest rates. The pace of inflation fell somewhat before the summer but remains at a high level, and the Riksbank has continued to raise the key interest rate. Inflation was also adversely impacted somewhat by the almost historically 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. Property sales for the first half of the year totalled SEK 62 billion. The share of residential properties in the total volume as of June was 20%, which is a lower share of the total volume than in recent years but slightly higher than in the preceding quarter. Several of the relatively few transactions with residential properties that took place in the first half of the year have had various fund structures as buyers. During the first half of the year, warehousing, logistics and industry was the segment with the highest volume of sales, followed by residential properties. The interest from international investors, with foreign investors representing approximately 31% of the total transaction volume to date, remains significant.

According to the latest Swedish Board of Housing Building and Planning assessment from June, the construction rate is expected to be low for a

long time to come. The Board's new forecast shows that only 27,000 apartments will be started in 2023, and 21,500 in 2024. However, the range of uncertainty is large. Barely half of all apartments started are deemed to be rental properties. Furthermore, the Board states that the rapidly declining construction rate could lead to a significant decrease in construction sector capacity, and this could take a long time to ramp-up again when demand increases. In addition to the high 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 Swedish government has now set up an investigation that will produce recommendations for how the regulations around presumption rents are to be restored.

### Our properties

Willhem owns and manages 552 properties (548) in carefully chosen growth regions in Sweden. The property portfolio was valued internally on 30 June 2023. The estimated market value was SEK 56,858 million (59,375). The total lettable area was 1,952,698 sq m, of which 92.9% relates to residential housing.

### Valuation

Unrealised changes in value during the period amounted to SEK –3,819 million (751), corresponding to a value decline of –6.3% (1.3). The average weighted yield was 3.6% (3.1). The yield for residential properties amounted to 2.2–4.7% (1.6–4.3) and for commercial properties 3.6–10.2% (3.0–10.0).

In accordance with Willhem's valuation model, the properties are sub-

ject 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 786 million (883), of which SEK 403 million (524) relates to investments in existing properties and SEK 383 million (359) to property development. Willhemlyft accounted for SEK 148 million (149) of investments in existing property.

### Investment properties

SEK million	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Market value at the beginning of the period	59,886	56,560	56,560
+ Acquisitions (incl. acquisition costs)	5	1,181	2,429
+ Investments in existing property	403	524	1,284
+ Investments in development projects	383	359	682
+ Unrealised changes in value	–3,819	751	–1,069
– Divestments	–	–	–
<b>Market value at the end of the period</b>	<b>56,858</b>	<b>59,375</b>	<b>59,886</b>

## 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	462	Q2 2022–Q4 2023
Kallhäll 9:4	Järfälla	Development project	34	2,396	85	68	Q3 2023
Karmen 5	Karlstad	Development project	78	3,906	140	71	Q2–Q3 2024
Smedjan 2	Ursvik	Development project*	232	10,334	662	354	Q2–Q4 2024
Kviberg 28:4	Gothenburg	Development project	50	1,792	90	21	Q3 2024
Krusbäret 1	Halmstad	Development project	165	5,802	295	23	Q2 2025
<b>Total ongoing</b>			<b>896</b>	<b>38,834</b>	<b>1,759</b>	<b>999</b>	

## 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
<b>Total completed</b>			<b>241</b>	<b>9,460</b>	<b>301</b>	<b>298</b>	

\* Acquired development project





## CONSOLIDATED FINANCIAL REPORTING

## Financing

### Financial market

Interest rates rose in both Sweden and surrounding world in the second quarter as a result of renewed focus on inflation and central banks. Unexpected interest-rate increases from several central banks indicate a renewed focus on high inflation and on the fact that the global interest-rate peak is still some distance ahead.

The Riksbank raised the key interest rate by 0.50% at its meeting in April, and a further 0.25% in June. The Swedish key interest rate now totals 3.75%. Additionally, the forecasts indicate at least one more interest-rate hike in the second half of the year. At its meeting in June, the Riksbank also resolved to accelerate the sale of government bonds.

The purchasing managers' index (PMI) for the manufacturing industry in Sweden rose to 44.8 in June, compared with 40.7 in the preceding month. The upswing among the sub-indexes was broad, with the largest positive contribution coming from new orders.

The stock exchange's OMX 30 index rose by almost 13% during the first half of the year. The first half of the year ended with rising stock markets and long-term interest rates.

### Cash and cash equivalents and interest-bearing liabilities

Cash and cash equivalents totalled SEK 3,590 million (2,270) at the end of the period. In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 17,400 million (14,700).

The Group's interest-bearing liabilities totalled SEK 33,962 million (31,116). Financing via the capital markets through bonds and certificates accounted for 67.6% of financing.

The loan-to-value ratio was 53.4% (48.6). According to Willhem's financial target, this should be below 60.0%.

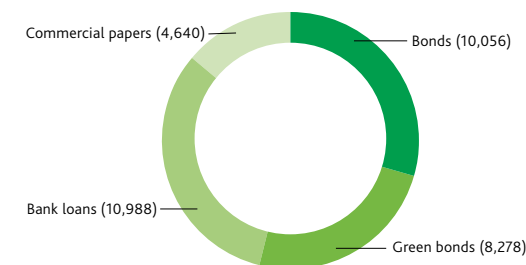
The market value of bonds totalled SEK 17,543 million (19,363). Given that the value is derived from an observable market, the valuation is conducted in accordance with level 2 of the fair value hierarchy in IFRS 13.

The average interest rate was 2.5% (1.5) on the balance-sheet date. The average fixed-interest tenor was 3.3 years (3.6) and the percentage of fixed-interest maturity was 33.8% (23.6) in the next 12 months.

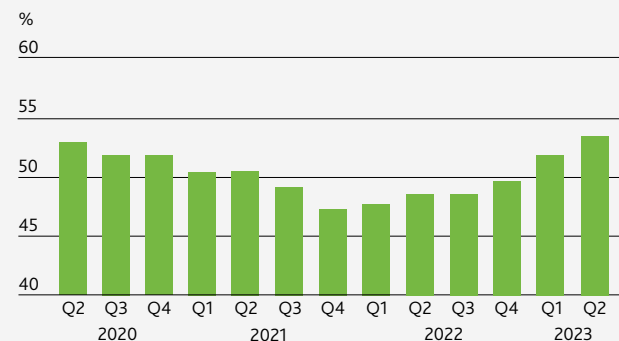
The loan-to-maturity period was 2.3 years (2.4) and taking into account the commitments, the adjusted loan-to-maturity period was 3.1 years (3.4).

The interest coverage ratio was 2.3 (3.5). The interest coverage ratio, rolling 12 month, was 2.5. Willhem's financial target is that this is to exceed 2.0.

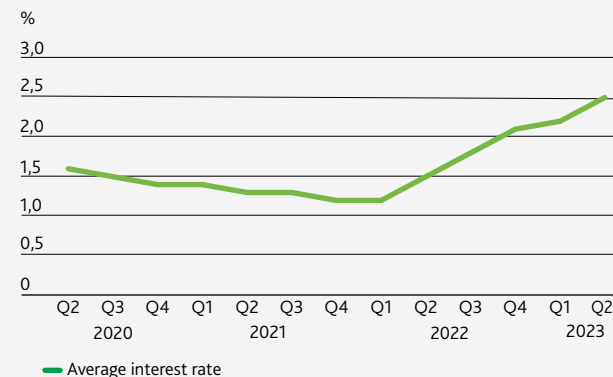
### SOURCES OF FINANCING



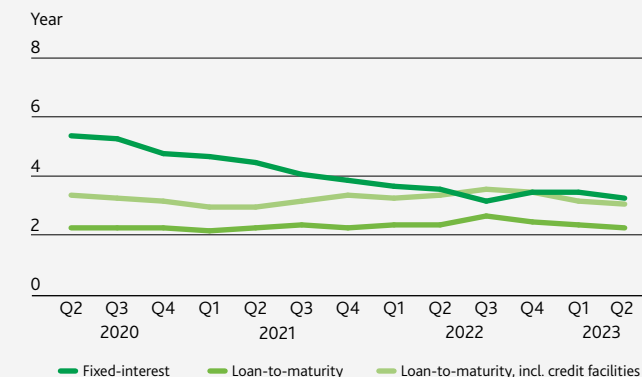
### LOAN-TO-VALUE RATIO



### 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*	11,505	4.5	12,190
1–2 years	3,000	1.1	8,605
2–3 years	3,225	1.1	3,100
3–4 years	4,275	1.5	2,900
4–5 years	3,178	1.7	2,038
5–6 years	2,550	1.3	1,700
6–7 years	1,500	0.6	2,900
7–8 years	2,180	1.5	380
8–9 years	–	–	–
9–10 years	1,550	2.9	–
10–11 years	–	–	–
11–12 years	850	2.8	–
12–30 years	200	1.8	200
<b>Total</b>	<b>34,013</b>	<b>2.5</b>	<b>34,013</b>

\* 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 11,505 million includes SEK 4,640 million in certificates. The statement of financial position included interest-bearing liabilities of SEK 33,962 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 –23 million.

## Green financing

At the end of the period, green bonds amounted to SEK 8,278 million (6,800), which accounts for 45.2% of Willhem's total bonds outstanding.

## Derivatives

The net market value of the Group's derivatives totalled SEK 1,259 million (1,222), of which SEK 1,355 million is recognised as an asset and SEK –96 million as a liability in the Group's statement of financial position. Net interest-rate and currency derivatives totalled SEK 1,242 million (1,141), of which SEK 1,338 million (1,167) was recognised as an asset on the balance-sheet date.

Electricity derivatives totalled SEK 17 million (81). 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	2,620	–21.1	27
1–2 years	450	–10.0	2
2–3 years	2,125	1.0	151
3–4 years	3,025	1.0	253
4–5 years	3,588	1.2	81
5–6 years	2,550	1.3	258
>6 years	5,700	1.8	470
<b>Total</b>	<b>20,058</b>	<b>–2.1</b>	<b>1,242</b>

## Rating

At 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–Jun	2022 Jan–Jun	2022 Jan–Dec
<b>OPERATING ACTIVITIES</b>			
Operating profit/loss	–2,969	1,522	527
Adjustments for items not affecting liquidity	3,795	–834	983
Interest paid, net	–363	–224	–466
Taxes paid	–	–1	–2
<b>Cash flow from operating activities before changes in working capital</b>	<b>463</b>	<b>463</b>	<b>1,042</b>
Change in current receivables	–250	32	32
Change in current liabilities	–106	30	120
<b>Cash flow from operating activities</b>	<b>107</b>	<b>525</b>	<b>1,194</b>
<b>INVESTING ACTIVITIES</b>			
Investments in existing property	–786	–883	–1,966
Acquisition of properties	0	–689	–893
Sale of properties	–	–4	–4
Inventory	–20	–	–
Investments in other, net	–6	0	–4
<b>Cash flow from investing activities</b>	<b>–812</b>	<b>–1,576</b>	<b>–2,867</b>
<b>FINANCING ACTIVITIES</b>			
Liabilities raised	9,275	10,270	21,770
Repayments of liabilities	–9,427	–9,599	–19,087
Dividends	–	–501	–501
Non-current receivables	–17	–103	701
<b>Cash flow from financing activities</b>	<b>–169</b>	<b>67</b>	<b>2,883</b>
<b>Cash flow for the period</b>	<b>–874</b>	<b>–984</b>	<b>1,210</b>
Opening balance, cash and cash equivalents	4,464	3,254	3,254
Acquired cash and cash equivalents	–	0	0
<b>Closing balance, cash and cash equivalents</b>	<b>3,590</b>	<b>2,270</b>	<b>4,464</b>

Cash flow from operating activities totalled SEK 107 million (525). Investments in properties totalled SEK –786 million (–883). Gross capital formation for the period pertaining to acquisitions of properties amounted to SEK – million (–1,254) and deductions for latent tax amounted to SEK – million (73). SEK – million (494) 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 (–689) had a direct liquidity impact on cash flow. During the period, SEK 9,275 million (10,270) was raised in new loans and SEK –9,427 million (–9,599) was repaid.

As of 30 June 2023, the Group's cash and cash equivalents were SEK 3,590 million (2,270). In addition to cash and cash equivalents, Willhem has unutilised issue undertakings and credit facilities totalling SEK 17,400 million (14,700).

## Consolidated statement of changes in equity

Amounts in SEK m	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Opening equity</b>	<b>25,574</b>	<b>24,759</b>	<b>24,759</b>
Dividends	–	–501	–501
Comprehensive income for the year	–2,820	2,203	1,316
<b>Closing equity</b>	<b>22,754</b>	<b>26,462</b>	<b>25,574</b>

Equity totalled SEK 22,754 million (26,462). The equity/assets ratio was 36.2% (41.0).

## CONSOLIDATED FINANCIAL REPORTING

## Segment reporting

Amounts in SEK m	2023 April–June	2022 April–June	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
<b>Rental revenues</b>					
Southern Region	215	206	426	408	820
Western Region	213	204	421	407	821
Eastern Region	290	253	570	503	1023
<b>Total</b>	<b>718</b>	<b>663</b>	<b>1,417</b>	<b>1,318</b>	<b>2,664</b>
<b>Property expenses</b>					
Southern Region	–60	–63	–148	–142	–278
Western Region	–71	–73	–169	–167	–326
Eastern Region	–82	–83	–200	–189	–365
<b>Total</b>	<b>–213</b>	<b>–219</b>	<b>–517</b>	<b>–498</b>	<b>–969</b>
<b>Net operating income</b>					
Southern Region	155	143	278	266	542
Western Region	142	131	252	240	495
Eastern Region	208	170	370	314	658
<b>Total</b>	<b>505</b>	<b>444</b>	<b>900</b>	<b>820</b>	<b>1,695</b>

Amounts in SEK m	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Market value investment property</b>			
Southern Region	18,169	19,574	19,237
Western Region	15,642	16,763	16,597
Eastern Region	23,047	23,038	24,052
<b>Total carrying amount</b>	<b>56,858</b>	<b>59,375</b>	<b>59,886</b>

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 900 million (820) and profit/loss before tax of SEK –3,521 million (2,791) consists of central administration costs of SEK –50 million (–46), change in property values SEK –3,819 million (748), net financial items SEK –291 million (–244) and change in value of financial instruments SEK –261 million (1,513).

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 –1,068 million (472) in the Southern Region, SEK –955 million (1,442) in the Western Region and SEK –1,005 million (901) in the Eastern Region.



## PARENT COMPANY FINANCIAL REPORTING

## Parent Company income statement

Amounts in SEK m	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
Revenues	31	30	60
Administrative expenses	–82	–76	–154
<b>Operating loss</b>	<b>–51</b>	<b>–46</b>	<b>–94</b>
Interest income	642	260	742
Interest expense	–200	–194	–389
Other financial items	61	–22	–88
Change in value of financial instruments	–75	324	329
<b>Profit after financial items</b>	<b>377</b>	<b>322</b>	<b>500</b>
Appropriations, Group contributions	–	–	–166
Appropriations, principal earnings	–	–	–329
<b>Profit before tax</b>	<b>377</b>	<b>322</b>	<b>5</b>
Tax	14	–67	–68
<b>Profit/loss for the period</b>	<b>391</b>	<b>255</b>	<b>–63</b>

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 31 million (30), of which intra-Group revenue totalled SEK 31 million (30). The Parent Company's interest income amounted to SEK 642 million (260), of which intra-Group interest income totalled SEK 597 million (254). Other financial items includes exchange-rate effects of SEK 83 million (–18) 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 –75 million (324). The value of the derivatives developed negatively during the period, largely due to rising market interest rates. Profit before tax amounted to SEK 377 million (322).

## Parent Company balance sheet

Amounts in SEK m	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Shares and participations in Group companies	4,659	4,655	4,657
Receivables from Group companies	24,234	23,827	23,693
Deferred tax assets	20	7	6
Equipment	4	3	5
Intangible assets in progress	5	–	–
Non-current receivables	33	846	16
<b>Total non-current assets</b>	<b>28,955</b>	<b>29,338</b>	<b>28,377</b>
<b>Current assets</b>			
Other receivables	186	53	62
Cash and cash equivalents	3,590	2,268	4,464
<b>Total current assets</b>	<b>3,776</b>	<b>2,321</b>	<b>4,526</b>
<b>TOTAL ASSETS</b>	<b>32,731</b>	<b>31,659</b>	<b>32,903</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	2,995	2,923	2,604
<b>Total equity</b>	<b>2,995</b>	<b>2,923</b>	<b>2,604</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	13,607	15,684	15,338
Liabilities to Group companies	5,397	3,736	5,284
Derivatives	96	26	21
<b>Total non-current liabilities</b>	<b>19,100</b>	<b>19,446</b>	<b>20,643</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	10,567	9,184	9,470
Derivatives	0	–	–
Other liabilities	69	106	186
<b>Total current liabilities</b>	<b>10,636</b>	<b>9,290</b>	<b>9,656</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32,731</b>	<b>31,659</b>	<b>32,903</b>

## 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 June 2023, there were a total of 310 employees (293).

### 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

An agreement on the acquisition of 254 apartments in Trollhättan was signed in July, with a property value of SEK 242 million. Possession is planned for the fourth quarter of 2023.

On 1 August, Mariette Hilmerström took office as Chief Executive Officer.

## 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, 24 August 2023

Fredrik Wirdenius  
*Chairman*

Christel Armstrong Darvik  
*Member*

Anders Ahlberg  
*Member*

Ragnhild Backman  
*Member*

Johan Temse  
*Member*

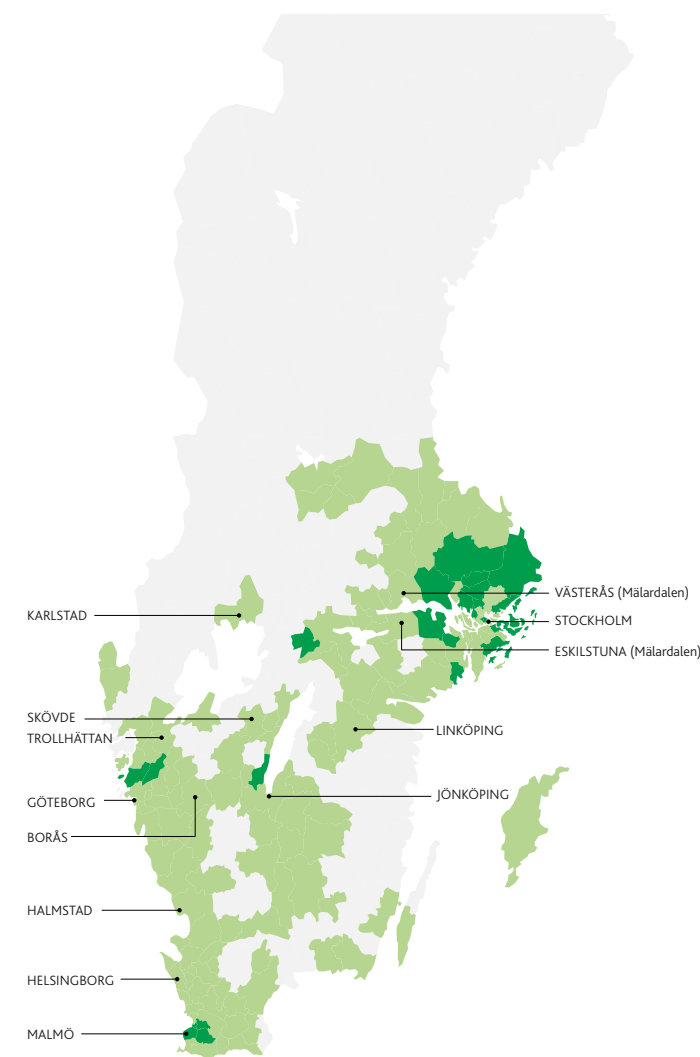
Mariette Hilmerström  
*Chief Executive Officer*

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

## OTHER INFORMATION

## Property portfolio

Property portfolio	Number of properties	Number of apartments	Residential area, sq m	Commercial premises area, sq m	Total area, sq m	Total economic occupancy rate, %	Revenue, SEK m	Market value, SEK m
Halmstad	42	2,849	178,235	8,932	187,167	98.0	134	5,311
Helsingborg	73	2,448	169,681	14,672	184,354	97.3	137	5,953
Jönköping	19	1,203	59,256	3,206	62,462	99.6	53	2,281
Malmö	55	1,544	107,014	12,314	119,328	99.3	102	4,624
<b>Southern Region</b>	<b>189</b>	<b>8,044</b>	<b>514,186</b>	<b>39,124</b>	<b>553,311</b>	<b>98.3</b>	<b>426</b>	<b>18,169</b>
Borås	152	3,364	214,423	15,888	230,312	97.4	164	6,153
Gothenburg	34	4,077	266,342	12,363	278,705	99.4	188	7,221
Skövde	15	821	56,831	1,734	58,565	98.9	36	1,287
Trollhättan	24	731	43,091	7,441	50,532	98.9	33	981
<b>Western Region</b>	<b>225</b>	<b>8,993</b>	<b>580,687</b>	<b>37,427</b>	<b>618,114</b>	<b>98.5</b>	<b>421</b>	<b>15,642</b>
Karlstad	59	2,597	151,497	11,124	162,621	98.9	117	4,019
Linköping	29	3,536	241,918	24,543	266,461	96.4	173	6,100
Mälardalen	12	1,570	95,895	16,165	112,060	96.2	79	3,285
Stockholm	38	3,904	229,456	10,677	240,132	99.4	201	9,643
<b>Eastern Region</b>	<b>138</b>	<b>11,607</b>	<b>718,765</b>	<b>62,509</b>	<b>781,274</b>	<b>98.0</b>	<b>570</b>	<b>23,047</b>
<b>Total</b>	<b>552</b>	<b>28,644</b>	<b>1,813,638</b>	<b>139,060</b>	<b>1,952,698</b>	<b>98.2</b>	<b>1,417</b>	<b>56,858</b>



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–Jun	2022 Jan–Jun	2022 Jan–Dec	2021 Jan–Dec	2020 Jan–Dec
<b>Property-related</b>					
Total area, sq m	1,952,698	1,916,252	1,942,834	1,881,077	1,857,831
Number of properties	552	548	552	533	530
Number of residential properties	28,644	27,733	28,451	27,134	26,625
Market value, SEK m	56,858	59,375	59,886	56,560	46,347
Market value, SEK/sq m	29,118	30,985	30,824	30,068	24,946
Rental value, SEK m	2,964	2,705	2,799	2,600	2,480
Economic occupancy rate, %	98.2	98.7	98.6	98.8	98.8
Net operating margin, %	63.5	62.2	63.6	62.0	62.6
<b>Financial</b>					
Average interest rate, %	2.5	1.5	2.1	1.2	1.4
Average fixed-interest tenor, years	3.3	3.6	3.5	3.9	4.8
Average loan-to-maturity, years	2.3	2.4	2.5	2.3	2.3
Loan-to-value (LTV) ratio, %	53.4	48.6	49.6	47.2	51.7
Interest coverage ratio, multiple *	2.3*	3.5	3.1	3.5	3.3
Equity/assets ratio, %	36.2	41.0	38.4	40.4	35.8
<b>Other</b>					
Number of employees	310	293	298	279	278

\* The interest coverage ratio, rolling 12 month, was 2.5.

## OTHER INFORMATION

## Reconciliation of alternative performance measures

	2023 Jan–Jun	2022 Jan–Jun	2022 Jan–Dec
<b>Loan-to-value ratio</b>			
Interest-bearing liabilities, SEK m	33,962	31,116	34,194
Cash and cash equivalents, SEK m	–3,590	–2,270	–4,464
<b>Total interest-bearing liabilities, net</b>	<b>30,372</b>	<b>28,846</b>	<b>29,730</b>
Net interest-bearing liabilities, SEK m	30,372	28,846	29,730
Market value of properties, SEK m	56,858	59,375	59,886
<b>Loan-to-value (LTV) ratio, %</b>	<b>53.4%</b>	<b>48.6%</b>	<b>49.6%</b>
<b>Interest coverage ratio</b>			
Operating profit/loss, SEK m	–2,969	1,522	528
Property change in value, SEK m	3,819	–748	1,072
<b>Total operating profit excl. change in value</b>	<b>850</b>	<b>774</b>	<b>1,600</b>
Operating profit excl. change in value, SEK m	850	774	1,600
Net financial items excl. exchange-rate effects, SEK m	366	220	510
<b>Interest coverage ratio, multiple</b>	<b>2.3</b>	<b>3.5</b>	<b>3.1</b>
<b>Equity/assets ratio</b>			
Equity, SEK m	22,754	26,462	25,574
Total assets, SEK m	62,925	64,475	66,683
<b>Equity/assets ratio, %</b>	<b>36.2%</b>	<b>41.0%</b>	<b>38.4%</b>
<b>Net operating margin</b>			
Net operating income, SEK m	900	820	1,695
Rental revenues, SEK m	1,417	1,318	2,664
<b>Net operating margin, %</b>	<b>63.5%</b>	<b>62.2%</b>	<b>63.6%</b>

## 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–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 and the Securities Market Act.

The information was submitted for publication at 2.30 p.m. on 24 August 2023.

[www.willhem.se](http://www.willhem.se)

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