



WALLENSTAM

ANNUAL REPORT 2019

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Wallenstam's statutory sustainability report is found on the following pages: business model pages 2–4, environmental questions pages 8, 27–33, 39 and 146–148, social conditions and personnel-related questions pages 7, 27–35, 40–42 and 146–148, respect for human rights pages 27–33 and 147–148, anti-corruption pages 27–30, 32–33, 36 and 148 as well as diversity in the Board pages 42 and 133.

This is Wallenstam

Vision

Wallenstam shall be the natural choice of people and companies for housing and premises.

Business concept

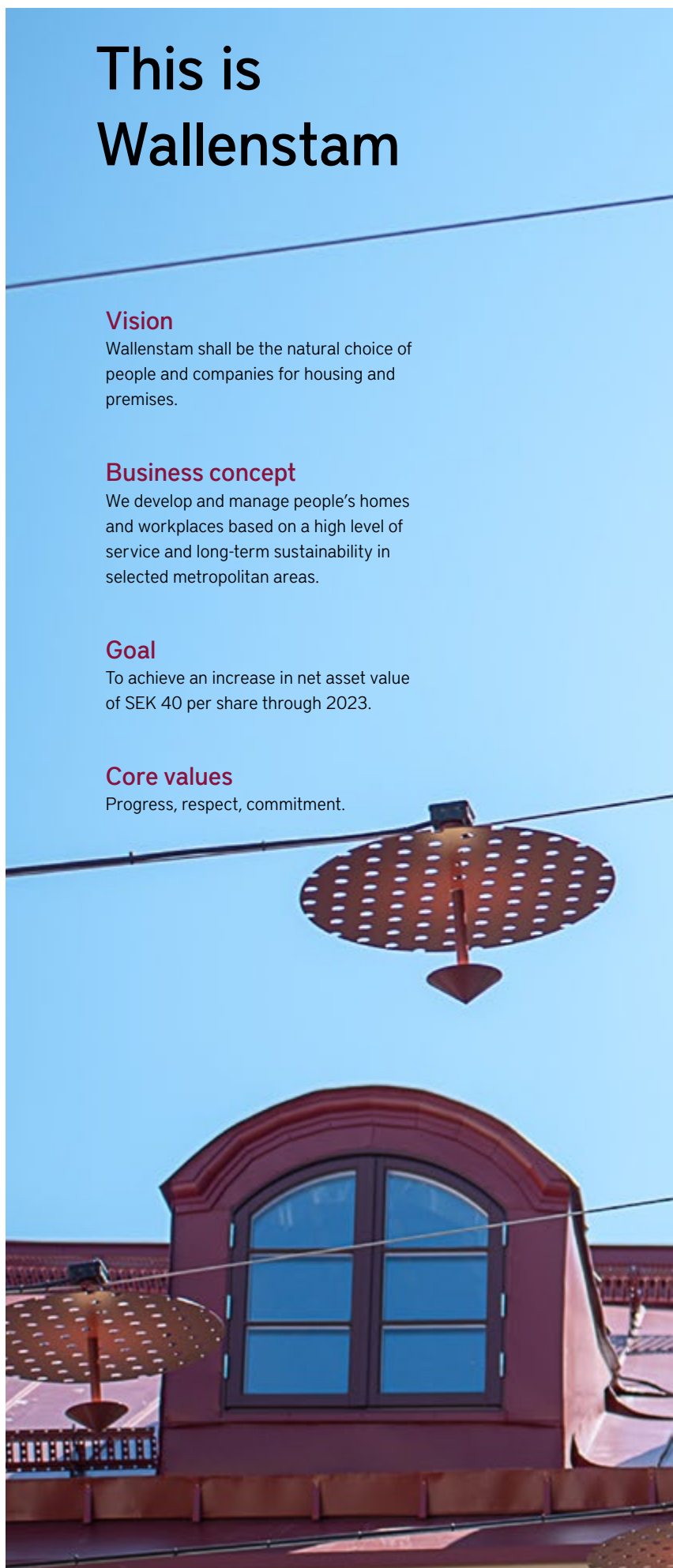
We develop and manage people's homes and workplaces based on a high level of service and long-term sustainability in selected metropolitan areas.

Goal

To achieve an increase in net asset value of SEK 40 per share through 2023.

Core values

Progress, respect, commitment.



SEK 2,026 million

RENTAL INCOME

SEK 1,108 million

INCOME FROM PROPERTY MANAGEMENT

SEK 792 million

CHANGE IN VALUE NEW CONSTRUCTION

98%

OCCUPANCY RATE

SEK 52 billion

PROPERTY VALUE

44%

EQUITY/ASSETS RATIO

SEK 91.30

NET ASSET VALUE PER SHARE



Wallenstam's operations are concentrated in Gothenburg, Stockholm and Uppsala.

This is how we create value

1 | Our resources

Financial capital

SEK 24 billion in capital from shareholders and generated profits that remain in the company and SEK 24 billion from external lenders.

Produced capital

More than 200 properties – residential properties in attractive locations in the growth regions of Gothenburg, Stockholm and Uppsala as well as commercial properties in Gothenburg inner city. 66 wind turbines from Jämtland in the north to Skåne in the south, producing renewable energy.

Human capital

Just over 250 dedicated and knowledgeable employees and combined competencies through partners within management, service and construction.

Social and relationship capital

All customers that live in our around 9,500 rental apartments, or that work in the offices, shops etc., which comprise more than 500,000 sq m of commercial floor space. In addition, relationships with financiers, partners, municipalities and local communities.

Intellectual capital

About 11,000 potential apartments in the project portfolio which can become future homes for families through our combined experience and processes concerning management, construction and urban development with dialogue and collaboration.

Natural capital

Land, energy and building materials such as wood, stone and metal provide the basis for our construction operations.

2 | Our operations and business model

Business process

Wallenstam builds, develops and manages properties and areas based on the needs of people and society, and according to the wishes and requirements of customers and shareholders. We create value growth through construction, development and management with a high level of service and long-term sustainability. Profits are reinvested and used to further develop the business. Shareholders receive a share of the profits in the form of dividends.

Efficient management and development

Our properties and public areas adjacent to the properties are developed and refined based on maintenance plans and customer needs and wishes. Safety, comfort and long-term profitability are key words when we, for example, modernize the courtyards



of residential buildings, carry out optimized operations projects, or when we develop inner city environments

to contribute to meeting places and a city pulse. Through our own wind power production, we are self-sufficient in renewable energy, something that makes us less sensitive to changes in the electricity price.

Successful letting organization

With good knowledge of the local market and its needs and great commitment in taking care of customer relationships, a strong basis is created for maintaining a uniform and high occupancy rate in our commercial holdings. The residential holdings are fully let and in line with the completion of our new construction projects, letting of a large number of apartments occurs every year.

Cost-efficient construction

We mainly build rental apartments for our own management, but also a smaller number of co-op apartments and commercial properties. Our process and flexible business model, makes it possible to complete our new construction projects in both economic upturns and downturns. We work continually on acquiring land and seek land allocations in order to regularly replenish our project portfolio.

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PROPERTIES

Wallenstam has 1.2 million sq m of lettable area, of which just over 500,000 sq m is commercial floor space.

We create value growth through construction, development and management with a high level of service and long-term sustainability.



3 | Created value for our stakeholders

Owners

- » Stable and safe investment
- » Share price trend
- » Share dividend
- » Value growth

Customers

- » Functional, qualitative homes and well-adapted, flexible working environments
- » Realized entrepreneurial and residential dreams
- » Housing free from financial risk
- » Simplified and hassle-free everyday life – at home and at work

Employees

- » Jobs with secure and stable employer
- » Personal and professional development
- » Remuneration and benefits

Suppliers, partners and lenders

- » Paid goods and services
- » Interest payments
- » Long-term collaborative relationships
- » Jobs

Society and the city

- » Regional development through more housing and premises for people and companies
- » More attractive, lively cities with pleasant meeting places and developed infrastructure and service
- » Tax revenue and jobs
- » Engagement in the local community and sponsorship

Environment

- » More renewable energy
- » Lower environmental impact by reduction of energy use, carbon emissions and water consumption in our properties
- » The possibility of charging electric vehicles, solutions for sorting at source, and initiatives to promote cycling etc.

Business plan 2019–2023

GOAL 2023

To achieve an increase in net asset value of SEK 40 per share

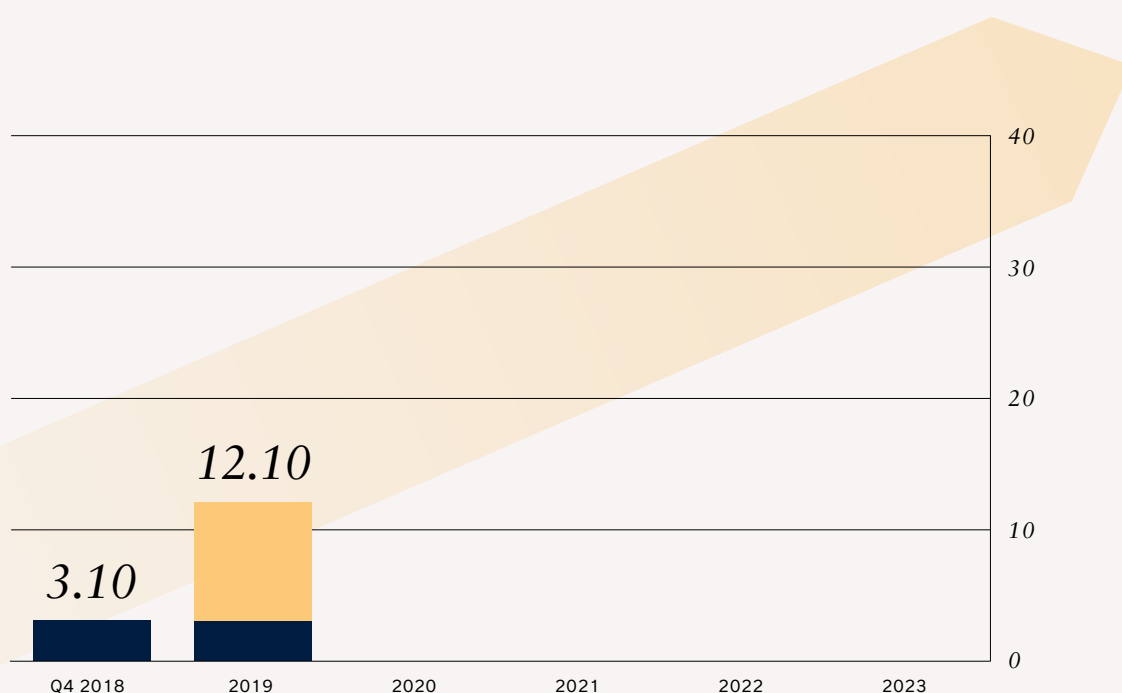
The goal to achieve an increase in net asset value of SEK 40 per share during the period is equivalent to an increase of 50 percent starting from October 1, 2018.

As of September 30, 2018, the Group's net asset value amounted to SEK 25,608 million, which is equivalent to SEK 79.20 per share and is the starting point for the measurement. On December 31, 2019, the net asset value amounted to SEK 29,501 million, which corresponds to SEK 91.30 per share. This means that we have generated SEK 12.10 per share to date. Net asset value

growth is created by successful letting, efficient management, value-creating investments, cost-efficient new construction and strong business operations.

During the business plan 2023, Wallenstam is continuing to work in the growth regions of Gothenburg, Stockholm and Uppsala. We are striving to become even more service-oriented, productive and efficient, so that we can create even more value for our shareholders, employees, customers and society as a whole. During the business plan, the equity/assets ratio shall not fall below 30 percent.

Increase in net asset value, SEK/share



Net asset value growth is created by successful letting, efficient management, value-creating investments, cost-efficient new construction and strong business operations.

Guiding principles

Our guiding principles aim to clarify important focus areas in our operations.

CUSTOMER

We shall exceed customer expectations and improve the overall impression of Wallenstam every year through attractive apartments and premises as well as good service.

READ MORE ON PAGE 6

EMPLOYEE

Through our strong corporate culture, we shall be an attractive employer and improve our Engagement Index score every year.

READ MORE ON PAGE 7

ENVIRONMENT

We shall reduce our environmental impact every year, through initiatives within the focus areas energy, transports and resources.

READ MORE ON PAGE 8

“We shall exceed customer expectations and improve the overall impression of Wallenstam every year through attractive apartments and premises as well as good service.”

Our customers are at the center of our business and it is important for us to be able to offer the right product and service to our residential and commercial tenants. Satisfied customers that are happy are loyal and rent longer with us, which among other things, contributes to lower relocations, less wear and tear and increased security. A satisfied customer is also a good ambassador for us as a company.

Through telephone calls, e-mail and personal contacts, we meet our customers every day, including through our customer service that receives reports of defects and viewpoints. We also meet our tenants at different customer events, for example occupation-related meetings. These meetings benefit the relationship between us and our customers and between the tenants, and knowing your neighbours contributes to increased satisfaction and security.

Good testimonials from our customers

During 2019, we conducted a CSI (Customer Satisfaction Index) survey where we asked our customers what they think about our service, our product and our image. The outcome showed that we obtained very high ratings in a number of areas. The availability and response from our customer service is top class, our capable partners obtained high ratings in relation to property maintenance in our properties and customers are satisfied with their apartments and their premises, for example with regard to design and standard. Our service index, which is a weighted rating for several areas within service and response, improved compared to the previous survey.

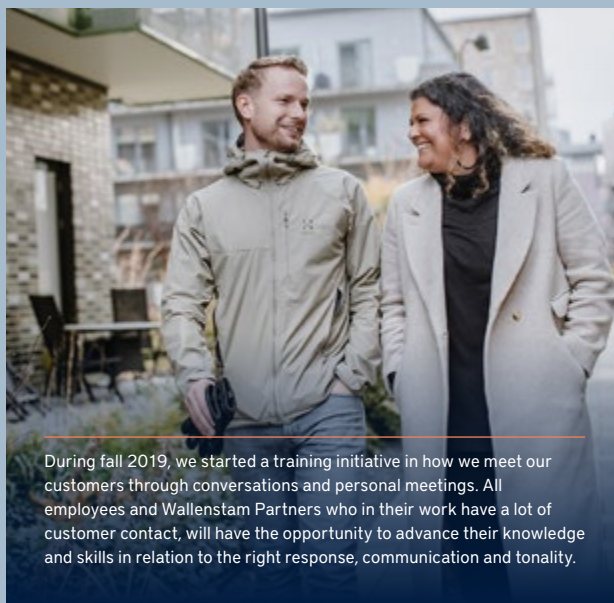
CSI provides focus areas

Based on the results, we have identified areas for improvement that we continued to work on during the year. This resulted in a number of action plans and procedural changes. This work occurs on a company-wide basis and is led by a process manager with the entire customer journey in focus, from letting and occupation, information and contact with us as a landlord to cancellation and removal. We are also looking specifically at the process around handling cases of reports of defects, so that our customers can obtain even quicker help with their cases.

The action plans relate for example to operation, such as ventilation and indoor climate, as well as cleaning and maintenance in our properties, but also targeted projects that aim to make it easier for customers to act in an environmentally-friendly way. This can, for example, involve sorting at source or recharging possibilities for electric bikes.

Increased follow-up

The work on improving our processes and implementing the action plans will continue over the next few years. We plan to increase the follow-up of our efforts and customers' experience of these through shorter, focused surveys of different areas of our operations. In this way, we can listen faster and adapt to our tenants' viewpoints. Every second year, we will conduct a major survey in the entire holdings.



During fall 2019, we started a training initiative in how we meet our customers through conversations and personal meetings. All employees and Wallenstam Partners who in their work have a lot of customer contact, will have the opportunity to advance their knowledge and skills in relation to the right response, communication and tonality.



We are meeting our customers' need to contact us via different channels. During 2019, we launched the Wallenstam App for our residential tenants, where tenants can communicate with us and their neighbors, book the laundry room and other common areas. We are continually improving the App and are gradually connecting more of our properties.

“Through our strong corporate culture, we shall be an attractive employer and improve our Engagement Index score every year.”

Knowledgeable and dedicated employees are one of our success factors as a company and the most important resource for our operations. Dedicated employees ensure more satisfied tenants and more efficient operations.

Managers have a key role in promoting employee commitment. During the year, a large part of the management training in the company focused on how a leader can work to increase the commitment among the employees and allow it to permeate the leadership.

The work with the guiding principle affects the entire company and is led by a process manager, who in 2019 focused primarily on:

Mapping how the measurements of our Engagement Index score shall be implemented

The Engagement Index not only includes how satisfied the employees are, but also shows to what extent the employees take responsibility for and feel involved in the company's mission – our goals, our business concept and our vision. We want to improve our Engagement Index score every year and have analysed how the follow-up should be made, how the measurements should be carried out and how often they should occur. During the coming year, we will start the measurements, as part of our employee surveys.

Involving all employees in our corporate culture and our values

The corporate culture is a large part of how the company is feeling and doing. Wallenstam is basically a family business and takes good care of its employees and ensures opportunities for development. Often a corporate culture is unspoken and difficult to define. We have therefore worked during the year to clarify and describe what Wallenstam's corporate culture implies and means for our employees. An enterprising attitude, stability, purposefulness, security, togetherness and equality are some of the qualities that our corporate culture is based on and that are connected to our core values, respect, commitment and progress.

To develop our entire process around employer branding

How we are perceived as a company by potential, current and previous employees is important for attracting and retaining dedicated employees. In this work, we want to improve and quality-assure all stages in the process in order to further strengthen Wallenstam as an attractive employer.



“We shall reduce our environmental impact every year, through initiatives within the focus areas energy, transports and resources.”

The property sector has a significant impact on the environment, climate and society, an impact that we take responsibility for as a major property owner and construction company.

Our efforts contribute both to a reduced environmental impact and lower operating costs. During the first year of the current business plan, we focused on mapping routines and processes for statistics and follow-

up and on defining new goals within the guiding principle Environment. We have formed an environmental group which is led by our Sustainability Manager with representatives from the entire organization. The aim of the group is to bring together experience from the operations, formulate goals, strategies and action plans that will be firmly established in the Management and implemented throughout the entire organization.

FOCUS AREAS

In order to delineate and concretize the work in the guiding principle Environment, we have selected three focus areas: **energy, resources** and **transports**. Each area implies different kinds of challenges, and for this reason we continued our work during the year on mapping how each area should be designed. Among other things, this meant that we have been in contact with suppliers to gather statistics and data, which will form the basis for the continued environmental work. Based on this supporting data, environmental goals will be defined. It is important that each environmental goal is commercial, realistic and ambitious.

- » Within the **energy** area, we are a leader today because we are self-sufficient in renewable energy from our wind turbines. We have also started to install solar cells in our properties. The challenge we are now facing is connected to the heating of our properties and how we should reduce our climate impact here.
- » The term **resources** is broad and we have currently been focusing on aspects such as waste, water and material. We divide waste into waste from our tenants, and waste connected to our new construction.
- » As a first step in the work in the **transports** area, we have focused on trips that the company's employees make.



Geothermal heating from 88 different 300-meter-deep holes

In our urban development project Umami Park in Sundbyberg, we are installing one of the Stockholm area's largest geothermal heating plants, which will supply all of the so-called Central block containing 37,000 sq m of commercial floor space with heating and cooling. The plant will be powered by our internally-produced electricity and will be commissioned in February, just before the first tenants move into the reconstructed and newly renovated premises.



Comments by the CEO

Our anniversary year is now at an end and I can confirm that it was a very good year. It was especially nice in November, the very month when the company was established 75 years ago, to be able to unveil our new logo and graphic identity. I am personally very proud of the designed logo, which has received many positive reactions. The new design – with the ant and name in a modern style – reflects both our history and future.

We generated an increase in net asset value of SEK 9 per share during the first calendar year in the new business plan, of the SEK 40 which is our goal for 2023. Income from property management increased by 10 percent to just over SEK 1.1 billion and the surplus ratio came in at 75.5 percent. These are really excellent numbers, which once again show how well the operations and our business model are working.

High demand generates higher property values

Demand for properties is pretty incredible right now and is a natural consequence of the fact that we are in a low interest rate environment where properties are regarded as a safe investment option. The strong demand for properties is affecting yield requirements and consequently also the valuation of our property holdings. The changes in value of our properties amounted to SEK 2.6 billion in 2019. It is extra satisfying to see that the changes in value from our efficient new production are making an increasing contribution to our value growth. My opinion and that of many others is that the low interest rates will persist for a long time to come.



Value-creating over time

Wallenstam's share is a long-term investment. The share has had a stable positive development for a long time without large fluctuations in the market price. We develop, build and manage with a high level of service and long-term sustainability – this is how we create value. Our continual value-creating work combined with our dividend help to ensure the share's stable development. The Board of Directors will propose an unchanged dividend of SEK 1.90 per share in view of the major investment program that we are in and have ahead of us. We always want to do what is best for our shareholders, and therefore it feels right to strike this balance, through a stable financial position in combination with our value-creating business concept.

Two Vice CEOs

In October, Marina Fritsche, Regional Director for Gothenburg, was also appointed as Vice CEO. Since 2007, Mathias Aronsson has been Vice CEO and Regional Director for Stockholm and Uppsala. The company has decided that each Regional Director shall also be a Vice CEO of Wallenstam, a title that strengthens the Regional Director position. Wallenstam thus has two Vice CEOs who lead the company's operations in two business areas.

Sustainability in all decisions

During the year, we formed our sustainability department, which brings together all of the sustainability work that has been carried out over many years in the company and which is driving our sustainability initiatives and strategy work. Wallenstam has already signed the UN's Global Compact, which means that we support and work on the basis of ten principles in the areas of human rights, labor, the precautionary approach, anti-corruption and taking of responsibility in relation to environmental issues. Sustain-

ability pervades all of our operations and all decisions, important ones as well as minor.

During the year, Jämtkraft took over our company Svensk NaturEnergi with electricity sales to end customers, a changeover that has worked well, and which feels extra nice in view of the fact that Jämtkraft also shares Wallenstam's values regarding sustainability. We have retained all our 66 wind turbines and are still self-sufficient in renewable energy, which has been the case since 2013. In the energy area, we have installed some individual solar panels as a pilot project in selected properties. During 2020, we will continue these efforts on a larger scale in several of our buildings.

It is also gratifying that the European Investment Bank, EIB, has entered as a new financier in our energy-efficient rental apartment productions. For us, this represents a confirmation that we are working in a sustainable way, since a precondition for the financing is that the projects meet the EIB's requirements for "nearly-zero-energy building". The aim of the financing is also to support the construction of rental apartments and thereby reduce the severe housing shortage in Sweden's largest cities.

New production rate

Our new production is progressing as planned and we are continually starting new projects. We currently have more than 3,000 apartments under construction. Of these, construction started of more than 1,200 apartments during 2019. Among other things, we finally started more than 400 apartments in our largest urban development project Kallebäck's Terrasser in Gothenburg. Here, we are also building a commercial property of 20,000 sq m, mostly office space.

Given the huge housing need that exists, it is important that those of us building rental apartments can maintain



158 apartments in Trollesunds Gårdar in Bandhagen, Stockholm, became ready for occupation around year-end 2019.

“Income from property management increased by 10 percent to just over SEK 1.1 billion and the surplus ratio came in at 75.5 percent. These are really excellent numbers, which once again show how well the operations and our business model are working.”

inner city. This gives us greater freedom of action and makes it easier for us to find creative and alternative solutions for each property.

Our letting organization continually works close to the market in order to find the right mix for a lively and attractive inner city. During 2020, we are welcoming for example Götaplatsgruppen to Magasinsgatan in Gothenburg. Reconstruction is currently in progress of the premises in Artilleristallarna and in September the doors will open to a new meeting place for Gothenburgers and visitors to the city.

the production rate and provide our regions with new homes, particularly as cooperative apartment production has now decreased. About 100,000 people have registered in our own queue for newly constructed apartments in Stockholm, Uppsala and Gothenburg.

We are keenly aware of how the market and demand are developing, and we are also testing other forms of housing. For example, we are now building co-living apartments, which will be introduced into our holdings during 2020. It will be exciting to follow the development of modern collective living – through Colive. I hope and believe that this can be a popular product in today’s society, like coworking has become, where we share workplaces.

Services, shops and restaurants important for office tenants

Of course we are also taking on challenges. One challenge currently facing many property companies is the fact that physical stores are being subjected to tough competition from e-commerce. In addition, we have the challenge of the ongoing work with the West Link project in Gothenburg, which will make access to the city more difficult for some time.

For us, this work means additional focus on finding different solutions for business activities in the ground floors of our properties so that we can create the right conditions for a lively streetscape. Offices account for the majority of our floor space in our commercial properties. For our office tenants, it is important that there are services, shops and restaurants that provide life and a pulse in the local area, while the businesses benefit from the customer potential of the commercial tenants. Therefore, we always take a holistic approach in a property and in an area, so that different activities can complement each other. It is a strength that our commercial properties are located in Gothenburg

Passing of our Chairman of the Board Christer Villard

In September, our Chairman of the Board, Christer Villard, passed away after a short period of illness, a huge loss. Christer, who was part of the Board for 25 years, of which 15 years as Chairman of the Board, was both a mentor for me and a fantastic friend. Over the years, he made an invaluable contribution to the company’s development and I am extremely grateful for all the knowledge, experience and commitment he provided. He is missed by many of us!

Thank you!

I would like to thank the Board and express a special thank you to Ulrica Jansson Messing, who quickly and very effectively took over the role of Chairman of the Board in connection with Christer Villard’s passing. I also want to thank all our fantastic employees whose dedicated work has enabled us to be so successful.

Approaching year two of the business plan, we have a very good starting position – a business and organization which is well-equipped and prepared for future challenges, a business model that generates confidence and scope for flexibility and a strong financial position that provides us with freedom of action and good opportunities to be proactive. I am looking forward with excitement and anticipation to an interesting 2020!

A handwritten signature in black ink, appearing to read 'Hans Wallenstam', with a long horizontal line extending from the end of the signature.

Hans Wallenstam, CEO

Ulrica Jansson Messing,
Chairman Wallenstam



Comments by the Chairman

There is strong demand for precisely what we are so good at: building new rental apartments. In addition, we are present in the regions that have the highest demand for more housing and the largest population growth. We have good opportunities to influence and contribute to a positive societal development in several ways. One of Wallenstam's strengths is that we have a holistic business, incorporating both residential properties and commercial premises – our commercial premises also have a good mix of different types of premises where the majority consist of centrally located office space.

During 2017, Sweden passed ten million inhabitants and already in eight years' time, the population is expected to reach eleven million. The population is increasing and with it the need for new housing, especially in our large cities, where even today there is a pent-up need for much more housing. In 2018, 243 of Sweden's 290 municipalities stated that they faced a housing shortage. Even though housing construction increased for a period in our metropolitan areas, it was not sufficient to meet the need and unfortunately construction fell by almost 20 percent overall during the third quarter of 2019.

Therefore it is important for us to follow the political debate concerning our field of activity. There is a great responsibility on public policy to facilitate construction in different ways so that, for example, planning work can become faster and more efficient.

There are also many discussions underway about how we can ensure, and develop, attractive and lively city centers. We know that retail is undergoing a major structural change with competition from e-commerce and altered purchasing patterns. The challenges exist both in larger cities and in smaller towns and most of us take pride in having an economically-viable center. Therefore it is important that we at Wallenstam do what we can, in the places we operate, to provide the right conditions for mixed-use environments where it will be attractive to live, work and not least to visit.

Ambitious investment program

We have now completed a fantastic 2019 where Wallenstam has really showed how well we are pursuing our mission. We are involved in creating change and building homes, workplaces, city districts and we are contributing to the development and growth of cities and society. The investment program we have ahead of us is substantial and ambitious. In view of this, the Board will propose a maintained dividend this year of SEK 1.90 per share so that a larger portion of the profits can be used for the company's planned investments. Thanks to our strong financial position, we have a good basis to meet our ambitious plans going forward and we can also take advantage of any opportunities that open up along the way.

Strong commitment in the Board

In September, I had to quickly take over the Chairman position of the Board when Christer Villard passed away. It is very unusual to take over a chairmanship in this way. I will always remember Christer for his commitment and his presence. He was a warm, energetic, funny and bright person and I think that all the shareholders who met him at general meetings also sensed this. For all of us on the Board, it feels very good that the business plan we have now embarked on is the plan that Christer was involved in and decided on.

We are an experienced Board, which has worked together for many years and we are all pleased and proud of our mission and the confidence placed in us. It is efficient to be such a small Board and it is natural for everyone to step forward and participate actively. The commitment and curiosity that we all feel is evident at our meetings but also outside the board room when we meet in different contexts.

Strong and confident position

During the year, the Board had many opportunities to meet the Group Management and I feel very confident about the competencies and experience that exist in Wallenstam's Management. It is a great team, which has every opportunity to continue moving forward to achieve the company's goals.

The goal in the current business plan, which we have now been working towards for a year, means that we have tightened the bow and challenged ourselves even more. With the excellent results we achieved in 2019 and with all the experience and the strong position that Wallenstam has, we are also confident about what we have ahead of us.



Ulrica Jansson Messing, Chairman

Board of Directors



BOARD MEMBER

Anders Berntsson

Born 1954, Bachelor of Laws.

Board member since 1997 (Deputy 1981–1996).

Previous experience from positions at Handelsbanken AB and as Vice CEO of Wallenstam AB 1979–2006 and a number of other board and consultancy assignments related to the property and construction industries.

Other assignments, inter alia, Chairman of POR MI CUENTA GROUP AB. Board member of DADBRO Properties AB, DADBRO Engineering AB and Produktionsbolaget HolgerHund AB.

Shareholding in Wallenstam:

19,300,000 B shares*

* Including family members.
The information refers to the year-end status.

CHAIRMAN

Ulrica Jansson Messing

Born 1968, upper secondary qualification in social science.

Board member since 2008.

Previous experience as a member of parliament and cabinet minister at the Ministries of Employment, Culture and Enterprise, and from positions at Hassela care homes.

Other assignments, inter alia, Chairman of Astrid Lindgrens Värld AB, ALMI Invest Småland & Öarna, SOS Alarm and Kosta Boda Art Hotel. Board member of Länsförsäkringar Fondförvaltning AB and Postnord.

Shareholding in Wallenstam: 301,474 B shares*



BOARD MEMBER

Agneta Wallenstam

Born 1952, educated in theology, ethnology, archaeology and social anthropology. Master of Cultural Anthropology. Ordained as a pastor in 1987. Board member since 2010.

Previous experience working as a pastor and parish director for a number of parishes since 1987.

Other assignments, inter alia, Pastor in Equemenia Church and Board member at the Refugee Mission in Gothenburg, Bethlehem Church and Ulla och Lennart Wallenstam stiftelsen. Runs Kolboryd estate since 2003.

Shareholding in Wallenstam:

18,204,000 B shares

BOARD MEMBER

Karin Mattsson

Born 1972, Master of Science in sociology (human resources specialist). Board member since 2016.

Previous experience including as chairman of the Swedish Sports Confederation and deputy membership manager of the Federation of Swedish Farmers.

Other assignments, inter alia, Chairman of Frösö Hästgård AB, Frösö Hästgård Fastighetsförvaltning AB, Svenska Skidförbundet, WCR 2019 Jämtland/Härjedalen AB, Flyinge AB, Ridskolan Ströms-holm AB, Länsförsäkringar Jämtland and Prins Carl Phillips och Prinsessan Sofias Stiftelse. Board member of Frösö Park Property AB, Skogsägarna Mellanskog Ekonomisk Förening, Astrid Lindgrens Värld AB, Svenska Hockeyligan AB and Agria Djurförsäkring AB.

Shareholding in Wallenstam: 1,500 B shares

Group Management

COMMUNICATIONS DIRECTOR
Elisabeth Vansvik

Born 1970, employed since 2002

Education: M.A., Media and Communications Science

Previous executive positions at

Wallenstam: Head of Communications, Communications and HR Director .

External assignments: Board member of Barn i Nöd.

Shareholding in Wallenstam: 13,000 B shares and 50,000 synthetic options

**VICE CEO WALLENSTAM AB,
REGIONAL DIRECTOR STOCKHOLM
AND UPPSALA BUSINESS AREA**
Mathias Aronsson

Born 1972, employed since 1996

Previous executive positions at

Wallenstam: CEO Wallenstam Stockholm AB, Regional Director Stockholm Wallenstam Bostad AB, CEO Wallenstam Bostad AB.

External assignments: Board member of Nordisk Byggdag.

Shareholding in Wallenstam: 271,000 B shares and 50,000 synthetic options

CEO, WALLENSTAM AB
Hans Wallenstam

Born 1961, employed since 1986

Education: Bachelor of Science (Economics)

Previous executive positions at

Wallenstam: Finance Director, CEO Wallenstam i Göteborg AB

External assignments: Board member of Ulla och Lennart Wallenstam stiftelsen.

Shareholding in Wallenstam: 34,500,000 A shares, 48,902,000 B shares** and 50 000 synthetic options

AUDITOR

Harald Jagner, Born 1971, Authorized Public Accountant, Deloitte AB. Appointed as chief auditor in 2019.

Other assignments: inter alia, Serneke, NetOnNet, Voestalpine Precision Strip, Jeppesen Systems, JCE Group and Ernst Rosén.

A black and white photograph of three people standing in front of a large, ornate building at night. The building has many windows and a flag on top. The person on the left is a woman with long dark hair, wearing a dark dress and holding a patterned umbrella. The person in the middle is a man with short hair, wearing a dark jacket and a striped scarf. The person on the right is a woman with long blonde hair, wearing a dark blazer. The building behind them has the name 'Wallenstam' visible on its facade.

**CFO AND HEAD OF
INVESTOR RELATIONS**

Susann Linde

Born 1979, employed since 2001

Education: Bachelor of Science
(Economics)

**Previous executive positions at
Wallenstam:** Group Controller.

Shareholding in Wallenstam: 132,000
B shares* and 50,000 synthetic options

TECHNICAL DIRECTOR

Patrik Persson

Born 1974, employed since 2004

**Previous executive positions at
Wallenstam:** Operations Manager,
Technical Manager.

Shareholding in Wallenstam: 50,000
synthetic options

**VICE CEO WALLENSTAM AB,
REGIONAL DIRECTOR
GOTHENBURG BUSINESS AREA**

Marina Fritsche

Born 1967, employed since 2005 and 2010

Education: Master of Science, Civil
Engineering

**Previous executive positions at
Wallenstam:** Technical manager Företag
Göteborg, Business area manager Bostad
Region Göteborg.

External assignments: Board member of
Göteborg Citysamverkan ideell förening, of
Avenyföreningen, of Fastighetsägarna
Göteborg första regionen and of
Göteborgskretsen, and Itsumo AB.

Shareholding in Wallenstam: 37,500
B shares** and 50,000 synthetic options.

* Including family members.

** Including shares held via companies and family members.
The above information refers to the year-end status.

The Wallenstam share

We create our own value growth primarily through efficient new construction projects and profitable management, which provides the opportunity for a good overall return for our shareholders. In addition, there is a future value in our project portfolio with further planned constructions. Our strong financial position with a low loan-to-value ratio and high equity/assets ratio combined with a high proportion of residential properties contributes to the low risk profile of the share.

Wallenstam's B share has been listed since 1984 and is on the Large Cap segment of Nasdaq Stockholm. On closing day, the company had 14,619 shareholders (13,024).

Shares and share capital

Wallenstam's share capital amounted to SEK 165 million distributed among 34,500,000 A shares (ten votes per share) and 295,500,000 B shares (one vote per share). The total number of repurchased B shares on closing day amounted to 7,000,000. The number of outstanding shares, i.e. the number of registered shares less the number of repurchased shares amounted to 323,000,000 (323,000,000) as of December 31, 2019.

Trading and turnover

The highest price paid during the year on Nasdaq Stockholm was SEK 116.20 and the lowest was SEK 81.00. At year-end, the share price was SEK 113.20 (82.20), which amounts to an increase of 37.7 percent during 2019. This may be compared to the OMX Stockholm Real Estate PI index, which increased by 59.2 percent and the OMX Stockholm PI index, which increased by 29.6 percent during the same period.

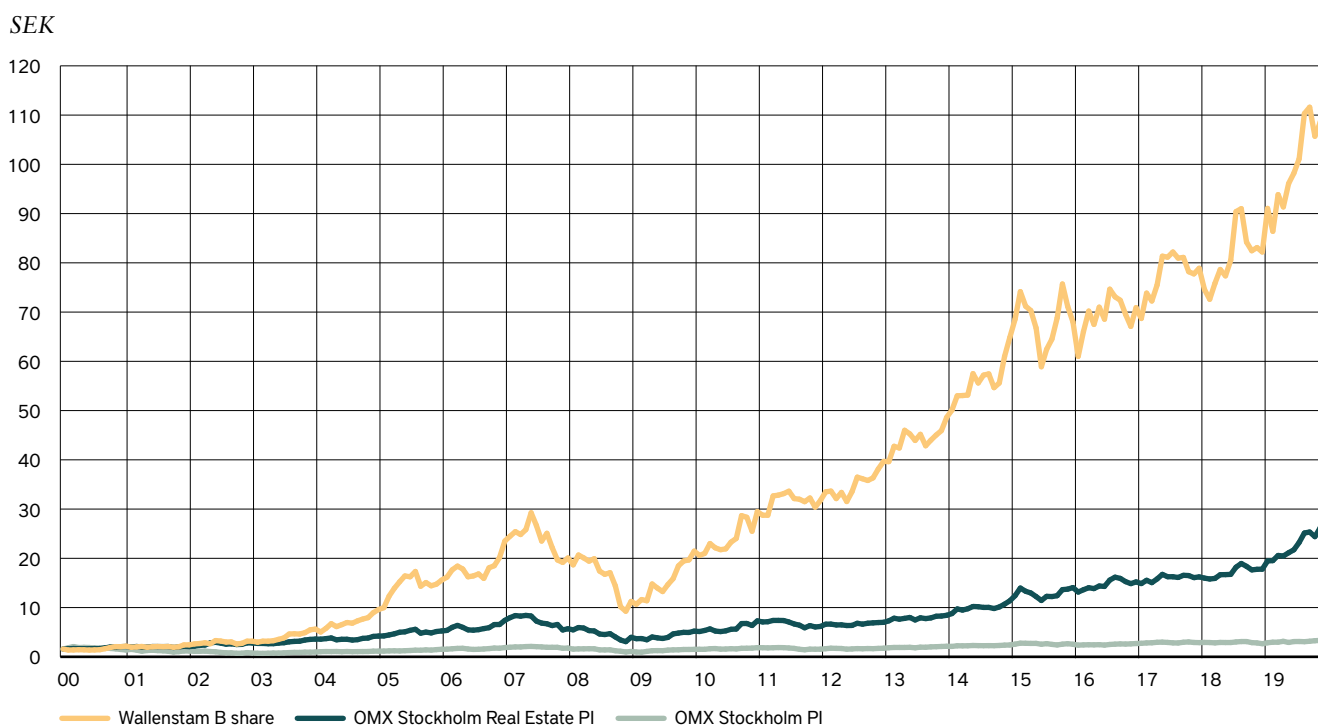
SHARE DATA

	2019	2018
Market capitalization, SEK million	37,356	27,126
Profit after tax per share, SEK	8.5	9.3
Equity per share, SEK	74	67
Net asset value per share, SEK	91.30	82.30
Share price, SEK	113.20	82.20
Dividend, SEK	1.90*	1.90
Yield, %	1.7	2.3
Total yield, %	40.0	6.5
Turnover on Nasdaq, number of Wallenstam shares, millions	53.6	75.6
Turnover per trading day on average, number of Wallenstam shares	214,400	302,300
Turnover on Nasdaq Wallenstam shares value, SEK million	5,389	5,995
Turnover per trading day on average, Wallenstam shares value, SEK million	21.6	24.0

* Proposed dividend for the 2019 financial year.

The share had a standard deviation of 8.3 in 2019. The beta value is 0.54 in relation to the OMXC All PI index. In addition to Nasdaq Stockholm, where around 64 percent of the share turnover took place in 2019, 36 percent of the shares were traded on other exchanges such as Chi-X Europe, Bats Chi-X and Bats Trading Europe.

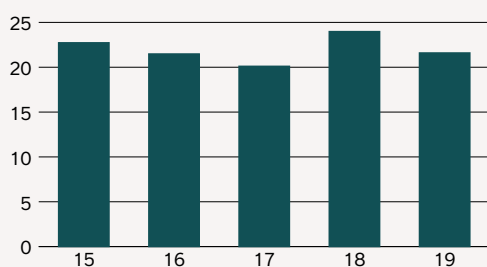
SHARE PRICE TREND 2000-2019





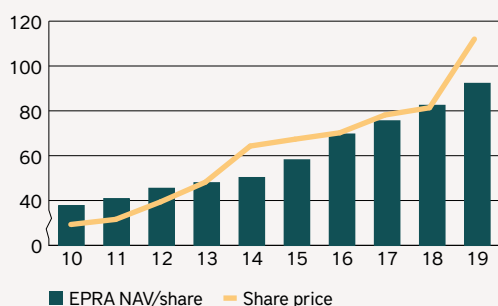
AVERAGE SHARE LIQUIDITY PER DAY, NASDAQ

SEK million



SHARE PRICE AND EPRA NAV/SHARE

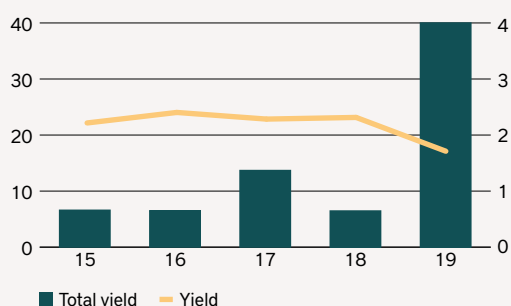
SEK



DIVIDEND YIELD

Total yield, %

Yield, %



Wallenstam's development of the Avenyn area continued during 2019.

Repurchase

In accordance with the AGM resolution, Wallenstam is able to acquire up to 10 percent of the outstanding B shares. No shares were repurchased during 2019. During the current business plan, Wallenstam will not repurchase shares to the same extent as before, as the company's capital will instead be used for operational investments. On closing day, the company held a total of 7,000,000 treasury shares, repurchased at an average price of SEK 76.16 per share.

Dividend to shareholders

According to Wallenstam's dividend policy, reported profits in the first place should be reinvested in the operations for continued development of the Group's core business and thereby create increased net asset value growth in the company. The ambition is also for the operations to provide a stable level of dividends over time. However, the amount available for distribution must not exceed profit before changes in value and impairment charges less participations in the profits of associated companies and after standard tax. When determining the size of the dividend, consideration should be given to the Group's investment

The continual value-creating work combined with the dividend helps to ensure the share's stable trend.

In Godhems Backe, Wallenstam is building 138 apartments which will be ready for occupation during 2020.



requirements, need to strengthen its balance sheet and its position in general, and the ability of the Group to develop further in the future while maintaining its financial strength and freedom of action.

Based on Wallenstam's future investment plans, the Board proposes to reinvest a larger part of the profits in the business. The continual value-creating work combined with the dividend helps to ensure the share's stable trend. For the 2019 financial year, the Board of Directors therefore proposes a maintained dividend of SEK 1.90 per share (1.90), spread over two payment dates of SEK 0.95 each per share. Profit before changes in value and impairment charges less participations in the profits of associated companies and after standard tax, was estimated at SEK 923 million for 2019. The proposed dividend is expected to amount to SEK 614 million.

Net asset value

Net asset value on closing day amounted to SEK 29,501

million (26,574). Net asset value describes the Group's total created value and includes equity and deferred tax liability. Our goal is to achieve an increase in net asset value of SEK 40 per share during the current business plan, also see page 4.

Information to the market

Information about the company is available at www.wallenstam.se. We also publish all of our press releases and financial reports on our website. Financial information is mainly provided in interim reports, year-end reports and annual reports. We also arrange regular conference calls and meetings with analysts, investors and shareholder representatives.

The website provides access to presentations and films from the AGM and annual accounts, and a subscription function allows readers to select how they would like to receive information. We send the annual report to shareholders who so request.

SHAREHOLDINGS, DECEMBER 31, 2019

Owner	A shares	B shares	Equity, %	Votes, %
Hans Wallenstam and family, and company	34,500,000	48,902,000	25.27	62.18
AMF – Insurance and funds		32,710,000	9.91	5.16
Anna-Carin B Wallenstam and Anders Berntsson		19,300,000	5.85	3.05
Agneta Wallenstam		18,204,000	5.52	2.87
Henric and Ulrika Wiman		12,037,752	3.65	1.90
Bengt Norman		8,007,500	2.43	1.26
Monica and Jonas Brandström		7,413,326	2.25	1.17
Vanguard		5,990,458	1.82	0.95
David Wallenstam		5,640,000	1.71	0.89
Elin Wallenstam Sjögren		4,327,240	1.31	0.68
Other Owners		125,967,724	38.17	19.89
Total numbers of shares	34,500,000	288,500,000		
Repurchased shares*		7,000,000	2.11	
Registered shares	34,500,000	295,500,000		
Total registered shares		330,000,000	100.00	100.00
Total outstanding shares		323,000,000		

The proportion of institutional ownership amounted to around 16 percent of equity and around 8 percent of the votes. Foreign ownership amounted to around 10 percent of equity and around 5 percent of the votes.

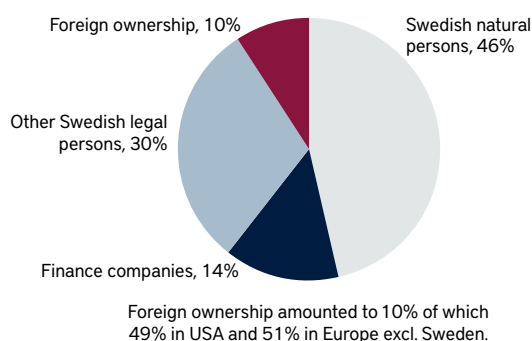
* Repurchased own shares lack voting rights. They receive no dividends either.

Source: Modular Finance, Monitor

SHARE CAPITAL DEVELOPMENT

Year	Issue	Change in share capital, SEK	Share capital, SEK	Number of shares	Nominal value, SEK
1960	Original capital		200,000	200	1,000
1984	Bonus issue 9:1	1,800,000	2,000,000	2,000	1,000
1984	Split 1,000:1		2,000,000	2,000,000	1
1984	New share issue 1:2 to SEK 32	1,000,000	3,000,000	3,000,000	1
1986	Bonus issue nom. SEK 1 to 10	27,000,000	30,000,000	3,000,000	10
1986	New share issue 1:3 to SEK 75	10,000,000	40,000,000	4,000,000	10
1987	Bonus issue 1:1	40,000,000	80,000,000	8,000,000	10
1995	New share issue in kind to SEK 43	109,302,320	189,302,320	18,930,232	10
2000	Redemption of shares	-9,396,690	179,905,630	17,990,563	10
2001	Reduction	-7,376,200	172,529,430	17,252,943	10
2002	Reduction	-11,363,000	161,166,430	16,116,643	10
2003	Reduction	-13,115,000	148,051,430	14,805,143	10
2004	Reduction	-10,051,430	138,000,000	13,800,000	10
2005	Split 5:1		138,000,000	69,000,000	2
2005	Reduction	-7,000,000	131,000,000	65,500,000	2
2006	Reduction	-3,000,000	128,000,000	64,000,000	2
2007	Reduction	-4,000,000	124,000,000	62,000,000	2
2008	Reduction	-6,000,000	118,000,000	59,000,000	2
2011	Split 3:1		118,000,000	177,000,000	0.67
2011	Reduction	-3,333,333	114,666,667	172,000,000	0.67
2012	Bonus issue	57,333,333	172,000,000	172,000,000	1
2013	Reduction	-2,000,000	170,000,000	170,000,000	1
2015	Split 2:1		170,000,000	340,000,000	0.50
2017	Reduction	-5,000,000	165,000,000	330,000,000	0.50

HOLDING BY OWNER CATEGORY



DISTRIBUTION OF SHARES, DECEMBER 31, 2019

	No. of share-holders	Share-holders, %	No. of shares	Shares, %
1–500	9,571	65.5	1,086,550	0.3
501–1,000	1,410	9.7	1,121,864	0.3
1,001–5,000	1,945	13.3	4,801,194	1.5
5,001–10,000	663	4.5	4,774,698	1.5
10,001–15,000	281	1.9	3,566,369	1.1
15,001–20,000	150	1.0	2,669,652	0.8
20,001–	599	4.1	311,979,673	94.5
Total	14,619	100.0	330,000,000	100.0

Source: Modular Finance, Monitor

Investing in Wallenstam

Wallenstam is a company with a long-term focus, where we deliver over time regardless of the economic situation. We are following our business plan, something that helps our shareholders, financiers, employees and others in our external environment to know what we want to do as a company and where we are going. This creates transparency, predictability and confidence for our stakeholders, and contributes to a less volatile share.

Stable return at a low risk

Wallenstam's property holdings are distributed, in terms of floor space, among 56 percent residential properties, 39 percent commercial properties and 5 percent public use properties. The company stands for long-term value creation and has a flexible business model, for example regarding the form of tenure in new construction projects. The financial position is strong, with a high equity/assets ratio and low loan-to-value ratio. Historically, the share has displayed a good performance delivering a stable return. The dividend has been at a maintained or higher level since 1992.

Create growth through cost-efficient new construction and efficient management

We plan future investments in new construction of about SEK 3 billion per year, and we show average value growth, thanks to our new construction, in completed rental apartment projects of 30–40 percent per invested krona. Combined with efficient management and successful letting operations this contributes to value creation, through our own work, benefiting both the company and shareholders. The project portfolio with new possible construction projects is continually replenished.

Offer the desired product in selected growth markets

We are building and managing rental apartments in attractive locations in Gothenburg, Stockholm and Uppsala. Our commercial holdings are concentrated in Gothenburg inner city. Our concentration strategy has delivered stable value growth and high occupancy rates regardless of the market climate.

Responsible enterprise

From our long experience of property management, construction and of the conditions and requirements of commercial and private tenants, we have good know-how about urban development to ensure a vibrant city. Combined with innovation as well as climate and environmental investments, which also reduce operating expenses, and social engagement in the places we operate in, we are working to contribute to a better society.



Parameters that affect the development of the company in the short and long term

Attractive properties and good management result in satisfied tenants, stable occupancy rates and rental income and good business opportunities for the company.

Access to land in the right locations is essential for enabling the construction of new homes and requires strategic and practical work every day.

Secure financing is important because access to capital is a vital resource for the operations, and is crucial if we are to develop and expand to the desired extent.

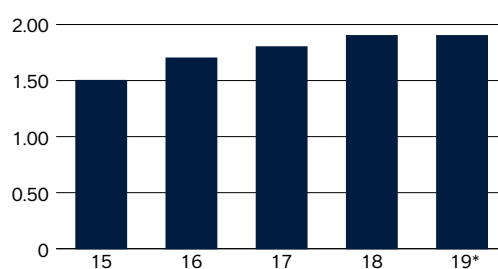
Good corporate culture and skills development in order to attract and engage the right employees are important factors for continued successful development.

The market situation and market conditions, which change over time, affect property values. Properties in attractive locations where demand is high generate good returns and excellent value growth over time.



DIVIDEND

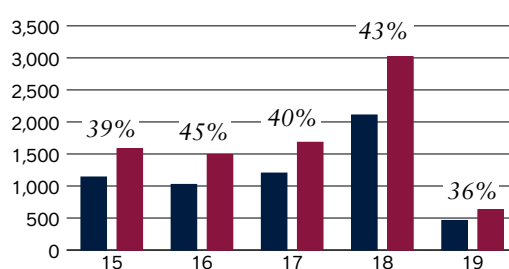
SEK/share



* Proposed dividend

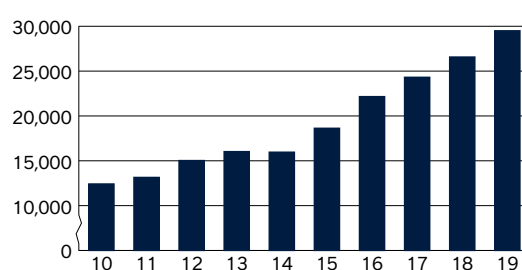
VALUE GROWTH ON COMPLETION OF NEWLY CONSTRUCTED INVESTMENT PROPERTIES

SEK million



CONSOLIDATED NET ASSET VALUE

SEK million



Financial strategy

Access to capital is a basic requirement for building, developing and owning quality properties. Financing expenses, borrowing and cash management combined with financial risk management are central issues.

Finance policy

Our finance policy aims to limit the company's financial risks, which consist chiefly of liquidity, refinancing and interest rate risks. It is approved by the Board of Directors and reviewed annually. The company's short- and long-term supply of capital should be secured by adapting the financial strategy to the company's operations.

Optimal capital structure

The value of the Group's assets on December 31, 2019 amounted to SEK 54,689 million (48,262) financed partly by equity of SEK 23,794 million (21,611), and partly by liabilities of SEK 30,895 million (26,651), of which SEK 24,302 million (21,244) are interest-bearing. We strive to achieve a balance between an acceptable level of risk and a good return on equity. Wallenstam's equity/assets ratio may not fall below 30 percent. At year-end, the equity/assets ratio was 44 percent (45).

Available liquidity

Available liquid assets, including available bank overdraft facilities and excluding blocked bank balances with Nasdaq Commodities of SEK 1 million (3), amounted to SEK 928 million (761). Approved overdraft facilities amounted to SEK 800 million (800). None of these were used on closing day (119). At the end of the year, the EIB (European Investment Bank) approved a credit facility of SEK 2,500 million for new construction of energy-efficient rental apartments. The Group's approved credit facilities totaled SEK 6,500 million (4,000). For the SEK 2,500 million facility approved by the EIB, a drawdown notice of ten banking days is required. The other SEK 4,000 million was available for use on closing day.

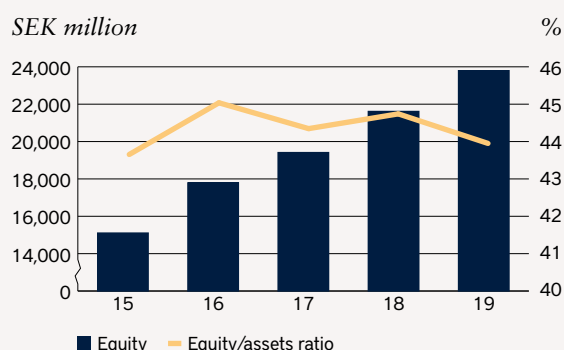
On December 31, 2019, available liquid assets totaled SEK 4,928 million (4,761), of which SEK 3,993 million (3,503) represents a credit commitment for issued outstanding commercial paper. Accordingly, SEK 935 million (1,258) was available for use on closing day.



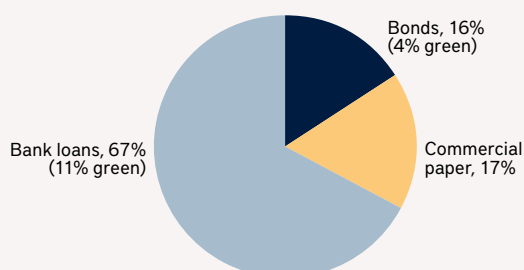
FIXED TERMS, AVERAGE INTEREST RATES, DEC 31, 2019

Interest maturity structure	Amount, SEK million	Average interest rate, %	Proportion, %
0-1 year	14,181	1.35	59.4
1-2 years	-	-	-
2-3 years	-	-	-
3-4 years	-	-	-
4-5 years	1,000	0.64	4.2
5-6 years	1,500	0.86	6.3
6-7 years	1,500	1.00	6.3
7-8 years	1,500	1.16	6.3
8-9 years	1,500	1.18	6.3
> 9 years	2,700	1.09	11.3
Total	23,881	1.22	100.0

EQUITY/ASSETS RATIO AND EQUITY



FINANCING



Interest-bearing liabilities with financial institutions totaled SEK 23,881 million (21,244). The loan-to-value ratio is 45 percent (45).

Interest-bearing liabilities

Interest-bearing liabilities mainly consist of conventional bank loans combined with interest rate derivatives, commercial paper and bond loans. Interest-bearing liabilities with financial institutions totaled SEK 23,881 million (21,244). Of these liabilities, SEK 1.8 billion (0.7) consists of green loans and SEK 1.0 billion of green bonds. All the bond loans of SEK 3,950 million (2,950) are contained within the framework of our MTN program (Medium Term Notes), which has a total framework amount of SEK 5 billion. The bond loans are listed on Nasdaq Stockholm.

Financing of the loan portfolio is mainly secured by mortgage deeds for properties. The bond loans are unsecured. The commercial paper program, with a limit of SEK 4 billion, has underlying credit commitments. Covenants are issued for this, see page 106.

We continually review the various forms of capital borrowing in order to adapt the structure in the best way for the company in the short and long term.

Green framework

Green bonds totaling SEK 1.0 billion were issued during 2019, and are listed on Nasdaq Stockholm's sustainable bond market. They are subject to the same terms and conditions as the other bonds with the addition that the issue proceeds can only be allocated to projects and assets that qualify according to Wallenstam's green framework. The green framework was launched in May 2019 and in



the review carried out by the independent research institute Cicero (Center for International Climate Research), it obtained the highest rating Dark Green for the framework and the rating Excellent for governance and reporting.

Fixed interest terms and capital tied up

One of the largest individual expense items is interest expenses, which is mainly affected by changes in market interest rates and changing conditions in the credit market. We aim for a distribution among different lenders and different fixed terms. The term during which capital will be tied up is assessed according to pricing and refinancing risk.

The proportion of our interest-bearing liabilities with capital tied up for long terms (more than 12 months) is 16 percent (40) and the proportion with long fixed interest terms is 41 percent (41). At year-end, the average remaining fixed interest term was 38 months (39). The average interest rate during the year was 1.20 percent (1.35) and the average interest rate on closing day was 1.22 percent (1.06).

Interest rate derivatives

Interest rate derivatives are a flexible and cost-efficient way of extending loans with short fixed interest terms. From a cash flow perspective, the outcome over time is essentially the same as raising a loan with fixed interest.

Interest rate derivatives shall be marked to market. If the agreed price deviates from the market interest rate, a theoretical surplus or deficit value will arise in profit or loss. Unrealized changes in value of interest rate derivatives do not affect cash flow and when a derivative contract matures, its market value is dissolved in its entirety and the change in value over time does not affect equity.

The total volume of outstanding interest rate derivatives, where Wallenstam pays fixed interest, amounts to SEK 9.7 billion (8.0). During the year, the development in the value of derivatives was negative, and the market value of the interest rate derivative portfolio amounted to SEK -350 million (-82) at year-end. In the previous year, 2018, the interest rate derivatives were affected by a restructuring of the interest rate derivative portfolio, which we carried out in order to adapt the Group to new tax legislation.

Currency policy

The currency policy aims to minimize currency risk, for example through hedging of currency flows. Our exposure to currency risk is limited, and mainly arises when we purchase frames for our new construction projects. In some cases, we hedge the currency ourselves, and in some cases the hedging is carried out by the contractor hired for the project.



In Stallbacken in Mölndal, we completed our fifth and final project during 2019. We have built a total of 600 apartments in the new, popular city district.



Solar cells provide more renewable energy

In order to test and evaluate how we can use solar power, we have installed solar panels in a few of our residential properties in Stockholm and Gothenburg. Solar power is mainly produced during the May–August period, and is used by the tenants in each building. During the coming year, we will review our entire property holdings and continually install solar panels in the properties that have the right technical and economic conditions.

Responsible enterprise

Wallenstam wants to contribute to a better society, today and for future generations. This is our driving force and what makes us proud of our business. For us, sustainability is about pursuing responsible enterprise. We achieve this by taking responsibility for the impact we have on society and by creating solutions that contribute to a long-term positive development. Wallenstam supports the UN's Global Compact initiative and this section constitutes our Communication on Progress (COP report).

When Agenda 2030 was adopted, the world's countries came together to limit global warming to well under 2 degrees. During 2019, reports continue to show that we must act collectively, and rapidly reduce emissions in order to achieve the targets.

Agenda 2030 contains ambitious goals in relation to equality, poverty, peace and justice. Wallenstam is continuing to focus on our five prioritized goals, all aimed at promoting a sustainable development.

We believe that integrated sustainability work and strong social engagement go hand in hand with long-term profitability. This delivers good control, minimizes business and

operational risks, improves efficiency, generates new solutions and business and ensures more engaged employees, more secure investors and more satisfied customers. For this reason, sustainability is a core part of our business.

For us, sustainable enterprise is also about continuous improvements, setting goals and developing our operations, where our sustainability efforts play a part. Refining and streamlining our processes in order to further improve our working methods.

Organization, governance and reporting

During 2019, the work continued on developing and driving Wallenstam's sustainability work in accordance with

"Nudges" for better sorting at source

By creating so-called "nudges", an encouraging push, we will make it easier for tenants to sort their refuse correctly. The project, which was carried out in a property in Barkarby, started during 2019 in collaboration with Beteendelabbet. In the first phase, we had to map the needs. During next year, we will continue the project, where we will introduce, test and then evaluate the initiative.



the company's sustainability policy, with Karin Mizgalski as Sustainability Manager. The CEO is ultimately responsible for the work with the material topics and risks that are prioritized in Wallenstam's sustainability work. The practical and day-to-day sustainability work is conducted in all parts of the operations and all employees have a responsibility to implement and drive the sustainability efforts in their respective departments. Outcomes are followed up and regularly reported to Group Management and the Board.

Wallenstam has reported its sustainability work every year since 2006 and reports according to Global Reporting

Initiative (GRI) since 2010. We also reported on our emissions of greenhouse gases and other climate-related data during the year to the CDP (Carbon Disclosure Project).

Stakeholder dialogue

During fall 2018, we conducted a stakeholder analysis, which formed the basis for the work with our business plan 2019–2023. Through our stakeholder dialogues, we obtain a relevant view about external requirements and wishes. The result of the stakeholder analysis is the basis for the work performed in the guiding principle Environment, which is described on page 8.

MATERIAL SUSTAINABILITY AREAS BASED ON STAKEHOLDER DIALOGUE



Agenda 2030

Wallenstam has prioritized five global sustainable development goals (SDGs) in the UN's Agenda 2030. Within these goals, we work in various ways with a number of different sub-areas in order to help reach the goals.



Gender equality

Gender equality and diversity

For us gender equality and diversity are important principles. Employers should work together with employees to achieve gender equality and diversity. Gender equality and diversity issues must be integrated throughout the organization and its working methods. During recruitments and in our internal processes, for example in relation to development initiatives and setting of salaries, we work to ensure that men and women have the same conditions and we shall work together to ensure a progressive organization where discrimination on all grounds is prevented. Nevertheless, we need to maintain an ongoing dialogue about what gender equality, respect and diversity mean in our company. Our Code of Conduct is clear that discrimination must not occur. Read more on page 40.



Affordable and clean energy

Renewable energy

Our largest carbon footprint for heating of properties comes from district heating. To the extent that the heating is based on waste heat or is produced with renewable raw materials, district heating can be a good environmental alternative. We are self-sufficient in renewable energy through our own wind turbines, and aim to be able to replace district heating with our own internally-produced wind power in more and more of our properties.

We are also investigating and evaluating other technical solutions for sustainable energy production, such as solar

energy and energy storage. During 2019, solar cells were installed in some properties to test and evaluate how the technology can be used in a larger part of our holdings.

Since May 2019, our wind turbines are financed through green bonds, which were issued within our newly established framework. The framework obtained the highest rating Dark Green.



Decent work and economic growth

Long-term sustainable financial position

We create the right conditions for a long-term sustainable financial position in harmony with the environment and social development. Long-term profitability is one of the basic requirements for us as a company and our owners want to see a return on the capital they have invested in the business. Through efficient organization, cost-efficiency in the entire operations and focus on locations with growth and strong demand, we can ensure long-term economic stability. This also means that we should be profitable – profits that we can reinvest in the business.

Wallenstam is flexible in a volatile housing market in a way that provides assurance for our stakeholders. We mainly build rental apartments for our own management, and provide badly needed housing. During the business plan, we will work for even more efficient processes in our management, letting, new construction and other activities. Through profitable property development, we create value for our customers, society in general and also for the company's employees and owners. Long-term plans and investments over time also create secure jobs in production and management. Read more about how we work with our customers and employees in focus, on page 6, and page 7, respectively.



Reuse of construction material

During the year, the frames started to be erected in Kallebäcks Terrasser. In connection with backfilling of basements, we have chosen to reuse crushed concrete from the demolished buildings instead of purchasing and transporting in new concrete. By reusing the concrete, we have saved 6,700 transports by truck.

Wallenstam's supply chain

In our business, we utilize the services of more than 3,000 suppliers, including our Wallenstam Partners that perform property upkeep and maintenance, and building contractors who are involved in our new construction operations. We buy goods and services from suppliers including energy, IT, and telecommunications companies, and borrow capital from banks. In addition, we use the services of consultants such as technical consultants and architects, and others. Often suppliers in turn use the services of subcontractors. Our suppliers are usually domiciled in Sweden, but for instance, sourcing of construction material etc. also occurs in other European countries and in the rest of the world.

We aim for close and long-term collaboration, which means that we can develop together with our partners. As a client, we have both a responsibility and an opportunity to demand good operational standards in the entire production chain. During procurement of contractors and purchasing of services, the responsibilities of our partners are stipulated in agreements in relation to business ethics, the environment, working conditions, safety etc.



Sustainable cities and communities

Urban development of safe areas

We aim to create safe and welcoming areas and properties that people want to live in, work in and visit. Both the physical environment and relationships with neighbors and visitors in the area, influence tenants' perceptions of security. In the work to increase security, we are making a number of efforts in the day-to-day management as well as selective measures. One example is our collaboration with Huskurage, an organization which works proactively through neighborhood cooperation to prevent violence in close relationships. During the fall, we distributed the book "Från oro till omtanke" to all of our just over 9,000 residential tenants, a book where Huskurage offers simple advice for ensuring more safe homes.



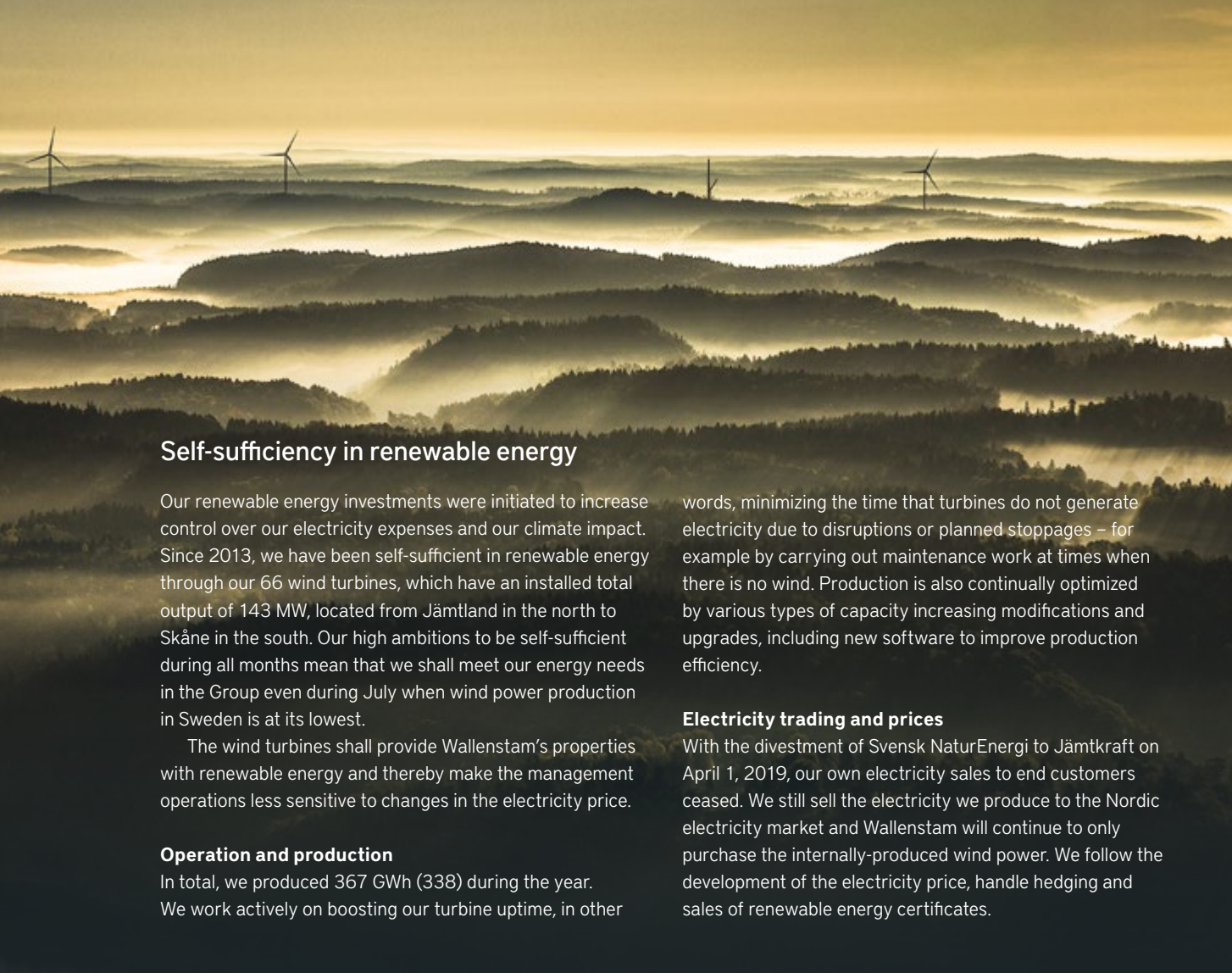
66

WIND TURBINES

from Jämtland in the north to Skåne in the south.
We have been self-sufficient in renewable energy since 2013.

Within the scope of our urban development projects, we want to create the conditions for safe communities already during the projecting and zoning plan work. We can achieve this by planning premises for various types of activities, such as offices, stores, geriatric and child care etc. We are developing our existing properties and carrying out activities in collaboration with our commercial tenants, the city and other organizations in society, with the aim of creating a vibrant inner city. Since 2019, we are letting two apartments in Umami Park as intergenerational housing, in order to meet the many different family structures in society today. The apartments will make it easy for different generations to live closely together but still separately through two different entrances to complete homes, which can serve as a large unit but at the same time be divided for individual living.

We actively participate in research and development within urban development, construction and management. Development efforts can relate to all from new technology in management operations to modern mobility solutions in new city districts. A large part of our development work occurs in collaboration with others. Supported by Wallenstam's Innovation Council, Daniel Svartling, the company's Innovation Manager, is working on creating new sustainable business opportunities. Results from our different projects become solutions in the housing of the future and town planning.



Self-sufficiency in renewable energy

Our renewable energy investments were initiated to increase control over our electricity expenses and our climate impact. Since 2013, we have been self-sufficient in renewable energy through our 66 wind turbines, which have an installed total output of 143 MW, located from Jämtland in the north to Skåne in the south. Our high ambitions to be self-sufficient during all months mean that we shall meet our energy needs in the Group even during July when wind power production in Sweden is at its lowest.

The wind turbines shall provide Wallenstam's properties with renewable energy and thereby make the management operations less sensitive to changes in the electricity price.

Operation and production

In total, we produced 367 GWh (338) during the year. We work actively on boosting our turbine uptime, in other

words, minimizing the time that turbines do not generate electricity due to disruptions or planned stoppages – for example by carrying out maintenance work at times when there is no wind. Production is also continually optimized by various types of capacity increasing modifications and upgrades, including new software to improve production efficiency.

Electricity trading and prices

With the divestment of Svensk NaturEnergi to Jämtkraft on April 1, 2019, our own electricity sales to end customers ceased. We still sell the electricity we produce to the Nordic electricity market and Wallenstam will continue to only purchase the internally-produced wind power. We follow the development of the electricity price, handle hedging and sales of renewable energy certificates.

Social engagement for reduced exclusion

Wallenstam is passionate about fighting exclusion and about creating city districts where everyone can feel safe and a sense of belonging. We believe that supporting youth activities in the local communities where we operate is a recipe for success. For this reason, we participate in many local projects, which focus on helping young people to have active leisure time. Examples of our initiatives include letting premises for associations, creating meeting places and supporting activities for young people and particularly vulnerable groups. The aim to reduce exclusion is also the background for our collaboration with organizations such as Project Playground, Barnens Ö, Stiftelsen Läxhjälp, Mitt Liv, Stockholm City Mission, the Refugee Mission in Gothenburg and many sports associations.

Cooperation and support mainly occur through sponsorship and participation in different sustainability-related initiatives.

Transports for tenants and employees

We are looking at various mobility solutions in order to offer our tenants practical and environmentally-friendly transport solutions. We offered carpooling in a number of properties during the year. This initiative was evaluated during 2019 and a decision on development of mobility solutions will be taken during the coming spring. Composite mobility solutions involving bicycles, cars and other

types of transports are still under development in some of our urban development projects, for example in Kallebäck's Terrasser in Gothenburg. Today we are installing recharging possibilities for electric vehicles in our new construction projects. Transports will continue to be a focus area during the business plan 2019–2023.

Internally, we encourage the use of public transport to and from the workplace by offering the possibility of buying an annual travel card through a net salary deduction. Electric bikes are available for shorter trips and we have expanded our carpool with ten additional electric cars. This reduces the need to take your own car to work and the use of pool cars will generate much less carbon emissions.

Resources in focus

How we use our resources is becoming increasingly critical, which is also evident in our internal work and in dialogues with stakeholders. For this reason, in our current business plan, we have chosen to define it as a new focus area in our sustainability work over the coming years. Resources consist of several elements, such as waste management, recycling, building materials etc.

The possibility of sorting at source is offered in our properties, both for residential tenants and for commercial tenants. Needs vary with the tenants' businesses and the possibilities also vary depending on the design and location of the properties. Within this area, there are improvements

We are looking at various mobility solutions in order to offer our tenants practical and environmentally-friendly transport solutions.

to be made, both to make it easier for tenants and to reduce our environmental impact. There is also great potential for a reduced environmental impact in our new construction operations, when it comes to sorting at source, recycling and materials. As part of trying to improve the sorting possibilities, a project has been initiated with the aim of improving environmental efficiency for our tenants. In 2019, we started monitoring the amount of residual waste from our properties, where a first step has been to investigate what statistics we can obtain from our waste management suppliers.



Climate action

Drive the development for reduced environmental impact

We place great importance on limiting environmental impacts in our production, operation and management of properties. The property sector in Sweden uses a lot of energy and accounts for a large proportion of the overall carbon footprint in society, which means that it is a prioritized area for Wallenstam from an environmental and economic perspective.

Environmental legislation impacts many parts of our business and includes health protection, waste management and potential disruptions from properties such as noise, smoke and odors. There are also rules for maximum energy usage for our properties and soil remediation measures based on soil investigations prior to construction starts.

The standard of our work is not always based on legislation or external requirements but we also create solutions ourselves. This occurs to a large extent in operation of properties, where we continually optimize and operate metering in order to reduce consumption of energy and

GLOBAL COMPACT

Wallenstam has signed the UN's Global Compact, which means that we support and work on the basis of ten principles relating to human rights, labor, the precautionary approach, anti-corruption and taking of responsibility in relation to environmental issues.

resources and create a good financial position with continuous improvements. Individual electricity and water metering has been standard in our new construction since 2006. Such an installation usually contributes to a reduction in consumption by tenants of 10–25 percent following a running-in period.

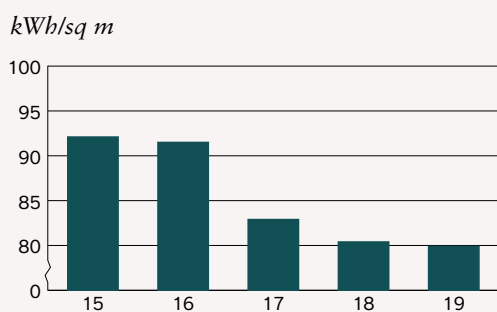
Wallenstam is also driving developments for a lower environmental impact through different collaborations and initiatives. For example, we collaborate with Fossilfritt Sverige, which is a governmental initiative which started before the climate change conference in Paris in 2015, and with Mälardalen University, which conducts research and innovation for energy-efficient construction and housing.

Environmental certification of properties

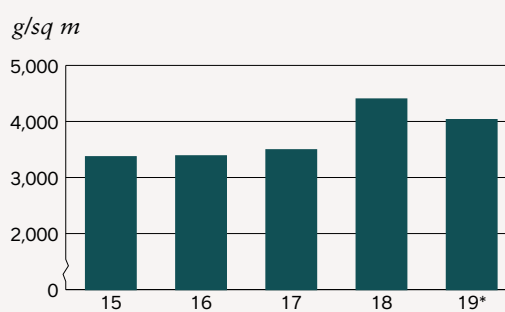
There are several environmental programs and certification systems for buildings in the market, such as Green Building and Miljöbyggnad ("Sweden Environmental Building"). We use environmental programs as a specification for requirements concerning energy usage, quality of indoor environments and climate as well as choice of material for both new construction and existing buildings.

Our aim is to achieve at least a Miljöbyggnad Silver rating for our new production and many of our properties meet the requirements for certification under this standard although they are not certified. We have chosen to certify our buildings when required, for example by a municipality or customer. Four residential properties in the environmentally-designed Kvillebäcken district in Gothenburg are currently certified according Miljöbyggnad Silver rating. In our commercial holdings, we are working to reduce the energy use so that properties meet the requirements for Green Building certification. At present, one of our properties is certified according to Green Building.

HEATING CONSUMPTION, CLIMATE ADJUSTED



CO₂-IMPACT FROM OUR HEATING



* Estimated value for actual impact, see pages 146–147.

Clarity with values

Our core values – progress, respect, commitment – are clearly reflected in the long-term sustainability work.

Progress shows our attitude to continual improvements, that the work is never finished. We find rewarding collaboration, for example with researchers regarding solar cells and battery storage, in the planning work with municipalities and land owners and with partners in order to offer services to our tenants relating to mobility.

Respect towards each other in the company is something natural. We want to spread the same attitude during contacts with customers, contractors, suppliers and other stakeholders. For instance, that we comply with laws and regulations, that we do not insult or discriminate against anyone and that we work actively to ensure the equal value of everyone, both in the company and in society. Respect in business is based on active anti-corruption work. We have a declared zero tolerance policy against bribery, inappropriate gifts and the like. The boundary for what is a bribe or equivalent extends a long way. Our internal guidelines help determine how we should act in relation to bribery and inappropriate gifts.

Our drive to contribute to a better society is based on a great *commitment*. We want to be close to our customers and offer good overall solutions for housing and premises. We are committed to our commercial tenants' operations and we want to be flexible to meet their needs. Our ambition is to conduct long-term sustainable business and develop responsible enterprise for the benefit of both society and our own operations. We see that it is important for society to have attractive, vibrant inner cities and more housing. Wallenstam safeguards the rental apartment, which is a flexible form of housing for the tenant and crucial so that more people will have the chance to reside in our cities.

Code of Conduct and Ethics Council

In the construction and property sector, there are risks, for example related to the working environment, corruption, human rights and the environment. Our Code of Conduct serves as a guide for us. It is based on our core values, and provides guidance and continuity for our actions all the way to the dialogue and meeting with our stakeholders.

The Code of Conduct, and a number of guidelines connected to it, set out Wallenstam's approach and clarify how we want to act as a company. The goal is to have an environmental, social and commercial commitment in everything we do. We shall comply with laws and regulations, and apply responsible business methods – characterized by high business ethics and good business practice. We impose requirements on contractors that enter into cooperation agreements with us that they follow the content of the Code of Conduct and act according to it. Violations of the Code of Conduct, internally or by partners, can damage Wallenstam's operations and brand.

The Code of Conduct, which is available in its entirety on www.wallenstam.se, is revised annually and adopted by the Board.

We want to be close to our customers and offer good overall solutions for housing and premises.

Training and information about the Code of Conduct and specific guidelines, for example on anti-corruption and information security are mandatory for all employees including the Group Management and Board. Training occurs regularly, as part of the introductory program for new employees, among other ways and as digital training.

Wallenstam's Ethics Council, with representatives from the entire business, holds about four meetings annually. The Ethics Council is the body that works centrally in the Group on continually advancing the Group's anti-corruption work, and it conducts risk analyses in the area and proposes possible measures. The Ethics Council receives regular questions of an informational character that the Council answers. Most questions relate to what employees can give or receive, in other words, questions connected to business ethics and corruption. We provide information to all employees based on commonly asked questions. No cases arose during the year where further investigation was required. The Council has an external whistleblower function, which is also accessible via a link from Wallenstam's website. During 2019, no cases were reported via this function.

HUMAN RIGHTS

Our operations are conducted in Sweden and we follow applicable rules for example relating to working conditions, the working environment and freedom of association. Wallenstam supports the UN Declaration of Human Rights and we see that we can contribute positively in many areas, including by fighting discrimination, treating everyone with respect – employees and customers as well as others we meet – and offering equal opportunities to employees.

350
social contracts

Having a home is a fundamental need and constitutes an important part of a functioning society. Ultimately, we want to contribute to a good living standard for many people by producing and managing residential properties, primarily rental apartments, and develop safe, secure and lively city districts. There is currently a severe housing shortage, which also means that many people are finding it hard to get their own home. We currently have about 350 social contracts with municipalities and organizations, where we make housing available for people who find it difficult to obtain a regular contract. For example, this can relate to transitional accommodation. Several of the contracts change over to regular leases when it is possible for the tenant.



Risks that generate opportunities

Minimizing risks and optimizing opportunities is an integrated part of our business. Wallenstam's employees participate in both the risk inventory and the preventative work. The risks are assessed based on harmfulness and probability, and are prioritized by the Management and Board. The work aims to develop strategies and measures to reduce the risks and optimize opportunities. This is ongoing work, which is continually developed and the company's compliance function is responsible for follow-up.

All events cannot be foreseen. For this reason, part of our risk work is to be prepared for crisis management. We conduct regular drills of our crisis management organization based on special guidelines and crisis checklists. This helps to minimize losses to the operations and our stakeholders.

RISK AREAS OPERATIONS

Production and management of properties



Description of risk

- » Occupational accidents.
- » Unpredictable events that result in increased costs, such as environmental factors, for example substances in soil or leakage that requires decontamination or areas of natural value that need to be protected.



Description of opportunity

- » Safe working environment without personal injuries.
- » Good financial position and environmental performance.
- » Value growth through new construction projects.



Wallenstam's management

- » Working environment plan is prepared early on and followed up during the entire project. Building work environment coordinators are appointed to ensure occupational safety in the planning stage. In contractor agreements, coordinators are appointed with equivalent responsibility during the construction phase. Sufficiently long time plans to avoid stress and mistakes.
- » Analysis of environmental risks during acquisition of land, soil investigations during new construction and continual investigations of environmental risks.
- » Efficient organization of projecting, planning, procurement, construction and choice of contractor.



Opportunities and risks connected to the operations refer to matters that are related to our core business.

Partners



Description of risk

- » Competition for contractors.
- » That procurements are not conducted/agreements not correctly entered into, which can cause uncertainty about responsibility and increased costs.
- » That partners do not follow entered into agreements or our Code of Conduct.



Description of opportunity

- » Good collaboration, long-term planning, good financial position and high quality.
- » That we have secure and efficient processes for purchasing and signing of contracts, providing secure collaboration.
- » Good business ethics and satisfactory working conditions among contractors and subcontractors.



Wallenstam's management

- » Develop long-term relationships and well-established collaboration with contractors and suppliers.
- » We have developed processes and templates for procurement and purchasing, we bring in the right competencies to the process and at least two people always review tenders and agreements before they are signed.
- » Information to and dialogue with contractors about required compliance with Wallenstam's Code of Conduct.
- » Project managers are highly knowledgeable and very closely involved with their projects. Routines for follow-up of agreements and on-site checks.
- » Routines for logbooks and ID checks etc. at workplaces. Spot checks at partners are performed regularly.
- » Training and development of routines regarding supplier checks.

Employees



Description of risk

- » Less confidence or attractiveness among existing and potential employees.
- » Not to be able to recruit and retain employees with the right competencies and commitment.
- » That employees do not live and act according to the company's values.



Description of opportunity

- » To be perceived as an attractive employer. Possibility of recruiting employees with the right profile and competencies.
- » Development of employees and the company.
- » To develop employees, the operations and the brand based on strong common values.



Wallenstam's management

- » The guiding principle focused on employees is important for quality and satisfied customers. Offer a good working environment, attractive and market-related working conditions, health and wellness training, skills development and internal recruitment for new positions.
- » The synthetic options scheme for employees, which offers clear participation in the company's development.
- » Recruitment is prioritized as a strategic area. The processes are being strengthened and HR competencies shall always be engaged during recruitments.
- » Regular employee surveys are a tool for improvements, connected to the guiding principle of an annual improvement in the Engagement Index score, which is followed up during the business plan.
- » Introduction program with conference about the company's history, values, policies and guidelines etc.
- » Managers are supported in dialogues about the values in the form of checklists, templates for development discussions etc.

Anti-corruption



Description of risk

- » Risk for corruption linked to allocation of apartments/premises.
- » Risk for corruption during procurements and purchasing.



Description of opportunity

- » Good control of business operations, credibility for business partners and other stakeholders and assurance for employees with clarity regarding rules and routines.



Wallenstam's management

- » Clear processes and templates for procurements, purchasing and letting. Routines where two persons shall jointly review and authorize lettings and purchasing and also check tenders and agreements prior to signing. Spot checks for checking agreements. Focus on checking existing contracts, for example unlawful subletting.
- » An Ethics Council tasked with driving and monitoring the anti-corruption work at Wallenstam. Internal information and support through the Ethics Council.
- » Accessible whistleblower function.
- » Internal transparency about side-line jobs and assignments that may affect interests.

Financing



Description of risk

- » Weak liquidity impedes investments and the ability to meet payment obligations.



Description of opportunity

- » Strong liquidity provides the freedom of action to complete approved investments and obligations.



Wallenstam's management

- » Proximity to the market and the banks. Good relationships with several lenders provides good financing possibilities.
- » Financing is always secured before new construction starts, which eliminates the risk of low liquidity.
- » Focus on strong liquidity and high equity/assets ratio.
- » Liquidity forecasts are updated continuously with the objective of optimizing cash management.

Information and IT security



Description of risk

- » That IT systems are attacked and the operations manipulated or that information gets into the wrong hands.
- » That sensitive information is circulated to the wrong people.
- » Non-compliance with legal requirements.



Description of opportunity

- » Well-functioning and fit-for-purpose IT security for our operations and that information is handled securely.
- » Increased administrative efficiency due to IT security routines.



Wallenstam's management

- » Continual work with security-enhancing measures surrounding IT security, upgrades of firewalls, anti-virus protection and systems, anti-hacking tests, routines for IT security etc.
- » Policy and guidelines for information security as well as internal information and training. Routines for information sharing and handling.
- » A Data Protection Officer who works continually with GDPR issues.

Economic situation

**Description of risk**

- » Weaker property values. Increased land prices.
- » Lack of resources and increased costs.

**Description of opportunity**

- » Positive development in the value of our properties.
- » Increased access to land and land allocations as most other players do not have the same long-term possibilities for investments during an economic downturn.

**Wallenstam's management**

- » Having properties in attractive locations lowers the risk of falling values during an economic downturn.
- » Our new construction means less sensitivity to changing property values, since we generate surplus values in our construction, mitigating the effects of a downturn. Profitability is also ensured in the event of a change in market conditions through high demands in relation to return on invested capital.
- » Self-sufficiency in renewable energy provides lower price sensitivity in relation to electricity.

Supply and demand

**Description of risk**

- » Lower demand, for example for commercial premises, co-op apartments, or rental apartments.
- » Protracted planning processes and a shortage of available land.

**Description of opportunity**

- » Heavy and stable demand for our products.
- » Good access to land for new construction.

**Wallenstam's management**

- » Own and manage properties in attractive areas, which are characterized by growth and strong demand.
- » Proximity and close relationships with tenants.
- » Follow market trends and be prepared for changes in demand.
- » Flexible business model with the possibility to convert and adapt supply, form of tenure and conditions etc. in the event of changing demand.
- » Long-term planning and close collaboration with municipalities and several concurrent development projects.
- » Land acquisition in focus.



Opportunities and risks connected to the external environment exist outside of our operations, e.g. in the form of changing market conditions. These are risks that we have little ability to influence in the short term, but which we must take into account in the planning of strategic development.

Interest rates



Description of risk

- » Interest rate increases that result in higher costs and a large impact on profits.



Description of opportunity

- » Long-term assurance and control over financing costs.



Wallenstam's management

- » Loan portfolio of different maturities and spread among various forms of credit and lenders. Choice of the term for capital tied-up is based on factors such as pricing and refinancing risk in the capital market.
- » Interest derivatives are used to diversify risk, to protect the underlying portfolio and as a flexible means of influencing the fixed interest terms in the loan portfolio.

Changes in laws and regulations



Description of risk

- » Changes in laws, regulations and regulatory requirements, for example relating to the environment, design, tax issues, charges etc., which result in increased costs and additional administration.



Description of opportunity

- » Changes in laws and regulations, which result in reduced costs and less administration.



Wallenstam's management

- » Follow development of issues concerning our operations. Interpret legal cases and regulatory changes that may result in changed conditions.
- » Proactivity in order to meet new requirements, practice and laws.
- » Comment on proposals, meetings with decision-makers in order to clarify the consequences for the property sector.
- » Energy-efficient construction and self-sufficient in renewable energy.

Infrastructure and urban development



Description of risk

- » Changes and construction of infrastructure or other matters that can affect the attractiveness of our properties negatively.



Description of opportunity

- » Changes and construction of infrastructure or other matters that can affect the attractiveness of our properties positively.



Wallenstam's management

- » Continual monitoring of the development of our areas.
- » Co-operation with the municipality, other property owners, tenants and center associations.
- » Initiatives in cooperation with tenants to strengthen the attractiveness of the inner city through events, offers, accessibility, marketing and communication etc.

Climate



Description of risk

- » Climate changes are expected to result in larger volumes of rainfall, warmer periods, increased flows in watercourses and more powerful winds which can impact our properties negatively.



Description of opportunity

- » In the work that is being carried out to handle the climate impact, there are opportunities to create synergies that benefit our construction and management operations.



Wallenstam's management

- » Existing properties in vulnerable locations have preparedness, for example water protection equipment.
- » Ensure hardened surfaces around properties in order to handle large amounts of rain during a short period.
- » In connection with planning new construction, the possible consequences of a changing climate are considered.
- » Production of renewable energy results in a lower global climate impact.

SENSITIVITY ANALYSIS

Property value with other yield requirements	SEK million
0.50 percentage points lower	60,377
0.25 percentage points lower	56,027
0.10 percentage points lower	53,753
Property value according to our estimate	52,354
0.10 percentage points higher	51,104
0.25 percentage points higher	49,233
0.50 percentage points higher	46,489

Cash flow	SEK million
Change in rental income, residential, 1%	9.4
Change in rental income, negotiable commercial contracts, 1%	1.9
Change in operating costs, 1%	5.0
Change in loan interest rate, 1 percentage point (annual basis)	134



Organization and employees

Our biggest strength of all is our employees. We are careful to maintain an atmosphere where consideration is shown to employees and to offer challenges that provide individuals with the opportunity to grow in their professional roles. Today, just over 250 people work in the Wallenstam Group and they are strongly engaged in the company's development.

Attractive employer

One of the key factors for successful enterprise is dedicated people with the right competencies in the right place. We want to be an attractive employer and be able to offer a good and pleasant workplace, which offers employees the opportunity to develop and grow along with the company. Wallenstam works actively on offering good conditions and an excellent working environment and places great weight on competencies, personal attributes and qualities.

Read more on page 7 about our guiding principle where the focus through our strong corporate culture, is to be an attractive employer and improve our Engagement Index score every year.

Training and development

Employee performance reviews are conducted annually to support career and personal development, follow up jointly-established goals, gauge the work situation and plan future skills development efforts. Skills development occurs continually via external and internal training courses and through exchange of knowledge among colleagues. This, as well as challenges in the day-to-day work are other important elements of a positive work situation. As far as possible, Wal-

lenstam provides opportunities for advancement within the company, e.g. by announcing vacant positions internally first.

Focus on health and wellness training

We have clear policies and routines in place to identify ill health among our employees, and we attach great importance to the physical working environment and health-promoting activities. There are excellent opportunities for both group and individual training in fitness centers at each office, while health and wellness training is subsidized. All employees are also offered regular occupational healthcare with the purpose of promoting continued good health.

Working for equality

At Wallenstam, women and men have the same conditions. Equality initiatives based on several different aspects, for example during recruitments, development initiatives and setting of salaries, are an ongoing process, which we as a company are continually working to maintain and improve. The distribution between women and men is perfectly uniform in the Group Management. At middle management level, the distribution is 52 percent women and 48 percent men, while in the company as a whole, it is 59 percent wo-



men and 41 percent men. In the Board of Directors, the current distribution is 75 percent women and 25 percent men.

Values and Code of Conduct

The day-to-day operations are conducted on the basis of the Group's core values; progress, respect and commitment. Overall, the work at Wallenstam is governed by policies, guidelines and instructions and by decision-making and authorization procedures, which are all important for clearly defining the company's standpoints and working methods for the entire organization. The Code of Conduct is based on our core values and emphasizes the policies and guidelines that govern the Group in relation to employees, customers, suppliers and partners. The goal is to have an environmental, social and commercial commitment in everything we do. We shall comply with laws and regulations, and apply responsible business methods, which are characterized by high business ethics and good business practice.

Improvement metrics

We conduct regular employee surveys to measure employees' views of their personal work situation, the company and its management. Here we also continually follow up our Engagement Index score. The results are used as one of a number of tools for improvements in the company. Areas singled out in the surveys for Wallenstam were mainly highly-regarded leadership, confidence in the management and a strong feeling of togetherness.

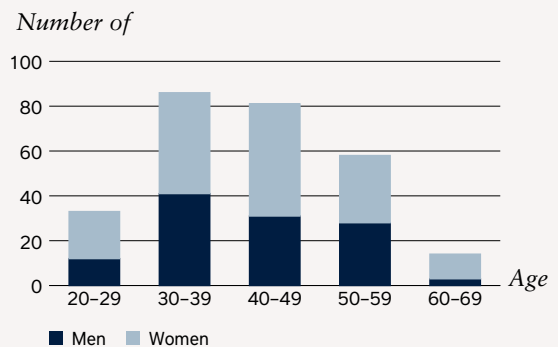
We also conduct regular evaluations where employees provide feedback to their manager based on a number of identified criteria which are important in the leadership at Wallenstam. The result is used as an individual development tool for the company's managers.

254

EMPLOYEES

Wallenstam had an average of 254 employees during 2019 (251). The majority are permanent employees, with a distribution of 59 percent women and 41 percent men. Approximately 30 percent of the employees are based in Stockholm and the remainder are in Gothenburg. Wallenstam's employees are covered by the collective bargaining agreement with Fastigo.

AGE DISTRIBUTION IN THE GROUP

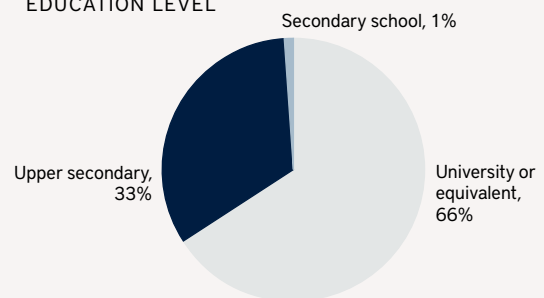


8 years

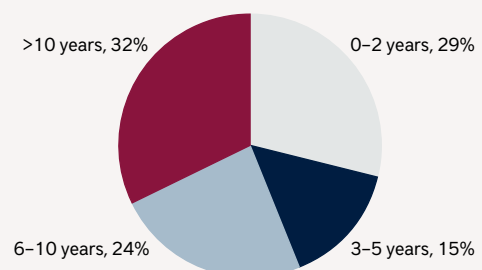
IS THE AVERAGE LENGTH OF EMPLOYMENT

for permanently employed personnel at Wallenstam. Absence due to illness during the year amounted to 3.5 percent (3.3). Employee turnover during the year was 7 percent (6).

EDUCATION LEVEL



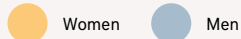
PERIOD OF EMPLOYMENT



REPRESENTATION BOARD OF DIRECTORS

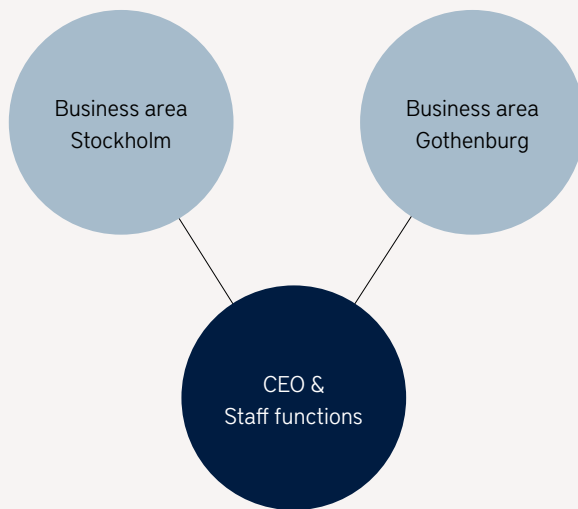


REPRESENTATION GROUP MANAGEMENT



Management and building operations with a local presence

Wallenstam is organized into two regions: the Gothenburg business area, and the Stockholm business area, which also includes the operations in Uppsala. Property management and building operations are conducted in each business area with Wallenstam's own managers and building project managers that cooperate with external suppliers. This local presence enables knowledge about the local property market, changes and business opportunities and provides the basis for understanding our customers' needs and businesses. This promotes commitment and drive, both in the organization as a whole and on the part of each employee. Our staff, specialized in e.g. finance, law, IT, personnel, information and market, supports our operations.



Central customer service

Our customer service is organized as a central function within the company, which enables longer opening hours and a high level of accessibility for our customers who can reach us via the web, e-mail or cost-free phone call. Systematic work and well-developed routines ensure that cases are handled in the best way and we report back to customers during the process. Follow-up and improved routines help us in our continual ambition to increase customer satisfaction.

Partner concept for property care

Property care and maintenance are services we procure from external suppliers through a well-developed partner concept, Wallenstam Partner. Recognition and peace of mind for the customer are created by a common working method and by having the Wallenstam logo on clothes and ID cards. Close collaboration, frequent partner meetings and visits to buildings by our own property managers on a rolling schedule are important for assuring the quality of property care.

99%

During 2018, all permanent employees in the company were invited to participate in a new synthetic options scheme, which is used as a further incentive for employees to actively contribute to value creation in the business. More than 99 percent of employees have opted to participate in the scheme, see also page 82.

Market outlook

During 2019, the construction rate slowed generally in the large cities – except for Gothenburg – mainly as a consequence of a weak co-op apartment market. The housing need is still very substantial and production of new rental apartments has not been affected to the same extent. The strong demand for commercial premises is continuing, despite speculation about a coming economic downturn. Urbanization, coworking and altered consumption patterns are important and very relevant issues for the property sector. Through flexibility and a keen awareness of market needs, we can rapidly adapt our business to developments and what is in demand.

The rental apartment as a first choice

We believe in the rental apartment as a form of tenure. It is a flexible and convenient form of housing, which requires no risk on the part of the tenant. It also acts as a lubricant in society, for instance when someone needs to move quickly for work or some other reason. It is also an important factor for companies with recruitment needs, particularly in order to attract international talent. For these reasons, rental apartments are crucial for the growth of cities and development of the business sector.

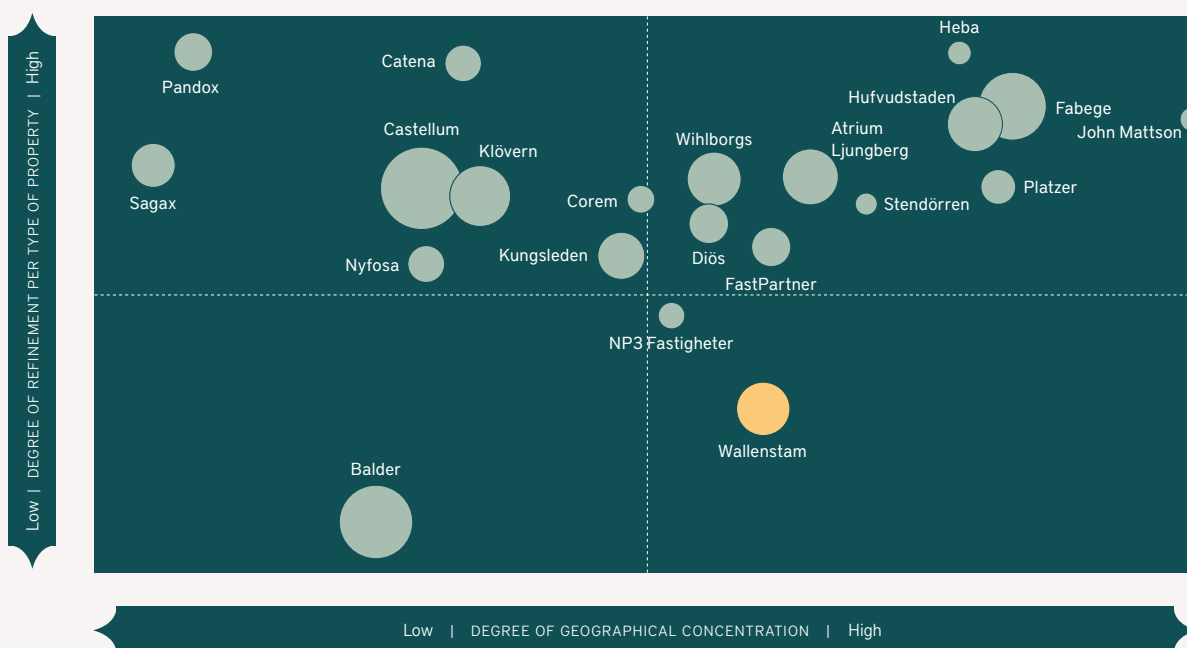
As an urban developer and one of Sweden's largest private rental apartment producers for own management, we work intensively to provide the market with new housing in pleasant and attractive locations. Our surveys show that our tenants are largely satisfied with their housing and with the design and standard of their apartments. There is strong interest in living with us and we have many appli-

cants for every apartment. In our own queue, where we allocate all newly produced apartments in Gothenburg, and half of the new production in Stockholm and Uppsala, we had about 100,000 persons registered at year-end 2019.

Huge housing need, fewer construction starts

The urbanization trend is continuing, the population in our major cities is increasing and there is a great need for housing. The National Board of Housing estimates that 535,000 new apartments need to be provided in Sweden between 2018 and 2025, of which about 280,000 are required as early as 2020. Despite this, the construction rate in Sweden has fallen in the past year. The downturn in the co-op apartment market during 2017 and 2018 has led to fewer new co-op apartment project starts. Demand for rental apartments is still very strong but even here the construction rate has fallen.

WALLENSTAM'S CONCENTRATION STRATEGY



Wallenstam's concentration strategy leads to a high level of geographical concentration. The mix of well-located residential property holdings in Stockholm and Gothenburg and commercial holdings focused on the Gothenburg market, means that the degree of property specialization is slightly lower. Source: Nordanö

Mathias Aronsson

Vice CEO Wallenstam AB, Regional Director
Stockholm and Uppsala business area



The co-op apartment market remained cool during 2019 in Stockholm, while the companies building rental

apartments – including Wallenstam – were largely able to start constructions as planned. The general decline in the construction rate in the market means that we now feel it is easier to find contractors for our construction projects and that it is somewhat easier to obtain desired delivery times for important building

materials, for example frames.

The population increase in the region combined with a lower production rate for housing generally, means that demand for our products has actually increased during the year. In our own queue for newly produced apartments in Stockholm and Uppsala, there are currently more than 100,000 registrations of interest and all apartments completed during the year have been quickly let.

It is a privilege to be able to lead and work together with all the committed and knowledgeable employees that make it possible to develop, build, let and manage our properties with our customers in focus. In our urban development project Umami Park in Sundbyberg, the first tenants have started to move in, while production is in full swing both of more apartments and reconstruction

of commercial floor space, where the coworking operator Convendum will establish during 2020, among other companies. During the year, our first co-sharing apartments for co-living were ready for occupation and it will be very interesting to follow the development of this form of housing.

I also look forward next year to finally – after many years of collaboration with Nacka Municipality – to be able to start our second major urban development project. In Älta, we are planning the construction of about 900 apartments and commercial space on the ground floors. As things look right now, the market in 2020 will continue to be characterized by fewer construction starts, particularly on the co-op apartment side. We are continuing as planned with our new construction projects in Stockholm and Uppsala.

Marina Fritsche

Vice CEO Wallenstam AB, Regional Director
Gothenburg business area



During 2019, housing construction in Gothenburg increased slightly, unlike other large cities, a clear effect of the

Bostad2021 initiative, which is a collaboration between the City of Gothenburg and several different construction companies. The production of co-op apartments has also slowed in Gothenburg, but rental apartment production is performing strongly and at Wallenstam we feel very confident about the plans we have for our future residential production. Right

now we have constructions in progress of about 1,250 apartments and we have a good portfolio in order to maintain the same rate. During the year, we started the construction of more than 400 apartments in our largest urban development project to date Kallebäckers Terrasser. We are still noticing strong demand, including in the form of more than 20,000 registrations of interest in our recently launched housing queue for newly produced apartments in Gothenburg.

The vacancies in commercial floor space, primarily offices, are still very low in our holdings. Our commercial properties are located in Gothenburg inner city, and we work with site development, such as the Victoria block for example, in order to strengthen the attractiveness further. This work is delivering clear results – we notice that many companies want to rent their office space there for example.

The retail segment is in the middle of a structural shift and this is a challenge for the whole industry. We are focusing on working together with our tenants and we take a holistic approach when developing our areas. A range of good businesses and activities in the ground floors is important for both visitors and those with their workplaces in the buildings.

In the next few years, more newly produced commercial premises will be added to the Gothenburg market. For Wallenstam, there are several opportunities for new production of premises, and in 2019 we started the construction of 20,000 sq m of commercial floor space in Kallebäckers Terrasser. All in all, we have an incredibly strong offer with many desirable residential properties, modern and suitable premises both in new construction projects and in unique inner city environments.

During 2019, construction started of about 12,900 homes in the Stockholm region, a slight increase compared to 2018. 11,100 of these homes were apartments in apartment blocks, of which 50 percent consisted of rental apartments. In Uppsala, about 2,700 homes were started, a decrease of 9 percent compared to 2018. 2,300 of these homes consisted of apartments in apartment blocks, of which 65 percent were rental apartments. Housing construction increased in Gothenburg by 2 percent during 2019, when 7,300 homes were started. Of these, 6,250 were apartments in apartment blocks, of which 65 percent were rental apartments.

In 2019, Wallenstam started construction of 435 rental apartments in Gothenburg, 161 rental apartments in Upp-

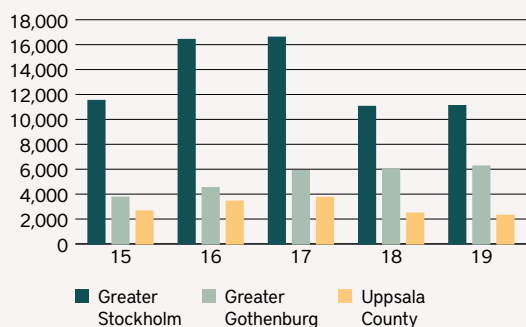
sala and 579 rental apartments and 50 co-op apartments in Stockholm.

Strong development in the commercial market

The commercial market in both Stockholm and Gothenburg is generally characterized by high demand and low vacancies. In Gothenburg, where Wallenstam's commercial holdings are located in the most central areas, an imbalance has existed for several years with higher demand than supply, which has led to a strong rental trend. The prime rent for offices, the highest rents in the most fashionable locations (based on observed lettings over 500 sq m), is about SEK 3,700 per sq m in the CBD (Central Business District) and SEK 2,800 per sq m in the rest of the inner

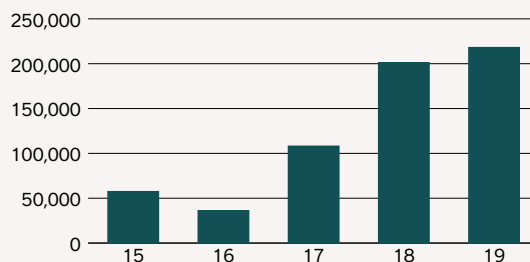
STARTED APARTMENTS IN WALLENSTAM'S MARKETS

No. of apts.



OFFICE SPACE UNDER CONSTRUCTION GOTHENBURG AND MÖLNDAL

Sq m

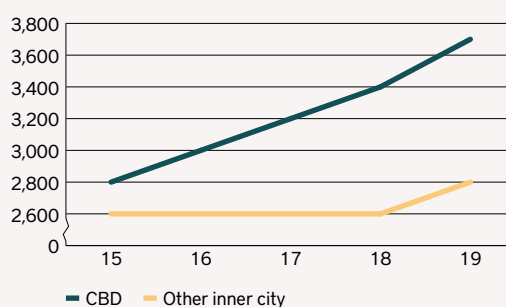


MARKET SHARES RENTAL APARTMENTS GREATER STOCKHOLM

Property company	Market share, %
Wallenstam	1
Stockholmshem	9
Svenska Bostäder	8
Familjebostäder	6
D Carnegie	4
Stiftelsen Stockholms Studentbostäder	3
Stockholms Kooperativa Bostadsförening	3
Stena Fastigheter	2
Akelius	2
Micasa Fastigheter	2
Einar Mattsson	2
Other	58
Total	100

RENTAL RATES OFFICES GOTHENBURG

SEK/sq m

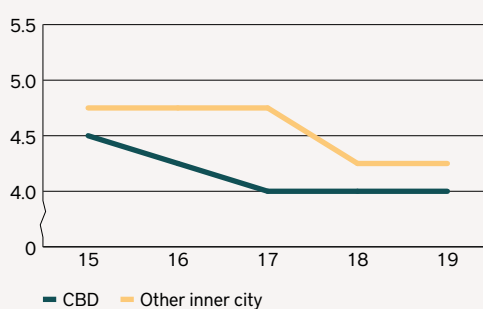


MARKET SHARES RENTAL APARTMENTS GREATER GOTHENBURG

Property company	Market share, %
Wallenstam	2
Poseidon	16
Bostadsbolaget	14
Familjebostäder	11
Stena Fastigheter	4
SGS Studentbostäder	4
Balder Fastigheter	2
Other	47
Total	100

YIELD REQUIREMENTS FOR OFFICE PROPERTIES GOTHENBURG

%



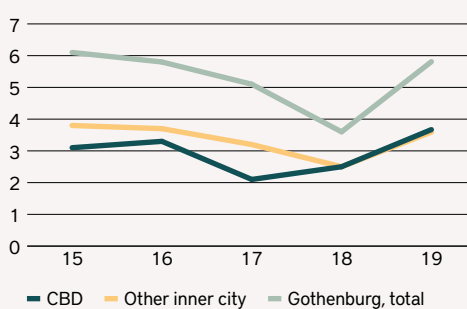
MARKET SHARES OFFICE AND RETAIL PREMISES, GOTHENBURG

Property company	Market share, %
Wallenstam	6
Platzer	8
Vasakronan	7
Balder Fastigheter	6
Castellum	6
Other	67
Total	100

The market share is calculated on the basis of each property owner's reported office and retail space in relation to the total office and retail space in the City of Gothenburg as assessed by Business Region Göteborg.

VACANCY RATES OFFICES GOTHENBURG

%



Source: JLL

REGIONAL DATA

	GREATER GOTHENBURG		STOCKHOLM COUNTY		UPPSALA COUNTY	
	Outcome 2019	Trend 2020	Outcome 2019	Trend 2020	Outcome 2019	Trend 2020
Number of inhabitants	1,041,850	↗	2,377,081	↗	383,713	↗
Net inflows, number of inhabitants	3,533	↗	18,883	↗	5,742	↗
Unemployment, %	5.5*	→	5.8	→	5.6	→
Employment, %	69.4*	→	72.4	→	68.4	→
Housing						
Rental rate new builds SEK/sq m/year	1,800–2,300	→	2,100–2,500	→	1,800–2,200	→
Vacancy rate, %	0	→	0	→	0	→
Yield level, %	1.5–3.5	→	1.5–3.0	→	2.3–4.0	→
Number of apartment starts, units	6,250	↗	11,100	→	2,301	→
Rental market, size, SEK billion	13.2	↗	27.6	↗	3.0	↗
Rental market growth compared to 2018, %	4.6		4.4		11.8	
Offices central location						
Rental rate "A" location SEK/sq m/year	3,000–4,000	↗				
Vacancy rate, %	3.7	→				
Yield level, %	4.0–4.5	→				
Retail central location						
Rental rate "A" location SEK/sq m/year	5,000–13,000	→				
Vacancy rate, %	0–3	→				
Yield level, %	4.0	→				
Total office and retail space (Gothenburg), sq m	5,250,000	↗				

*Refers to the whole of Västra Götaland County.

city, according to the property consultancy JLL.

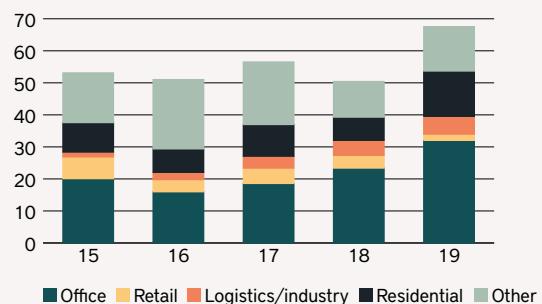
The development in the commercial market has resulted in a vacancy rate of 5.8 percent in Gothenburg overall, and 3.7 percent in the CBD, where Wallenstam's commercial properties are located. The vacancy rate for Wallenstam's commercial properties amounts to 4 percent. The low vacancy rate presents challenges for Wallenstam in terms of being able to offer premises to new, potential customers and existing customers that need more space for their operations. In order to meet the strong demand, we are continually working to densify, develop and modernize our existing commercial properties, and also with new production, for example in Kallebäcks Terrasser where in 2019 we started the construction of about 20,000 sq m of commercial floor space, mostly offices, in a very good location close to communications and traffic routes.

In order to meet the strong demand, we are continually working to develop and modernize our existing commercial properties.

According to JLL, the completed new construction volume of commercial floor space in Gothenburg amounted to 60,800 sq m in 2019. This was an increase compared to 2018, and over the next few years, newly produced commercial floor space is expected to increase in both the CBD and inner city.

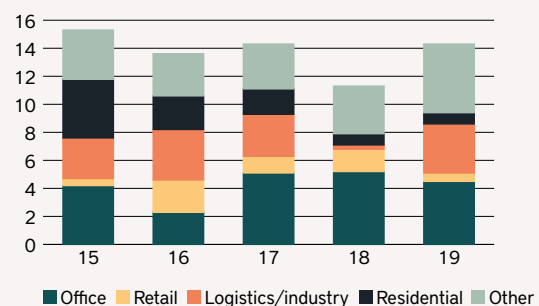
TRANSACTION VOLUME STOCKHOLM

SEK billion



TRANSACTION VOLUME GOTHENBURG

SEK billion



Coworking space as a complement

Flexible office solutions have become a natural part of the cityscape and in the Swedish office market, particularly in the large cities. This new form of renting is meeting the need and desire for greater flexibility and Wallenstam sees great opportunities in the coworking concept as a complement to customary office solutions.

Wallenstam owns 30 percent of the shares in the coworking operator Convendum. Convendum establishes modern coworking centers with a focus on flexibility, service, technology and design in Stockholm and Gothenburg, and is a tenant of Wallenstam on Avenyn in Gothenburg. During 2020, Convendum will gradually establish more of its concepts in Umami Park in Sundbyberg, where Wallenstam is developing a new district incorporating both housing and commercial floor space for different businesses.

Wallenstam is working to strengthen the attractiveness of the inner city by creating experiences that add value and thereby generate more visitors and increased customer potential.

E-commerce is prompting changes in consumption patterns

Changed consumption patterns as a result of, among other things, increased digitalization and e-commerce, have led to a structural change in the entire retail sector. E-commerce is competing with physical retail, but e-commerce can also be an important complement to a physical store and vice versa.

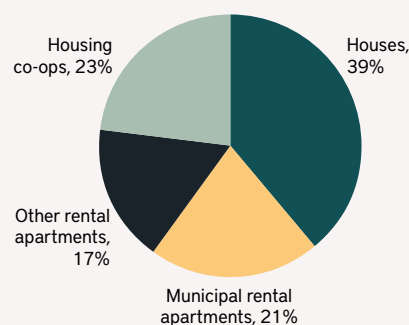
Wallenstam is working to strengthen the attractiveness of the inner city by creating experiences that add value and thereby generate more visitors and increased customer potential. For our office tenants, it is important that there are services, shops and restaurants in the vicinity. The different businesses strengthen each other. We work closely together with our customers and other players to develop different parts of the city in a strategic way in order to create genuine environments, meeting places and experiences that contribute to attractiveness, life and a city pulse. One example is Victoriagården in the inner city of Gothenburg, which was inaugurated in 2019.

Transaction market trend

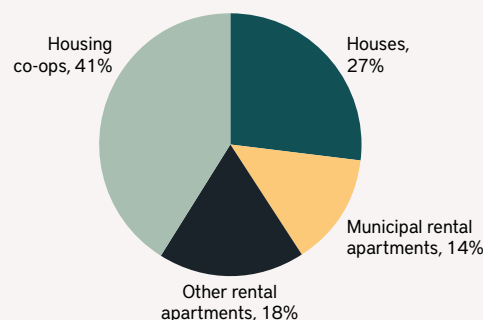
According to the property consultancy JLL, 2019 was a new record year in the Swedish commercial property market and the total transaction volume came in at SEK 216.5 billion, which beat the previous record year, 2016, when the total volume was SEK 208.6 billion. Compared with the previous year, when the transaction volume amounted to almost SEK 157 billion, this represented an increase of 38 percent.

In Stockholm, the transaction volume for 2019 amounted to SEK 67.5 billion, an increase of 33 percent compared to the previous year. Thus 2019 was a record year for the region, in terms of transaction volume. The office segment is continuing to dominate. The volume for 2019 amounted to SEK 32.1 billion, which represented 48 percent of the total volume in the Stockholm region. The major office

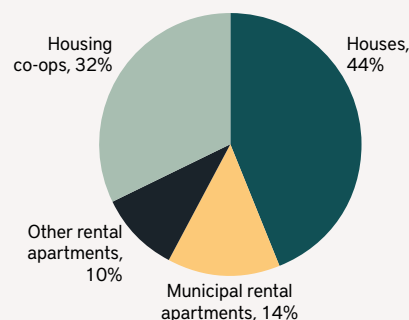
HOUSING DISTRIBUTION BY TYPE, GOTHENBURG



HOUSING DISTRIBUTION BY TYPE, STOCKHOLM



HOUSING DISTRIBUTION BY TYPE, UPPSALA



transactions completed during the year, confirm a continued strong rental market, which is benefiting from continued low interest rates, strong demand and limited supply. The residential segment was the second largest in the Stockholm region during 2019, with a volume of SEK 14.1 billion. This represents 21 percent of the total for the year and a total increase from the previous year of 95 percent.

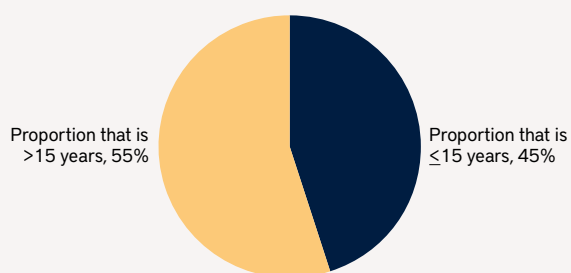
In the Gothenburg region, the transaction volume in 2019 amounted to SEK 14.4 billion, an increase of 27 percent compared to 2018. In the office segment, the transaction volume amounted to SEK 4.6 billion, equivalent to 32 percent of the total volume in Gothenburg. Compared to 2018, this represented a decrease of 13 percent. The second largest segment in 2019 was industry/warehouse/logistics with transactions of an estimated value of SEK 3.5 billion, equivalent to 25 percent of Gothenburg's total volume. The residential segment was relatively quiet and properties with a value of only SEK 780 million changed owners during the year.

CARE OF BUILDINGS

We take no short cuts

In our holdings in Gothenburg inner city there are many really old, distinguished buildings, which are part of Gothenburg's history and that we take a very special responsibility for. These cultural properties are maintained and modernized with regard to energy, air, climate and lighting in order to create good working environments for our tenants. But they are always renovated carefully – we use authentic material in order to recreate and preserve characteristic details of the period such as stuccos, tiled stoves, joinery and beautiful copper roofs, which require both resources and exceptional craftsmanship. And see how beautiful it becomes!

RESIDENTIAL PROPERTIES, AGE STRUCTURE



PROPERTY HOLDINGS, SQ M THOUSANDS

Type of premises	Dec 31, 2019	Dec 31, 2018	Change
Residential	570	563	7
Office	236	230	6
Retail	111	111	0
Industry/warehouse	103	102	1
Education	30	30	0
Other	36	36	0
Garage	115	114	1
Total	1,201	1,186	15

Property management

We manage 218 properties with a total of 1.2 million square meters. Our residential properties are concentrated in the growth regions of Gothenburg, Stockholm and Uppsala, while our commercial properties are concentrated in Gothenburg's inner city. Property management is fundamental in our business model, with development, satisfied customers, efficiency and profitability in focus.

Property holdings

Investment properties include properties under current management and project properties for the company's own holdings that are under construction, extension or reconstruction. Development properties, such as co-op apartments are built with the intention of being sold and are not included as investment properties.

The total lettable area in our investment properties amounts to about 1.2 million sq m. We have a well-balanced distribution between residential and commercial properties in good, attractive locations and built to excellent standards. About 45 percent of our residential holdings in terms of floor space were built 15 years ago or less.

Our residential properties are located in the metropolitan areas of Stockholm and Gothenburg where we manage around 4,700 and 4,100 apartments, respectively. In Uppsala, we manage just over 500 apartments. Apartment sizes correspond well to market demand. 65 percent of the apartments have 1-2 bedrooms. Our typical apartment is a 1 bedroom apartment of 56 sq m.

Our commercial holdings, mainly consisting of office, retail and restaurant space, are concentrated in inner city locations and attractive office locations in Gothenburg. In all, we have around 1,000 commercial tenants.

Acquisitions and divestments

During the year, we acquired a commercial property in the Avenyn area of Gothenburg. We also acquired land and project properties, transactions that provide the opportunity for future new construction, which will generate value growth and add homes to the market. The divestments

carried out during the year included two commercial properties in central Gothenburg and the development property Mässhaken 2, which was our final property in Helsingborg.

Management with customers in focus

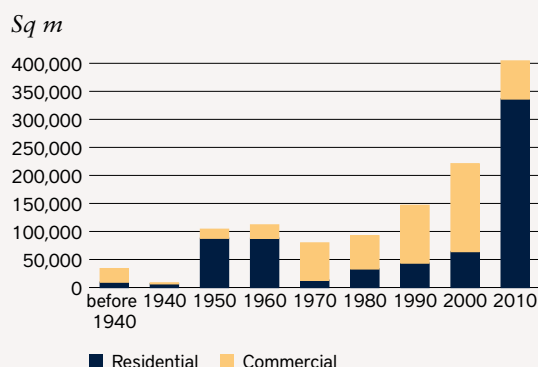
We aim to continually improve and meet our customers' expectations in the best possible way, in relation to their housing, their workplace and of us as a landlord. Our guiding principle Customer clarifies how important the customer is for our operations, and we continually work to take care of our tenants' needs, wishes and viewpoints. Read more on page 6.

Development of our properties

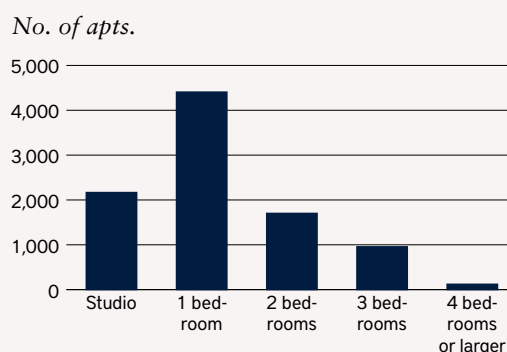
Through the work on developing apartments, premises, properties and surrounding areas, we create value for our customers, visitors, the company and our shareholders. Management and the day-to-day operations are conducted with sustainability in focus and according to developed plans, routines and processes. We have continued our efforts to improve public spaces in and around properties in large parts of our holdings in order to create safe and pleasant environments to stay and socialize in. Plumbing overhauls and façade renovations are in progress, including in our properties at Sten Sturegatan and in the Vita Björn area of Gothenburg.

In the commercial holdings in Gothenburg city center, we continued our work during the year on modernization and maintenance of a number of properties. In the central areas, we have focused on working preventively with safety

PROPERTY HOLDINGS AGE STRUCTURE



DISTRIBUTION, APARTMENT HOLDINGS





Wallenstam is developing Artilleristal-larna on Magasinsgatan in Gothenburg. During 2019, a beautiful 60-sq m orangery was finished, the façade was renovated and bricked-up windows were opened. The adjacent garage is now being renovated and in September 2020 it will open up its doors to provide new food experiences for Gothenburgers and visitors.

and security by renovating pathways and illuminating the streetscape, for example with floodlighting. In connection with the introduction of a new Swedish law banning smoking in some outdoor public areas including entrances, we have updated and added signs and information in our entire portfolio.

During 2019, we launched our own housing queue for our newly constructed apartments in Gothenburg.

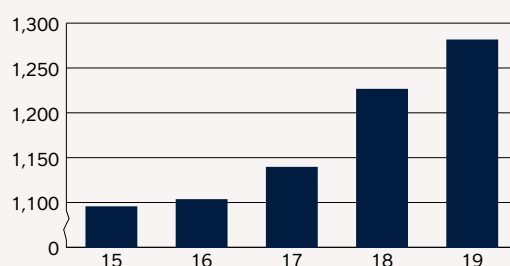
We are also strongly committed to the development of our commercial premises in order to create the best conditions for the various businesses conducted. For example, we are making adaptations based on customer needs and improvements of the property and surrounding area to create pleasant working environments. It is important for us to develop places, environments and experiences that contribute to a vibrant and attractive streetscape and good customer potential for the tenants operating businesses on the ground floor. For our office tenants, it is important that there are services, shops and restaurants that inject life into the local area. Therefore, we always take a holistic approach so that different businesses and activities can complement each other. Activities and efforts take place both on our own initiative and together with other local players, and with the city and joint action associations such as Avenyöreningen, Innerstaden Göteborg and Göteborg Citysamverkan.

Active letting

The occupancy rate in our properties is stable at 98 percent

NET OPERATING INCOME PER SQ M

SEK



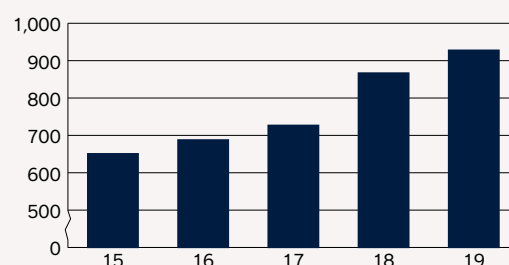
THE TEN LARGEST COMMERCIAL TENANTS

Tenant	Floor space, sq m
City of Gothenburg	24,077
Filmstaden AB	14,508
Essity Hygiene and Health AB	13,317
Academedia AB	11,382
Gothenburg Regional Archives	11,000
Västra Götalands County Council	10,108
ICA Fastigheter AB	6,906
Sandryds Handels AB	6,730
Folkuniversitetet	6,308
Frisk Service i Göteborg AB	6,212
Total	110,548

At year-end, the rental value of our ten largest tenants corresponded to 8 percent of the total rental value or 16 percent of the rental value in the commercial holdings. The let area is equivalent to 21 percent of the total floor space in the commercial holdings.

INCOME FROM PROPERTY MANAGEMENT PER SQ M

SEK





in terms of floor space. Our apartments are fully let and we are noticing very strong demand for both apartments and premises in our business areas.

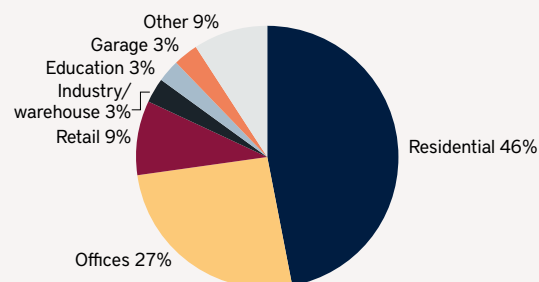
During 2019, we launched our own housing queue for our newly constructed apartments in Gothenburg. Our queue for new production in Stockholm and Uppsala has already existed for some time. At year-end 2019, about 100,000 people had registered. Our queue allocates all newly constructed apartments in Gothenburg, and half of the new production in Stockholm and Uppsala. The remaining new production and apartments that become vacant in the existing holdings are allocated in Stockholm and Uppsala via the municipal housing agency in each city, and in Gothenburg via HomeQ.

We have good knowledge of the local market and show great commitment in taking care of customer relationships.

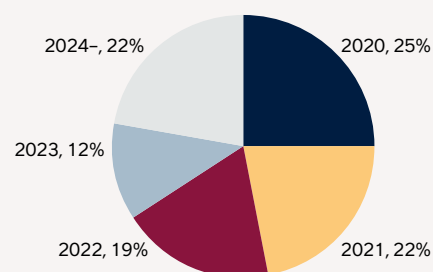
In order to contribute to a healthy and fair housing market, we are working in a structured way against improper rental conditions, which primarily relates to cases of unlawful subletting. During 2019, a new law entered into force with stricter rules and in connection with this we conducted an additional information campaign directed to our tenants. Knowing who is living in the building is important for us as a landlord, but also for our tenants from a security perspective.

During the year, 250 newly built homes became ready for occupation, and our letting agents worked with viewings, signing up tenants and occupations in new construction projects as well as letting the apartments that became vacant

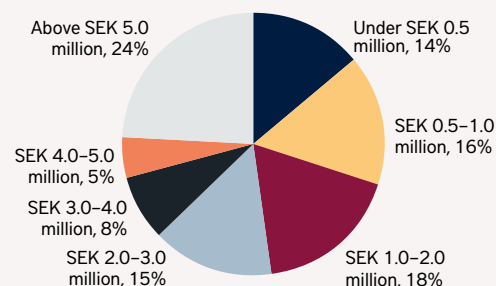
DISTRIBUTION OF RENTAL INCOME 2019, BY TYPE OF PREMISES



TERMS RENTAL AGREEMENT PREMISES, RENTAL VALUE



RENTAL AGREEMENT SIZE, PREMISES



in the existing holdings. The average relocation rate in the existing holdings during the year amounted to 14 percent in Stockholm and 13 percent in Gothenburg.

The occupancy rate in our commercial properties amounted to 96 percent at year-end in terms of floor space. There should be some vacancy in the commercial holdings to effectively meet changing customer needs. We have good knowledge of the local market and show great commitment in taking care of customer relationships, which is a good basis for successful letting operations. The surrender rate, which reflects how large a proportion of the cancellable leases are extended, was 87 percent in 2019. During the year, we signed about 180 new commercial agreements covering around 48,000 sq m. The total rental value of unlet commercial floor space amounted to about SEK 38 million at year-end.

VICTORIAGÅRDEN

Creating meeting places and nice environments for the Gothenburger

In the Victoria block in Gothenburg's inner city, we have been working for several years with our tenants in order to create "that little bit extra", where the focus is on development of the area that strengthens the inner city's range of services and attractiveness.

The latest addition is the cosy Victoriagården, which was inaugurated during spring 2019. Here, the visitor can sink in to enjoy a nice environment, shop, eat, have a coffee and socialize. Our responsibility as a property owner extends beyond the walls of our buildings – we want to contribute to a lively and safe inner city.

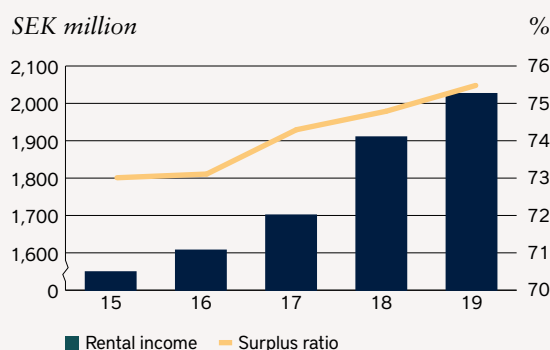


Rental income

Rental income in 2019 amounted to SEK 2,026 million (1,901), an increase of 6 percent. Rental income from our completed new construction, which has come into our management operations, and our new lets and renegotiations in the commercial holdings contributed to the increase. Leases for apartments and parking spaces run for three months with automatic renewal, and rents are generally renegotiated once a year. During 2019, the rental increases in our residential portfolio amounted to 2 percent on average.

The average lease term in our commercial holdings is 2.0 years (2.1). Of the contracts' rental value, 24 percent (19) may be renegotiated during 2020 but a business assessment is made for every lease. Rental agreements above SEK 1 million constitute about 70 percent of the Group's commercial rental income. Rental rates for Wallenstam's commercial premises in comparable holdings increased by 3.9 percent before increments compared to the previous year, mainly due to completed new lets, renegotiations and cost index escalations.

RENTAL INCOME AND SURPLUS RATIO



Value of the properties

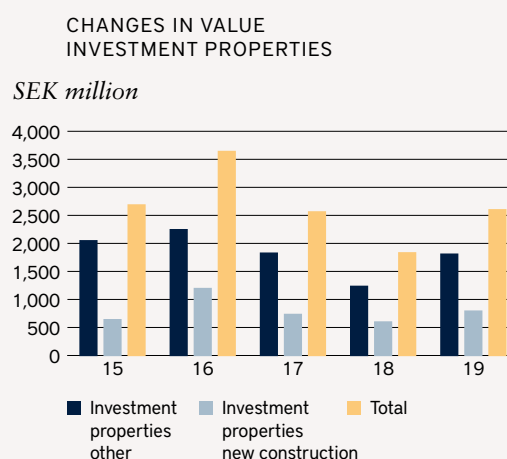
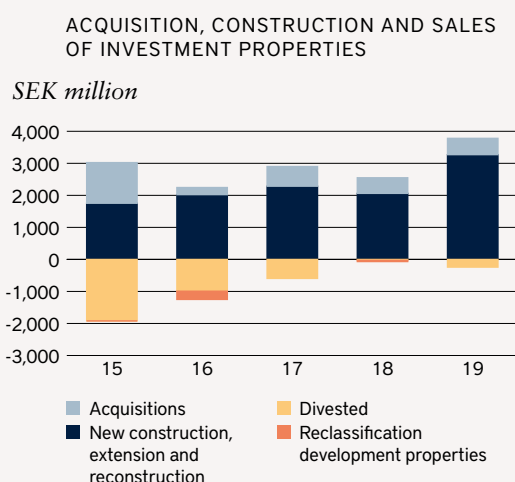
The market value of investment properties amounted to SEK 52,354 million (45,811) at year-end, and includes both properties in operation and apartment buildings for our own management under construction. Excluding new constructions in progress, this is equivalent to about SEK 38,900 per sq m (36,000). The increase was mainly due to our newly constructed properties coming into operation, a strong property market resulting in lower yield requirements and our work on refinement, management, operational optimization and letting.

Our own work on new construction and property development are important components of sustainable and profitable value growth. During 2019, SEK 3,781 million (2,549) was invested in investment properties, of which SEK 511 million (489) related to acquisitions and SEK 3,270 million (2,061) related to work on new constructions, extensions and reconstructions. The value created through our new construction of investment properties,

is reported separately in the income statement. This also includes the profit from newly constructed apartment buildings for our own management during the construction phase until completion. Changes in value arising after newly constructed properties have been taken into operation for a calendar year are included in the changes in value that are recognized for the entire holdings.

A property's unique characteristics determine its value, where a great emphasis is placed on location, standard and security. Our property holdings are concentrated in good locations in attractive metropolitan areas and hold their value well regardless of the economic cycle.

Our own work on new construction and property development are important components of sustainable and profitable value growth.



Property valuation

Wallenstam measures all of its investment properties internally at fair value. We enjoy good market and property intelligence through active monitoring, which provides us with a firm basis for performing internal valuations of our property holdings. However, we must emphasize that a property's fair value only becomes a reality when the property is sold, for which reason a valuation is always an estimation.

Development properties, including new construction of co-op apartments, are valued at cost.

Valuation at fair value

Investment properties are valued at fair value and are divided into four different categories: investment properties in operation, new construction in progress of rental apartments for own management, investment properties undergoing comprehensive reconstruction and land and building rights.

INVESTMENT PROPERTIES IN OPERATION

Investment properties in operation are valued at fair value through a yield valuation. Every year, we carry out a great number of valuations. Some relate to our own property holdings and others are properties under consideration for acquisition. Analysis of these property transactions, completed or not, is one of the parameters considered during the valuation. Property values depend on market conditions, which change over time. Analysis of rental rates, contract lengths, vacancy and rental trends is conducted. Even existing tenants and credit market conditions are analyzed and considered.

We use different yield requirements in the assessment of property values. These are based on each respective market. The yield requirement reflects market conditions and differs based on where a property is located, condition, type of property, etc.

As our properties are valued individually, the portfolio premium that may exist in the property market is not taken into consideration.

Properties that are contracted for sale with taking of possession after closing day, are valued at the selling price from the contract date.

During 2019, demand for properties remained high with a general price increase for properties with lower yield requirements as a consequence. Wallenstam reduced its yield requirement during the year by 11 points on average for commercial properties, and by 12 points on average for residential properties. The average yield requirement for Wallenstam's commercial properties amounted to 4.5 percent and to 3.1 percent for residential properties.

A yield value means that the net operating income of each individual property is divided by the yield requirement for the property concerned. The computed yield value is then compared with current price statistics for similar properties. Location premiums are added in cases where the yield requirement deviates from prices for the area.

WALLENSTAM'S VALUATION MODEL

- + Rental value
- General vacancies of 3 percent in the commercial holdings
- Operating expenses including property tax and site leasehold rent, excluding administration
- = Net operating income
- / Yield requirement of the property
- = The property's gross yield value
- Two years' rent for vacant floor space
- Planned investments and significant repairs
- +/- Present value of temporary additions/deductions
- + Location adjustment
- = **Estimated market value of property**

NEW CONSTRUCTION IN PROGRESS OF RENTAL APARTMENTS FOR OWN MANAGEMENT

The fair value of new construction in progress of rental apartments for our own management is determined as cost plus the estimated surplus on the completion date in relation to the degree of completion of the construction. The degree of completion is based on the costs incurred.

AVERAGE YIELD REQUIREMENTS INVESTMENT PROPERTIES

Place	Property type	%
Stockholm	Residential	3.2
Stockholm	Commercial premises	4.5
Stockholm	Public use properties	3.1
Gothenburg	Residential	3.1
Gothenburg	Commercial premises	4.5
Gothenburg	Public use properties	4.7

PROPERTY VALUE USING OTHER YIELD REQUIREMENTS

	SEK million
0.50 percentage points lower	60,377
0.25 percentage points lower	56,027
0.10 percentage points lower	53,753
Property value according to our estimate	52,354
0.10 percentage points higher	51,104
0.25 percentage points higher	49,233
0.50 percentage points higher	46,489

During 2019, demand for properties remained high with a general price increase for properties with lower yield requirements as a consequence.

INVESTMENT PROPERTIES UNDERGOING COMPREHENSIVE RECONSTRUCTION

The fair value of investment properties undergoing comprehensive reconstruction is based on the value prior to reconstruction plus subsequent costs incurred during the reconstruction project. When the building is completed or when critical factors such as rental rates have been determined with reasonable certainty, the property is again valued according to the yield valuation model.

LAND AND BUILDING RIGHTS

Land rights and building rights for zoned land are valued at market value using the comparative method.

Valuation at cost

DEVELOPMENT PROPERTIES

Development properties are properties that we intend to construct in order to divest on completion, for example co-op apartment properties.

Development properties are recognized at the lower of cost (investments incurred) and the estimated net realizable value. The profit/loss is recognized when the property or apartment is completed and handed over to the buyer. Selling and marketing expenses are recognized on an ongoing basis as they arise.

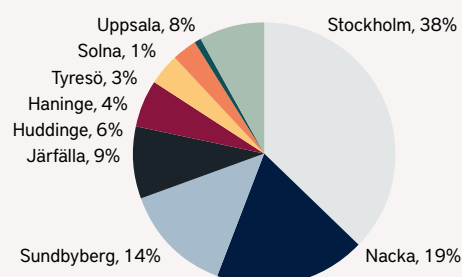
Property overview

	Stockholm business area	Gothenburg business area	Total 2019	Compa- rison 2018
Residential				
Floor space, sq m, thousands	314.7	255.4	570.1	562.9
Proportion of total floor space, %	71.5	33.6	47.5	47.1
Proportion of rent, %	82.6	29.0	45.8	46.8
Average rent, SEK/sq m	1,765	1,665	1,721	1,669
Office				
Floor space, sq m, thousands	27.6	208.7	236.3	232.0
Proportion of total floor space, %	6.3	27.4	19.7	19.4
Proportion of rent, %	6.6	36.5	27.1	26.2
Average rent, SEK/sq m	1,611	2,566	2,454	2,268
Retail				
Floor space, sq m, thousands	19.4	90.9	110.3	109.7
Proportion of total floor space, %	4.4	12.0	9.2	9.2
Proportion of rent, %	3.7	20.1	14.9	14.5
Average rent, SEK/sq m	1,287	3,243	2,899	2,660
Industry/warehouse				
Floor space, sq m, thousands	15.5	87.4	102.9	108.4
Proportion of total floor space, %	3.5	11.5	8.6	9.1
Proportion of rent, %	1.0	4.0	3.1	3.2
Average rent, SEK/sq m	440	680	644	592
Education				
Floor space, sq m, thousands	4.5	25.8	30.3	30.1
Proportion of total floor space, %	1.0	3.4	2.5	2.5
Proportion of rent, %	1.7	3.5	3.0	3.1
Average rent, SEK/sq m	2,499	2,016	2,087	2,056
Other*				
Floor space, sq m, thousands	3.3	32.8	36.1	37.4
Proportion of total floor space, %	0.7	4.3	3.0	3.1
Proportion of rent, %	0.8	4.2	3.2	3.0
Average rent, SEK/sq m	1,681	1,887	1,868	1,637
Garage/parking spaces				
Garage space, sq m, thousands**	55.3	59.5	114.8	113.6
Proportion of total floor space, %	12.6	7.8	9.6	9.5
Proportion of rent, %	3.5	2.7	2.9	3.1
Total				
Floor space, sq m, thousands	440.2	760.5	1,200.7	1,194.2
Average rent, SEK/sq m***	1,685	2,038	1,913	1,800

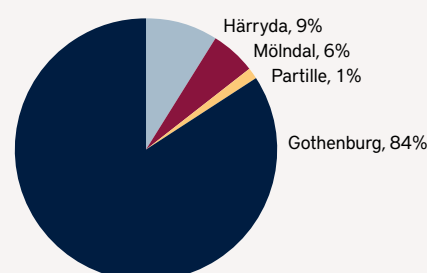
*Includes healthcare premises, etc. **Heated garage space

***Garage not included

PROPERTY HOLDINGS' DISTRIBUTION FLOOR SPACE BY MUNICIPALITY, STOCKHOLM REGION



PROPERTY HOLDINGS' DISTRIBUTION FLOOR SPACE BY MUNICIPALITY, GOTHENBURG REGION



Value-creating construction

The growth rate in terms of population and employment is high in the regions we operate in. There is a severe housing shortage and demand for commercial premises is high. Our construction creates value for the city, the company and our shareholders – and makes it possible for more people to get their own home, and for companies to establish and grow in our regions.

Our cost-efficient new production process means that we can build quality housing and premises while maintaining good control over production and costs. In this way, we create value growth in our projects through our own work, regardless of the market climate. We show an average increase in value of 30–40 percent per invested krona in our newly produced rental apartments for our own management.

During 2019, SEK 3,270 million (2,061) was invested in new construction, extension and reconstruction of investment properties and SEK 52 million (138) in construction of development properties. At year-end 2019, we had 3,135 apartments and 40,000 sq m of commercial floor space in production, a total investment volume of about SEK 5.8 billion in progress.

Both residential and commercial

Wallenstam is both a construction company and a property management company, and also has extensive experience of urban development and a unique combination of residential and commercial properties. If a district is to come alive and work together with the rest of the city, a holistic view is needed to create a balance between housing and the provision of services required. The layout, design and style are also important parameters for the attractiveness of the district, the property and the specific apartment or premises. By building mixed-use districts with different looks and different activities, the area gains the right conditions for a 24–7 city pulse with meeting places and access to services for those who live and work in the area.

SUSTAINABLE CONSTRUCTION

For us, sustainable construction and development is something natural. Our new construction is continually improved to become more energy-efficient with solutions to reduce negative environmental impacts. We are also keen to create areas and outdoor environments where the residents and visitors enjoy being in and feel safe. Read more about our sustainability work on page 27.



An architectural rendering of the Mölnlycke Fabriker development in Härryda, Sweden. The image shows two modern multi-story apartment buildings. The building on the left is a light olive-green color with a grid of windows and numerous balconies, some with glass railings and others with metal. The building on the right is constructed from light-colored stone or brick with irregularly placed windows. In the foreground, a paved pedestrian path curves through a landscaped area with green grass and purple flowers. Several people are shown in various activities: a woman and a man are jogging on the path, a group of people are walking, and a man is standing on a balcony of the stone building. A modern street lamp stands near the stone building. In the background, a wooden staircase and a car are visible. The sky is blue with scattered white clouds.

MÖLNLYCKE FABRIKER IN HÄRRYDA

300 apartments with balcony or patio

In Mölnlycke Fabriker construction is under-way of just over 300 apartments, ranging in size from studio to 2 bedrooms, all with balcony, French balcony or patio. The first apartments are planned to be ready for occupation during 2021. Fully developed, the district, which is located in an area of natural beauty close to walkways and Mölnlycke Centrum, will have about 600 new homes, a new sports center and several commercial businesses. The old genuine factory buildings are being preserved and combined with new and modern influences.

ARCHITECT: QPG

During 2019, we started production of 17 so-called co-living apartments, which will start to be introduced in our holdings during 2020.

Rental apartments in demand

We mainly build rental apartments for our own management. The rental apartment is a form of housing we safeguard and that is needed in our society. It is flexible and convenient and plays an important function for the individual, cities and for development of the business sector. However, when we build we adapt the form of tenure to what is demanded and possible in each individual project and therefore also build a small proportion of cooperative apartments. Our process, where sales of co-op apartments only occur when we have completed the project, makes it possible for us to convert into rental apartments when we notice weaker demand for co-op apartments. Prior to the start of each co-op apartment project, an alternative calculation is made, in order to ensure that the project is also economically viable as rental apartments.

During 2019, we started production of 17 so-called co-living apartments, which will start to be introduced in our holdings during 2020. The concept, which we will test in both Stockholm and Gothenburg, means that five–six people share social areas and kitchen, and have their own bedroom. Also new in 2019 was that we introduced smoke-free housing in all of our new production. This means that it is not permitted to smoke either in the apartment, on the balcony or in public areas in our newly constructed properties where contracts are signed from January 1, 2019.

In total during 2019, we completed 250 rental apartments and started construction of 1,225 apartments in our regions. There is currently very strong demand for our new construction projects, something that is noted in our own housing queue, in the municipal housing agencies in each city and in the number of applicants for every apartment.

New production of commercial properties

We build commercial floor space, often on the ground floor of our residential properties, but sometimes also pure commercial properties. The Sturefors project in the Aveny area of Gothenburg, which was completed in 2019, is an example where we demolished parts of a property and added 1,400 square meters net on six new office floors. In the urban development project Kallebäck's Terrasser in Gothenburg, we started the construction of a commercial property during the year of about 20,000 sq m in total comprising mostly office space, which is planned to be finished during 2021.

Strong project portfolio for the future

We are working intensively to find different opportunities for more housing in selected markets and preferably in areas where we already operate and our ambition is to continue building regardless of market conditions. Building apart-



ARCHITECT: FOJAB





PARKSTRÅKET IN HANINGE

17 co-living apartments

In the Parkstråket project, we are building apartments ranging in size from studio to 3 bedrooms close to services, public transport and recreation areas. In one of the stairwells, we are testing a new concept involving 17 co-living apartments with space for about 100 tenants, which will be let via Colive AB. Occupation will occur during 2020.



ARCHITECT: SEMRÉN & MÄNSSON

UMAMI PARK IN SUNDBYBERG

Letting is in progress

In our urban development project Umami Park, tenants have already moved into the first buildings and letting is in progress for the apartments in phase 2 and for the commercial premises. In late 2019, construction started of phase 3. In the coming years, the buildings will be filled with more tenants, both residents and companies, including the coworking operator Convendum, which is establishing several of its concepts here. When Umami Park is finished, there will be about 900 apartments in the area. So far about 500 of these have been completed or are under construction.



FLANÖREN IN UPPSALA

Flanören has started to take shape

In December 2019, we turned the first sod for our third project in Rosendal in Uppsala. Here, we are building 161 apartments in three main buildings, which will be located close to the district's future square, which is planned to be constructed here. The apartments range in size from studio to 1.5 bedrooms and we are building commercial floor space for future commercial tenants in the ground floor.



ARCHITECT:
JÄGNEFÄLT MILTON

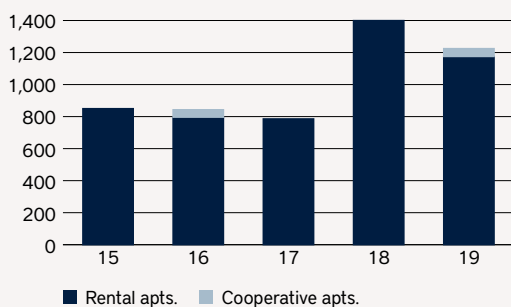
ments in lofts or adding additional floors above an existing property are ways of densifying previously developed land. Demolishing a property, which is in poor condition and building more apartments on the same land is another.

We are always looking for and evaluating ways to find undeveloped land that can be built on. We buy our own land and we also seek land allocations from the municipalities in the regions we work in. The latter case implies that the municipality either sells the land to us or lets it as a site leasehold right. This means the municipality owns the land and we pay an annual fee for use, known as site leasehold rent. Under Swedish law, such leasehold rights have no fixed contractual term, but run indefinitely. The site leasehold rent is unchanged during a certain period, normally for 10 years. Prior to a new period, either party may request changes to the terms and conditions. Starting from January 1, 2019, site leasehold rights form part of the property value.

Our strong project portfolio includes potential future production for about 11,000 apartments, with a mix of own land and land allocations. The start of construction for these projects depends on the planning process, which can take varying lengths of time. We are continually working on replenishing our project portfolio with new interesting projects. During 2019, among other things, we were selected to participate in the development of Landvetter Södra in Hälaryda Municipality, we obtained a land allocation in Räcksta in Stockholm and we were chosen as an anchor developer in Knivsta Municipality.

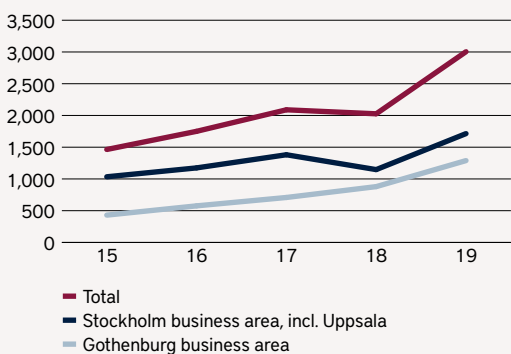
NUMBER OF APARTMENT STARTS

No. of apts.



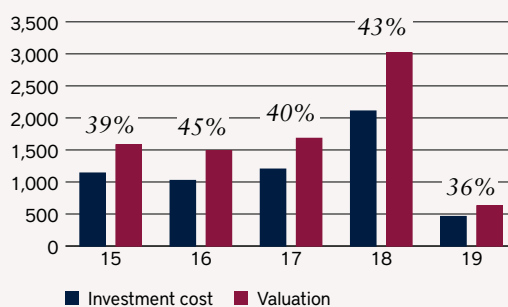
APARTMENTS, CONSTRUCTION IN PROGRESS

No. of apts.



VALUE GROWTH ON COMPLETION OF NEWLY CONSTRUCTED INVESTMENT PROPERTIES

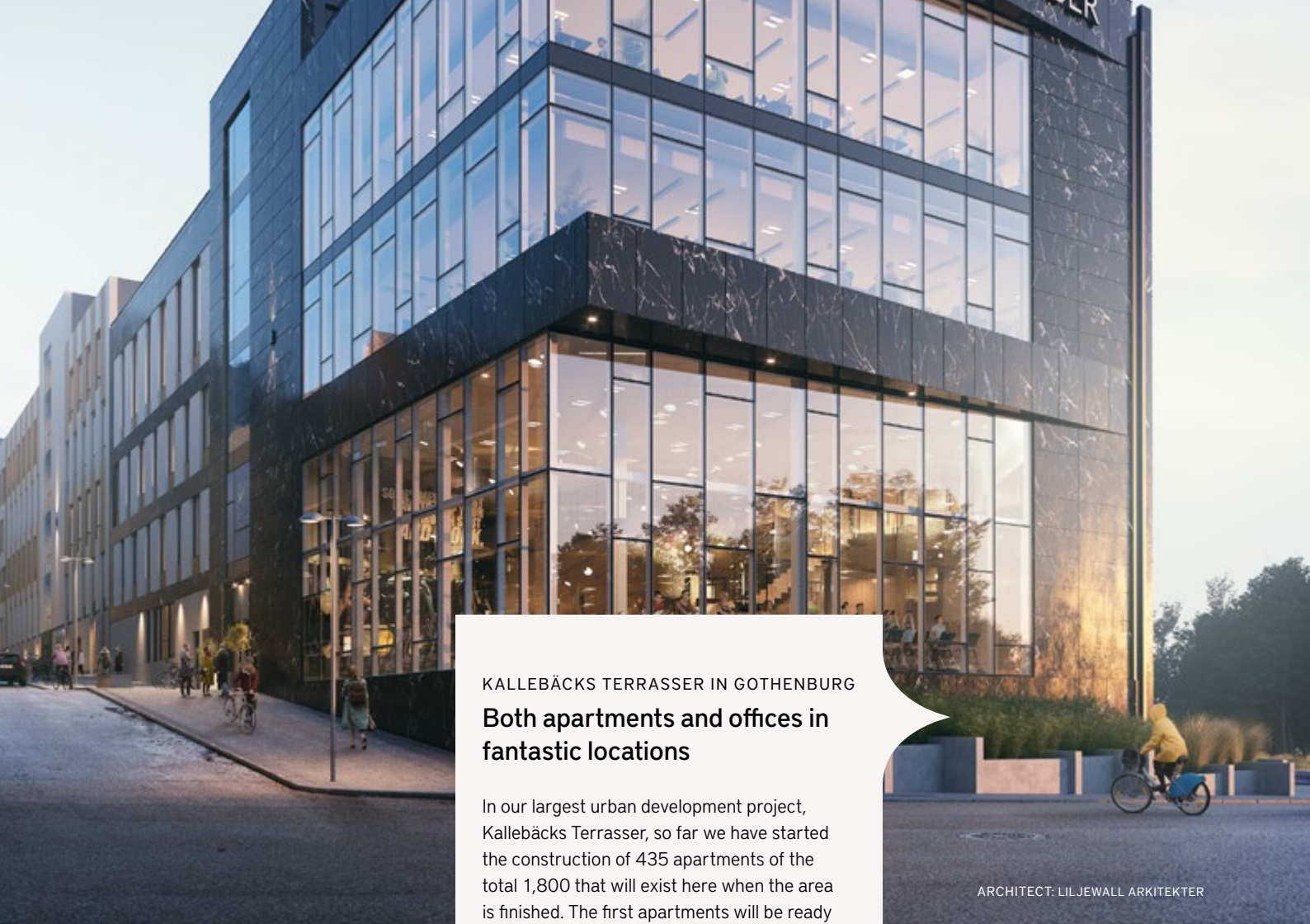
SEK million



11,000

APARTMENTS IN THE PROJECT PORTFOLIO

Our strong project portfolio includes potential future production for about 11,000 apartments, with a mix of our own land and land allocations.



KALLEBÄCKS TERRASSER IN GOTHENBURG

Both apartments and offices in fantastic locations

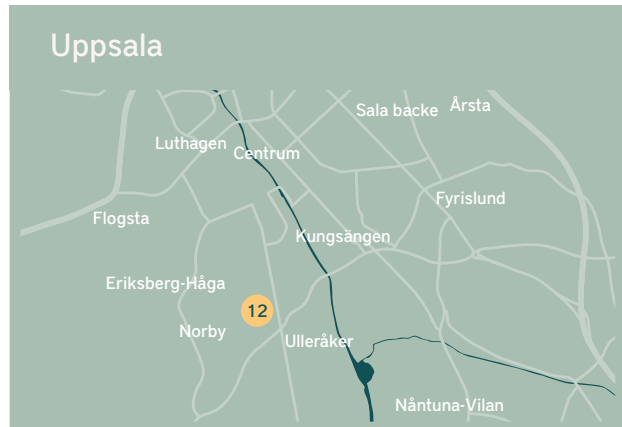
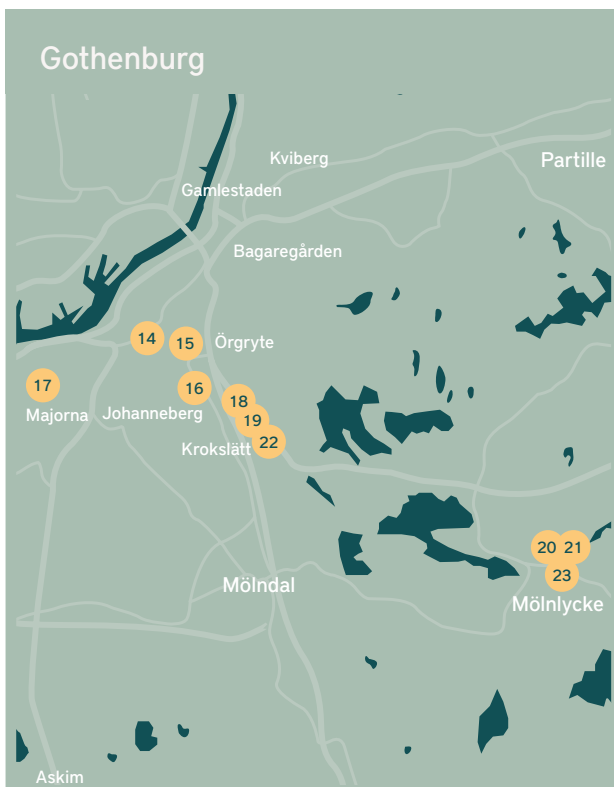
In our largest urban development project, Kallebäcks Terrasser, so far we have started the construction of 435 apartments of the total 1,800 that will exist here when the area is finished. The first apartments will be ready for occupation just in time for Gothenburg's 400th anniversary in 2021. During 2019, we also started the construction of 20,000 sq m of commercial floor space in a property that runs along the E6 motorway. Here, we will be able to offer modern, convenient and adaptable office space in a fantastic location close to nature and services, and also easily accessible due to the proximity to public transport and traffic routes.

ARCHITECT: LILJEWALL ARKITEKTER

ARCHITECT: LILJEWALL ARKITEKTER



We are building here



New constructions in progress, Dec 31, 2019

STOCKHOLM BUSINESS AREA

Project	No. of apts.	Expected occupation
1. Umami Park, phase 1 A, Sundbyberg*	147	Q2 2019
2. Trollesunds gårdar, Bandhagen*	158	Q3 2019
3. Norrgårdshusen, Österåker*	128	Q4 2019
4. Terrassen Elva, Tyresö	54	Q1 2020
5. Allén, Tyresö	221	Q2 2020
6. Parkstråket 1, Haninge	155	Q3 2020
7. Söra Kvarter, Österåker**	305	Q3 2020
8. Umami Park, phase 1 B, Sundbyberg	75	Q3 2020
9. New York, Gärdet (co-op)**	50	Q4 2020
10. Parkstråket 2, Haninge	131	Q4 2020
11. Umami Park, phase 2, Sundbyberg**	141	Q4 2020
12. Flanören, Rosendal, Uppsala**	161	2021
13. Umami Park, phase 3, Sundbyberg**	133	2021
Total	1,859	

GOTHENBURG BUSINESS AREA

Project	No. of apts.	Expected occupation
14. Vasagatan 33 (co-op)*, i	30	Q3 2018
15. Sten Stures kröningar, Regenten	29	Q3 2020
16. Elisedal	336	Q4 2020
17. Godhems Backe	138	Q4 2020
18. Kallebäcks Terrasser Kv. 9**	165	2021
19. Kallebäcks Terrasser Kv. 11**	270	2021
20. Kv. Rosengången, Mölnlycke Fabriker, Härryda	123	2021
21. Kv. Kvarnen, Mölnlycke Fabriker, Härryda	185	2022
Total	1,276	
Commercially	Sq m	Expected occupation
22. Kallebäcks Terrasser**	20,000	2021
23. Mölnlycke Fabriker**, ii	20,000	2021
Total	40,000	

* Gradual occupation has commenced. ** Started during 2019.

i Of which, 19 apartments are sold and taken into possession by the buyer.

ii Relates to two sports centers and a multistorey carpark.

Project portfolio for future production, as of December 31, 2019

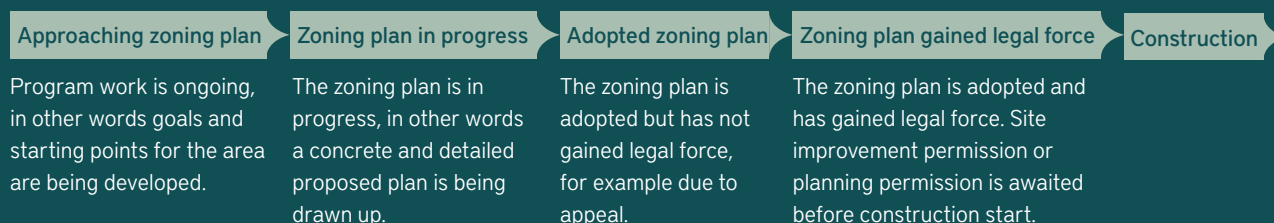
STOCKHOLM BUSINESS AREA

Project	Approx. no. of apts.	Status
Bandhagen Centrum	80	Zoning plan gained legal force
Bersån, Kvarngärdet, Uppsala	80	Zoning plan gained legal force
Söraskolan, Österåker	10	Zoning plan gained legal force
Ädellövet, Farsta	170	Zoning plan gained legal force
Umami Park, phase 4, Sundbyberg	130	Zoning plan gained legal force
Umami Park, phase 6, Sundbyberg	120	Zoning plan gained legal force
Apelvågen, Tyresö	220	Adopted zoning plan
Bägersta Byväg, Enskede	320	Zoning plan in progress
Ekerö Centrum	400	Zoning plan in progress
Eriksberg, Uppsala	270	Zoning plan in progress
Karlsviks Strand	240	Zoning plan in progress
Södra Värtan	110	Zoning plan in progress
Vistaberg, Huddinge	210	Zoning plan in progress
Älta Vision, Nacka	690	Zoning plan in progress
Blommenbergsvägen, Aspudden	100	Approaching zoning plan
Gubbängen C	100	Approaching zoning plan
Knivsta	250	Approaching zoning plan
Kvarnbergsplan, Huddinge	160	Approaching zoning plan
Norrviden Strand, Sollentuna	2,000	Approaching zoning plan
Ropsten	450	Approaching zoning plan
Rosenlundsgatan, Södermalm	60	Approaching zoning plan
Solleftegatan, Räcksta	130	Approaching zoning plan

GOTHENBURG BUSINESS AREA

Project	Approx. no. of apts.	Status
Carlandersplatsen	200	Zoning plan gained legal force
Kallebäckers Terrasser Kv 1	160	Zoning plan gained legal force
Kallebäckers Terrasser Kv 2	150	Zoning plan gained legal force
Kallebäckers Terrasser Kv 3	160	Zoning plan gained legal force
Kallebäckers Terrasser Kv 5	160	Zoning plan gained legal force
Kallebäckers Terrasser Kv 6	260	Zoning plan gained legal force
Kallebäckers Terrasser Kv 7	170	Zoning plan gained legal force
Kallebäckers Terrasser Kv 8	270	Zoning plan gained legal force
Kallebäckers Terrasser Kv 10	120	Zoning plan gained legal force
Kv. Skogsvaktaren, Mölnlycke Fabriker, Härryda	120	Zoning plan gained legal force
Kv. Sländan, Mölnlycke Fabriker, Härryda	110	Zoning plan gained legal force
Kv. Stallet, Mölnlycke Fabriker, Härryda	20	Zoning plan gained legal force
Kv. Väven, Mölnlycke Fabriker, Härryda	120	Zoning plan gained legal force
Rådavägen	10	Zoning plan gained legal force
Sten Stures Kröningar, Riddaren	50	Zoning plan gained legal force
Sten Stures Kröningar, Hovmästaren	30	Zoning plan gained legal force
Almedal	230	Zoning plan in progress
Aspen Strand, Lerum	200	Zoning plan in progress
Forsåker, Mölndal	590	Zoning plan in progress
Götaleden	150	Zoning plan in progress
Södra Änggården	300	Zoning plan in progress
Äbybergsgatan, Mölndal	390	Zoning plan in progress
Bergsjön	40	Zoning plan in progress
Hovås Lyckhem	130	Approaching zoning plan
Lagerströmsplatsen	70	Approaching zoning plan
Landvetter Södra	200	Approaching zoning plan

Project status The time required for each phase can vary.



Project process



Five-year summary

SEK million	2019	2018	2017	2016	2015
CONDENSED INCOME STATEMENT					
Rental income	2,026	1,910	1,701	1,607	1,549
Operating expenses	-497	-481	-437	-432	-419
Net operating income, properties	1,529	1,429	1,264	1,175	1,130
Management costs and administrative expenses	-228	-211	-210	-193	-188
Net financial items	-194	-207	-248	-249	-270
Income from property management	1,108	1,011	806	733	672
Capital gain/loss wind power assets	-	-	-	-	-29
Participation in profits/losses of associated companies	-5	-	-	-	-
Realized change in value, financial instruments	-	-767	-	-	-
Realized change in value, synthetic options	-	-	-54	-	-
Profit/loss co-op apartments and development property sales	92	114	46	22	208
Other income and expenses, including other financial expenses	-26	-34	-38	-60	-3
Profit before changes in value and impairment losses	1,169	324	759	695	849
Changes in value, investment properties	2,600	1,832	2,562	3,640	2,686
Unrealized changes in value, financial instruments	-264	778	182	-130	165
Unrealized changes in value, synthetic options	-40	-13	-2	-7	-31
Impairment losses and reversals, wind turbines	0	524	-500	-	-250
Profit before tax	3,464	3,445	3,001	4,198	3,418
Taxes	-727	-447	-580	-850	-664
Profit for the year, after tax	2,737	2,998	2,421	3,348	2,754
CONDENSED BALANCE SHEET					
Investment properties	52,354	45,811	41,410	36,555	32,090
Wind turbines	1,109	1,167	682	1,277	1,366
Participations in associated companies	133	113	-	-	-
Financial derivative instruments	8	50	28	12	15
Other non-current assets	620	472	433	439	401
Development properties	175	317	606	734	32
Other current assets	290	332	514	385	662
Total assets	54,689	48,262	43,673	39,402	34,566
Equity	23,794	21,611	19,410	17,788	15,102
Provisions for deferred tax	5,322	4,595	4,146	3,568	2,716
Other provisions	188	68	56	-	-
Interest-bearing liabilities and lease liabilities	24,302	21,244	18,701	16,473	15,153
Financial derivative instruments	358	82	797	970	861
Non-interest-bearing liabilities	725	662	563	603	734
Total equity and liabilities	54,689	48,262	43,673	39,402	34,566

ALTERNATIVE PERFORMANCE MEASURES (APM)

Wallenstam presents a number of financial measures that are outside IFRS definitions (Alternative performance measures, according to ESMA's guidelines) with the aim of enabling effective evaluation of the company's financial position and performance for investors and for the company's management. This means that these measures are not always comparable with measures used by other companies and shall therefore be considered as a complement to measures defined according to IFRS. Wallenstam applies these alternative key ratios consistently over time. The definitions describe how Wallenstam's key ratios are calculated. The key ratios are alternative performance measures according to ESMA's guidelines unless otherwise stated.

Carrying amounts of investment properties excluding projects in progress:

SEK million	2019	2018	2017	2016	2015
Carrying amount, investment properties	52,354	45,811	41,410	36,555	32,090
Projects in progress, investment properties	-5,594	-3,255	-4,157	-3,428	-2,648

* Effect of altered definition relating to new construction and other investment properties:

SEK million	2016	2015
CHANGES IN VALUE, INVESTMENT PROPERTIES		
New construction previous definition	978	639
New construction updated definition	1,195	634
Other previous definition	2,493	1,868
Other updated definition	2,275	1,873

	2019	2018	2017	2016	2015
PROPERTY-RELATED KEY RATIOS					
Net operating income, properties, SEK million	1,529	1,429	1,264	1,175	1,130
Surplus ratio, property management, %	75.5	74.8	74.3	73.1	73.0
Income from property management, SEK million	1,108	1,011	806	733	672
Changes in value, new construction*	792	598	733	1,195	634
Value of investment properties, SEK million	52,354	45,811	41,410	36,555	32,090
Area, sq m (thousand)	1,201	1,186	1,145	1,074	1,056
Occupancy rate, lettable area, %	98	99	98	98	98
Development properties, net, SEK million	175	317	606	734	32
FINANCIAL KEY RATIOS					
Profit after tax, SEK million	2,737	2,998	2,421	3,348	2,754
Return on equity, %	12.3	14.8	13.0	20.9	19.6
Return on total capital, %	7.2	9.7	8.0	12.2	11.2
Interest coverage ratio, times	6.3	1.3	3.8	4.1	4.4
Loan-to-value ratio, %	45	45	43	43	45
Average interest rate on the closing day, %	1.22	1.06	1.88	1.97	2.22
Average fixed-interest term, months	38	39	36	37	39
Equity/assets ratio, %	44	45	44	45	44
Equity, SEK million	23,794	21,611	19,410	17,788	15,102
Net asset value, SEK million	29,501	26,574	24,314	22,159	18,630
Non-current net asset value (EPRA NAV), SEK million	29,778	26,595	24,915	22,906	19,290
Market capitalization, SEK million	37,356	27,126	26,037	24,106	23,120
Dividend, SEK million	614	583	556	497	376
Repurchase of shares, SEK million	-	229	235	192	150
PER-SHARE DATA					
Net asset value per share, SEK	91.30	82.30	74.60	67.40	56.20
Profit after tax, SEK	8.5	9.3	7.4	10.1	8.3
P/E ratio, times	13.4	8.9	10.7	7.0	8.2
Cash flow from operating activities, SEK	4.2	1.1	2.6	2.0	1.4
Equity, SEK	74	67	60	54	45
Share price, SEK	113.20	82.20	78.90	70.90	68.00
Dividend, SEK (2019 refers to proposed dividend)	1.90	1.90	1.80	1.70	1.50
Shares outstanding, average, thousands	323,000	323,854	327,333	330,409	333,536
Shares outstanding at end of period, thousands	323,000	323,000	326,000	329,000	331,800

Earnings-based key ratios are calculated on the average number of outstanding shares; yield figures are calculated on rolling twelve-month profit or loss. The relevant key ratios have been restated for the 2:1 share split.

Equity and total assets on average:

SEK million	2019	2018	2017	2016	2015
Equity	23,792	21,609	19,408	17,776	15,102
Average equity	22,329	20,305	18,665	16,034	14,024
Total assets	54,689	48,262	43,673	39,402	34,566
Average total assets	51,306	45,728	41,293	36,659	33,321

For average values, add the latest five periods and divide by five.

How to read our income statement

Our income statement is presented to reflect our various main areas: income from our property management operations, participations in the profits of associated companies, profit/loss from sales of development properties and other income and expenses, which together provide our realized profit. After that, changes in value are presented, distributed into investment properties, financial instruments and other assets.

Consolidated income statement

SEK million

2019

2018

Rental income			
Operating expenses	Income from property management operations shows how large a share of rental income remains after deducting expenses for the properties' operation, management, administration and financing.		
Net operating income, properties			
Management costs and administrative expenses			
Financial income			
Financial expenses		-198	-212
Income from property management operations	Income and expenses from electricity generation (production revenue/-expenses, administrative fees and depreciation of wind turbines) as well as additional other income and expenses are recognized as other income and other expenses.	1,108	1,011
Realized change in value, financial instruments		-	-767
Participation in profits/losses of associated companies		-5	-
Revenue, development property sales		324	535
Expenses, development property sales		-232	-421
Other income		298	426
Other expenses	Financial expenses were mainly attributable to wind turbines.	-299	-436
Other financial expenses		-25	-25
Profit/loss before changes in value and impairment losses		1,169	324
Change in value, investment properties	The increase in value is gradually recognized during the construction of the property until the property has been in operation for one calendar year. Change in value New construction recognizes the difference between cost of construction of a new rental apartment and the value it has on completion. Changes in value after one calendar year such as New construction are recognized as Other.	2,600	1,832
New construction		792	598
Other		1,808	1,234
Unrealized change in value, financial instruments		-264	778
Unrealized change in value, synthetic options		-40	-13
Impairment losses and reversals, wind turbines		0	524
Profit before tax		3,464	3,445
Current tax	Change in value Other recognizes changes in value for all investment properties, which have been in operation for one calendar year or more.	0	0
Deferred tax		-727	-447
Profit for the year after tax		2,737	2,998
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit/loss for the year</i>			
Translation difference		1	0
Change in value, currency derivatives		-1	-1
<i>Items that may not be reclassified to profit/loss for the year</i>			
Change in value, financial instruments for sale	Wallenstam's derivative instruments are continually measured in relation to current market interest rates and electricity prices, resulting in changes in value recognized through profit or loss. As long as the derivative remains unrealized, the item does not affect cash flow or average interest. Also includes change in value of listed holdings.	60	-6
Change in value, owner-occupied properties		1	8
Tax attributable to other comprehensive income		-1	-2
Comprehensive income		2,796	2,998

Change in value of financial instruments for sale recognizes unrealized change in value in unlisted companies which are not subsidiaries or associated companies.

Administration report

The Board of Directors and the Chief Executive Officer of Wallenstam AB (publ), corporate identity number 556072-1523, hereby submit the following annual accounts and consolidated financial statements for 2019. Information in parenthesis refers to the preceding financial year.

This is Wallenstam

Wallenstam was founded in 1944 and is today a property company that builds, develops and manages properties for sustainable living and enterprise, primarily in the Stockholm and Gothenburg regions. Ownership is focused on residential properties in these two locations, and also on commercial properties in Gothenburg. The Wallenstam B share is listed on Nasdaq Stockholm, Large Cap.

Wallenstam is self-sufficient in renewable energy through its 66 own wind turbines in operation with an installed output of 143 MW (143). Production covers our own properties' energy needs and those of our tenants.

Business concept

We develop and manage people's homes and workplaces based on a high level of service and long-term sustainability in selected metropolitan areas.

Operational goals

The goal for the business plan 2019 –2023 is to achieve an increase in net asset value of SEK 40 per share. Net asset value growth shall be created by successful letting, efficient management, value-creating investments, cost-efficient new construction and strong business operations. The goal is measured from October 1, 2018 when the net asset value per share was SEK 79.20. On December 31, 2019, the net asset value per share was SEK 91.30 (83.30), which represented an increase of SEK 9.00 per share (3.10) during 2019 and SEK 12.10 per share in total to date during the business plan.

Operations and organization

The Board of Directors has its registered office in Gothenburg, where the head office is also located on Kungssportsavenyen 2. In 2019, the average number of employees in the Group totaled 254 (251). Operations are conducted in two overall business areas: properties in the Gothenburg region and properties in the Stockholm region. Both business areas also include responsibility for letting and management of residential properties and commercial premises as well as planning and construction work. The administrative support functions provide the business areas with skills and expertise in accounting, finance, IT, law, communications, customer service and HR.

Construction

Wallenstam mainly builds rental apartments but also builds development properties. At year end, investments in progress amounted to SEK 5.8 billion (3.6), of which SEK 3.8 billion (2.7) was invested during the year. In the Stockholm area, including Uppsala, we are currently building almost 1,900 apartments. In Gothenburg, construction of almost 1,300 apartments is in progress.

Property management

The property holdings comprise a total of 1.2 million sq m, distributed among just over 200 properties, primarily in Gothenburg and Stockholm. In all, Wallenstam has more than 9,400 apartments and 1,000 commercial tenants. Residential properties represent around 47 percent of the lettable area, while the remainder consists of commercial floor space and parking. More than half of the apartments, about 4,700, are found in Stockholm, about 500 are in Uppsala and just over 4,100 are in Gothenburg. Corporate customers are mainly found in Gothenburg where we have about 900 commercial tenants that rent office and retail premises, mostly in Gothenburg inner city locations. The residential apartment holdings are fully let and the occupancy rate in terms of floor space for commercial premises is 96 percent. The value of investment properties amounts to around SEK 52 billion.

Responsible enterprise

Wallenstam's sustainability efforts are based on a common Group policy and are reported according to the Global Reporting Initiative's guidelines (GRI Standards). Issues that emerged in the materiality analysis 2018 (see page 28) and that we actively worked with are climate impact and reduced emissions, reduced energy usage, that Wallenstam should take an active social responsibility in questions such as diversity and gender equality, fight corruption and bribery and create value through profitable development.

As part of our social engagement work, we want to actively work to ensure safer areas and districts for our tenants. We achieve this by providing housing for young and homeless people, through support to organizations such as BRIS (Children's Rights in Society), Barn i Nöd (Swedish International Help for Children) and Räddningsmissionen (the Rescue Mission in Gothenburg) and to organizations that prevent domestic violence. By owning and operating wind farms, the Group conducts operations that both require permits and that have a reporting duty under the Swedish Environmental Code. The Group holds all the permits required to conduct its existing operations. One advantage of wind power as a renewable energy source is that Wallenstam is contributing to reduced carbon dioxide emissions, which means that we are not dependent on fossil fuels in our electricity production.

Sustainability Report

In accordance with the Chapter 6, Section 11 of the Annual Accounts Act, Wallenstam has chosen to prepare the sustainability report as a separate report from the Annual Report. The sustainability report is found on the following pages: business model pages 2–4, environmental questions pages 8, 27–33, 39 and 146–148, social conditions and personnel-related questions pages 7, 27–35, 40–42 and 146–148, respect for human rights pages 27–33 and 147–148, anti-corruption pages 27–30, 32–33, 36 and 148 as well diversity in the Board pages 42 and 133. The sustainability report was submitted to the auditor simultaneously with the annual report.

Important events during the financial year

The offensive investment tempo in new construction continued. Investments are focused on our own new construction of mainly rental apartments, but also a smaller proportion of development properties. At year-end, 3,135 apartments were under construction. In all, we started construction of 1,225 apartments during the year and completed 250 apartments.

Group results

Rental income

Group rental income increased by just over 6 percent and amounted to SEK 2,026 million (1,910). Growth was mainly the result of occupations in our recently constructed apartment buildings and of a continued positive market trend. This year's rent negotiations for residential properties resulted in an average increase of about 2 percent.

Rental rates before increments in Wallenstam's commercial premises rose by 3.9 percent in comparable holdings, as a result of completed new lets and renegotiations as well as index agreements. We are experiencing stable demand for commercial premises, especially in central locations where the majority of our commercial properties are situated.

Operating expenses and net operating income, investment properties

Operating expenses for the year amounted to SEK 497 million (481). Seasonal effects at Wallenstam consist mainly of climate-related variations. In 2019, these were SEK 6 million (-3) lower compared to the preceding year. Net operating income increased by about 7 percent and amounted to SEK 1,529 million (1,429). The surplus ratio was 75.5 percent (74.8).

Management costs and administrative expenses

Management costs and administrative expenses mainly refer to personnel expenses and are distributed into SEK 228 million (211) for property management, SEK 20 million (31) for energy management and SEK 6 million (9) in total for property transactions.

Financial income and expenses

Financial income amounted to SEK 4 million (6) and financial expenses to SEK 223 million (237), a result of efficient capital management and a lower average interest rate. Financial expenses are distributed into property management expenses and other (mainly wind power) SEK 198 million (212) and SEK 25 million (25), respectively.

Profit from sales of development properties

Revenue and expenses from the sale of development properties are recognized when the apartment or property is handed over to the buyer and consists of compensation from the sale and the cost. Selling and marketing expenses are recognized on an ongoing basis as they arise. Net profit for the year from sales amounted to SEK 92 million (114) and included sales of the development property Pålshö (Mässhaken 2) in Helsingborg, a small number of individual co-op apartments and units in the co-op apartment project Vasagatan 33, including expenses.

Other income and Other expenses

On April 1, the Group's electricity trading operations were sold to Jämtkraft. With the financial and organizational changes that arose from this divestment, natural energy is no longer reported separately as its own segment as from 2019. Income and expenses from electricity production as well as additional other income and expenses are recognized as Other income and Other expenses.

Electricity revenue for the year was significantly lower than the previous year. This was mainly explained by the divestment of the electricity trading business area. Production of electricity increased, by 9 percent in total compared to the previous year, and amounted to 367 GWh (338). However, the price of electricity and renewable energy certificates decreased, which meant that sales from electricity production were lower than the previous year.

Changes in value of investment properties

The development in the value of properties during the year was positively affected by an increase in value generated by our own work in ongoing and completed new constructions, extensions and reconstructions of rental apartments, more efficient operation, completed rental negotiations and the market situation in the sector. Our new construction of properties created total value growth of SEK 792 million (598). Our deliberate strategy of concentrating on attractive properties in popular locations with long-term value growth and continued strong demand and price increases in the market is reflected in valuations through improved net operating income and lower yield requirements.

Total changes in value in Wallenstam's property holdings as of December 31, 2019 amounted to SEK 2,600 million (1,832).

Unrealized change in value, financial derivative instruments

Unrealized change in value, financial instruments in the income statement includes changes in value of interest rate and electricity derivatives and holdings of listed shares.

The value of interest rate and electricity derivatives developed negatively during the year. The change in the value of interest rate derivatives was SEK -269 million (706). The previous year was significantly affected by early redemption of interest rate derivatives, SEK 770 million. On closing day, the 10-year swap rate amounted to 0.68 percent, compared to 1.12 percent at the start of the year. The change in value of electricity derivatives amounted to SEK -15 million (68). The value of other financial instruments developed positively during the year by SEK 79 million in total (-1), of which SEK 19 million (5) was recognized in the income statement and SEK 60 million (-6) in other comprehensive income.

Synthetic options

The Annual General Meeting on April 24, 2018 resolved to introduce a synthetic options scheme directed to all personnel. The term of the scheme runs until May 31, 2024 and the expected cost in the event of a maximum outcome is SEK 330 million. The value of the synthetic options varies with Wallenstam's share price. Unrealized expense for 2019 amounted to SEK 40 million (13). For more details, refer to Note 5.

Tax

The recognized tax expense for the period, which consisted in its entirety of deferred tax, amounted to SEK 727 million (447) net.

The Group's largest tax expenditures consist primarily of VAT expenses – for which we have a limited right of deduction as a property company – and property and energy taxes, stamp duty and personnel-related taxes and charges. These other taxes, which amounted to SEK 717 million (556) for the full-year 2019, are recognized among operating expenses within income from property management and investments in the construction operation.

SPECIFICATION OF TAXES PAID

SEK million	2019	2018
VAT	531	395
Property tax, energy tax and stamp duty	134	111
Social security contributions for employees	51	51
Total paid taxes	717	556

Consolidated balance sheet

Investment properties

During the year, we invested SEK 3,781 million (2,549) in investment properties, of which acquisitions amounted to SEK 511 million (489), while new construction, extensions and reconstructions totaled SEK 3,270 million (2,061). The estimated market value of the properties amounts to SEK 52,354 million (45,811). All Wallenstam's properties are valued quarterly by an internal valuation team. For more information, refer to Note 15.

Development properties

Development properties are properties that are constructed with the intention of being sold on completion. They are recognized at cost in the balance sheet. The profit is recognized when the properties are completed and handed over to the buyer. Investments in production of development properties, amounted to SEK 52 million (139) during the year. On closing day, Wallenstam's development properties totaled SEK 175 million (317) and consisted of the co-op apartment project New York in Stockholm, remaining apartments in the project Vasagatan 33 in Gothenburg, and a small number of projects at an early stage.

Wind power

On closing day, Wallenstam had 66 wind turbines in operation divided among 20 wind farms. The installed output amounted to 143 MW (143).

Wind turbines are recognized at the lowest of cost less depreciation and impairment losses and the estimated net realizable value. Depreciation for the period amounted to SEK 76 million (95). Due to the introduction of IFRS 16, Leases, the right of use for land through land leases shall be recognized as a right-of-use asset and an equally large lease liability from January 1, 2019. Estimated value in use of land leases, based on so-called minimum rents, amounted on closing day to SEK 17 million (-) and is recognized as part of the wind power value. On December 31, 2019, the consolidated book value of wind turbines amounted to SEK 1,109 million (1,167). The renewable energy certificate inventory amounted to SEK 14 million (58) on closing day.

Equity and net asset value

Shareholders' equity amounted to SEK 23,794 million (21,611), equivalent to SEK 74 per share (67). The equity/assets ratio was 44

percent (45). Net asset value, which includes equity and deferred tax liability, totaled SEK 29,501 million (26,574).

Net tax liability

The Group recognized a net tax liability of SEK 5,322 million (4,595), which consists of a deferred tax asset of SEK 387 million (370), and a deferred tax liability of SEK 5,709 million (4,965). The deferred tax asset mainly refers to the value of loss carryforwards in Group companies. The deferred tax liability mainly consists of differences between the carrying amounts and fiscal residual values of Group properties.

Interest-bearing liabilities

Wallenstam's interest-bearing liabilities amounted to SEK 24,302 million (21,244), of which lease liability amounted to SEK 421 million (-). The loans are primarily secured against traditional mortgage deeds in properties. The loan-to-value ratio is 45 percent (45). Of the loan portfolio, 41 percent (41) has fixed interest terms longer than one year. The average remaining fixed interest term is 38 months (39). On closing day, the average interest rate on our loans, which takes into account the effect of entered into derivatives, was 1.22 percent (1.06). Of the interest-bearing liabilities, loans with capital tied up for long terms amounted to 16 percent (40) of the total portfolio.

For information on all of the Group's financial instruments and financial risk management see Note 30.

Available liquidity

Available liquid assets, including available bank overdraft facilities and excluding blocked bank balances with Nasdaq Commodities of SEK 1 million (3), amounted to SEK 928 million (761). Approved overdraft facilities amounted to SEK 800 million (800). None of these were used on closing day (119). At the end of the year, the EIB (European Investment Bank) approved a credit facility of SEK 2,500 million for new production of energy-efficient rental apartments. The Group's approved credit facilities totaled SEK 6,500 million (4,000). For the SEK 2,500 million facility approved by the EIB, a drawdown notice of ten banking days is required. The other SEK 4,000 million was available for use on closing day.

On December 31, 2019, available liquid assets totaled SEK 4,928 million (4,761), of which SEK 3,993 million (3,503) represents a credit commitment for issued outstanding commercial paper. Accordingly SEK 935 million (1,258) was available for use on closing day.

Opportunities and risks

Minimizing risks and optimizing opportunities is an integrated part of our business plan. Wallenstam's employees participate in both the risk inventory and the preventative work. Wallenstam has defined risks and uncertainties in the areas operations and external environment. All events cannot be foreseen. For this reason, part of Wallenstam's risk work involves being prepared for crisis management.

Operations

Operational risks are those related to our core activities. There are risks in production and management of properties, for example for occupational accidents and unforeseen events, which are handled by adopting a working environment plan at an early stage and appointing coordinators. We develop long-term relationships with contractors and suppliers and have established routines for random inspections and checks to ensure that our partners follow agreements entered into and our Code of Conduct.

Clear processes and routines for procurements and sourcing help offset the risk of corruption. For instance, at least two persons shall jointly review and authorize lettings and purchasing and also check tenders and agreements prior to signing.

Good relationships with several lenders provides good financing possibilities. Financing is always secured before new construction starts, which eliminates the risk of low liquidity.

We work continually to maintain well-functioning and fit-for-purpose IT security for our operations and ensure that information is handled securely.

Focus on employees is considered important for quality and satisfied customers. By offering a good working environment, attractive and market-related employment conditions, health and wellness training, skills development etc., we can recruit and retain employees with the right profile and competencies. Recruitment is prioritized as a strategic area.

External

External risks are mainly those that lie outside of our operations, for example in the form of changing market conditions.

Property values are affected by our own property management activities and general market conditions. Having properties in attractive locations lowers the risk of falling values during an economic downturn. Small changes in the yield requirement can deliver large changes in value. As of December 31, 2019, the estimated market value of the properties amounted to around SEK 52 billion. A change in value of plus/minus 10 percent is thus equivalent to about plus/minus SEK 5.2 billion. A general change of 0.25 percentage points in property yield requirements is equivalent to about SEK -3.1 billion or SEK +3.7 billion.

A change in the electricity price of 1 öre per kWh is equivalent to about plus/minus SEK 41 million (42) during valuation of wind turbines, while a change in the renewable energy certificate price of 1 öre per kWh is equivalent to about plus/minus SEK 21 million (23) during valuation of wind turbines before tax.

A change in the interest rate of plus/minus 50 points is equivalent to about plus/minus SEK 67 million (62) before tax.

Factors such as interest rate increases result in higher costs and have a large impact on profits. Wallenstam's management includes a loan portfolio with different maturities, where the loans are spread among various forms of credit and lenders. Interest rate derivatives are used to obtain a desired interest maturity profile.

Supply and demand for Wallenstam's products can vary over time. Wallenstam owns and manages properties in attractive areas, which are characterized by growth and strong demand. We have a flexible business model, which provides the possibility to adapt supply, form of tenure etc. in the event of changing demand. A keen awareness for market trends as well as advance planning are two key factors.

Wallenstam follows developments in legislation and regulations linked to issues concerning our operations. Legal cases and regulatory changes that may result in changed conditions are interpreted and we are proactive in meeting new requirements, practice and laws.

Board work during the year

Wallenstam's Board of Directors until September 25, 2019 was composed of five members. Due to the passing of Christer Villard and in accordance with the rules of procedure of the Board, Vice Chairman Ulrica Jansson Messing was elected as Chairman of the Board at a Board meeting on September 25, 2019 for the period until the 2020 AGM. No Extraordinary General Meeting to carry out a new election was held in connection with Christer Villard's passing. From September 25, 2019, Wallenstam's Board of Directors has thus been composed of four members, which is in accordance with the articles of association. In 2019, the Board held eight recorded meetings in addition to day-to-day contacts.

The Board's most important task is to make decisions on strategic matters. In general, the Board handles issues of material importance for the Group. The Board work during the year focused in particular on strategy discussions, questions relating to market conditions and financing, sustainability and compliance issues and investments. The Board's work is described in the Corporate Governance Report, which is separate from the Administration Report and can be read on page 132.

Guidelines for salaries and compensation for senior executives

The Board of Directors of Wallenstam AB (publ) proposes that the following guidelines for determining salaries and other compensation for senior executives in the company shall apply to agreements entered into during the period from the 2020 AGM until the end of the 2021 AGM.

The guidelines shall cover the CEO and other members of the company's Group Management, which at the time of this proposal includes Hans Wallenstam, Mathias Aronsson, Marina Fritsche, Susann Linde, Elisabeth Vansvik and Patrik Persson. The guidelines also cover consultancy fees for Board members who perform other work than pure Board work for the company.

The guidelines shall be applied to remuneration that is agreed, and changes made in already agreed remuneration, after the guidelines are approved by the 2020 AGM. The guidelines do not cover remuneration that is approved by the general meeting of shareholders.

Guidelines for promoting the company's business strategy, long-term interests and sustainability

The company's business strategy in brief is to cost-efficiently build, develop and manage properties and areas, based on a high level of service and long-term sustainability in selected metropolitan areas. We want to be the natural choice of people and companies for housing and premises, and annually reduce our environmental impact and to be an attractive employer. By following the business strategy, net asset value growth is created for the company and its shareholders, which is the company's goal for the business plan 2019–2023. For further information about the company's business strategy, see www.wallenstam.se/en/wallenstam/om-oss/.

Successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, require the company to be able to recruit and retain qualified employees. For this, the company must be able to offer competitive remuneration. These guidelines make it possible to offer senior executives competitive total compensation.

A synthetic options scheme has been established in the company. This was adopted by the general meeting of shareholders and therefore is not covered by these guidelines.

Variable cash remuneration, which is covered by these guidelines shall aim to promote the company's business strategy, long-term value creation within the company and the company's long-term interests, including its sustainability.

The forms of remuneration etc.

The remuneration shall be market-related and may be composed of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The general meeting of shareholders in addition to this – and independent of these guidelines – can resolve, for example, on share-based and share-price-based payments.

The variable cash remuneration may, when applicable, not exceed 50 percent of the fixed annual cash salary.

For the CEO, pension benefits, including health insurance shall be defined contribution. Variable cash remuneration shall not be pensionable. The pension premiums for defined contribution pensions shall amount to a maximum of 40 percent of the fixed annual cash salary.

For other senior executives, pension benefits, including health insurance, shall be defined contribution unless the senior executive is covered by defined benefit pension under compulsory collective agreement provisions. Variable cash remuneration should be pensionable to the extent it arises under compulsory collective agreement provisions which are applicable for the executive. The pension premiums for defined contribution pensions shall amount to a maximum of 40 percent of the fixed annual cash salary.

Other benefits may include home property protection, life insurance, medical costs insurance, health checks, benefit in the form of domestic services and car benefit. Premiums and other expenses due to such benefits may amount to a maximum of 20 percent of the fixed annual cash salary.

If a Board member performs work for Wallenstam in addition to the Board assignment the Board may decide that a reasonable fee should be payable for such work.

Termination of employment

Upon termination of employment, the period of notice may be a maximum of twelve months. Fixed cash salary during the period of notice

and termination benefits in total may not exceed an amount equivalent to the fixed cash salary for two years. In the event of notice from the executive, the notice period may be not more than six months, without right to termination benefits.

Criteria for distribution of variable cash remuneration etc.

Wallenstam does not currently apply variable cash remuneration. If variable cash remuneration would be applied, which has occurred historically in a few individual cases, the remuneration shall be linked to predetermined and measurable criteria that may be financial or non-financial. The criteria can also consist of individually-adapted quantitative or qualitative goals. The criteria shall be designed so that they promote the company's business strategy and long-term interests including its sustainability, by for example having a clear connection to the business strategy or promoting the executive's long-term development.

The fulfillment of criteria for payment of variable cash remuneration must be measurable over a period of one or more years. When the measurement period for fulfillment has been completed, the extent to which the criteria have been met shall be assessed. The remuneration committee is responsible for the assessment regarding variable cash remuneration to the CEO. Regarding variable cash remuneration to the other executives, the CEO is responsible for the assessment. As far as the financial goals are concerned, the assessment shall be based on the latest financial information published by the company.

Salary and terms of employment for employees

In preparing the Board's proposal for these remuneration guidelines, salaries and terms of employment for the company's employees have been taken into account by the fact that information about the employees' total remuneration, the components of the remuneration and the remuneration's increase and rate of increase over time, formed part of the remuneration committee's and the Board's decision data when evaluating the reasonableness of the guidelines and the limitations arising from these. The development of the gap between the remuneration of senior executives and the remuneration of other employees will be reported in the remuneration report.

Decision-making processes for approving, reviewing and implementing the guidelines

Within the Board, there is a Remuneration Committee. The committee's duties include preparing the Board's decisions and proposal for guidelines for remuneration of senior executives. The Board of Directors shall draw up proposals for new guidelines at least every four years and submit the proposal for resolution at the AGM. These guidelines shall apply until amended guidelines have been adopted by the general meeting. The remuneration committee shall also follow up and evaluate programs for variable remuneration of company management, the application of guidelines for remuneration of senior executives as well as remuneration structures and rates of compensation in the company. When the Board is dealing with and deciding on remuneration-related issues, the CEO or other members of company management are not present, to the extent they are affected by the issues concerned.

Departures from the guidelines

The Board of Directors may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons for this in an individual case and a departure is necessary to meet the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, it is part of the remuneration committee's duties to prepare the Board's resolutions on remuneration issues, which includes a resolution on departure from the guidelines.

Description of significant changes in the guidelines

Due to changes in the Companies Act and the Corporate Governance Code regarding the content of these guidelines, the guidelines have been amended to comply with currently effective legislation and the Corporate Governance Code.

Parent Company

The parent company's primary operations are the performance of Group-wide services. In addition, the parent company owns a small number of properties. Total sales for the year amounted to SEK 456 million (389), of which rental income constituted SEK 124 million (117). Changes in value of financial interest derivative instruments amounted to SEK -323 million (761), of which SEK 770 million was a non-recurring item relating to premature realization of interest rate derivatives during 2018. Profit after tax amounted to SEK 234 million (3,538) and other comprehensive income amounted to SEK 233 million (3,537). Investments in non-current assets during the period amounted to SEK 22 million (15). Parent company external loans amounted to SEK 13,421 million (9,802) on closing day.

In 2019, the average number of employees in the parent company was 250 (246).

The Wallenstam share

The number of shares in Wallenstam AB consists of 34,500,000 A shares, which carry ten votes each, and 295,500,000 B shares, which carry one vote each. The Wallenstam B share is listed on Nasdaq Stockholm, Large Cap. The number of registered shares totaled 330,000,000 and the registered share capital is SEK 165,000,000, corresponding to a quota value per share of SEK 0.50, like the previous year. During 2019, the Wallenstam share price increased in value by 37.7 percent. The property indices OMX Stockholm Real Estate PI and OMX Stockholm PI increased by 59.2 percent and 29.6 percent respectively during the same period.

At the end of the period, the Wallenstam share price was SEK 113.20 (82.20) and the market capitalization was SEK 37,356 million (27,126) based on the total number of registered A and B shares. Equity per share amounted to SEK 74 (67). The highest price paid during the year was SEK 116.20 (92.00) and the lowest was SEK 81.00 (65.50).

A total of 53.6 million (75.6) Wallenstam shares were traded at a value of SEK 5,389 million (5,995) on Nasdaq Stockholm. The average daily turnover totaled around SEK 21.6 million (24.0).

Wallenstam's Board has a mandate from the AGM to repurchase shares. No shares were repurchased during 2019 (3,000,000). The company holds 7,000,000 treasury shares, corresponding to 2.1 percent (2.1) of the share capital and a quota value of SEK 3.5 million (3.5). Total expenditure, including brokerage, on treasury shares amounted to SEK 534 million (534), equivalent to SEK 76.27 (76.27) per share.

Events after the end of the reporting period

In January, a decision from an arbitration board was announced in a case, which involved a Wallenstam company. The ruling, which was in our favor, had no impact on the annual accounts for the year.

Future

During the business plan 2023, Wallenstam will continue to work in the growth regions of Gothenburg, Stockholm and Uppsala. We will strive to become even more service-oriented, productive and cost-efficient, in order to create even more value for our shareholders, employees, customers and society as a whole. During the business plan, the equity/assets ratio shall not be less than 30 percent.

Dividend policy

Recognized earnings should in the first instance be reinvested in the operations to enable continued development of the Group's core business and thus create net asset value growth. The ambition is also for the operations to provide a stable level of dividends over time. The amount available for distribution must not exceed Profit before changes in value and impairment charges less participations in the profits of associated companies and after standard tax. When determining the size of the dividend, consideration must also be given to the Group's investment requirements, need to strengthen its balance sheet and its position in general, and the ability of the Group to develop further in the future while maintaining its financial strength and freedom of action.

The Board of Directors proposes that the Annual General Meeting approve the following:

PROPOSED APPROPRIATION OF PROFIT, SEK

The following earnings are at the disposal of the Annual General Meeting:

Profit brought forward	9,948,672,795
Net profit for the year	234,212,113
Total	10,182,884,907

Shareholder dividend SEK 1.90 per share	613,700,000
To be carried forward	9,569,184,907
Total	10,182,884,907

The Board of Directors proposed appropriation of profit is that a dividend of SEK 1.90 per share (1.90) be distributed, spread over two payment dates of SEK 0.95 each per share. The record day for the first payment is proposed to be April 30, 2020 and October 30, 2020 for the second payment. If the AGM resolves in accordance with the proposal, Euroclear Sweden AB is expected to execute the first payment on May 6, 2020 and the second payment on November 4, 2020.

In the company, there is a total of 330,000,000 shares, of which 7,000,000 are non-dividend-paying repurchased own shares up to February 5, 2020. The total of the above proposed dividend of SEK 613,700,000 may change if the number of repurchased own shares changes before each record day for dividend.

Statement by the Board of Directors on the proposed distribution of profits

Consolidated equity has been determined in accordance with the IFRS standards adopted by the EU and their interpretations (IFRIC), and in accordance with Swedish legislation, including by application of the Swedish Financial Reporting Board's recommendation RFR 1. Parent company adjusted equity has been determined in accordance with Swedish legislation and by application of the Swedish Financial Reporting Board's recommendation RFR 2.

According to the company's dividend policy, the amount available for distribution must not exceed profit before changes in value and impairment charges less participations in the profits of associated companies and after standard tax.

In determination of the size of the dividend, the Board also considered the Group's investment requirements, need to strengthen its balance sheet and position in general, and the ability of the Group to develop further in the future while maintaining its financial strength and freedom of action.

The proposed dividend to shareholders reduces the company's equity/assets ratio from 35.6 percent to 34.2 percent. The Group's equity/assets ratio decreases from 43.5 percent to 42.9 percent through the proposed dividend. The equity/assets ratio is satisfactory considering that the company's and the Group's operations continue to be run profitably. It is expected that liquidity in the company and Group can be maintained at a similarly satisfactory level.

Derivative instruments and other financial instruments have been measured at fair value according to Chapter 4, Section 14a of the Swedish Annual Accounts Act (1995:1554). Accordingly, a deficit value totaling SEK -277,239,800 after tax impacted equity.

In the view of the Board, the proposed dividend will not prevent the company or any other Group companies from fulfilling their obligations in either the short or the long term, nor from carrying out necessary investments. The proposed dividend can thus be justified in respect of the provisions of the Swedish Companies Act (2005:551), Chapter 17, Section 3, paragraphs 2-3 (the prudence rule).

Consolidated income statement

SEK million	Note	2019	2018
Rental income	3	2,026	1,910
Operating expenses	4	-497	-481
Net operating income, properties		1,529	1,429
Management costs and administrative expenses	4, 5, 6	-228	-211
Financial income	8	4	6
Financial expenses	8	-198	-212
Income from property management operations		1,108	1,011
Realized change in value, financial instruments		-	-767
Participation in profits/losses of associated companies	9	-5	-
Revenue, development property sales	10	324	535
Expenses, development property sales	10	-232	-421
Other income	1, 11	298	426
Other expenses	1, 11	-299	-436
Other financial expenses	1, 8	-25	-25
Profit/loss before changes in value and impairment losses		1,169	324
Change in value, investment properties	12	2,600	1,832
New construction		792	598
Other		1,808	1,234
Unrealized change in value, financial instruments	8, 19	-264	778
Unrealized change in value, synthetic options	5	-40	-13
Impairment losses and reversals, wind turbines	16, 18	0	524
Profit before tax		3,464	3,445
Current tax	13	0	0
Deferred tax	13	-727	-447
Profit for the year after tax		2,737	2,998
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified to profit/loss for the year</i>			
Translation difference		1	0
Change in value, currency derivatives		-1	-1
<i>Items that may not be reclassified to profit/loss for the year</i>			
Change in value, financial instruments for sale		60	-6
Change in value, owner-occupied properties		1	8
Tax attributable to other comprehensive income	13	-1	-2
Comprehensive income		2,796	2,998
DISTRIBUTION PROFIT/LOSS FOR THE YEAR			
Attributable to non-controlling interests		-	-
Attributable to parent company shareholders		2,737	2,998
PER-SHARE DATA			
Profit after tax, SEK (dilution does not occur)		8.5	9.3
Dividend, SEK (proposed 2019)		1.90	1.90
Average number of shares, thousands		323,000	323,854

Consolidated balance sheet

SEK million	Note	Dec 31, 2019	Dec 31, 2018
ASSETS			
NON-CURRENT ASSETS			
<i>Intangible non-current assets</i>			
Capitalized expenses, computer software	14	18	19
Total intangible non-current assets		18	19
<i>Property, plant and equipment</i>			
Investment properties	12, 15	52,354	45,811
Wind turbines	16	1,109	1,167
Equipment	17	53	46
Total property, plant and equipment		53,516	47,023
<i>Financial assets</i>			
Other securities held as non-current assets and other shares of property interests	18, 30	152	63
Participations in associated companies	9	133	113
Other non-current receivables	18, 30	397	346
Financial derivative instruments	19, 30	6	11
Total financial assets		688	533
TOTAL NON-CURRENT ASSETS		54,222	47,574
CURRENT ASSETS			
Intangible assets	20	14	58
Development properties	21	175	317
Tax receivables		6	16
Trade receivables	3, 22, 30	15	19
Other receivables	23, 30	43	52
Prepaid expenses and accrued income	24, 30	75	94
Financial derivative instruments	19, 30	2	39
Participations	25, 30	6	10
Cash and cash equivalents	26, 30	129	83
Total current assets		467	688
TOTAL ASSETS		54,689	48,262
EQUITY AND LIABILITIES			
EQUITY			
	27		
Share capital		165	165
Other contributed capital		359	359
Other reserves		64	4
Profit brought forward		23,204	21,081
Non-controlling interests		2	2
Total equity		23,794	21,611
NON-CURRENT LIABILITIES			
Provisions for deferred tax	28	5,322	4,595
Other provisions	29, 30	188	68
Interest-bearing liabilities	30	3,883	8,545
Financial derivative instruments	19, 30	356	82
Lease liability	30, 31	420	-
Other liabilities	30	36	23
Total non-current liabilities		10,205	13,314
CURRENT LIABILITIES			
Interest-bearing liabilities	30	19,998	12,699
Lease liability	30, 31	1	-
Financial derivative instruments	19, 30	2	-
Trade payables	30	238	166
Other liabilities	30	38	132
Accrued expenses and deferred income	30, 32	413	341
Total current liabilities		20,690	13,337
TOTAL EQUITY AND LIABILITIES		54,689	48,262

Consolidated statement of changes in equity

	ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS						
SEK million	Note 27	Share capital	Other contributed capital	Other reserves	Profit brought forward	Minority share	Total equity
OPENING BALANCE, JAN 1, 2018		165	359	4	18,880	2	19,410
Net profit for the year		-	-	-	2,998	-	2,998
OTHER COMPREHENSIVE INCOME							
<i>Items that may be reclassified to profit/loss for the year</i>							
Translation difference		-	-	0	-	-	0
Change in value, currency derivatives		-	-	-1	-	-	-1
<i>Items that may not be reclassified to profit/loss for the year</i>							
Change in value, owner-occupied properties		-	-	8	0	-	8
Change in value, financial assets at fair value		-	-	-6	16	-	10
Tax attributable to other comprehensive income		-	-	-2	-	-	-2
TRANSACTIONS WITH THE COMPANY'S OWNERS							
Dividend		-	-	-	-583	-	-583
Repurchase, own shares		-	-	-	-229	-	-229
CLOSING BALANCE, DEC 31, 2018		165	359	4	21,081	2	21,611
OPENING BALANCE, JAN 1, 2019		165	359	4	21,081	2	21,611
Net profit for the year		-	-	-	2,737	-	2,737
OTHER COMPREHENSIVE INCOME							
<i>Items that may be reclassified to profit/loss for the year</i>							
Translation differences		-	-	1	-	-	1
Change in value, currency derivatives		-	-	-1	-	-	-1
<i>Items that may not be reclassified to profit/loss for the year</i>							
Change in value, owner-occupied properties		-	-	1	-	-	1
Change in value, financial assets at fair value		-	-	60	-	-	60
Tax attributable to other comprehensive income		-	-	-1	-	-	-1
TRANSACTIONS WITH THE COMPANY'S OWNERS							
Dividend		-	-	-	-614	-	-614
Repurchase, own shares		-	-	-	-	-	-
CLOSING BALANCE, DEC 31, 2019		165	359	64	23,204	2	23,794

Classification of equity

Share capital

Refers to the registered share capital of the parent company. Share capital consists of 34,500,000 A shares (quota value SEK 0.50) and 295,500,000 B shares (quota value SEK 0.50).

Other contributed capital

Includes the total amount from transactions that Wallenstam AB had with its shareholders. The transactions that took place were share issues at a premium where the capital received above the nominal amount of the issue constitutes other contributed capital.

Other reserves

Consists of translation differences, change in value of currency derivatives, change in value of owner-occupied properties, change in value of financial instruments for sale and tax.

Profit brought forward

Equivalent to the accumulated profits and losses generated in the Group, less dividends paid and repurchases of shares.

Capital management

Consolidated equity amounted to SEK 23,794 million (21,611) at year-end. The return on equity was 12.3 percent (14.8). The Group's

financial strategy is based on the creation of satisfactory financial conditions for operation and development of new construction, which we achieve through a value-creating business. Wallenstam has a goal during the period October 1, 2018 through December 31, 2023 to achieve an increase in net asset value of SEK 40 per share. Net asset value includes equity and deferred tax liability. On December 31, 2019, the net asset value per share was SEK 91.30 (82.30), which represents an increase of SEK 9.00 per share (3.10) during 2019 and SEK 12.10 per share to date during the business plan.

The equity/assets ratio is an important metric for our capital management with the goal that it should not be less than 30 percent. At the end of 2019, the equity/assets ratio was 44 percent (45).

In the first instance, Wallenstam reinvests profits generated in the business for continued development of the property holdings and increased net asset value growth in the company. According to the Group's dividend policy, the amount available for distribution must not exceed profit before changes in value and impairment charges less participations in the profits of associated companies and after consideration of standard tax. The Board of Directors proposes a dividend of SEK 1.90 per share (1.90) for 2019. Calculated on outstanding dividend-paying shares, the proposed dividend amounts to about SEK 614 million. Wallenstam may conduct share repurchasing as a way to modify the company's capital structure. No changes to the Group's principles for capital management occurred during the year.

Consolidated statement of cash flows

SEK million	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before changes in value and impairment losses*		1,169	324
Adjustment for items not included or arising in the cash flow	35	10	-65
Tax paid		0	0
Cash flow before change in working capital		1,179	259
CHANGE IN WORKING CAPITAL			
Current receivables		83	61
Current liabilities		92	50
Change in working capital		174	111
CASH FLOW FROM OPERATING ACTIVITIES		1,353	370
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in properties and individual co-op apartments		-3,812	-2,681
Investment in intangible assets & property, plant and equipment and wind turbines		-45	-9
Investment in financial assets		-69	-106
Investment in associated companies		-25	-113
Divestment of other securities held as non-current assets		-	35
Divestment of properties, development properties and property, plant and equipment		628	555
CASH FLOW FROM INVESTING ACTIVITIES		-3,323	-2,319
CASH FLOW FROM FINANCING ACTIVITIES			
Raised interest-bearing liabilities		18,050	10,278
Amortization of interest-bearing liabilities		-15,294	-7,856
Net change in overdraft facilities		-119	119
Advance payment futures contracts		-8	7
Amortization of financial assets		-	68
Dividend paid		-614	-583
Repurchase of own shares		-	-229
CASH FLOW FROM FINANCING ACTIVITIES		2,016	1,804
CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		83	228
Cash flow for the year		46	-145
Cash and cash equivalents at the end of the year		129	83
Unutilized overdraft facility at year-end		800	681
Blocked bank balances		-1	-3
Available liquid assets	26	928	761

*Includes interest paid and received, including gross flows from interest rate swap contracts, of SEK -296 million (-1,106) and SEK 3 million (0) respectively, of which SEK 83 million (58) was capitalized as a non-current asset.

Group accounting principles and notes

Note 1. Group accounting principles

General information

Wallenstam AB (publ) is a Swedish public limited company with its registered office in Gothenburg. The Wallenstam B share is listed on Nasdaq Stockholm, Large Cap segment. The parent company is Wallenstam AB (publ), with corporate identity number 556072-1523 and the company's address is SE-401 84 Gothenburg, with visiting address Kungssportsavenyen 2.

The Group's operations are conducted through subsidiaries and its operations are described in the Administration Report. The annual accounts and consolidated financial statements for Wallenstam AB (publ) for the financial year ending December 31, 2019 were approved by the Board of Directors and the Chief Executive Officer on March 19, 2020 and will be presented to the Annual General Meeting (AGM) on April 28, 2020 for approval.

General principles and information about the consolidated financial statements follow below. Accounting principles, Assessments and estimates and Risks are presented after that more specifically in direct connection to each note in order to give the reader a better understanding of the respective income statement and balance sheet items.

- » Accounting principles are indicated by ✳
- » Assessments and estimates are indicated by ⚖
- » Risks are indicated by !

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) that apply to financial years beginning on or after January 1, 2019. In addition the Group's applies the Swedish Financial Reporting Board's recommendation RFR 1, "Supplementary Accounting Rules for Groups".

The parent company applies the same accounting principles as the Group with the exceptions and additions described in the Swedish Financial Reporting Board's recommendation RFR 2, "Accounting for Legal Entities". This means that IFRS is applied with the exceptions described in direct connection to each parent company note.

The accounting principles for the Group have been applied consistently in the reporting and consolidation of the parent company and all subsidiaries in all the periods presented in the consolidated financial statements, unless otherwise indicated below.

The functional currency of the parent company and the Group's presentation currency is the Swedish krona (SEK). All amounts are stated in millions of Swedish kronor (SEK million) unless otherwise indicated. The financial statements for the Group have been prepared based on historical cost, which means that assets and liabilities are recognized at these values with the exception of properties and certain financial instruments and renewable energy certificates, which are measured at fair value or the contracted sales value if this is lower.

Classification

Non-current assets and non-current liabilities consist of amounts that are expected to be recovered or paid more than twelve months after closing day. Current assets and current liabilities consist of amounts that are expected to be recovered or paid within twelve months of closing day.

Consolidated financial statements

The consolidated financial statements cover the parent company and all companies in which the parent company directly or indirectly has more than 50 percent of the voting rights or exercises control in another way. Control means that the Group can influence the investment in a way that affects its return or provides other benefits. The assessment takes into consideration de facto control, which means that control may exist even if a majority of the votes are not held.

Consolidated financial statements are prepared according to the purchase method, which means that equity in subsidiaries at the time of acquisition is eliminated in its entirety, and are based on accounting information prepared for all Group companies as of December 31, 2019. Consolidated equity thus includes only the portion of a subsidiary's equity earned since the acquisition. Profit/loss from companies acquired or divested during the year are included in the consolidated financial statements at amounts corresponding to the holding period. An acquisition analysis is prepared in connection with the acquisition to determine the cost of the participations and the fair value of acquired assets and assumed liabilities and contingent liabilities. Internal transactions between Group companies and intercompany dealings including internal profits are eliminated when preparing the consolidated financial statements. The Group's foreign operations are translated into the Group's functional currency (SEK) by translating balance sheets at the closing day exchange rate (current method), except for equity, which is translated at the exchange rate at the time of acquisition. Income and expense items are translated at the average exchange rate for the period. The translation differences that arise are recognized in other comprehensive income. Accumulated translation differences form part of the Group's equity among other reserves and are transferred and recognized as a component of capital gains or losses when a foreign subsidiary is divested. Monetary items in foreign currency are translated at the closing day exchange rate, at which time realized and unrealized exchange differences are recognized through profit or loss. Exchange gains/losses related to operations are recognized under operating income and operating expenses respectively. Financial exchange gains/losses are recognized as financial income and expenses.

The proportion of equity attributable to owners with non-controlling interests (previously designated minority holdings) is recognized as a special item within equity separate from the parent company shareholders' share of equity. In addition, this share of profit/loss for the period is disclosed separately.

Fair value hierarchy according to IFRS 13

For all financial instruments measured at fair value according to IFRS 13, a description must be given of how fair value is assessed for all financial instruments measured at fair value and how this value is classified in relation to the three levels in a fair value hierarchy.

The different levels of the hierarchy are defined as follows:

- » quoted prices (unadjusted) on active markets for identical assets or liabilities (level 1)
- » observable inputs for the assets or liabilities other than quoted prices included in level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- » unobservable inputs for the asset or liability (level 3).

The level in the hierarchy of each financial instrument is shown in the instrument's note disclosure and in a summary in Note 30.

Note 1. Group accounting principles, cont.

Impairment losses

Certain assets such as intangible and tangible equipment and wind turbines are subject to testing for impairment under IAS 36. When there are indications that an asset has fallen in value, an assessment of the asset's carrying amount is carried out. In cases where the carrying amount exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. An impairment loss is recognized in the income statement. Previous impairment losses are reversed if the conditions for the impairment loss no longer exist. The maximum amount of the reversal is the asset's cost less estimated depreciation according to plan until closing day. Reversals are recognized through profit or loss. See Notes 14, 16 and 17.

Assessments and estimates

In order to prepare the financial reporting in accordance with IFRS and generally accepted accounting principles, company management must make various assumptions, assessments and estimates that through the choice of accounting principles or other assumptions, affect for example assets and liabilities, revenue and expenses, contingent assets and contingent liabilities and other information recognized in the accounts. These assessments and estimates are based on historical experience and expectations about future events that are considered reasonable in the current circumstances. By their very nature, actual outcomes may differ from these assessments and estimates if other assumptions are made or other conditions exist or arise. Changes to estimates are recognized during the period in which they are made if they affect that period only, or in the period in which they are made and future periods if the change affects both current and future periods.

Changes in Swedish regulations

Swedish Financial Reporting Board

Changes made in 2019 have not had any impact on Wallenstam's reporting.

Amendments of accounting principles and disclosures

No new or amended standards and new interpretations which entered into force in 2019 had any impact on Wallenstam's financial reporting apart from what is stated below.

IFRS 16 Leases

The standard replaced IAS 17 on January 1, 2019 and means, among other things, that lessees must report leases in the balance sheet. Wallenstam does not apply the standard retrospectively. As a landlord and lessor, the change does not impact Wallenstam's reporting. However, as a lessee, the handling of site leasehold rents and minimum rents for land for wind turbines is of importance. As of January 1, 2019, the lease liability for site leasehold rents amounted to SEK 402 million and for minimum rents for land it amounted to SEK 18 million. The liability is recognized as a separate line item in the balance sheet, Lease liability. Corresponding right-of-use assets are recognized in the balance sheet and are included as part of the items Investment properties and Wind turbines, respectively. The expense for site leasehold rents is recognized as a financial expense. For minimum rents for land, the new standard means that the rent shall instead be distributed between depreciation and financial expenses, respectively. This means that financial expenses will be higher during the start of the lease term and will then decline in line with amortization of the liability. The depreciation is the same over the entire lease term. However, income from property management is only impacted by the accrual effect arising for the land leases, which is extremely marginal. Wallenstam applies the transition to IFRS 16 according to the modified retrospective method.

Calculation of key ratios is based on the current accounting, which means for example that net financial items includes interest for leases. Comparative figures for previous years have not been restated.

In addition, Wallenstam's revenue mainly consists of rental income, which is covered by the rules for lessors in IFRS 16. However, the new standard will have no impact on these items.

Other lease conditions under IFRS 16 are not deemed to be material.

New standards and interpretations which enter into force in 2020 or subsequently

The new standards and interpretations that will apply from January 1, 2020 have not been early adopted. Nor are they expected to have any material impact on the consolidated financial statements.

Bridge Income from natural energy management operations

As from 2019, Wallenstam has changed the presentation in the income statement due to the fact that natural energy no longer constitutes a separate segment. All comparative periods have been restated. The previous line items "Income from natural energy management operations" have been replaced by the line items "Other income", "Other expenses", and "Other financial expenses". Profit/loss before changes in value and impairment charges were unchanged compared to previous periods.

SEK million	2019	2018
Electricity revenue	292	415
Electricity expenses	-199	-300
Depreciation	-76	-95
Management costs and administrative expenses	-20	-31
Total electricity expenses	-295	-426
Financial expenses	-25	-25
Previously Income from natural energy management operations	-27	-35

Note 2. Segment information



Accounting principle

Operating segments are reported in a manner that corresponds with the internal reporting to the chief operating decision-maker, Wallenstam's CEO. This reporting changed during the year, as a consequence of the divestment of the Group's electricity trading business area. Operations are conducted and followed-up in the Group's two reporting business areas: properties in the Gothenburg region and properties in the Stockholm region. In the Other segment, income and

expenses related to electricity production and central items are reported which are not allocated to the business areas such as listing costs. Intra-Group transactions are eliminated in the eliminations column.

The accounting principles applied in the segment information essentially correspond with the Group's accounting principles.

SEGMENT INFORMATION

SEK million	2019					2018				
	Gothenburg region	Stockholm region	Other	Eliminations	Total	Gothenburg region	Stockholm region	Other	Eliminations	Total
INCOME STATEMENT										
Rental income	1,402	648	-	-24	2,026	1,317	617	-	-24	1,910
Operating expenses	-325	-172	-	-	-497	-310	-171	-	-	-481
Net operating income	1,078	475	-	-24	1,529	1,007	445	-	-24	1,429
Management costs and administrative expenses	-132	-105	-15	24	-228	-126	-90	-19	24	-211
Net financial items	-240	-113	158	-	-194	-200	-33	27	-	-206
Income from property management	706	257	144	-	1,108	681	322	8	-	1,011
<i>Unapportioned items</i>										
Realized change in value, financial instruments					-					-767
Participation in profits/losses of associated companies					-5					-
Profit from sales of development properties					92					114
Other income					298					426
Other expenses					-299					-436
Other financial expenses					-25					-25
Profit/loss before changes in value and impairment losses					1,169					324
Changes in value					2,295					3,121
Profit before tax					3,464					3,445
BALANCE SHEET										
Investment properties	32,342	20,011	-	-	52,354	28,979	16,832	-	-	45,811
Wind turbines	-	-	1,109	-	1,109	-	-	1,167	-	1,167
Development properties	57	118	-	-	175	253	64	-	-	317
Unapportioned assets					1,051					967
Total assets					54,689					48,262
Equity					23,794					21,611
Interest-bearing liabilities and lease liabilities	13,366	9,278	1,658		24,302	11,163	4,149	5,932	-	21,244
Unapportioned liabilities					6,593					5,407
Total equity and liabilities					54,689					48,262
Investments in progress property, plant and equipment	1,934	3,835	-	-	5,769	1,275	2,297	28	-	3,600

Note 3. Rental income



Accounting principle

The Group recognizes income when control over the service/good has been transferred to the customer. Rental agreements attributable to Wallenstam's investment properties are considered operating leases according to IFRS 16. Rental income is notified in advance, allocated to periods in accordance with rental agreements and recognized as income during the rental period concerned. Rent paid in advance is recognized as prepaid rental income. Income comprises the fair value of what will be received in the Group's operating activities. Recognized income refers mainly to rental income. Where applicable, rental income includes services provided by Wallenstam such as cable TV, electricity and heating. The income is recognized net less any rebates.

Rebates provided in the case of infringements on rights of use, e.g. during reconstructions and/or in connection with occupation, are recognized in the period they concern. In cases where leases during a certain period allow for reduced rent corresponding to a higher rent during another period, this is allocated in accordance with the contracted agreement. Compensation in connection with the early termination of rental agreements is immediately recognized as income if no obligations towards the tenant remain.



Credit risk

Wallenstam's credit risks can mainly be attributed to outstanding rent/trade receivables, promissory note receivables, cash and cash equivalents and financial derivatives. Losses from rent and trade receivables occur when customers are unable for some reason to fulfil their payment obligations. The risks are limited as Wallenstam mainly works with established customers that have competitive operations and a documented ability to pay. In cases where a counterparty's ability to pay is considered uncertain, in accordance with its credit policy, Wallenstam will demand a bank guarantee, a surety or in the case of a new let, rent in advance (deposit). Wallenstam has a large diversification of risks in its contract portfolio with just over 1,900 commercial contracts and just over 15,000 residential and parking contracts.

The Group's exposure to credit risk from individual customers is limited considering the terms of Wallenstam's rental agreements and the relative importance of customers. Wallenstam's ten largest commercial tenants represent approximately 8 percent (8) of Wallenstam's assessed full-year value. Rental income is mainly based on agreements and fixed rental income, as turnover-based rent only occurs to a very limited extent. The table below shows the terms and size of rental agreements for both commercial and residential tenants.

A provision for unpaid residential tenant receivables is made on a quarterly basis or in the case of outstanding receivables in excess of SEK 10,000. For commercial receivables, individual assessments are made.

RENTAL INCOME

SEK million	2019	2018
Residential, parking	1,017	952
Commercial premises	1,009	958
Total rental income	2,026	1,910
Change in rental income between 2018 and 2019		
Rental income according to income statement	1,910	1,701
Change in rental income, existing properties	56	51
New construction	56	143
Acquired properties	19	40
Sold properties	-14	-25
Rental income according to income statement	2,026	1,910
Adjustment to current full-year value		
Vacancies and vacated properties	70	65
Rental value, December 31	2,096	1,975

Note 3. Rental income, cont.

RENTAL CONTRACT SIZES

	Number of contracts	Assessed full-year value, SEK million	Total, %
Above SEK 5.0 million	29	248	12
SEK 4.0–5.0 million	13	58	3
SEK 3.0–4.0 million	26	88	4
SEK 2.0–3.0 million	63	153	7
SEK 1.0–2.0 million	134	188	9
SEK 0.5–1.0 million	227	162	8
Under SEK 0.5 million	1,349	140	7
Total commercial premises	1,841	1,037	48
Vacant property	391	64	3
Residential and parking	15,091	1,044	49
Total	17,323	2,145	100

RENTAL CONTRACT TERMS

	Number of contracts	Assessed full-year value, SEK million	Total, %
2020	789	260	12
2021	447	233	11
2022	306	193	9
2023	207	120	6
2024–	92	230	11
Total commercial premises	1,841	1,037	48
Vacant property	391	64	3
Residential and parking	15,091	1,044	49
Total	17,323	2,145	100

Note 4. Operating, management and administrative expenses



Accounting principle

Operating expenses

Wallenstam's operating expenses consist of expenses incurred in connection with property management such as property upkeep, electricity, water, cleaning, repairs, fuel expenses, maintenance, property tax and other operating expenses. Operating expenses are recognized in the period they concern.

Management costs and administrative expenses

Wallenstam's management costs and administrative expenses consist of the Group's administrative expenses such as expenses for personnel, offices, premises, consultants, marketing and depreciation of fixtures and fittings. Expenses are recognized in the period they concern. Management costs and administrative expenses are

distributed among: property management, wind power management and property transactions.

Management costs and administrative expenses attributable to the Group's property management operations amounted to SEK 228 million (211). Management costs and administrative expenses attributable to wind power amounted to SEK 20 million (31) and are recognized in the item Other expenses. Administrative expenses attributable to property transactions are included in the item Change in value, investment properties and amounted to SEK 3 million (4) and in the item Expenses for sales of development properties of SEK 3 million (5).

Note 4. Operating, management and administrative expenses, cont.

OPERATING EXPENSES

SEK million	2019	2018
Heating costs	74	77
Maintenance costs	131	122
Site leasehold*	-	13
Property tax	88	74
Other operating expenses	204	195
Total operating expenses	497	481
SEK/sq m	2019	2018
Heating costs	62	65
Maintenance costs	110	103
Site leasehold*	-	12
Property tax	74	62
Other operating expenses	171	163
Total operating expenses	417	405

*From and including January 1, 2019, an expense for site leasehold rights is recognized in accordance with IFRS 16 Leases, to the effect that the entire item is recognized as a financial expense.

MANAGEMENT COSTS AND ADMINISTRATIVE EXPENSES

SEK million	2019	2018
Depreciation of non-current assets	7	3
Marketing expenses	16	16
Other external services and expenses	26	23
Personnel expenses	164	170
Cost of premises, rent for non-current assets, office supplies	35	32
Other expenses	6	4
Total management costs and administrative expenses	254	251

Due to the high occupancy rate, direct costs attributable to properties that did not generate income are only marginal. For properties that are partly vacated to carry out reconstruction projects, there are operating expenses of about SEK 7 million (7), for which there is no income.

AUDIT EXPENSES

SEK million	2019	2018
Audit assignment, Deloitte	1.3	1.5
Other auditing work, Deloitte	0.1	0.1
Audit assignment, BDO	0.1	0.1
Total	1.5	1.7

Wallenstam uses the services of Deloitte for audit in the Group's Swedish companies. BDO is used for the Group's Norwegian companies.

Note 5. Salaries, other remuneration and social security expenses



Accounting principle

Employee benefits

Employee benefits are recognized in line with employees performing services in exchange for remuneration.

Provisions for pensions

Pensions are normally financed through payments to insurance companies where payments have been determined based on periodic actuarial calculations.

The Group has both defined benefit pension plans and defined contribution pension plans. The latter consists of pension to persons covered by defined benefit ITP plans with ongoing payments to Alecta under ITP 2. Plans where the company's obligation is limited to the fees that company has undertaken to pay are classified as defined contribution plans, in other words, without any other obligations from the company except to pay an annual premium during the period of employment. For these, the size of an employee's pension depends on the premiums the company pays to an insurance company and the return on capital the premiums generate. Consequently, the employee bears the actuarial risk (that the payment will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected payments). According to statement 10 of the Swedish Financial Reporting Board, the requirements do not exist to recognize an ITP 2 plan financed through insurance with Alecta as a defined benefit plan, and for this reason this plan is recognized as defined contribution according to IAS 19. Wallenstam thus only recognizes defined contribution pension obligations. For defined contribution plans, after employment has been terminated, the employee is entitled to decide the period during which the earlier defined contribution payments and the return on these is taken out as pension. The company's obligations in respect of premiums for defined contribution plans are recognized as a consolidated expense as they are earned by employees.

Employee synthetic options scheme

Share-based payment is recognized according to IFRS 2 Share-based payment. The liability varies with the share price and the number of outstanding options at the end of each reporting period. The terms and conditions of the scheme were unchanged during the entire year. Settlement of remuneration takes place in cash at the end of the option scheme or at the earlier date when the share price reaches the scheme's ceiling price. In May 2018, all permanently employed staff received an offer to acquire 10,000–50,000 synthetic options in exchange for consideration. In total, a maximum of 5,000,000 synthetic options shall be issued in the options scheme. The estimated cost in the event of a maximum outcome is SEK 330 million. The CEO and Vice CEO and other senior executives were invited to acquire 50,000 options each. 226 employees accepted the offer at the start. The options were measured according to the Black & Scholes model. Important input data for the model includes the share price as of the closing day of SEK 113.20 (82.20), an exercise price of SEK 80 with a ceiling of SEK 140, an anticipated share price volatility of 20 percent, the term of the options up to and including May 31, 2024, an anticipated dividend and an annual risk-free interest rate of 0.02 percent. Volatility was calculated as the estimated future volatility during the remaining term of the options.

Termination benefits

A provision is recognized in connection with the termination of employment only if the company has been obliged to terminate employment before the normal date or when compensation is offered as an incentive for voluntary redundancy. The provision and expense is recognized in the period when the employee is on garden leave, in other words the period in which the company does not receive any service in return.

GROUP SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

SEK million	2019					2018				
	Basic salary	Benefits	Variable remuneration	Social security expenses	Pension expenses	Basic salary	Benefits	Variable remuneration	Social security expenses	Pension expenses
Chairman of the Board	0.9	-	-	0.1	-	0.7	-	-	0.1	-
Board members	0.8	-	-	0.2	-	0.7	-	-	0.2	-
Total directors' fees	1.7	-	-	0.3	-	1.4	-	-	0.3	-
CEO, parent company	4.4	0.1	-	3.6	1.5	4.4	0.5	-	1.2	1.5
Vice CEOs, 1.25 persons (1)	3.9	0.1	-	1.8	1.2	3.2	0.3	-	1.3	1.0
Former Vice CEOs, 2 persons (2)	-	-	-	0.3	-	3.1	-	-1.5	0.5	0.6
Other senior executives, 3.75 persons (4)	6.1	0.2	-	2.2	2.0	6.4	0.2	-	2.3	2.4
Other employees	126.2	3.1	-	45.7	19.8	132.0	3.1	-	43.5	20.6
Total	140.6	3.5	-	53.6	24.5	149.0	4.1	-1.5	48.8	26.1

Note 5. Salaries, other remuneration and social security expenses, cont.

Remuneration

The CEO received a salary and benefits of SEK 4.5 million (4.9) in total. Senior executives are offered market-related fixed salaries. In addition to fixed salary, variable remuneration may be offered. The principles for these are approved by the AGM. Salaries and other benefits to senior executives in the company are prepared and proposed to the Board by the remuneration committee, which is usually composed of the Chairman of the Board and the Vice Chairman, respectively. Due to the passing of Christer Villard during the fall of 2019, the entire Board of Directors subsequently constituted the remuneration committee.

In accordance with the resolution passed by the AGM, the Board of Directors will receive fees of SEK 1,480,000 (1,440,000) for the period from April 2019 until the 2020 AGM, of which SEK 740,000 (720,000) was paid to the deceased Chairman of the Board Christer Villard, SEK 260,000 (255,000) to the Vice Chairman, and as from September the ordinary Chairman Ulrica Jansson Messing and SEK 160,000 (155,000) each to the other members (Anders Berntsson, Agneta Wallenstam and Karin Mattsson). No additional remuneration other than the fees approved by the AGM was paid to the Board.

Pensions and termination benefits

The company takes out pension insurance for the CEO with an annual premium of 30 percent (30) of the gross salary in addition to survivors' pension insurance equivalent to a premium expense of SEK 146,000 (131,000) for 2019. The company has also taken out

a life insurance policy to provide a survivor's pension in the event of death while in service. This obligation is provided by payment into a defined premium insurance policy for which the costs in 2019 amounted to SEK 67,000 in total (100,000). If the CEO resigns his position, six months' notice must be given. Termination of the CEO's employment by the company is also subject to a period of notice of six months.

At year-end, the company had two Vice CEOs, as a second Vice CEO was appointed on October 1, 2019. Other senior executives consist of the CFO and Head of Investor Relations, the Communications Director and the Technical Director. Pensions for Vice CEOs and other senior executives are in accordance with the remuneration policy for defined contribution pensions. To fulfil pension benefits for other senior executives, the company has taken out pension insurance equivalent to 30 percent of gross salary. The period of notice is six months. With regard to the Vice CEO and other senior executives, 18 months' termination benefits will apply in the case of termination of employment by the company.

In the event of absence due to illness, senior executives – like other employees – are entitled to 90 percent of the fixed monthly salary for days 2–90 and 75 percent of fixed salary for days 91–365, less what can be obtained from Försäkringskassan, the Swedish Social Insurance Agency.

The retirement age for the CEO is 67 and for the other senior executives it is 67 unless separate agreements are concluded on an extension, up to a maximum of 70.

SHARE-BASED PAYMENTS TO GROUP MANAGEMENT AND OTHER EMPLOYEES

Synthetic options scheme costs 2018–2024

SEK million	2019	2018
CEO	0.6	0.4
Vice CEOs, 1.25 persons (1)	0.7	0.4
Other senior executives, 3.75 persons (4)	2.7	1.9
Other employees	35.9	13.8
Less capitalized	-	-3.5
Total realized and unrealized changes in value, synthetic options	39.9	13.1

The cost of the synthetic options scheme includes attributable expenses.

Pension insurance with Alecta

Pension insurance contributions for the year in Alecta in respect of ITP 2 totaled SEK 8.7 million (9.6). Alecta's surplus can be distributed to the policyholders and/or the insured. At year-end 2019, Alecta's surplus in the form of the collective consolidation level was 148 percent (142). The collective consolidation level is defined as

the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions. Wallenstam's share of the total number of savings premiums for ITP 2 with Alecta was 0.0469 percent (0.05143).

Note 6. Average number of employees

Average number of employees	2019			Average number of employees	2018		
	of whom:	women	men		of whom:	women	men
254		151	103	251		146	105

The Group's personnel are mainly employed by the parent company.

BOARD MEMBERS AND SENIOR EXECUTIVES ON CLOSING DAY

	Dec 31, 2019				Dec 31, 2018		
	Number	of whom: women	men		Number	of whom: women	men
Board members	4	3	1	5		3	2
CEO, Vice CEOs and senior executives	6	3	3	6		3	3

Note 7. Related party transactions



Accounting principle

Related party refers to both legal entities and natural persons as defined by IAS 24.

Related parties are defined as:

- » all companies within the Wallenstam Group
- » Board members and company management
- » close family of Board members and company management
- » companies controlled by Board members or company management
- » shareholders who control more than 10 percent of the shares or voting rights in the company

As with all transactions, those with related parties must be carried out on commercial terms. Special attention must be paid to the guidelines pertaining to conflicts of interest during such transactions.

In order to ensure that no extraneous factors are taken into consideration when entering into related-party agreements, two people must always approve the agreement on behalf of Wallenstam. Moreover, authorized individuals may not authorize expenditures for their own benefit. Wallenstam has adopted procedures for defining related parties, for managing transactions and monitoring related party agreements. Prior to the preparation of the annual accounts, individual members of Wallenstam's Board of Directors and company management provide an assurance as to whether they or their close family have entered into any transactions during the financial year that can be considered related-party transactions with Wallenstam Group companies.

Transactions with related parties

Transactions with related parties mainly consist of administrative fees and the renting of premises between Group companies. Individuals related to Board members and Group Management rent apartments. Insurance services are purchased from companies where members of Wallenstam's Board of Directors are Board members, for a total equivalent to about SEK 4 million in net expenditure for the year. Giveaways for celebration of the company's 75-year anniversary were purchased for SEK 0.3 million (-) from companies related to a Board member. In addition, a company to which one of Wallenstam's Board members was related at the time of contracting, performed building contract services with a total contract value of SEK 86 million. The CEO is a joint owner (50 percent) of Aranea Holding AB. Aranea Holding AB owns 48 percent of Renew Group Sweden AB, a floorball equipment manufacturer. Aranea is a tenant of Wallenstam with an annual rental value equivalent to SEK 0.6 million.

As part of its social responsibility work, the Wallenstam Group not only contributes financially to a number of organizations but also gives its time in the form of e.g. board work. As a result of such board positions, related party status arises in the case of the Rescue Mission in Gothenburg and Barn i Nöd (Swedish International Help for Children). During the year, the Rescue Mission in Gothenburg received contributions and discounts equivalent to SEK 3.2 million and Barn i Nöd received contributions of SEK 1.8 million. The Rescue Mission in Gothenburg and Barn i Nöd rent premises from Wallenstam equivalent to annual rental income of about SEK 4.8 million and SEK 0.1 million, respectively.

All transactions take place on market-related terms.

Note 8. Financial income and expenses



Accounting principle

Financial income refers to interest income from bank deposits, receivables, financial investments, dividend income and positive exchange differences on financial items. Financial income is recognized in the income statement in the period it concerns. Dividends are recognized when the right to receive payment has been established.

Financial expenses refer to interest expenses, exchange differences on financial items, and other expenses arising in connection with borrowing and are recognized in the income statement in the period they relate to. The cost of taking out mortgages is capitalized as a property investment. Financial expenses for a reporting period consist of the actual interest to pay both as a result of agreed interest rates and as an effect of derivative contracts entered into. During May and June 2018, derivatives were early redeemed for the

purpose of adapting the Group's financial structure to the new tax legislation, which entered into force on January 1, 2019. The interest expense and expenditure that then arose is recognized in a separate line item in the balance sheet and is not included in the calculation of the average interest. Average interest rate corresponds to the other interest paid in relation to the period's average interest-bearing debt.

Net financial items are not affected by market valuations of entered into interest rate derivative contracts, which are instead recognized as changes in value under their own heading. The financial expenses component that refers to major new construction, extensions or reconstructions is capitalized. The capitalized interest is based on the average weighted borrowing cost for the Group over time.

FINANCIAL INCOME AND EXPENSES

SEK million	2019	2018
FINANCIAL INCOME		
Interest income, current assets	2	2
Dividend	1	1
Foreign exchange gain	1	2
Total financial income	4	6
FINANCIAL EXPENSES		
Interest expenses	-208	-235
Interest expenses leases	-13	-
Other financial expenses	-3	-2
Total financial expenses	-223	-237

Interest expenses are distributed among properties SEK 183 million (210), wind power SEK 24 million (25) and interest expenses leases on properties SEK 12 million (-) and wind power SEK 1 million (-), respectively.

During the year, SEK 83 million (58) in interest relating to investments in projects was capitalized. The average interest rate was used for capitalization, which amounted to 2.0 percent (2.0). Net

financial items including Unrealized changes in value of financial interest rate derivatives totaled SEK -488 million (-301), see Note 19.

All financial items belong to the category financial assets and liabilities measured at amortized cost and the interest component on interest rate derivatives that are measured at fair value via profit or loss. In addition, leases that are measured according to IFRS 16.

Note 9. Participation in profits/losses of associated companies



Accounting principle

A company is recognized as an associated company when Wallenstam holds at least 20 percent and a maximum of 50 percent of the votes, or has control over the operational and financial governance through other means. These holdings are recognized in the consolidated financial statements according to the equity method. Participations in associated companies are recognized in the balance sheet at cost adjusted for changes in the Group's share of the company's net assets, less any reductions in fair value on individual participations.

The associated company's condensed financial information is based on the company's own financial statements. These were not adjusted to the Group's accounting principles as it was estimated to imply unreasonable costs.



Market risk

The value of the holdings in associated companies is impacted by market conditions in the associated companies' markets. During weaker market conditions, the value of the investment also decreases.

Note 9. Participation in profits/losses of associated companies, cont.

CHANGE IN PARTICIPATIONS IN ASSOCIATED COMPANIES

SEK million	Dec 31, 2019	Dec 31, 2018
Carrying amount, Jan 1	113	-
Investments during the year	25	113
Net profit/loss for the year from associated companies	-5	-
Book value participations in associated companies	133	113

PARTICIPATIONS IN ASSOCIATED COMPANIES

	Country	Share of equity (%)	Nature of association	Quoted price	Carrying amount
Convendum Corporation AB, 559020-5182	Sweden	30	Associated company	-	133

FINANCIAL POSITION, CONDENSED

SEK million	Convendum 2019	Convendum 2018
CONDENSED INCOME STATEMENT		
Revenue	170	100
Profit/loss before financial items	-12	-21
Net profit/loss for the year and other comprehensive income	-15	-17
CONDENSED BALANCE SHEET		
Non-current assets	67	49
Current assets	177	170
Provisions	0	0
Non-current liabilities	87	64
Current liabilities	73	57
Net assets (100 %)	84	98
RECONCILIATION AGAINST CARRYING AMOUNTS		
Opening net assets	98	-
Acquired	-	98
Profit/loss for the period	-15	-
Other comprehensive income	-	-
Closing net assets (100%)	84	98
The Group's participation, %	30	25
The Group's participation	25	24
Goodwill	108	89
The Group's carrying amount	133	113

Holdings in associated companies consist of the investment in Convendum Corporation AB (publ) (Convendum). Convendum offers

modern and efficient office solutions, in AAA locations in the central business districts of major cities.

Note 10. Revenue and expenses, development property sales



Accounting principle

Revenue from sales of development properties refers to compensation from sales of co-op apartment projects, co-op apartment units and development properties. New construction of development properties is recognized according to IFRS 15 Revenue from Contracts with Customers. In the balance sheet, investments are continually recognized at cost in the line item Development properties. In conjunction with sales of co-op apartments, the compensation received is recognized as revenue and the apartment's estimated share of production costs is recognized as an expense, or in the case of co-op apartment units acquired from an external party, the

book value of the apartment. Revenue from sales of development property is recognized as compensation received and the production cost incurred is recognized as an expense. Revenue and expenses are recognized in the income statement when the purchaser takes possession of the apartment/property, while selling and marketing expenses are recognized on an ongoing basis.

Includes administrative and selling expenses of SEK 11 million (19).

DISTRIBUTION REVENUE AND EXPENSES, DEVELOPMENT PROPERTY SALES

SEK million	2019	2018
REVENUE		
Revenue from sales of newly constructed co-op apartment units	57	103
Revenue from sales of acquired co-op apartment units	38	52
Revenue from sales of development properties	229	380
Total revenue, development property sales	324	535
EXPENSES		
Cost of newly constructed co-op apartment units including selling expenses	-47	-90
Cost of acquired co-op apartment units including selling expenses	-23	-37
Cost of development properties including selling expenses	-163	-294
Total expenses, development property sales	-232	-421
Profit from sales of development properties	92	114

Note 11. Other income & other expenses



Accounting principle

Other income consists of electricity revenue and other. Other expenses consists of electricity expenses, depreciation, administrative expenses and interest expenses attributable to electricity generation and profit from renewable energy certificates and other. Realized hedges for electricity derivatives are not included in the recognition of electricity revenue and electricity expenses, respectively, as the Group does not apply hedge accounting for these items.

Renewable energy certificates are initially recognized at cost, which is remeasured to fair value on the vesting date. After initial recognition, renewable energy certificates are subsequently recognized on an ongoing basis at a remeasured amount consisting of the fair value at the time of remeasurement, identified as the lowest of the closing day spot price or the contracted price for future sale. All changes in value resulting from the remeasurement of renewable energy certificates in inventory are recognized in the income statement as Other income. Other income also includes revenue from realized sale of surplus renewable energy certificates generated by the wind power production. For further information and conditions regarding renewable energy certificates, see Note 20.



Electricity price risk

Electricity prices have an impact on the company's results. Since Wallenstam is a net electricity producer on an annual basis, a drop in electricity prices has a negative impact on earnings. Electricity prices are influenced by a number of different factors such as the economic cycle and the weather. Changes in electricity prices influence the value of both current and new agreements. To protect the business and reduce the impact of market fluctuations, the Group uses futures contracts to hedge revenue from future electricity production in accordance with the energy policy adopted by the Board of Directors. This policy means that purchasing may be carried out for a maximum period of five years ahead.

Note 11. Other income & other expenses, cont.

DISTRIBUTION OTHER INCOME AND OTHER EXPENSES

SEK million	2019	2018
REVENUE		
Electricity revenue	292	415
Other income	5	11
Total other income	298	426
EXPENSES		
Electricity expenses	-199	-300
Depreciation wind power	-76	-95
Management costs and administrative expenses wind power	-20	-31
Other expenses	-4	-9
Total other expenses	-299	-436

Other refers to income and expenses from the work and services to tenants.

Note 12. Change in value, investment properties



Accounting principle

Investment properties are measured on an ongoing basis in accordance with IAS 40 at estimated fair value according to the principles described in Note 15. The valuation is internal and is made in conjunction with each quarterly financial statements. Properties that are contracted for sale with taking of possession after closing day are valued at the selling price on the reporting date with consideration of any remaining uncertainty according to the principles described in Note 15. Change in value, investment properties refers to the difference between the valuation on closing day and the valuation at the time of the immediately preceding reporting date, taking account of investments during the period.

A sale is recognized on the date of taking possession unless this contravenes particular terms in the purchase agreement. This also applies in the case of sales of property via companies. In connection with the sale of properties via companies, the transaction is recognized gross as regards property price and deferred tax. Profits/losses on the sale of property comprise the difference between the agreed purchase price and the estimated market value in connection with the immediately preceding quarterly report, taking account of investments made subsequently. Direct selling expenses and a share of internally distributed administration expenses are deducted.

DISTRIBUTION OF CHANGE IN VALUE, INVESTMENT PROPERTIES

SEK million	2019	2018
Changed yield requirement	1,710	597
Capitalization of change in net operating income	392	958
Change in value due to contracted acquisitions and divestments	33	-18
Future investment requirements	-322	-299
New construction	792	598
Administrative and other selling expenses*	-5	-4
Change in value, investment properties	2,600	1,832

*Of which internal administration SEK -3 million (-4).

Note 13. Tax



Accounting principle

Income taxes in the income statement are recognized according to IAS 12. Tax is recognized in the income statement except where it refers to items that are recognized in other comprehensive income or directly in equity. In such cases the tax is also recognized in other comprehensive income or equity.

The current tax rate for limited liability companies in Sweden in 2019 is 21.4 percent (22). The tax in the income statement is distributed between two items, current tax and deferred tax.

Current tax

Current tax refers to tax that must be paid in the current year and is calculated according to the prevailing tax rate. This also includes any adjustments to current tax from previous periods.

Current tax is calculated based on the company's taxable earnings, which differ from the recognized profit/loss. This is mainly due to:

- » the possibility to utilize tax depreciation
- » the possibility to utilize tax deductions for certain reconstructions of properties, which are capitalized in the accounts
- » the possibility to utilize the Group's existing tax loss carryforwards
- » the possibility to sell properties through so-called corporate packaging
- » non-deductible expenses.

Deferred tax

Deferred tax is recognized, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities according to the principles described in more detail in Note 28.

TAX RECOGNIZED IN THE INCOME STATEMENT

SEK million	2019	2018
Current tax	0	0
Deferred tax	-727	-447
Total tax	-727	-447

DIFFERENCE BETWEEN THE GROUP'S RECOGNIZED TAX AND TAX BASED ON THE APPLICABLE TAX RATE OF 21.4 PERCENT (22)

SEK million	2019	2018
Recognized profit before tax	3,464	3,445
Tax according to current tax rate	-741	-758
Tax effect of:		
Non-deductible expenses	-14	-3
Tax-free revenue	0	2
Adjustment of tax, previous years	-14	-9
Retirements, impairment losses and reversals	-	-5
Non-taxable profit on divested properties	30	21
Changes in value, which do not generate deferred tax	-17	-5
Non-assessed deficit	0	-1
Remeasurement deferred tax	28	312
Tax on profit for the year in the income statement	-727	-447

TAX ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME

SEK million	2019	2018
Deferred tax attributable to:		
Changes in value, translation differences	-1	0
Change in value, owner-occupied properties	0	-2
Total tax items recognized in other comprehensive income	-1	-2

Note 13. Tax, cont.

DISTRIBUTION OF DEFERRED AND CURRENT TAX

SEK million	2019		2018	
	Basis current tax	Basis deferred tax	Basis current tax	Basis deferred tax
Profit before tax	3,464		3,445	
Tax deductible:				
Reconstructions	-386	386	-423	423
Depreciation	-422	422	-319	319
Additional depreciation	-86	86	-	-
Retirements, impairment losses and reversals	-	-	-5	28
Change in value, investment properties	-2,600	2,600	-1,839	1,839
Unrealized change in value, financial instruments	264	-264	-778	778
Realized change in value, financial derivative instruments	40	-40	29	-29
Realized change in value, renewable energy certificates	2	-2	-8	8
Sales of properties	-92	-49	103	-189
Sales of wind turbines	-5	5	648	-648
Other non-deductible expenses	83	-29	17	0
Other tax-free revenue	0	-	-16	-
Other consolidation adjustments	-47	58	4	-4
Changes in value, which do not generate deferred tax	-	79	-	24
Adjustment of tax, previous years	0	65	41	-2
Remeasurement deferred tax	-	-132	-	-1,419
Current profit/loss for tax purposes	215	3,183	899	1,127
Change in tax loss carryforwards during the year	-215	215	-899	899
Taxable profit	0	3,399	0	2,026
Tax for the year	0	-727	0	-446
Tax non-assessed deficit	-	0	-	-2
Tax for the year in the income statement	0	-727	0	-447

Note 14. Intangible non-current assets



Accounting principle

Expenditure for software developed and adapted for the Group is recognized under intangible assets if it will provide probable economic benefits in future years. Capitalized expenditures for acquired software are amortized according to plan over the useful life in 5 years, equivalent to 20 percent of cost. The useful life of the assets, the amortization method and residual value are assessed on

a continuous basis. Amortization is included in the income statement item Management costs and administrative expenses. Annual licenses are carried as expenses. Intangible assets are subject to testing for impairment according to IAS 36, see Note 1.

Note 14. Intangible non-current assets, cont.

CHANGES IN INTANGIBLE NON-CURRENT ASSETS DURING THE YEAR

SEK million	Dec 31, 2019	Dec 31, 2018
Opening acquisition cost	58	57
Investments during the year	7	6
Retirements for the year	-2	-5
Closing accumulated acquisition cost	62	58
Opening amortization	-39	-39
Amortization for the year	-6	-5
Retirements for the year	1	5
Closing accumulated amortization	-44	-39
Book value, capitalized expenses, computer software	18	19

Note 15. Investment properties



Accounting principle

Investment properties are our rental apartment buildings which are held for our own management operations.

Investment properties are recognized at fair value in accordance with IAS 40 where fair value corresponds to estimate market value. A complete valuation of each building is made by an internal valuation team in connection with interim and annual accounts. The valuation model is based on an evaluation of future payment streams with differentiated market-related yield requirements per property. The yield requirements reflect market conditions and differ based on where the property is located and what type of property it is, e.g. (residential or offices etc.). As our properties are valued separately, no consideration is given to the portfolio premium that may exist in the property market.

A yield valuation is calculated based on a property's net operating income less site leasehold rents and a general vacancy level for commercial of 3 percent. The net figure is set in relation to the yield requirement for each property. Deductions are made from the estimated yield value for estimated future investment needs and two annual rents equivalent to an actual vacancy. New constructions of rental properties are measured at fair value, which is determined as cost plus the estimated surplus on the completion date in relation to the degree of completion of the construction. This is in turn based on expenses incurred. In the case of reconstruction of investment properties that undergo a more large-scale reconstruction, the fair value during the reconstruction period is generally considered to equal the market value that the investment property had at the start of the project with the addition of subsequently made investments. Land rights and building rights for zoned land are measured at market value.

Changes in value are recognized in the income statement.

Property valuations are based on the following, among other things:

- » evaluation of the yield requirements in each market
- » evaluation of each property's specific circumstances e.g. in terms of condition and location
- » analysis of rental rates, contract lengths, vacancy and rental trends
- » an analysis of existing tenants
- » credit market conditions
- » analysis of concluded and non-concluded property transactions.

At each valuation, the calculation is adjusted in cases where significant changes in the underlying factors have taken place, such as the yield requirement, rental rate, occupancy rate and effects of contracted sales.

Wallenstam's view is that property valuations are at level 3 of the fair value hierarchy. Fair values attributable to level 3 for land rights and building rights have been calculated using comparisons of selling prices. Selling prices for comparable buildings in the immediate vicinity have been adjusted for differences in essential characteristics, such as the size of the property. The most significant input data for this valuation is the price per square meter.

The valuation principle has remained unchanged since implementation of IAS/IFRS.

Wallenstam's valuation model

- + The rental value (is calculated on the basis of expected rental rates in 2020)
- General vacancies of 3 percent in the commercial holdings
- Operating expenses including property tax and site leasehold rents, excluding administration
- = Net operating income
- ÷ Yield requirement for the property
- = The property's gross yield value
- Two years' rent for vacant floor space
- Planned investments and significant repairs
- +/- Present value of temporary additions/deductions
- + Location premium
- = Estimated market value of property

Property acquisitions and property sales are recognized on the day of taking possession, when control has been transferred to the purchaser. Properties that are contracted for sale with taking of possession after closing day are valued at the selling price on the reporting date with consideration for any uncertainty.

Wallenstam's properties are classified as investment properties apart from properties that constitute a development property. These properties are instead recognized in the balance sheet as Development properties, see also Note 21.

If an investment begins in a new or existing investment property, which is intended for continued use as an investment property within the Group, the property is also recognized as an investment property during its construction or reconstruction phase.

Note 15. Investment properties, cont.

Additional expenditures are capitalized if it is probable that the future economic rewards associated with the asset will accrue to the Group. In the case of large new constructions, extensions and reconstructions, interest expenses are capitalized during the project period until the property is taken into use. Expenditures in respect of day-to-day maintenance and repairs are expensed in the period in which they arise.

This item also includes land and building rights measured at market value. The total value of new construction in progress, land and building rights amounted to SEK 5,594 million (3,255).

Asset acquisition versus business combination

Acquisitions may be classified as either asset acquisitions or business combinations. This is an assessment that must be made in each individual case. Transactions carried out during the year were considered asset acquisitions.

In the case of asset acquisitions, no deferred tax is recognized in relation to the property acquisition. Any tax discount negotiated reduces the property's acquisition cost. This means that changes in value in subsequent valuations are affected by the tax discount.

Recognition of site leasehold rents

From and including January 1, 2019, IFRS 16 has replaced IAS 17 Leases, which has impacted Wallenstam's recognition of site leasehold rents. Site leasehold rents are paid where Wallenstam's buildings are on leased land. Site leasehold agreements are treated as perpetual lease agreements, which means that the right of use to land granted with site leasehold rights is recognized as an asset, and an equally large lease liability, in the balance sheet and that the entire leasehold fees are presented as a financial expense in the income statement. In 2019, SEK 12 million was recognized as a financial expense relating to site leasehold rents. The weighted average interest was 3.0 percent. The right of use for the land has been estimated at SEK 402 million and is recognized as a part of the properties' value. For more information, refer to Note 31.



Assessments and estimates

Assessments and estimates made in connection with investment property valuation may have a significant impact on the Group's recognized earnings and position. Valuation of investment properties, which are internal, require assessments of and assumptions about, for example future cash flows and the determination of yield requirements for each individual property. Assessments made affect the carrying amount of the item Investment properties in the balance sheet, and the item Change in value, investment properties in the income statement. When a transaction is completed a cross-check is made of the assumptions made. Wallenstam also monitors relevant completed property transactions. Internal valuations of the entire property holdings are carried out on a quarterly basis. To reflect the uncertainty of assumptions, assessments and estimates made, a so-called valuation range of +/- 5 to 10 percent is specified.

CHANGE DURING THE YEAR, INVESTMENT PROPERTIES

SEK million	Dec 31, 2019	Dec 31, 2018
Carrying amount, Jan 1	45,811	41,410
Acquisitions during the year	511	489
Constructions during the year	3,270	2,061
Reclassification development properties	-	40
Sales during the year	-242	-28
Unrealized change in value, investment properties	2,602	1,839
Right-of-use asset site leasehold right	402	-
Book value, investment properties	52,354	45,811

Capitalized interest during the year amounted to SEK 83 million (58). The average interest rate for the capitalized interest was 2.0 percent (2.0). For distribution of change in value, investment properties, see Note 12.

Net operating income

The improvement in net operating income was attributable to higher rents and more efficient properties due to newer property holdings, among other things. Wallenstam's residential property holdings are fully let. This year's rent negotiations resulted in an average rise

of about 2 percent for residential properties. Rental rates before increments for Wallenstam's commercial premises in comparable holdings increased by around 3.9 percent compared to the previous year, mainly due to completed new lets, renegotiations and cost index escalations.

Note 15. Investment properties, cont.

Bases for determining anticipated yield requirements

Yield requirements differ between properties depending on the market and the type of property. Yield valuations are based on residential and commercial floor space, with different yield requirements for

the respective lettable space. Analyses and comparisons are made with current price statistics for similar items of property. Wallenstam monitors completed property transactions in relevant areas.

YIELD REQUIREMENT, INVESTMENT PROPERTIES

Property type	Location	Dec 31, 2019, %	Dec 31, 2018, %
Residential	Stockholm	2.40-4.00	2.50-4.00
Residential	Gothenburg	2.40-3.90	2.50-4.00
Commercial	Stockholm	3.90-4.40	4.00-4.50
Commercial	Gothenburg	3.80-7.00	4.00-7.00
Public use properties	Stockholm	2.60-5.90	2.75-6.00
Public use properties	Gothenburg	2.40-5.40	2.50-5.50

The following yield requirements have been used in valuations for different markets and types of property:

Property type	Location	Average yield requirement 2019, %	Average yield requirement 2018, %
Residential properties	Stockholm	3.2	3.3
Residential properties	Gothenburg	3.1	3.2
Commercial properties	Stockholm	4.5	4.6
Commercial properties	Gothenburg	4.5	4.6
Public use properties	Stockholm	3.1	3.3
Public use properties	Gothenburg	4.7	4.7
Average yield requirement residential		3.1	3.3
Average yield requirement commercial holdings		4.5	4.6
Average yield requirement public use properties		4.3	4.4

INVESTMENT COMMITMENTS

Future expenditure for contracted investments as of closing day, which has not been recognized in the financial statements in respect of properties:

SEK million	Dec 31, 2019	Dec 31, 2018
Investments	2,500	2,216

SENSITIVITY ANALYSIS

Fair value is an estimation of a probable selling price on the market at a given valuation date. However, the actual price can only be determined when a transaction is completed and paid for. To illustrate the uncertainty surrounding estimates of market value, a value range is often specified, usually +/- 5 to 10 percent. However, this may vary depending on such things as the market situation, the standard of the property and investment requirements. As of December 31, 2019, Wallenstam had investment properties valued at

SEK 52,354 million (45,811). With an uncertainty range of +/- 5-10 percent, this means their estimated fair value varies by +/- SEK 5.2 billion (4.6) and by +/- SEK 2.6 billion (2.3). Furthermore, changes to yield requirements have a substantial effect on the valuation. In the event of a 0.25 percentage point adjustment in the yield requirement, property values will change by around SEK +3.7 billion (3.2) and SEK -3.1 billion (-2.8) respectively, which is equivalent to a change in net asset value of around +/- SEK 11 per share (9).

Note 15. Investment properties, cont.

PROPERTY VALUES WITH OTHER YIELD REQUIREMENTS, ACCUMULATED

SEK million	Dec 31, 2019	Dec 31, 2018
0.50 percentage points lower	60,377	52,799
0.25 percentage points lower	56,027	49,022
Property value according to our estimate	52,354	45,811
0.25 percentage points higher	49,233	43,039
0.50 percentage points higher	46,489	40,625

PROPERTY VALUES WITH OTHER YIELD REQUIREMENTS, BY CATEGORY

	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
SEK million	Residential	Residential	Commercial	Commercial	Public use properties	Public use properties
0.50 percentage points lower	35,116	29,802	23,366	21,251	1,895	1,745
0.25 percentage points lower	32,509	27,502	21,761	19,895	1,757	1,626
Property value	30,340	25,572	20,374	18,715	1,640	1,523
0.25 percentage points higher	28,507	23,929	19,189	17,678	1,538	1,433
0.50 percentage points higher	26,935	22,513	18,106	16,759	1,448	1,353

PROPERTY VALUES WITH CHANGED RENTAL INCOME, ACCUMULATED

SEK million	Dec 31, 2019	Dec 31, 2018
5 percentage points higher	55,143	48,344
Property value according to our estimate	52,354	45,811
5 percentage points lower	49,564	43,277

PROPERTY VALUES WITH CHANGED RENTAL INCOME, BY CATEGORY

	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
SEK million	Residential	Residential	Commercial	Commercial	Public use properties	Public use properties
5 percentage points higher	31,953	27,053	21,454	19,679	1,736	1,612
Property value	30,340	25,572	20,374	18,715	1,640	1,523
5 percentage points lower	28,727	24,091	19,294	17,751	1,543	1,434

PROPERTY VALUES WITH CHANGED OPERATING EXPENSES, ACCUMULATED

SEK million	Dec 31, 2019	Dec 31, 2018
5 percentage points higher	51,752	45,282
Property value according to our estimate	52,354	45,811
5 percentage points lower	52,956	46,339

PROPERTY VALUES WITH CHANGED OPERATING EXPENSES, BY CATEGORY

	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
SEK million	Residential	Residential	Commercial	Commercial	Public use properties	Public use properties
5 percentage points higher	29,942	25,214	20,185	18,558	1,625	1,510
Property value	30,340	25,572	20,374	18,715	1,640	1,523
5 percentage points lower	30,739	25,931	20,563	18,872	1,654	1,536

Note 16. Wind turbines



Accounting principle

Wind turbines are recognized at cost less accumulated depreciation and impairment losses. Depreciation is carried out according to plan over the useful life in relation to cost. Wind turbines are subject to an impairment test under IAS 36, according to the principles described in Note 1.

In building leases, rent for land is paid where Wallenstam's wind turbines are constructed. Starting from January 1, 2019, land lease rents, which have minimum rents as a price component, are recognized as an asset and liability, respectively, in the balance sheet. In the income statement, the leasehold fees are presented as depreciation and as a financial expense compared to previous years when they were recognized as an operating expense. The weighted average interest was 3.3 percent. The overall impact on total assets was SEK 17 million.



Assessments and estimates

Items of property, plant and equipment are depreciated over the period during which in the assessment of company management they are expected to generate revenue. Expected cash flows for a wind turbine are estimated to be 22.5 years.

When there are indications that an asset has fallen in value, or in order to estimate if previous impairment losses are no longer justified, the asset's recoverable amount is calculated, which is the higher of the asset's fair value less selling expenses and its value

in use. To calculate an asset's value in use, company management must make a number of assessments and estimates. The value in use is based on cash flow forecasts for the useful life. Cash flows are affected by commercial factors such as market growth, competitiveness, prices, margins, cost trends, investment levels, tied up working capital, expected price and demand levels relating to electricity and renewable energy certificates as well as weather and wind conditions. Additional assessment of such factors as the interest rate situation, borrowing costs, market risk, beta values and tax rates is performed in connection with discounting.

The production volume is based on the budget and was assessed in the impairment test as a normal year in accordance with the latest available statistics. As an input electricity price in the valuation model, an average price from five years of prices is calculated based on the outcome from 2.5 historic years and 2.5 future years with a forecast based on the Board's best estimate using current market data. On the measurement date, the relevant five-year period runs between July 1, 2017 and June 30, 2022. This price forms the basis for estimating cash flows for the period 2019. In addition, for periods after 2020, an average annual growth rate of 1.5 percent was assumed for the period, where the latest inflow and outflow of cash and cash equivalents occurs. Yield requirement before tax was fixed at 5 percent (5).

WIND TURBINES

SEK million	Dec 31, 2019	Dec 31, 2018
Opening acquisition cost	2,605	2,577
Reclassification	-	-2
Investments during the year	0	26
Sales during the year	-202	-
Translation differences	7	4
Right-of-use asset land leases	17	-
Closing accumulated acquisition cost	2,427	2,605
Opening depreciation	-637	-542
Depreciation for the year	-76	-95
Sales during the year	-	-
Closing accumulated depreciation	-712	-637
Opening impairment losses	-801	-1,353
Sales during the year	202	-
Reversals for the year	-	556
Translation differences	-7	-4
Closing accumulated impairment losses	-606	-801
Book value wind turbines	1,109	1,167
Future investment commitments	31	31

The impairment test was carried out by identifying the recoverable amount of wind turbines according to the principles and assumptions set out above. Measurement took place per wind farm, which

corresponds to the lowest cash-generating unit. The impairment test did not result in any adjustment in value (SEK 556 million). Sensitivity analyses have been carried out.

Note 17. Equipment



Accounting principle

Equipment is recognized at cost less accumulated depreciation and any impairment losses. The useful life of equipment, the depreciation method and residual value are assessed on a continual basis. Depreciation occurs according to plan over the useful life: 10 years equivalent to 10 percent for furniture and 5 years equivalent to 20 percent for other equipment. Works of art are not depreciated.

Depreciation of equipment is included in the income statement item Management costs and administrative expenses.

Equipment is subject to testing for impairment under IAS 36, according to the principles described in Note 1.

CHANGES DURING THE YEAR, EQUIPMENT

SEK million	Dec 31, 2019	Dec 31, 2018
Opening acquisition cost	88	90
Investments during the year	12	2
Sales/retirements during the year	-5	-5
Closing accumulated acquisition cost	95	88
Opening depreciation	-42	-42
Depreciation for the year	-4	-4
Sales/retirements during the year	4	5
Closing accumulated depreciation	-42	-42
Book value, equipment	53	46

Note 18. Financial assets



Accounting principle

All shares and participations are measured at fair value in accordance with the principles for financial instruments which are described in Note 30. Financial assets measured at fair value in other comprehensive income and Financial assets measured at fair value through profit or loss. For holdings listed on the stock market, this corresponds to the market price on closing day and thus is level 1 in the fair value hierarchy under IFRS 13. For other shareholdings and shared property interests, the fair value assessment is based on currently available information such as the price of the recently carried out issues, profit from sales of similar participations and corresponds to level 3 in the fair value hierarchy and otherwise in accordance with IFRS 9. The item also contains a small holding in associated companies and promissory note receivables, which are recognized at amortized cost.



Market risk

Losses on other securities held as non-current assets arise if the value of the shares decreases.



Credit risk

Losses on promissory note receivables occur when the counterparty for some reason cannot fulfill its payment obligations. For a further description of credit risk, see Note 3 and Note 30.

OTHER SECURITIES HELD AS NON-CURRENT ASSETS AND OTHER SHARES OF PROPERTY INTERESTS

SEK million	Dec 31, 2019	Dec 31, 2018
Carrying amount, Jan 1	63	97
Reclassifications	-	9
Sales during the year	-	-26
Investments during the year	10	-
Impairment losses for the year	-	-32
Change in value for the year	79	15
Book value other securities held as non-current assets and shares of property interests	152	63

During the year, shares in Tmpl Solutions AB were acquired amounting to SEK 10 million. Other securities held as non-current assets consist of Exeger Sweden AB (publ) SEK 100 million (40), Eolus

Vind AB (publ) SEK 33 million (14), and other shares of property interests of SEK 9 million (9).

Note 18. Financial assets, cont.

OTHER NON-CURRENT RECEIVABLES

SEK million	Dec 31, 2019	Dec 31, 2018
Carrying amount, Jan 1	346	270
New receivables	59	109
Reclassification accrued income	8	-
Provision for expected credit losses	0	-2
Amortizations	-15	-31
Book value other non-current receivables	397	346

Other non-current receivables consist mainly of promissory notes. The weighted average effective interest rate for interest-bearing non-current receivables was 3.06 percent (2.69). All non-current

receivables follow payment plans, which means that there are no non-current receivables that are overdue. The provision relates to identified risk of losses in relation to promissory note receivables.

Note 19. Financial derivative instruments



Accounting principle

Wallenstam's financial derivative instruments consist mainly of interest rate and electricity derivatives but also of currency futures contracts.

Financial derivative instruments are recognized at fair value in accordance with IFRS 9. In order to determine fair value, market interest rates are used for each maturity, exchange rates and electricity prices, as if they were quoted on the market on closing day.

Interest rate swaps are measured by discounting future cash flows to present value while instruments with an option feature are measured at the current repurchase price. When derivatives are realized, the arising effect is recognized as part of interest expenses whereupon the equivalent reversed effect arises as an unrealized change in value of interest rate derivatives. Fair value is determined according to IFRS 13 level 2.

Wallenstam uses interest rate derivatives to achieve a desired interest maturity profile. If the agreed interest rate deviates from the market interest rate, a surplus or deficit will arise for the interest derivatives. The difference in value that arises, which does not affect cash flow, is recognized through profit or loss. The changes

in value may be realized or unrealized. Realized changes in value refer to settled interest rate derivative contracts and constitute the difference between the latest carrying amount and the determined price at redemption. Unrealized changes in value refer to the change in value that has arisen for Wallenstam's derivative contracts since the previous year, or compared to cost if the contracts were entered into during the year.

In order to secure revenue from production of electricity and reduce the impact of market fluctuations, Wallenstam hedges parts of the electricity price in the financial market. Electricity derivatives are measured at market value on closing day and are classified at level 2. As we do not apply hedge accounting for electricity derivatives, no reversal effect arises in unrealized changes in value in connection with realization. Currency derivatives, which are used to hedge cash flows in foreign currency, are also classified at level 2. Hedge accounting is applied for these items. As the hedge is deemed effective, the change is recognized in other comprehensive income or else in profit or loss.

FINANCIAL DERIVATIVE INSTRUMENTS

SEK million	Dec 31, 2019		Dec 31, 2018	
	Assets	Liabilities	Assets	Liabilities
NON-CURRENT DERIVATIVE INSTRUMENTS				
Interest rate swap contracts	6	-354	1	-82
Electricity derivatives	-	-	10	-
Currency derivatives	0	-1	-	-
Book value, non-current derivative instruments	6	-356	11	-82
CURRENT DERIVATIVE INSTRUMENTS				
Interest rate swap contracts	-	-2	-	-
Electricity derivatives	2	-	39	-
Currency derivatives	-	-	-	-
Book value, current derivative instruments	2	-2	39	-
Total derivative instruments	8	-357	50	-82

The total change in the value of derivative instruments during the year amounted to SEK -283 million (773). All interest and electricity derivatives are measured at fair value and recognized in the

income statement. Currency futures contracts are measured at fair value and recognized in other comprehensive income.

Note 19. Financial derivative instruments, cont.

MATURITY STRUCTURE, FINANCIAL DERIVATIVE INSTRUMENTS

SEK million	Dec 31, 2019	Dec 31, 2018
0–3 months	2	15
3 months–1 year	-2	23
1–5 years	-13	9
>5 years	-336	-81
Total	-349	-32

Under the Group's financial policy, the Group's average fixed interest term should be within the 24–60 month range. This is largely managed by using interest rate derivatives. Permitted instruments for managing interest rate risk include: interest rate swaps, extendable interest rate swaps (interest rate swap + swaption), FRA, caps and floors combined with collars and performance swaps. Permitted counterparties are: Swedish banks and foreign banks with established operations in Sweden.

Under the Group's energy policy, the hedged volume for electricity production should not exceed 70 percent of the Group's average electricity production for each month. However, after approval by the CEO of Wallenstam AB, the hedged volume may amount to 100 percent of the forecast production. With regard to the Group's consumption in own properties, including tenants' sub-meters, this can be hedged up to 100 percent with respect to forecast consumption for each month. The maturity of hedging agreements may cover a period of up to five years.

A financial asset and a financial liability are offset and recognized as a net amount in the balance sheet only where there is a legal right to offset the amounts and it is intended that the items will be settled by a net amount or that the asset will be realized and the liability settled

simultaneously. All of Wallenstam's contracts for financial instruments such as interest rate swaps and futures contracts are recognized at gross value, as no legally binding netting agreements exist. Wallenstam has not identified any embedded derivatives that are to be separated from their host contracts and recognized individually.

In connection with measurement of derivatives at fair value, no adjustment is made for counterparty risk in the form of Credit Value Adjustment (CVA) and Debt Value Adjustment (DVA), as the differential is not significant.

Interest rate swaps

The nominal amount of the Group's outstanding interest rate swaps as of December 31, 2019 amounted to SEK 10,550 million (8,850), of which we obtained a variable interest rate and paid a fixed interest rate on a volume of SEK 9,700 million (8,000). For the remaining SEK 850 million (850), a fixed interest rate was obtained and a variable interest rate paid. On December 31, 2019, the fixed swap interest rates payable to banks varied from 0.40–1.32 percent (0.53–1.32). The variable swap interest rates obtained from the banks correspond to STIBOR 3M. In the interest rate derivative portfolio there are no interest rate derivatives with options features (-).

Note 20. Intangible assets



Accounting principle

Intangible assets consist of renewable energy certificates, which Wallenstam receives from the Swedish Energy Agency in its capacity as a generator of electricity from renewable energy sources. Renewable energy certificates are obtained free of charge as eligible electricity is generated and are initially recognized according to IAS 38 at cost remeasured to the market value on the vesting date as Intangible assets and revenue under Other income. After initial recognition, the created certificates are recognized at fair value through remeasurement to market value based on the closing day spot price. The spot price is set through bids from market players via Svensk Kraftmäklning (SKM) and corresponds to IFRS 13 level 2.

Wallenstam's energy production generates a surplus of renewable energy certificates. In connection with the remeasurement of the renewable energy certificate inventory to the closing day spot price, changes in value arise, which are recognized against other income.

To reduce the impact of market fluctuations, the Group hedges sales of renewable energy certificates using futures contracts. Thus, most of the closing inventory of renewable energy certificates on closing day is contracted for sale. In the case that the value of the entered into contract is less than the closing day rate, the renewable energy certificates are measured at the lower, contracted price and otherwise at the closing day rate.

There is an obligation to deliver renewable energy certificates to the competent authority in the country concerned in connection with electricity sales. This obligation is recognized as an expense and a liability. The expense per certificate represents the latest carrying amount as determined by the remeasurement method for intellectual property rights.

Note 20. Intangible assets, cont.

CHANGE IN INTANGIBLE ASSETS

SEK million	Dec 31, 2019	Dec 31, 2018
Carrying amount, Jan 1	58	30
Production during the year	29	55
Cancellations during the year due to own consumption	-17	-6
Acquisitions during the year	0	3
Sales during the year	-48	-20
Unrealized changes in value after initial recognition	-8	9
Provision onerous contracts	-	-12
Book value renewable energy certificates in inventory	14	58

Note 21. Development properties



Accounting principle

The properties, which are under construction in order to be sold on completion, either in their entirety or by apartment, are recognized in the balance sheet in the line item Development properties. Development properties are continually recognized at cost (or

net realizable value if this is lower). A profit/loss is recognized when the development property is completed, sold and handed over to the buyer. See also Note 10.

DEVELOPMENT PROPERTIES

SEK million	Dec 31, 2019	Dec 31, 2018
Carrying amount, Jan 1	317	606
Acquisitions	-	1
Constructions	52	138
Reclassification development properties	-	-40
Sold development properties	-159	-289
Sold co-op apartment units	-35	-99
Book value development properties	175	317

Note 22. Trade receivables



Accounting principle

Trade receivables are recognized according to the principles described in Note 30 for financial assets measured at amortized cost.

TRADE RECEIVABLES

SEK million	Dec 31, 2019	Dec 31, 2018
Trade receivables	23	26
Less provisions for expected credit losses	-7	-6
Book value trade receivables	15	19

PROVISIONS FOR DOUBTFUL RECEIVABLES

SEK million	Dec 31, 2019	Dec 31, 2018
Provisions at beginning of the year	-6	-17
Write-offs	1	1
Settled receivables	5	15
Provision for expected credit losses	-7	-6
Provisions at year-end	-7	-6

Trade receivables due more than two months amounted to SEK 11 million (6). For a description of credit risk, see Note 3.

Note 23. Other receivables



Accounting principle

Others receivables are recognized according to the principles described in Note 30 for financial assets measured at amortized cost.

OTHER RECEIVABLES

SEK million	Dec 31, 2019	Dec 31, 2018
Receivables during property transactions	1	5
VAT receivables	24	44
Receivables from suppliers	15	-
Other	3	3
Book value other receivables	43	52

Note 24. Prepaid expenses and accrued income



Accounting principle

Accrued income is recognized according to the principles described in Note 30 for financial assets measured at amortized cost.



Credit risk

Credit risk in accrued income mainly exists for allocated rent rebates. For these items, a model for credit loss risks has been established.

PREPAID EXPENSES AND ACCRUED INCOME

SEK million	Dec 31, 2019	Dec 31, 2018
Prepaid operating expenses	11	11
Prepaid administrative expenses	6	7
Prepaid expenses connected to transactions	1	32
Input VAT in projects in progress	29	-
Prepaid financing expenditure	8	8
Accrued interest income	1	1
Accrued income	19	34
Book value prepaid expenses and accrued income	75	94

Accrued income mainly consists of accrued electricity revenue and allocated rent rebates.

Note 25. Participations



Accounting principle

Measurement of participations occurs at amortized cost, according to the principles described in Note 30 relating to financial assets measured at amortized cost.

Participations consist of externally acquired holdings in housing co-ops.

PARTICIPATIONS

SEK million	Dec 31, 2019	Dec 31, 2018
Opening acquisition cost	10	19
Investments during the year	17	22
Sales during the year	-21	-31
Book value participations	6	10

Note 26. Cash and cash equivalents



Accounting principle

Wallenstam's cash and cash equivalents consist of cash and bank balances and investments in securities with a maturity of less than three months measured at amortized cost. These assets are considered to be immediately negotiable with negligible risk of chan-

ges in value, which means the carrying amount corresponds to fair value. Where appropriate, utilized overdraft facilities are recognized as borrowing among current liabilities.

CASH AND CASH EQUIVALENTS

SEK million	Dec 31, 2019	Dec 31, 2018
Available liquid assets	928	761
Blocked bank balances	1	3
of which approved amount, overdraft facilities	-800	-800
of which, utilized amount, overdraft facilities	-	119
Available amount, overdraft facilities.	-800	-681
Cash and cash equivalents	129	83

Cash and cash equivalents consist of cash balances deposited in accounts with major Swedish banks. In addition to the above, there are credit facilities and financing frameworks of SEK 6,500 million (4,000). During the year, we increased these through an agreement with the EIB (European Investment Bank) for a financing framework of SEK 2,500 million for new production of energy-efficient rental apartments. The credit facility of SEK 4,000 million (4,000), was av-

ailable for use on closing day. For the financing framework with the EIB of SEK 2,500 million (-), a drawdown notice of ten banking days is required. On December 31, 2019, available liquid assets totaled SEK 4,928 million (4,761), of which SEK 3,993 million (3,503) is an underlying credit commitment for outstanding issued commercial paper. Accordingly, available liquid assets on closing day totaled SEK 935 million (1,258).

Note 27. Equity



Accounting principle

Equity in the Group is distributed as follows: Share capital corresponds to the parent company's share capital. Other contributed capital consists of capital contributed by shareholders in addition to share capital. This includes the parent company's recognized statutory reserve to the extent contributed by the shareholders. Other reserves consist of such amounts that must be recognized in other comprehensive income under IFRS rules. Profit brought forward consists of accumulated profits from the Group's operations and net profit for the year, less dividends to shareholders. This category includes the parent company's recognized statutory reserve to the extent it consists of amounts carried forward from net profit in previous years.

Repurchased own shares including related repurchase expenses are recognized as a reduction of retained earnings. Dividends paid to the parent company's shareholders are recognized as a reduction in equity once approved by the AGM.

A specification of change in equity is provided in the Consolidated Statement of Changes in Equity, immediately after comments on the Consolidated balance sheet.

The share capital in Wallenstam AB consists of 34,500,000 A shares, which carry ten votes each, and 295,500,000 B shares, which carry one vote each. On closing day, the number of repurchased B shares amounted to 7,000,000 (7,000,000), representing 2 percent of the share capital. During 2019, no shares (3,000,000) were repurchased (the average price in the previous year was SEK 76.48 per share, including brokerage). The average expense for all treasury shares amounts to SEK 76.27 (76.27) per share.

The proposed dividend for the 2019 financial year is SEK 1.90 per share (1.90).

EARNINGS PER SHARE

Recognized earnings per share have been calculated by dividing net profit for the year by the average number of outstanding shares during the year. The Group uses the net profit attributable to the parent company's shareholders when calculating earnings per share.

Specification of parameters used	2019	2018
Net profit for the year excluding participations attributable to non-controlling interests, SEK million	2,737	2,998
Average number of shares, thousands	323,000	323,854
Earnings per share, SEK	8.5	9.3
There are no dilution effects.		

Note 28. Deferred tax



Accounting principle

Provision for deferred tax is calculated according to the balance sheet method on all temporary differences arising between carrying amounts and fiscal values of assets and liabilities. Deferred tax assets and deferred tax liabilities are measured at nominal amounts in the balance sheet and in accordance with the tax regulations and tax rates that are enacted or announced on closing day. Exceptions are made for temporary differences that arise on initial recognition of assets and liabilities that constitute asset acquisitions. No deferred tax is recognized for these. In Wallenstam there are mainly four items where temporary differences occur that constitute a basis for recognition of deferred tax: properties, wind turbines, changes in value of derivative instruments and loss carryforwards. Deferred tax liability consists primarily of the temporary difference between the carrying amounts of properties and their fiscal value.

A deferred tax asset in respect of deductible temporary differences and tax loss carryforwards is recognized to the extent that it is probable it may be used against future profits and thus lead to lower tax expenditures. A deferred tax asset or deferred tax liability is recognized in the case of changes in the value of financial derivative instruments depending on whether the market values at the time constitute a liability or an asset. Should any change to the above-mentioned balance sheet items occur, the deferred tax liability/asset is also changed, and this is recognized in the income statement as deferred tax. There are no time limitations in respect of the Group's

losses and all Swedish loss carryforwards in the Group are measured.

Deferred tax assets are recognized net in the balance sheet, as are deferred tax liabilities where these apply to the same tax authority (country).



Estimates and assessments

According to the accounting rules, deferred tax should be recognized at nominal value without discounting at the prevailing tax rate. Between January 1, 2019 and December 31, 2020, the tax rate amounts to 21.4 percent, and then from January 1, 2021 it is reduced to 20.6 percent. When measuring loss carryforwards an assessment is made of the probability that the loss can be utilized in the future and at what point in time. Confirmed losses, which with a high degree of certainty can be used against future profits, form the basis for calculating deferred tax assets. In the case of asset acquisitions, no deferred tax is recognized attributable to the acquisition.

Deferred tax assets include measured loss carryforwards totaling SEK 298 million (345), which corresponds to the value for tax purposes of the Group's Swedish loss carryforwards. Non-measured deficit amounted to SEK 15 million (94) and is related to the Group's Norwegian companies. The Group also has accumulated losses of SEK 48 million (42), related to sale of shares and properties.

DEFERRED TAX ASSETS

SEK million	Dec 31, 2019		Dec 31, 2018	
	Basis	Tax	Basis	Tax
LOSS CARRYFORWARDS				
Opening balance	1,674	345	2,572	565
Change in tax loss carryforwards during the year	-215	-46	-850	-187
Acquired/divested losses	-5	-1	0	0
Non-measured losses	-1	0	-8	-2
Adjustment of tax, previous years	0	0	-41	-9
Reclassification	-5	-1	-	-
Remeasurement deferred tax	-	1	-	-23
At year-end as per balance sheet	1,448	298	1,674	345
DERIVATIVES				
Opening balance	25	5	788	173
Change in value for the year, unrealized	323	69	-763	-168
Remeasurement deferred tax	-	-3	-	0
At year-end as per balance sheet	349	72	25	5
PENSION COMMITMENTS INCL. PAYROLL TAX				
Opening balance	46	9	47	11
Change during the year	4	1	-1	0
Remeasurement deferred tax	-	0	-	-1
At year-end as per balance sheet	50	10	46	9
OTHER TEMPORARY DIFFERENCES				
Opening balance	53	11	50	12
Change during the year	-32	-7	3	1
Reclassifications	10	2	-	-
Remeasurement deferred tax	-	0	-	-1
At year-end as per balance sheet	31	6	53	11
TOTAL DEFERRED TAX ASSETS	1,878	387	1,798	370

Note 28. Deferred tax, cont.

DEFERRED TAX LIABILITY

SEK million	Dec 31, 2019		Dec 31, 2018	
	Basis	Tax	Basis	Tax
PROPERTIES				
Opening balance	24,115	4,978	21,701	4,781
Reconstructions during the year	386	83	423	93
Depreciation for the year	422	90	325	71
Additional depreciation for the year	-1	0	-	-
Change in value for the year, investment properties	2,600	573	1,839	410
Change in value for the year, other comprehensive income	0	0	0	0
Reversals for the year, due to sales	-48	-10	-182	-40
Other	-	-	13	2
Adjustment of tax, previous years	-	-	-4	-1
Reclassification	5	1	-	-
Remeasurement deferred tax	-	-28	-	-338
At year-end as per balance sheet	27,479	5,687	24,115	4,978
WIND TURBINES				
Opening balance	-64	-13	573	126
Depreciation for the year	0	0	-6	-1
Additional depreciation for the year	87	19	-	-
Impairment losses for the year	-	-	35	8
Reversals for the year, due to sales	-	-	-648	-143
Change in value of derivatives for the year, realized	-	-	-29	-6
Change in value of derivatives for the year, unrealized	19	4	11	2
Change in value of renewable energy certificates, realized	-	-	2	1
Remeasurement of participations in foreign subsidiaries	-1	0	-	-
Other	-	-	-1	0
Adjustment of tax, previous years	64	14	-1	0
Remeasurement deferred tax	-	-1	-	1
At year-end as per balance sheet	105	22	-64	-13
TOTAL DEFERRED TAX LIABILITIES	27,584	5,709	24,051	4,965
NET DEFERRED TAX				
Opening balance	22,253	4,595	18,817	4,146
Change during the year	3,453	727	3,436	449
At year-end as per balance sheet	25,706	5,322	22,253	4,595

Note 29. Other provisions



Accounting principle

A provision is recognized when the Group has a legal or informal obligation as a result of prior events where it is probable that an outflow of resources will be required to settle the commitment and a reliable estimate of the amount can be made. The amount that is expected to be required to settle the obligation is recognized as a provision. Recognized provisions consist of those for pensions, commitments in sold properties and, where appropriate, termination benefits and estimated amounts for risks in disputes. Under IFRIC

21, property tax is entered as a liability in full when the obligation arises, which occurs on January 1, every year.

Capital value pension provisions and pension commitments are recognized at fair value and net according to IAS 19. Other provisions are recognized in accordance with IAS 37 item 36 of an amount that is a best estimate at the end of the period.

OTHER PROVISIONS

SEK million	Dec 31, 2019	Dec 31, 2018
Opening capital value, provision for pension commitments	-42	-47
Provision for the year future obligations	-2	-3
Change in value for the year	-10	4
Net payments during the year	1	4
Closing capital value, provision for pension commitments	-54	-42
Closing capital value of pension commitments	54	42
Other provisions	-188	-68
Book value other provisions	-188	-68

Other provisions for the year refer to aftermarket measures and risks related to completed transactions of SEK 104 million (55), provision for options scheme of SEK 71 million (13) and special payroll tax relating to endowment insurance of SEK 13 million (-). SEK 104 million (1) is

expected to be determined and settled within 0–1 year, SEK 72 million (67) between 1–5 years and the remainder after five years. Regarding the option scheme, SEK 17 million of the year's change was an adjusted classification from non-current liability to provision in 2019.

Note 30. Financial instruments and financing



Accounting principle

Financial instruments recognized in the balance sheet include:

- » financial assets and financial liabilities measured at fair value through profit or loss
- » financial assets and financial liabilities measured at fair value through other comprehensive income
- » financial assets and liabilities measured at amortized cost.

The classification depends on the purpose for which the financial asset or liability was acquired.

A financial instrument is measured initially at fair value plus transaction costs, with the exception of the categories financial assets or financial liabilities measured at fair value through profit or loss, which are recognized at fair value excluding transaction expenses.

A financial asset or liability is carried in the balance sheet when the company becomes party to an agreement. Trade receivables are carried in the balance sheet when invoices are sent. A liability is recognized when the counterparty has performed and a contractual obligation exists to pay, even if an invoice has not been received. A financial asset (or part thereof) is derecognized when the contractual rights are realized, lapse or the company transfers in all material respects the risks and benefits associated with ownership. A financial liability (or part thereof) is derecognized when the obligation in the agreement is fulfilled or is otherwise extinguished. A financial asset and a financial liability are offset and recognized as a net amount in the balance sheet only where there is a legal right to offset the amounts and it is intended that the items will be settled by a net

amount or that the asset will be realized and the liability settled simultaneously. Wallenstam recognizes its financial contracts at gross value for financial instruments such as interest rate swaps and currency futures contracts as no legally binding netting agreements exist. Wallenstam has not identified any embedded derivatives. The Group assesses the credit risks for a financial asset on an ongoing basis. When a risk of loss is identified, a provision is made of the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted by the original effective interest rate.

In accordance with IFRS 13, the fair value of certain assets and liabilities should be disclosed even when they are not measured at fair value in the balance sheet. Wallenstam has loans with the major Swedish banks. According to Wallenstam's finance policy, an individual bank may at most account for 50 percent of the financing to safeguard the spread of risks in relation to financiers. Wallenstam's capital tied up including credit commitments at year-end was 13 months (17). Of the interest-bearing liabilities, loans with capital tied up for long terms amounted to 16 percent (40) of the total portfolio. Wallenstam has diversified property holdings with approximately equal proportions of residential and commercial space. Combined with the company's stable development over time, this means no immediate substantial changes in counterparty risk are anticipated for the Wallenstam Group. The fair value of the Group's credit liabilities is considered to essentially correspond to the Group's amortized cost.

Note 30. Financial instruments and financing, cont.

Financial assets and financial liabilities measured at fair value through profit or loss

This category consists of two sub-groups: financial assets and financial liabilities held for trading, i.e. whose main purpose is to be sold or repurchased in the short term, and derivatives. Derivatives are classified as held for trading if they are not identified as hedges. Financial assets and liabilities in this category are measured on an ongoing basis at fair value, with changes in value recognized in profit or loss. This category mainly includes interest rate and electricity derivatives as well as minor holdings in listed companies. The value of investments in listed shares is calculated using quoted market prices.

Derivative instruments are recognized in the balance sheet on the date of contract at fair value, both on initial and subsequent remeasurement.

SUMMARY FAIR VALUE HIERARCHY FINANCIAL INSTRUMENTS

	Fair value hierarchy	Note
Holdings in listed companies	1	18
Interest rate derivatives	2	19
Electricity derivatives	2	19
Currency derivatives	2	19
Renewable energy certificates	2	20

Other liabilities are measured at amortized cost, which corresponds to nominal value plus additional or outgoing valuation items. No change or transfer of any instruments between the different levels of the fair value hierarchy took place during 2019.

Financial assets measured at amortized cost

This category includes rent and trade receivables, cash and cash equivalents, promissory notes, participations and other receivables. These are measured at amortized cost. Amortized cost is determined on the basis of the effective interest rate that was calculated on the date of acquisition. Trade receivables are recognized at nominal amounts without discounts as their expected terms are short. Financial assets measured at amortized cost are recognized at the amounts expected to be received, in other words less doubtful receivables. Cash and cash equivalents are recognized at nominal value. Trade receivables consist chiefly of rent receivables and trade receivables in respect of electricity production sales. Promissory note receivables are mainly related to property transactions.

Participations are recognized under current assets and consist of externally acquired shares in housing co-ops. When co-op apartment units are sold, the income is recognized in the line "Revenue, development property sales" and the sold unit's carrying amount as "Expenses, development property sales".

Financial assets and financial liabilities measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income include non-derivative assets that are available for sale. Measurement is initially at fair value, usually cost. Fair value adjustment of these instruments is recognized in other comprehensive income in the income statement and in the balance sheet as securities held as non-current assets and participations. Dividends and interest income attributable to these assets is recognized in the income statement. In Wallenstam, these consist of holdings in the unlisted company Exeger Sweden AB.

Financial liabilities recognized at amortized cost

Loans from credit institutions and suppliers and other liabilities are measured at amortized cost. Wallenstam's liabilities consist primarily of liabilities to credit institutions and operating liabilities such as trade

payables. Liabilities with a term of more than 12 months are recognized as non-current, others as current. The majority of Wallenstam's liabilities have a shorter maturity than 12 months and are recognized as current. Overdraft facilities refer to loans under current liabilities. Loans are raised in Swedish kronor and are recognized in the balance sheet on settlement day at fair value less transaction costs on initial recognition.

Financial risk factors

In addition to operational and external risks, Wallenstam through its operations is exposed to various financial risks such as interest rate risk, liquidity risk, currency risk and financing risk. These risks arise in the Group's reported financial instruments such as cash and cash equivalents, interest-bearing receivables, trade receivables, trade payables, borrowings and derivatives and are described further per category below.

Financial risk management

To minimize its risks, Wallenstam works through its finance department according to the financial policy that is reviewed and approved by the Board annually. The policy describes the purpose, organization and distribution of duties for financing activities, along with rules for financial risk management. It seeks to limit the company's financial risks, which mainly consist of interest rate risk, refinancing risk and liquidity risk.

Wallenstam's financial operations are centralized in the parent company's finance department, which acts as an internal bank with responsibility for borrowing, cash management and financial risk management. Wallenstam strives to achieve a balance between a good return on equity and an acceptable level of risk. The finance department has instructions, systems and a division of duties that aim to achieve good internal control and operational follow-up. Major financing solutions must be approved by the Board of Directors and the Board is informed about financial matters at every Board meeting.

Liquidity risk

A liquidity risk involves a situation where cash and cash equivalents for payment of commitments cannot be secured.

Wallenstam prioritizes a low loan-to-value ratio, which provides greater freedom of action to fulfil approved investments and payment obligations. Wallenstam makes forecasts on an ongoing basis regarding Group liquidity based on anticipated cash flows. The Group's liquidity risk is limited by aiming to hold liquid assets corresponding to at least three months of known net payments at any given time.

Available liquid assets, including available bank overdraft facilities and excluding blocked bank balances with Nasdaq Commodities of SEK 1 million (3), amounted to SEK 928 million (761). Approved overdraft facilities amounted to SEK 800 million (800). None of these were used on closing day. The Group also has approved credit facilities and financing frameworks of SEK 6,500 million (4,000). During the year, we increased these through an agreement with the EIB (European Investment Bank) for a financing framework of SEK 2,500 million for new production of energy-efficient rental apartments. The credit facility of SEK 4,000 million (4,000), was available for use on closing day. For the financing framework with the EIB for SEK 2,500 million (-), a drawdown notice of ten days is required. On December 31, 2019, available liquid assets totaled SEK 4,928 million (4,761), of which SEK 3,993 million (3,503) represented an underlying credit commitment for issued outstanding commercial paper. Accordingly, SEK 935 million (1,258) was available for use on closing day.

Note 30. Financial instruments and financing, cont.

! Financing risk and covenants

Financing risk corresponds to difficulties in obtaining financing for the operations at a given time.

Wallenstam works actively to achieve low financing risk in relation to market pricing, i.e. the best possible net financial items within a given risk framework. The Board of Directors sets the level of capital tied up in the loan portfolio on a continuous basis. The Group has long-term collaboration with the major Swedish business banks. The goal is to have financing from at least three of the major Swedish commercial banks and a loan portfolio with a spread of maturities and terms in relation to pricing. The Group should limit refinancing risk by always planning refinancing negotiations in advance.

To optimize the terms of the loan portfolio, the Group's borrowing is generally guaranteed by the parent company. The loans mostly consist of traditional loans with property mortgages as security, but also of bond loans and commercial paper. In May 2019, Wallenstam launched green bonds under its existing MTN program (Medium Term Notes), which were listed on Nasdaq Stockholm's Sustainable Bond market. The issue proceeds for these green bonds can only be allocated to projects and assets that qualify according to Wallenstam's green framework. In total during 2019, SEK 1,000 mil-

lion of green bonds were issued. In total, Wallenstam's MTN program with a framework amount of SEK 5 billion, consists of SEK 3,950 million (2,950), of which SEK 1,000 million (1,200) was issued during 2019. The financing of wind farms is mainly secured through the bond market. For the commercial paper program and outstanding bonds no sureties are pledged.

For commercial paper, with a framework of SEK 4,000 million (4,000), Wallenstam has undertaken, at each given time, to have access to liquidity facilities that in terms of maturity and total nominal amount are at least equivalent to outstanding commercial paper. Outstanding commercial paper on closing day amounted to SEK 3,993 million (3,503). Available credit facilities including liquid assets amounted to SEK 4,928 million (4,761), of which SEK 3,993 (3,503) represents a credit commitment for issued outstanding commercial paper.

At the end of the year, the EIB (European Investment Bank) approved a credit facility of SEK 2,500 million for new production of energy-efficient rental apartments. The facility gives Wallenstam the right, but not the obligation, to use the facility during 2020 subject to a drawdown notice of ten banking days.

The interest-bearing liabilities on closing day amounted to SEK 24,302 million (21,244), of which SEK 421 million (-) related to a lease liability and SEK 3,883 million (8,545) were non-current.

BOND LOANS

Date of issue	Balance, SEK million	Term, year	Maturity	Interest rate	Other
November 2017	650	3	2020	variable, STIBOR 3M +100 points	Within the MTN program
November 2017	850	3	2020	fixed, 0.875%	Within the MTN program
November 2017	250	5	2022	variable, STIBOR 3M +140 points	Within the MTN program
January 2018	400	2	2020	fixed, 0.68%	Within the MTN program
May 2018	400	2	2020	fixed, 0.48%	Within the MTN program
September 2018	200	3	2021	variable, STIBOR 3M +93 points	Within the MTN program
October 2018	200	2.5	2021	variable, STIBOR 3M +88 points	Within the MTN program
May 2019	500	2	2021	variable, STIBOR 3M +75 points	Within the MTN program
September 2019	500	2	2021	variable, STIBOR 3M +60 points	Within the MTN program
Total bond loans	3,950				

FINANCING

SEK million	Dec 31, 2019		Dec 31, 2018	
	Agreement	Utilized	Agreement	Utilized
Current interest-bearing bank loan agreements	13,711	13,711	8,577	8,577
Non-current interest-bearing bank loan agreements	2,234	2,234	5,597	5,597
Overdraft facility	800	-	800	119
Total interest-bearing loan agreements	16,745	15,945	14,974	14,293
Current bonds, not MTN	-	-	500	500
Current bonds, MTN	2,300	2,300	-	-
Non-current bonds, MTN	2,700	1,649	5,000	2,948
Commercial paper (framework of SEK 4 billion)	4,000	3,987	4,000	3,503
Credit facility EIB	2,500	-	-	-
Back-up-facility	4,000	-	4,000	-
Total bonds, commercial paper, back-up facilities	15,500	7,937	13,500	6,951
Total interest-bearing liabilities	34,545	23,881	28,474	21,244

Note 30. Financial instruments and financing, cont.

LOAN AGREEMENT MATURITY STRUCTURE

SEK million	Dec 31, 2019			Dec 31, 2018		
	UTILIZED IN		Total interest-bearing liabilities	UTILIZED IN		Total interest-bearing liabilities
	Banks	Commercial paper/Bonds		Banks	Commercial paper/Bonds	
0–3 months	524	3,289	3,813	256	2,715	2,971
3 months–1 year	13,186	2,999	16,185	8,440	1,288	9,728
1–2 years	1,051	1,400	2,451	4,923	2,298	7,221
2–3 years	-	249	249	-	400	400
3–4 years	674	-	674	-	250	250
4–5 years	509	-	509	674	-	674
	15,945	7,937	23,881	14,293	6,951	21,244

All financial instruments are shown in the table Classification of financial instruments on page 108. Trade payables are normally due within 30 days while other current liabilities are due within one year. Other non-current liabilities are due after five years.

Interest rate risk

Interest rate risk refers to how changes in interest rates will affect the Group's net financial items and the value of financial instruments.

Wallenstam's loan portfolio consists of loans with different terms from different lenders. A good balance between a long fixed interest term providing stability and a short fixed interest term that normally provides the lowest interest expense is important in achieving a stable interest expense trend.

The Group's average fixed interest term should fall within the 24–60 month range. The Group aims for loan conversions to be evenly distributed during the year.

Interest rate derivatives are used to spread risk and with the aim of protecting the underlying portfolio. Financial instruments, interest rate swaps are used to limit interest rate risks in the loan portfolio and in order to influence the fixed interest term in the loan portfolio in a flexible way. Borrowing usually takes place with short fixed interest terms, and interest rate swaps are used to achieve the desired fixed interest profile.

Thus derivative instruments are used for the purpose of reducing risk and should be linked to an underlying exposure. The Group currently has derivative instruments, which are recognized in the ca-

tegory financial assets and liabilities measured at fair value through profit or loss. The corresponding interest paid is recognized as an interest expense including the effect of realized interest derivatives and the net change in the value of outstanding derivative liabilities for the year is recognized as change in value, derivative instruments.

The average interest rate on closing day, which takes into account the effects of swaps entered into in line with being realized through payment of agreed interest was 1.22 percent (1.06). In relation to liabilities to credit institutions on closing day, interest expense for 2020 is estimated to be in the region of SEK 290 million (226), based on the average interest rate on closing day. The average effective interest rate for the financial year was 1.27 percent (1.44) and the loan-to-value ratio on closing day was 45 percent (45).

The average fixed interest term was 38 months (39). With the distribution of fixed interest terms existing at the beginning of 2020 and considering the effects of entered into interest rate swap agreements in addition to fixed interest agreements, a change in the interest rate of one percentage point at the beginning of the year would affect Wallenstam's liquidity and interest expense by about SEK 134 million (124) before tax, equivalent to about 10 percent (34) of Wallenstam's cash flow from operating activities. The equivalent effect after tax was SEK 105 million (97).

INTEREST MATURITY STRUCTURE

	Dec 31, 2019		Dec 31, 2018	
	Amount, SEK million	Average interest, %	Amount, SEK million	Average interest, %
0–1 year	14,181	1.35	12,444	1.05
1–2 years	-	-	800	1.55
2–3 years	-	-	-	-
3–4 years	-	-	-	-
4–5 years	1,000	0.64	-	-
5–6 years	1,500	0.86	1,000	0.64
6–7 years	1,500	1.00	1,500	0.86
7–8 years	1,500	1.16	1,500	1.00
8–9 years	1,500	1.18	1,500	1.16
>9 years	2,700	1.09	2,500	1.24
	23,881	1.22	21,244	1.06

Note 30. Financial instruments and financing, cont.

! Currency risk

Currency risk refers to the risk of an impact on the Group's earnings and financial position as a result of changed exchange rates.

Wallenstam is exposed to currency risks both through exchange rate fluctuations in future payment flows (transaction exposure) and in respect of remeasurements of net assets in foreign subsidiaries (translation exposure).

Transaction exposure

The Group's transaction-related currency exposure mainly arises during purchasing of building components. To minimize the financial impact of currency market fluctuations on its earnings, the Group uses futures contracts to hedge these flows. Upon purchase or sale of goods or services in foreign currency exceeding a value of SEK 10 million, 100 percent of the investment amount should be hedged in connection with the signing of contracts. Departures from the above hedging level and the time for currency hedging can be approved by the CEO. Hedge accounting is applied and therefore translation effects are recognized in other comprehensive income.

Translation exposure

The Wallenstam Group is subject to translation exposure from the consolidation of its Norwegian subsidiary. It reports its financial position in local currency, which is translated into Swedish kronor. This gives rise to a translation difference, since assets and liabilities are translated at the closing day rate while items pertaining to profit or loss are translated at the average rate for the year.

! Credit risk

Wallenstam's credit risks can mainly be attributed to outstanding rent/trade receivables, promissory note receivables, cash and cash equivalents and financial derivatives.

The maximum credit risk corresponds to the book value of derivatives, promissory note-, trade- and other current receivables including accrued income and cash holdings. The principles for making a credit loss provision are based on a simplified expected loss model according to IFRS 9 and consisted of a proportion of the outstanding promissory note receivables on closing day. As the majority of the promissory note receivables are secured, only a small proportion are exposed to credit loss risk.

Wallenstam's credit risks in respect of rent receivables are described in Note 3.

The maximum credit risk, see above, amounted to SEK 491 million (406), where there are pledged assets for promissory note receivables of SEK 234 million (191). Promissory notes amounted to SEK 269 million (226), of which SEK - million (-) mature within three months, SEK - million (-) within 3–12 months, SEK 57 million (125) within 1–5 years and SEK 214 million (101) after five years.

Derivatives amounted to SEK 8 million (50), of which SEK 2 million (15) mature within three months, SEK 0 million (23) within 3–12 months and SEK - million (10) within 1–5 years and SEK 6 million (1) after five years. Other financial instruments such as trade receivables and current receivables mainly mature within three months of closing day and amounted to SEK 85 million (47).

CLASSIFICATION OF FINANCIAL INSTRUMENTS

SEK million	Financial assets measured at fair value through Profit or loss		Financial assets measured at amortized cost		Financial assets measured at fair value through Other comprehensive income		Total		Income statement
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	
FINANCIAL ASSETS									
Promissory notes	-	-	269	226	-	-	269	226	Interest income
Participations	-	-	6	10	-	-	6	10	Expenses, development property sales
Other securities held as non-current assets and other shares of property interests	33	14	-	-	119	49	152	63	Net financial items, Other comprehensive income
Non-current receivables	-	-	106	106	-	-	106	106	-
Interest rate derivatives	6	1	-	-	-	-	6	1	Unreal. change in value derivative instruments
Electricity derivatives	2	49	-	-	-	-	2	49	Unreal. change in value derivative instruments
Currency derivatives	0	-	-	-	-	-	0	-	Other comprehensive income
Trade receivables	-	-	15	19	-	-	15	19	Revenue
Other current receivables	-	-	70	28	-	-	70	28	-
Cash and cash equivalents	-	-	129	83	-	-	129	83	-
Total financial assets	41	64	596	472	119	49	756	585	

Note 30. Financial instruments and financing, cont.

CLASSIFICATION OF FINANCIAL INSTRUMENTS, CONT.

SEK million	Financial liabilities measured at fair value through Profit or loss		Financial liabilities measured at amortized cost		Total		Income statement
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	
FINANCIAL LIABILITIES							
Provisions	58	17	13	13	71	30	Unrealized change in value, synthetic options scheme
Non-current liabilities	-	-	30	5	30	5	-
Interest rate derivatives	356	82	-	-	356	82	Unreal. change in value derivative instruments
Currency derivatives	1	-	-	-	1	-	Other comprehensive income
Interest-bearing liabilities	-	-	23,881	21,244	23,881	21,244	Interest expenses
Trade payables	-	-	238	166	238	166	Operation and administration
Accrued expenses	-	-	163	167	163	167	Operation and administration
Other current liabilities	-	-	31	100	31	100	Operation and administration
Total financial liabilities	415	99	24,355	21,695	24,772	21,794	

Note 31. Lease liability



Accounting principle

Wallenstam's site leasehold and land lease agreements are recognized according to IFRS 16 Leases. Site leasehold rents are paid where Wallenstam's buildings are on leased land. Site leasehold agreements are treated as perpetual lease agreements, which means that the entire leasehold fees are recognized as a financial expense in the income statement. The weighted average interest on the transition to IFRS 16 Leases amounted to 3 percent on site leasehold agreements.

In building leases, land rent is paid where Wallenstam's wind turbines are constructed. This consists of two types, minimum rent and turnover-based rent. Turnover-based rents are not impacted by IFRS 16 Leases. The weighted average interest on the transition to IFRS 16 Leases amounted to 3.3 percent on land lease agreements.

Wallenstam has applied the modified retrospective method in the transition to IFRS 16 Leases, which means that the lease liability is measured as of January 1, 2019 by discounting the outstanding lease fees with the marginal lending rate. The right of use is measured at the same amount as the lease liability. Land leases and

site leasehold agreements for the comparative period are recognized as an operating expense while the year's lease liability has no equivalent in 2018.

The right of use for site leasehold rights is recognized as part of the balance sheet item, Investment properties and amounted to SEK 402 million on closing day. The equivalent opening balance amounted to SEK 402 million. The right of use for land leases is recognized as part of the balance sheet item, wind turbines and amounted to SEK 17 million. The equivalent opening balance amounted to SEK 18 million. The difference between obligations for future lease fees and the opening lease liability as of January 1, 2019 related to depreciation of land leases.

SEK 13 million of the closing lease liability of SEK 421 million falls due for payment within one year, SEK 52 million within 2–5 years and SEK 356 million after five years.

SEK million	2019
LEASEHOLD RIGHTS	
Interest expense	-12
Total cash flow site leasehold rights	-12
Carrying amount right of use on closing day	402
Carrying amount lease liability on closing day	402
LAND LEASE	
Depreciation amount	-1
Interest expense	0
Cost of turnover-based rents (not included in the measurement of the lease liability)	-6
Total cash flow land leases	-
Carrying amount right of use on closing day	17
Carrying amount lease liability on closing day	18

Note 32. Accrued expenses and deferred income

SEK million	Dec 31, 2019	Dec 31, 2018
Accrued salary costs	34	46
Accrued interest expenses	33	25
Accrued operating expenses	41	71
Accrued administrative expenses	18	11
Prepaid rental income	250	174
Accrued expenses development properties, aftermarket	8	8
Accrued expenses development contributions	27	-
Accrued expenses connected to transactions	2	7
Book value, accrued expenses and deferred income	413	341

Note 33. Pledged assets



Accounting principle

Security is pledged for the Group's obligations, mainly in the form of mortgage deeds for properties. No collateral is provided for bonds or commercial paper programs. For commercial paper, Wallenstam has undertaken, at each given time, to have access to liquidity facilities that in terms of maturity and total nominal amount are at

least equivalent to outstanding commercial paper. Also see Note 30.

Of the Group's property mortgages of SEK 22,777 million (20,978), SEK 4,873 million (4,774) is unmortgaged.

PLEGDED ASSETS

SEK million	Dec 31, 2019	Dec 31, 2018
Property mortgages in respect of property-linked loans	16,924	15,286
Property mortgages in respect of overdraft facilities	800	800
Property mortgages relating to bank guarantees	180	-
Pension commitments	54	42
Blocked bank balances	1	3
Book value pledged assets	17,959	16,131

Note 34. Contingent liabilities



Accounting principle

A contingent liability refers to a possible commitment arising from past events and whose existence is only confirmed when one or more uncertain future events occur or when there is a commitment that is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required.

There is responsibility in relation to the Swedish Tax Agency for the reversal of VAT on investments in commercial premises relating to tenants liable for VAT when the premises are leased to a tenant not liable for VAT. It is not possible to determine the amount.

CONTINGENT LIABILITIES

SEK million	Dec 31, 2019	Dec 31, 2018
Guarantee Fastigo	3	3
Investments in wind turbines	31	31
Guarantee commitments	10	64
Parent company guarantees to municipalities	22	31
Parent company guarantees to County Administrative Board	4	4
Book value contingent liabilities	70	133

Note 35. Statement of cash flows



Accounting principle

The statement of cash flows shows changes in cash and cash equivalents and the Group's available liquid assets for the period. The statement of cash flows is prepared according to the indirect method, which involves adjustment of the operating profit/loss for transactions that do not entail incoming or outgoing payments during the period, broken down into the different operating segments:

- » operating activities: revenue and expenses included in operating profit/loss, interest received and paid, taxes paid and change in working capital

- » investing activities: purchases of non-current assets and other types of investments
- » financing activities: raised and amortized loans, dividends, repurchase of shares and any new share issues.

In the Group, there are no items affecting cash flow in financing activities to specify in accordance with IAS 7 Statement of Cash Flows apart from leases of SEK 13 million.

ADJUSTMENT ITEMS, NOT AFFECTING CASH FLOW

SEK million	2019	2018
Capital gains, properties	-108	-130
Realized profit from sales of other assets	-3	-32
Participation in profits/losses of associated companies	5	-
Depreciation/retirements	85	104
Provisions	-5	-5
Other adjustments	36	-2
Total adjustment items, not affecting cash flow	10	-65

Note 36. Company acquisitions and sales

During the year, Wallenstam acquired a small number of properties converted into companies. All transactions for the year were assessed as being asset acquisitions. Properties were divested this year

in a similar manner. Disclosures regarding asset acquisitions and property sales are provided in Note 15.

Note 37. Post-balance sheet events

In January, a decision from an arbitration board was announced in a case, which involved a Wallenstam company. The ruling, which was in our favor, had no impact on the annual accounts for the year.

Parent company income statement

SEK million	Note	2019	2018
Management revenue	2	273	269
Rental income		124	117
Revenue sales renewable energy certificates		57	-
Other income		2	3
Total revenue		456	389
Management costs and administrative expenses	4, 6, 11, 12	-359	-348
Operating expenses	7	-36	-52
Depreciation, properties	12	-30	-30
Expenses sales renewable energy certificates		-52	-
Change in value, synthetic options scheme	4	-40	-13
Other expenses		-2	-3
Total expenses		-519	-446
Operating income		-63	-57
Profit from participations in Group companies	8, 13	33	3,106
Interest income and similar profit/loss items	9	455	381
Interest expenses and similar profit/loss items	9	-223	-1,109
Changes in value, derivative instruments	15	-323	761
Net financial items		-59	3,139
Profit/loss after financial items		-122	3,081
Appropriations			
Group contributions received		373	641
Profit before tax		251	3,723
Tax on net profit/loss for the year	10	-17	-185
Net profit for the year		234	3,538
OTHER COMPREHENSIVE INCOME			
Change in value, currency derivatives		-1	-1
Tax attributable to other comprehensive income		0	0
Comprehensive income		233	3,537

Parent company balance sheet

SEK million	Note	Dec 31, 2019	Dec 31, 2018
ASSETS			
NON-CURRENT ASSETS			
<i>Intangible non-current assets</i>			
Capitalized expenses, computer software	11	18	17
Total intangible non-current assets		18	17
<i>Property, plant and equipment</i>			
Investment properties	12	1,340	1,361
Equipment		13	11
Total property, plant and equipment		1,353	1,372
<i>Financial assets</i>			
Participations in subsidiaries	13	5,879	5,369
Receivables from Group companies	13, 23	21,894	19,929
Deferred tax assets	14	114	131
Financial derivative instruments	15, 23	6	11
Other shares of property interests	23	7	7
Other non-current receivables	23	10	1
Total financial assets		27,909	25,448
TOTAL NON-CURRENT ASSETS		29,280	26,837
CURRENT ASSETS			
Intangible assets	16	17	39
Financial derivative instruments	15, 23	2	39
Trade receivables	23	5	0
Other receivables	23	2	2
Tax receivables		4	4
Prepaid expenses and accrued income	17, 23	16	36
Cash and cash equivalents	18, 23	122	77
Total current assets		169	197
TOTAL ASSETS		29,449	27,034
EQUITY AND LIABILITIES			
EQUITY			
<i>Restricted equity</i>			
Share capital	19	165	165
Statutory reserve		122	122
Total restricted equity		287	287
<i>Non-restricted equity</i>			
Retained earnings	20	9,949	7,026
Net profit for the year		234	3,538
Total non-restricted equity		10,183	10,563
TOTAL EQUITY		10,470	10,850
UNTAXED RESERVES			
Additional depreciation		5	5
Provisions			
Other provisions	21	84	15
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	22, 23	1,689	4,305
Liabilities to Group companies	23	4,994	6,152
Financial derivative instruments	15, 23	356	82
Other liabilities	23	1	17
Total non-current liabilities		7,039	10,557
CURRENT LIABILITIES			
Interest-bearing liabilities	22, 23	11,732	5,497
Financial derivative instruments	15, 23	2	-
Trade payables	23	7	13
Other liabilities	23	27	16
Accrued expenses and deferred income	23, 24	84	81
Total current liabilities		11,851	5,607
TOTAL EQUITY AND LIABILITIES		29,449	27,034

Parent company statement of changes in equity

SEK million	Note 19	Share capital	Statutory reserve	Other reserves	Non-restricted equity	Total equity
OPENING BALANCE, JAN 1, 2018		165	122	1	7,838	8,125
Net profit for the year		-	-	-	3,538	3,538
OTHER COMPREHENSIVE INCOME						
<i>Items that may be reclassified to profit/loss for the year</i>						
Change in value, currency derivatives		-	-	-1	-	-1
Tax attributable to other comprehensive income		-	-	0	-	0
TRANSACTIONS WITH THE COMPANY'S OWNERS						
Dividend		-	-	-	-583	-583
Repurchase, own shares		-	-	-	-229	-229
CLOSING BALANCE, DEC 31, 2018		165	122	-	10,563	10,850
OPENING BALANCE, JAN 1, 2019		165	122	-	10,563	10,850
Net profit for the year		-	-	-	234	234
OTHER COMPREHENSIVE INCOME						
<i>Items that may be reclassified to profit/loss for the year</i>						
Change in value, currency derivatives		-	-	-1	-	-1
Tax attributable to other comprehensive income		-	-	0	-	0
TRANSACTIONS WITH THE COMPANY'S OWNERS						
Dividend		-	-	-	-614	-614
CLOSING BALANCE, DEC 31, 2019		165	122	-1	10,183	10,470

Parent company statement of cash flows

SEK million	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Operating income		-63	-57
Adjustment for items not included or arising in the cash flow	27	77	66
Interest received and interest subsidies received		456	378
Interest payments		-217	-1,123
Cash flow before change in working capital		254	-737
CHANGE IN WORKING CAPITAL			
Current receivables		0	4
Current liabilities		12	3
Change in working capital		12	7
CASH FLOW FROM OPERATING ACTIVITIES		266	-730
CASH FLOW FROM INVESTING ACTIVITIES			
Acquired participations		-	0
Sales of participations		7	-
Dividends from subsidiaries		47	238
Shareholders' contribution paid		-752	-
Amortization of financial assets		-	12
Sale of properties, equipment and intangible assets		27	0
Investments in properties, equipment and intangible assets		-22	-15
CASH FLOW FROM INVESTING ACTIVITIES		-692	235
CASH FLOW FROM FINANCING ACTIVITIES			
Repurchase of own shares		-	-229
Group contributions		373	641
Dividend paid		-614	-583
Net change in overdraft facilities		-119	119
Advance payment futures contracts		-8	8
Raised interest-bearing liabilities		9,395	3,792
Amortization of interest-bearing liabilities		-5,657	-2,571
Change in liabilities to Group companies		-1,159	-3,077
Change in receivables from Group companies		-1,739	2,264
CASH FLOW FROM FINANCING ACTIVITIES		472	365
CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		77	207
Cash flow for the year		46	-130
Cash and cash equivalents at the end of the year		122	77
Unutilized overdraft facility at year-end		800	681
Blocked bank balances		-1	-3
Available liquid assets	18	921	755

Parent company accounting principles and notes

Note 1. Accounting principles for the Parent company

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

Differences between the accounting principles of the parent company and the Group

RFR 2 states that a legal entity must apply the same IFRS/IAS as are applied in the consolidated financial statements as far as this is possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation. The recommendation states the exceptions from and additions to IFRS that should be made.

In those cases where the accounting principles differ between the Group and the parent company, the parent company's accounting principle is described in direct connection to each Note. Otherwise, the accounting principles of the Group and the parent company correspond. The accounting principles for the parent company have been applied consistently for all periods presented in the parent company's financial statements.

Changes in Swedish regulations

SWEDISH FINANCIAL REPORTING BOARD

The changes in RFR 2 Accounting for Legal Entities, which became effective for the financial year 2019 mainly refer to IFRS 16 Leases. In view of the connection between accounting and taxation, there are exemptions for legal entities to apply IFRS 16 Leases. Upon application of the exemption, there are rules for the lessor's recognition and disclosure requirements. The parent company has chosen to report according to this exemption.

Amendments were also made this year in IAS 23 Borrowing Costs, but these do not affect the parent company.

The Swedish Financial Reporting Board has not decided on or proposed any material changes, which have not yet become effective.

Classification and presentation

The parent company's income statement and balance sheet are prepared according to the Swedish Annual Accounts Act's layout. Differences compared to IAS 1 Presentation of Financial Statements applied in preparing the consolidated financial statements are primarily in the recognition of financial income and expenses, non-current assets (mainly Investment properties) and equity.

Note 2. Intra-group revenue

Accounting principle

The parent company's net sales consist of administrative and project management services for subsidiaries. This income is recognized in the period it relates to. In the case of subsidiaries that are limited partnerships in which the parent company is a partner, the parent company receives compensation for management services in the form of dividends.

Of the total income, SEK 280 million (271) was income from Group companies.

Note 3. Average number of employees

Average number of employees	2019			Average number of employees	2018		
	of whom:	women	men		of whom:	women	men
250		149	101	246		144	102

BOARD MEMBERS AND SENIOR EXECUTIVES ON CLOSING DAY

	Dec 31, 2019				Dec 31, 2018		
	Number	of whom: women	men		Number	of whom: women	men
Board members	4	3	1	5	3	2	
CEO, Vice CEOs and senior executives	6	3	3	6	3	3	

Note 4. Salaries, other remuneration and social security expenses

SEK million	2019					2018				
	Basic salary	Benefits	Variable remuneration	Social security expenses	Pension expenses	Basic salary	Benefits	Variable remuneration	Social security expenses	Pension expenses
Chairman of the Board	0.9	-	-	0.1	-	0.7	-	-	0.1	-
Board members	0.8	-	-	0.2	-	0.7	-	-	0.2	-
Total directors' fees	1.7	-	-	0.3	-	1.4	-	-	0.3	-
CEO, parent company	4.4	0.1	-	3.6	1.5	4.4	0.5	-	1.2	1.5
Vice CEOs, 1.25 persons (1)	3.9	0.1	-	1.8	1.2	3.2	0.3	-	1.3	1.0
Former Vice CEOs, 2 persons (1)	-	-	-	0.3	-	3.1	-	-1.5	0.5	0.6
Other senior executives, 3.75 persons (4)	6.1	0.2	-	2.2	2.0	6.4	0.2	-	2.3	2.4
Other employees	125.2	3.1	-	45.4	19.7	129.9	2.8	-	43.0	20.5
Total	139.6	3.5	-	53.3	24.4	146.9	3.8	-1.5	48.3	26.0

For other information about personnel-related expenses, see the Group's Note 5.

Note 5. Related party transactions

For information about related-party transactions, see the Group's Note 7.

Note 6. Remuneration to auditing firms

SEK million	2019	2018
Audit assignments	1.1	1.3
Other auditing work	0.1	0.1
Total	1.2	1.4

Wallenstam has engaged Deloitte for the audit and the Group's expenses for auditing of property-related companies are handled by the parent company and subsequently allocated to the subsidiaries.

Note 7. Operating expenses

SEK million	2019	2018
Heating costs	2	2
Maintenance costs	15	33
Property tax	9	7
Other operating expenses	10	10
Total operating expenses	36	52

There are operating expenses of about SEK 0 million (0), in properties that do not generate income as they were vacated for projects.

Note 8. Profit from participations in Group companies



Accounting principle

Participations in the net profit for the year in limited partnerships are recognized in profit or loss under the heading Profit from participations in Group companies.

Profit from participations in Group companies refers to profit participations in subsidiaries of SEK 47 million (134). Profit/loss from sales of participations in subsidiaries amounted to SEK -237 million (0). Impairment losses of subsidiary participations of SEK -3 million (-) were recognized during the year. Dividends from subsidiaries were also paid of SEK 225 million (2,972).

Note 9. Interest income/expenses and similar profit/loss items

Interest income and similar profit/loss items amounted to SEK 455 million (381), while interest expenses and similar profit/loss items amounted to SEK 223 million (1,109). The previous year's interest expense includes interest from early redeemed derivatives of SEK

776 million. All financial income is interest income from receivables from Group companies. Of financial expenses, SEK 22 million (105) was interest expenses from liabilities to Group companies.

Note 10. Tax

TAX RECOGNIZED IN THE INCOME STATEMENT

SEK million	2019	2018
Current tax	-	-
Deferred tax	-17	-185
Total tax	-17	-185

DIFFERENCE BETWEEN THE PARENT COMPANY'S RECOGNIZED TAX AND TAX BASED ON THE APPLICABLE TAX RATE OF 21.4 PERCENT (22)

SEK million	2019	2018
Recognized profit before tax	251	3,723
Tax according to current tax rate	-54	-819
Tax effect of:		
Non-deductible expenses, non-taxable income	-12	-3
Adjustment of tax, previous years	0	-8
Dividend	48	654
Pensions commitments secured via endowment insurance	0	0
Remeasurement deferred tax	1	-9
Tax on profit for the year in the income statement	-17	-185

Note 10. Tax, cont.

DISTRIBUTION OF CURRENT AND DEFERRED TAX

SEK million	2019		2018	
	Basis current tax	Basis deferred tax	Basis current tax	Basis deferred tax
Profit before tax	251		3,723	
Tax-deductible depreciation	-5	5	1	-1
Reversal of depreciation for reduced value due to sold properties	-3	3	-6	6
Non-deductible expenses	71	-13	14	-
Non-taxable change in value of derivatives	321	-321	-761	761
Dividend	-225	-	-2,972	-
Pensions commitments secured via endowment insurance	1	-1	-2	2
Adjustment of tax, previous years	-	1	-	37
Current profit/loss for tax purposes	411	-325	-4	805
Utilization of loss carryforwards during the year	-411	411	4	-4
Taxable profit	-	86	-	801
Tax on profit for the year in the income statement	-	-18	-	-176
Remeasurement deferred tax	-	1	-	-9
Total tax	-	-17	-	-185

Note 11. Intangible non-current assets

SEK million	Dec 31, 2019	Dec 31, 2018
Opening acquisition cost	56	55
Investments during the year	7	6
Sales/retirements during the year	-	-5
Closing accumulated acquisition cost	62	56
Opening depreciation	-38	-39
Depreciation for the year	-6	-5
Sales/retirements during the year	-	5
Closing accumulated depreciation	-44	-38
Book value, intangible assets	18	17

Intangible assets refer to capitalized expenses for computer software.

Note 12. Property, plant and equipment



Accounting principle

The parent company's investment properties are measured at cost less accumulated depreciation according to plan over their useful life and with necessary impairment charges. Depreciation according to plan is applied over 50 years, equivalent to properties at 2 percent.

Cost consists of the acquisition price, land registration costs and improvements that increase value. Interest arising during the production period of larger constructions, extensions or conversions is not capitalized for tax reasons. Only expenses that generate lasting increases in the value of properties are capitalized. Expenses for

conversions of a maintenance nature are charged to earnings.

The carrying amount of investment properties and equipment is tested for impairment when events or changed circumstances indicate that the carrying amount may not be recoverable. If such indications exist and if the carrying amount exceeds the expected recoverable amount, the assets are written down to the recoverable amount, in accordance with IAS 36.

Note 12. Property, plant and equipment, cont.

INVESTMENT PROPERTIES

SEK million	Dec 31, 2019	Dec 31, 2018
Opening acquisition cost	1,521	1,512
Investments during the year	9	8
Closing accumulated acquisition cost	1,530	1,521
Opening depreciation	-160	-129
Depreciation for the year	-30	-30
Closing accumulated depreciation	-190	-160
Book value, investment properties	1,340	1,361

Land is included with a value of SEK 238 million (237). The fair value of investment properties amounts to SEK 3,177 million (3,102).

EQUIPMENT

SEK million	Dec 31, 2019	Dec 31, 2018
Opening acquisition cost	52	55
Investments during the year	6	1
Sales/retirements during the year	-4	-4
Closing accumulated acquisition cost	54	52
Opening depreciation	-41	-42
Depreciation for the year	-3	-4
Sales/retirements during the year	4	4
Closing accumulated depreciation	-41	-41
Book value, equipment	13	11

Note 13. Financial assets



Accounting principle

Participations in subsidiaries are recognized in the parent company at cost. For participations in limited partnerships, the book value is adjusted annually by the reporting company's participation in the subsidiary's net profit and the year's deposits and withdrawals.

In cases where the carrying amount of the participations exceeds the subsidiaries' fair value, an impairment loss is charged to the income statement. Where the grounds for a previous impairment loss no longer exist, the impairment loss is reversed.

Value transfers between subsidiaries may arise in connection with

intra-group restructuring, whereupon it may be necessary in the parent company to make an adjustment of the book value of shares in subsidiaries. Adjustment occurs by reallocation in parent companies between the carrying amounts of participations in the subsidiaries concerned.



Credit risk

The risk of loss in respect of Group receivables does not give rise to any provision, as all receivables are guaranteed with pledged assets.

RECEIVABLES FROM GROUP COMPANIES

Receivables from Group companies are non-current and are expected to continue in order to manage liquidity flows in subsidiaries. The parent company has taken out interest swaps on behalf of Group

companies. The weighted average interest rates on receivables from subsidiaries amounted to 2.0 percent (2.0).

Note 13. Financial assets, cont.

PARTICIPATIONS IN SUBSIDIARIES

The number of shares and the book values are specified for directly-owned companies. Other companies that are part of the Group are owned indirectly and shown in each subsidiary's annual report.

	Corporate identity number	Registered office	Participation, %	Number of participations	Book value, SEK million
Wallenstam Stacken AB	556720-9910	Gothenburg	100	1,000,000	2,863
Wallenstam Investment AB	556089-7000	Gothenburg	100	2,000	0
Wallenstam Fastigheter 11 AB	556763-8522	Gothenburg	100	1,000	0
KB Gårda-Stampen	969646-4065	Gothenburg	100	1	116
KB Göteborg Lorensberg 53:5	969659-8755	Gothenburg	100	1	45
KB Höghallsvägen 1-5	916849-7379	Gothenburg	100	1	9
KB Killingen 8 och 9	916447-4851	Gothenburg	100	1	37
KB Länsmansvägen 2	916849-7387	Gothenburg	100	1	30
KB Myran nr 121	916444-2452	Gothenburg	100	1	68
KB Myran nr 122	916444-2460	Gothenburg	100	1	177
KB Myran nr 13	916442-2520	Gothenburg	100	1	304
KB Myran nr 136	916563-7035	Gothenburg	100	1	45
KB Myran nr 178	916614-5475	Gothenburg	100	1	47
KB Myran nr 179	916614-5483	Gothenburg	100	1	35
KB Myran nr 261	916644-2591	Gothenburg	100	1	70
KB Myran nr 264	916644-2518	Gothenburg	100	1	51
KB Myran nr 269	916644-2567	Gothenburg	100	1	-
KB Myran nr 280	916775-5942	Gothenburg	100	1	40
KB Myran nr 286	916775-5876	Gothenburg	100	1	25
KB Myran nr 294	916775-5793	Gothenburg	100	1	27
KB Myran nr 297	969605-7430	Gothenburg	100	1	45
KB Myran nr 298	969605-7455	Gothenburg	100	1	148
KB Myran nr 299	969605-7463	Gothenburg	100	1	102
KB Myran nr 300	969605-7471	Gothenburg	100	1	5
KB Myran nr 301	969605-7489	Gothenburg	100	1	60
KB Myran nr 302	969605-7497	Gothenburg	100	1	216
KB Myran nr 314	969605-7570	Gothenburg	100	1	88
KB Myran nr 318	916613-4750	Gothenburg	100	1	34
KB Myran nr 325	916852-6961	Gothenburg	100	1	14
KB Myran nr 345	969614-9476	Gothenburg	100	1	607
KB Myran nr 349	969614-9443	Gothenburg	100	1	282
KB Myran nr 367	969677-9181	Gothenburg	100	1	11
KB Myran nr 409	969637-6400	Gothenburg	100	1	77
KB Myran nr 60	916443-3410	Gothenburg	100	1	-
KB Stårteredsvägen 24	916849-7361	Gothenburg	100	1	33
KB Uttern	916444-4391	Gothenburg	100	1	28
KB Wallenstam Avenyn 1	969637-6681	Gothenburg	100	1	80
Wallenstam Förvaltning AB	556692-0251	Gothenburg	100	1	0
Xuleh New York 1 KB	969690-0761	Gothenburg	100	1	61
KB Myran nr 193	916446-7905	Gothenburg	100	1	-
KB Myran nr 347	969614-6381	Gothenburg	100	1	-
					5,879

During the year, Wallenstam AB sold all participations in Svensk NaturEnergi AB.

Note 13. Financial assets, cont.

PARTICIPATIONS IN SUBSIDIARIES, CHANGE DURING THE YEAR

SEK million	Dec 31, 2019	Dec 31, 2018
Opening acquisition cost	7,398	7,398
Sales during the year	-1,109	0
Shareholders' contribution paid	752	-
Closing accumulated acquisition cost	7,041	7,398
Opening impairment losses	-2,029	-2,029
Sales during the year	870	-
Impairment losses for the year	-3	-
Closing accumulated impairment losses	-1,162	-2,029
Book value participations in subsidiaries	5,879	5,369

Note 14. Deferred tax

SEK million	Dec 31, 2019	Dec 31, 2018
DEFERRED TAX LIABILITY		
Differences booked/tax depreciation	-57	-55
DEFERRED TAX ASSETS		
Loss carryforwards	86	171
Pension commitments secured via endowment insurance	10	9
Temporary differences, interest rate derivatives	72	5
Other	3	-
Net deferred tax assets	114	131

All tax losses run for unlimited periods. Remeasurement has occurred at a tax rate that receivables and liabilities are expected to be realized at, equivalent to 20.6 percent.

Note 15. Financial derivative instruments

SEK million	Dec 31, 2019		Dec 31, 2018	
	Assets	Liabilities	Assets	Liabilities
NON-CURRENT DERIVATIVE INSTRUMENTS				
Interest rate swap contracts	6	-354	1	-82
Electricity derivatives	-	-	10	-
Currency derivatives	0	-1	-	-
Book value, non-current derivative instruments	6	-356	11	-82
CURRENT DERIVATIVE INSTRUMENTS				
Interest rate swap contracts	-	-2	-	-
Electricity derivatives	2	-	39	-
Currency derivatives	-	-	-	-
Book value, current derivative instruments	2	-2	39	-
Total derivative instruments	8	-357	50	-82

Note 15. Financial derivative instruments, cont.

MATURITY STRUCTURE, FINANCIAL DERIVATIVE INSTRUMENTS

SEK million	Dec 31, 2019	Dec 31, 2018
0–3 months	2	15
3 months–1 year	-2	23
1–5 years	-13	9
>5 years	-336	-81
Total	-349	-32

Note 16. Intangible assets



Accounting principle

Intangible assets consist of renewable energy certificates, which according to IAS 38, are initially recognized at cost. The remeasurement method is not permitted under RFR 2 and therefore

certificates during the holding period are recognized at the lowest of cost and their fair value.

SEK million	Dec 31, 2019	Dec 31, 2018
Carrying amount, Jan 1	39	-
Acquisitions during the year	29	41
Sales during the year	-51	-
Provision onerous contracts	-	-2
Book value renewable energy certificates in inventory	17	39

Note 17. Prepaid expenses and accrued income

SEK million	Dec 31, 2019	Dec 31, 2018
Prepaid administrative expenses	8	9
Prepaid financing expenditure	8	9
Accrued administrative income	-	4
Other prepaid expenses	1	-
Other accrued income	-	14
Total prepaid expenses and accrued income	16	36

Note 18. Cash and cash equivalents

SEK million	Dec 31, 2019	Dec 31, 2018
Available liquid assets	921	755
Blocked bank balances	1	3
Of which approved amount, overdraft facilities	-800	-800
Of which, utilized amount, overdraft facilities	-	119
Available amount, overdraft facilities.	-800	-681
Cash and cash equivalents	122	77

Cash and cash equivalents consist of cash balances deposited in accounts with major Swedish banks.

Note 19. Equity



Accounting principle

Wallenstam AB recognizes group contributions paid and received as appropriations in the income statement.

Shareholders' contributions are recognized by the parent company (donor) as an increase in the book value of shares and by the subsidiary (recipient) as an increase in non-restricted equity. The value of shareholder contributions capitalized by the parent company is tested as described under Participations in subsidiaries, changes during the year.

Dividends received from subsidiaries are recognized as revenue provided that they derive from income earned after the acquisition. Dividends which exceed this earned profit are treated as a repayment of the investment and reduce the carrying amount of the participation.

A specification of change in equity is provided in the Parent Company Statement of Changes in Equity, immediately after the balance sheet.

The share capital in Wallenstam AB consists of 34,500,000 A shares, which carry ten votes each, and 295,500,000 B shares, which carry one vote each. On closing day, the number of repurchased B shares amounted to 7,000,000 (7,000,000), representing 2 percent of the share capital. During 2019, no shares (3,000,000) were repurchased (the average price in the previous year was SEK 76.48 per share, including brokerage). The average expense for all treasury shares amounts to SEK 76.27 (76.27) per share.

The proposed dividend for the 2019 financial year is SEK 1.90 per share (1.90).

Note 20. Appropriation of profits

SEK	2019	2018
The following earnings are at the disposal of the Annual General Meeting:		
Retained earnings	9,948,672,795	7,025,646,179
Net profit for the year	234,212,113	3,537,574,048
Total	10,182,884,907	10,563,220,227
Shareholder dividend SEK 1.90 (1.90) per share	613,700,000	613,700,000
To be carried forward	9,569,184,907	9,949,520,227
Total	10,182,884,907	10,563,220,227

In the company, there are a total of 330,000,000 shares, of which 7,000,000 are non-dividend-paying repurchased own shares up to February 5, 2020. The total of the above proposed dividend of SEK

613,700,000 may change if the number of repurchased own shares changes before each record day for dividend.

Note 21. Other provisions

SEK million	Dec 31, 2019	Dec 31, 2018
Opening capital value, provision for pension commitments	-42	-47
Provision for the year future obligations	-2	-3
Change in value for the year	-9	4
Net payments during the year	1	4
Closing capital value, provision for pension commitments	-53	-42
Closing capital value of pension commitments	53	42
Other provisions	-84	-15
Book value other provisions	-84	-15

Other provisions for the year refer to provision for options scheme of SEK 71 million (13) and special payroll tax relating to endowment insurance of SEK 13 million (-). SEK 72 million (15) is expected to be determined and settled between 1-5 years and the remainder after

five years. Regarding the option scheme, SEK 17 million of the year's change was an adjusted classification from non-current liability to provision in 2019.

Note 22. Interest-bearing liabilities

SEK million	Dec 31, 2019	Dec 31, 2018
NON-CURRENT LOANS		
Liabilities to credit institutions	1,689	4,305
Book value, non-current liabilities to credit institutions	1,689	4,305
CURRENT LOANS		
Overdraft facilities	-	119
Liabilities to credit institutions	11,732	5,378
Book value, current liabilities to credit institutions	11,732	5,497
Total liabilities to credit institutions	13,421	9,802

LOAN AGREEMENT MATURITY STRUCTURE

SEK million	Dec 31, 2019	Dec 31, 2018
0-3 months	3,518	2,971
3 months-1 year	8,214	2,526
1-2 years	1,439	3,655
2-3 years	250	400
3-4 years	-	250
Total	13,421	9,802

INTEREST MATURITY STRUCTURE

	Dec 31, 2019		Dec 31, 2018	
	Amount, SEK million	Average interest, %	Amount, SEK million	Average interest, %
0-1 year	3,721	2.61	1,004	6.37
1-2 years	-	-	798	1.55
2-3 years	-	-	-	-
3-4 years	-	-	-	-
4-5 years	1,000	0.64	-	-
5-6 years	1,500	0.86	1,000	0.64
6-7 years	1,500	1.00	1,500	0.86
7-8 years	1,500	1.16	1,500	1.00
8-9 years	1,500	1.18	1,500	1.16
>9 years	2,700	1.09	2,500	1.24
Total	13,421	1.46	9,802	1.62

All of the Group's interest rate derivatives are raised through banks by the parent company. The volume of the parent company's interest rate derivatives exceeds the volume of loans held by the parent company. Interest derivatives raised by the parent company on behalf of subsidiaries are attributed to the subsidiaries concerned and

therefore form part of the inter-company transactions. The reason for this is that interest derivatives are not attributable to the parent company but to the financing of each respective subsidiary.

The unutilized overdraft facility amounts to SEK 800 million (681).

LIABILITIES TO GROUP COMPANIES

Liabilities to Group companies are expected to run until further notice in order to handle liquidity flows in subsidiaries.

Note 23. Financial instruments



Accounting principle

According to RFR 2, parent companies that are covered by the consolidated financial statements should recognize certain financial instruments at fair value. Since Wallenstam does not apply hedge accounting in respect of interest rate or electricity derivatives, all changes in value are recognized directly among financial income and expenses in the income statement. The parent company administers borrowing including hedging of interest rates through

interest rate derivative agreements and electricity derivatives for hedges of the electricity price for the Group's companies as an administrative service. All the financial circumstances described for the Group, see the Group's Note 30, also apply for the parent company, except that the parent company also applies the exemption for IFRS 9 in accordance with RFR 2.

FINANCIAL INSTRUMENTS

SEK million	Financial assets measured at fair value through Profit or loss		Financial assets measured at amortized cost		Financial assets measured at fair value through Other compre- hensive income		Total		Income statement
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	
FINANCIAL ASSETS									
Receivables from Group companies	-	-	21,894	19,929	-	-	21,894	19,929	Interest income
Other shares of property interests	-	-	-	-	7	7	7	7	Net financial items, Other comprehensive income
Other non-current receivables	-	-	-	0	-	-	-	0	Administration
Interest rate derivatives	6	1	-	-	-	-	6	1	Change in value derivative
Electricity derivatives	2	49	-	-	-	-	2	49	Change in value derivative
Trade receivables	-	-	5	0	-	-	5	0	Revenue
Other current receivables	-	-	2	19	-	-	2	19	-
Cash and cash equivalents	-	-	122	77	-	-	122	77	-
Total financial assets	8	50	22,023	20,025	7	7	22,038	20,082	

SEK million	Financial liabilities measured at fair value through Profit or loss		Financial liabilities measured at amortized cost		Total		Income statement
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018	
FINANCIAL LIABILITIES							
Provisions	58	17	13	14	71	31	Change in value, synthetic options scheme
Liabilities to Group companies	-	-	4,994	6,152	4,994	6,152	Interest expenses
Interest rate derivatives	356	82	-	-	356	82	Change in value derivative
Currency derivatives	1	-	-	-	1	-	Other comprehensive income
Interest-bearing liabilities	-	-	13,421	9,802	13,421	9,802	Interest expenses
Trade payables	-	-	7	13	7	13	Operation and administration
Accrued expenses	-	-	70	73	70	73	Operation and administration
Other current liabilities	-	-	7	7	7	7	Operation and administration
Total financial liabilities	415	99	18,513	16,061	18,928	16,160	

Note 24. Accrued expenses and deferred income

SEK million	Dec 31, 2019	Dec 31, 2018
Accrued salary costs	34	46
Accrued interest expenses	25	20
Accrued operating expenses	1	1
Prepaid rental income	14	8
Accrued administrative expenses	6	6
Other accrued expenses	5	-
Book value, accrued expenses and deferred income	84	81

Note 25. Pledged assets

SEK million	Dec 31, 2019	Dec 31, 2018
Property mortgages	1,332	1,244
Internal promissory notes and property mortgages	3,069	448
Pledged endowment insurance	53	42
Book value pledged assets	4,455	1,733

Note 26. Contingent liabilities



Accounting principle

The parent company's financial guarantee contracts mainly consist of loan guarantees in favor of subsidiaries. Financial guarantees mean the company has a commitment to compensate the holder of a debt instrument for losses that the holder suffers as a result of a named debtor's failure to meet its obligations and/or payments according to the terms of agreement. Contingent liabilities in favor of subsidiaries are financial guarantee agreements and are recognized in accordance with RFR 2, Accounting for Legal Entities, i.e. they are not recognized as provisions but are instead disclosed.

Surety commitments for Group companies amounted to SEK 10,461 million (11,442) and for other companies to SEK 54 million (128). Other contingent liabilities refer to responsibility as a general partner for the external liabilities of limited partnership companies, amounting to SEK 47 million (41), and for Fastigo, amounting to SEK 3 million (3).

Note 27. Statement of cash flows

SEK million	2019	2018
ADJUSTMENT ITEMS, NOT AFFECTING CASH FLOW		
Realized profit assets	-5	-
Changes in value attributable to synthetic options scheme	40	13
Accrued unpaid management costs and administrative expenses	3	15
Depreciation/retirement	40	38
Total adjustment items, not affecting cash flow	77	66

Note 28. Post-balance sheet events

No events of material importance for Wallenstam's position have occurred after the end of the reporting period.

The income statements and balance sheets will be submitted to the Annual General Meeting on April 28, 2020.

The Board of Directors and the CEO affirm that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS as adopted by the EU and provide a true and fair view of the Group's financial position and results of operations. The financial statements have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the parent company's financial position and results of operations. The statutory administration report for the Group and the parent company provides a true and fair review of the development of the Group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies forming part of the Group.

Gothenburg, March 19, 2020

Wallenstam AB (publ)

Ulrica Jansson Messing
Chairman of the Board

Anders Berntsson
Board member

Agneta Wallenstam
Board member

Karin Mattsson
Board member

Hans Wallenstam
Chief Executive Officer

Our audit report concerning these annual accounts and the consolidated financial statements was issued on March 19, 2020.

Deloitte AB

Harald Jagner
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Wallenstam AB (publ) corporate identity number 556072-1523

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Wallenstam AB (publ) for the financial year 2019-01-01 - 2019-12-31. The annual accounts and consolidated accounts of the company are included on pages 67-128 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's board of directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

VALUATION OF INVESTMENT PROPERTIES

Investment properties are valued at actual value and at 31 December 2019 the property holdings are valued at MSEK 52,354. Wal-

lenstam's investment properties are valued by an internal valuation team at actual value in accordance with IFRS. The valuation requires a number of estimates and assumptions regarding e.g. future cash flow and determination of required dividend yield for each property. Relatively insignificant changes in estimates and assumptions may imply a significant impact on the Group's result and financial position.

For further information, please refer to the Administration report on page 68 and note 12 and 15 in the financial statements.

Our audit included the following procedures, but was not limited to these:

- » Review of Wallenstam's valuation procedures and considered the assumptions reasonable, that the procedures are consistently applied and that integrity exists in the internal valuation model.
- » Review of input and computations in the internal valuation model, on property level for a selection of properties, to ensure completeness and correctness.
- » We have engaged an external party to assess Wallenstam's internal valuation.
- » Review of the correctness and completeness in relevant notes to the financial statements.

INCOME TAX

The computations of current and deferred tax may imply a risk and uncertainty since conclusions based on the computations or part of it are based on assumptions on statutory requirements, legal usage or other sources where the application of the law is unclear. Examples of such a situation could be where there is a lack guidance available in relevant sources of law, or where statutory requirements are subject to investigation and possible amendments. The risk is that it is difficult to ensure a correct predictability and a correct conclusion. Incorrect judgments and assumptions may have a material impact on the Group's result and financial position.

For further information, please refer to the Administration report on page 68 and note 13 and 28 in the financial statements.

Our audit included the following procedures, but was not limited to these:

- » Review and assessment of Wallenstam's procedures for computations of current and deferred tax and reviewed the computations of current and deferred tax against underlying documentation and tested the computations against tax legislation.
- » Review of the handling of realized and unrealized gains and losses on derivatives and performed property transactions in the tax computations.
- » Review of the correctness and completeness in relevant notes in the financial statements.
- » Tax specialists have been involved in the review.

VALUATION OF WIND TURBINES

Wallenstam values wind turbines at acquisition value according to current regulations. At 31 December 2019 the wind turbines were valued at MSEK 1,109. To assess any need for impairment Wallenstam test values the wind turbines. The valuation requires judgments and assumptions about for example the development of electricity prices, pricing of electricity certificates and weighted average cost of capital, which is a result of economic conditions, the weather and political decisions. Relatively small changes in judgments and assumptions may imply a material impact on the valuation of wind turbines.

For further information please refer to the Administration report on page 68 and note 16 in the financial statements.

Our audit included the following procedures, but was not limited to these:

- » Review of Wallenstam's valuation procedures and assessed if assumptions made are reasonable, that the procedures are consistently applied and that integrity exists in the internal valuation model.
- » Review of input data and computations in the internal valuation model for a selection of wind turbines to ensure that they are correct.
- » Review of the correctness and completeness in relevant notes to the financial statements.
- » Valuation experts have been involved in the review.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-66 and 138-149. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted

auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- » Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- » Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we

determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Wallenstam AB (publ) for the financial year 2019-01-01 - 2019-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- » has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- » in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Deloitte AB, was appointed auditor of Wallenstam AB by the general meeting of the shareholders on the 2019-05-02 and representative of Deloitte AB has been the company's auditor since 2013-04-23.

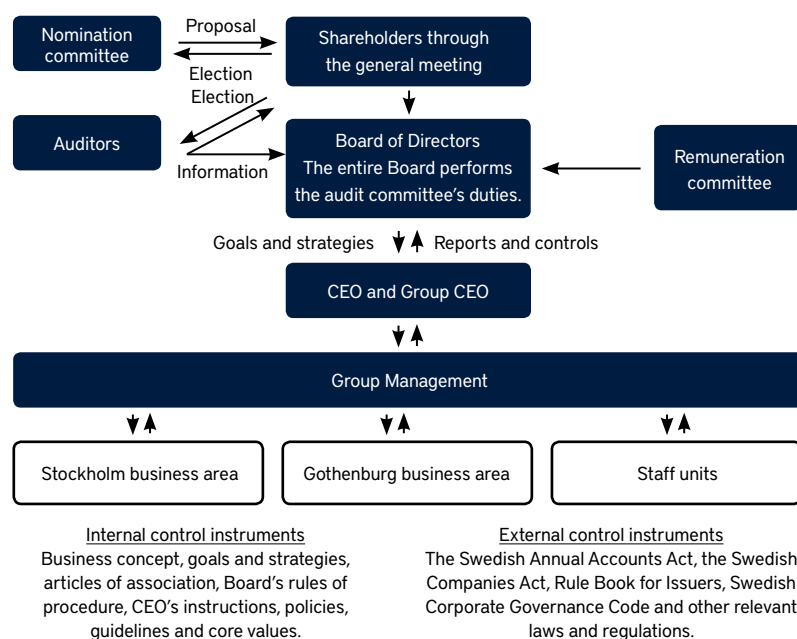
Gothenburg 19 March 2020
Deloitte AB

Signature on Swedish original

Harald Jagner
Authorized public accountant

Corporate governance report 2019

Wallenstam's corporate governance structure



Principles of corporate governance

Wallenstam AB is a Swedish public company with its registered office in Gothenburg. The company's B shares are listed on Nasdaq Stockholm, Large Cap. In order to ensure good governance of the Group, responsibility is clearly divided among the shareholders, Board as well as the CEO and Management. The articles of association, the Board's rules of procedure, including CEO instructions, adopted policies and guidelines, the Swedish Companies Act and other applicable legislation and regulations form the basis for control of the Group. Wallenstam also applies the Swedish Corporate Governance Code (the Code). Wallenstam follows the Code with the exception of the provision regarding composition of the nomination committee. This deviation is explained in more detail below.

The share and owners

The number of shareholders in Wallenstam amounted to 14,619 at year-end. Wallenstam's principal shareholder is Hans Wallenstam who, together with his family and companies, holds 25 percent of the equity and 62 percent of the voting rights. Foreign share ownership amounted to 10 percent of the equity and 5 percent of the voting rights. The ten largest shareholders represented the equivalent of around 60 percent of the equity and about 80 percent of the voting rights. No warrants, convertibles or equivalent securities exist, which can result in additional shares in the company.

As of December 31, 2019, Wallenstam's share capital amounted to SEK 165 million, distributed among 34,500,000 A shares (ten votes per share) and 295,500,000 B shares (one vote per share). There are no limits to how many votes each shareholder may cast at annual general meetings. The shares all carry equal rights to the company's assets and profits. However, repurchased own shares have no dividend rights. Wallenstam's market capitalization at year-end amounted to SEK 37,356 million.

According to Wallenstam's dividend policy, the reported profit should primarily be reinvested in the operations to enable continued development of the Group's core business and thus create increased value growth. When determining the size of the dividend, consideration must also be given to the company's investment requirements, need to strengthen its balance sheet and position in general, and

the ability of the Group to develop in the future while maintaining its financial strength and freedom of action. The amount available for distribution must not exceed profit before changes in value and impairment charges less participations in the profits of associated companies and after standard tax rate.

Annual General Meeting

The Annual General Meeting (AGM) is Wallenstam's highest decision-making body where shareholders have the opportunity to make decisions on questions concerning the company. The AGM is held in Gothenburg within six months of the end of the financial year. Shareholders have the right to participate in the AGM – personally or by proxy – if the shareholder is recorded in the share register on the record day and has notified his participation in the meeting to the company within the period prescribed in the convening notice. In order to exercise voting rights at the meeting, shareholders whose shares are nominee-registered must temporarily reregister their shares in their own name in accordance with the notice to the AGM.

The AGM elects the Chairman of the Board, the other Board members and the company's auditors. It is also tasked with adopting the balance sheets and income statements for the company and the Group, deciding on the appropriation of the company's profits, discharging the members of the Board and the CEO from liability for the financial year, approving guidelines for remuneration to senior executives and the appointment of a nomination committee.

Notice to attend the AGM is given through the Official Swedish Gazette (Post- och Inrikes Tidningar) and on Wallenstam's website. It shall also be announced in Dagens Industri that notice has been given. The convening notice includes the agenda and the resolutions proposed by the Board of Directors and the nomination committee. Shareholders who wish to have a matter dealt with at the AGM can request this in good time to Wallenstam's Board of Directors prior to the meeting.

A total of 319 shareholders were represented at Wallenstam's AGM on May 2, 2019, representing around 51 percent of the shares and about 75 percent of the total number of votes in the company. The Board of Directors, CEO, Group Management and

the company's auditor were present.

The following resolutions were adopted by the AGM on May 2, 2019:

- » Adoption of the income statements and balance sheets of the Group and the parent company for 2018.
- » A dividend of SEK 1.90 per share for the 2018 financial year, spread over two payment dates of SEK 0.95 each per share.
- » Fees to the Board totaling SEK 1,480,000 of which SEK 740,000 to the Chairman of the Board, SEK 260,000 to the Vice Chairman and SEK 160,000 to each of the other Board members. Amounts include remuneration for committee work.
- » Discharge from liability of the CEO and Board of Directors.
- » Re-election of Board members Christer Villard, Agneta Wallenstam, Anders Berntsson, Ulrica Jansson Messing and Karin Mattsson. Christer Villard was re-elected as Chairman of the Board.
- » Election of Deloitte AB as auditor with Harald Jagner as chief auditor.
- » Resolution regarding guidelines for remuneration to senior executives.
- » Authorization for the Board to take decisions regarding acquisition and assignment of the company's own shares.
- » Resolution regarding nomination committee ahead of the AGM 2020.

Minutes and a presentation from the AGM are available at <https://www.wallenstam.se/en/wallenstam/corporate-governance/>.

Christer Villard passed away on September 25, 2019. No Extraordinary General Meeting to carry out a new election was held in 2019. The Board of Directors elected Vice Chairman Ulrica Jansson Messing from among its members as the Chairman of the Board for the period until the AGM 2020.

Nomination committee

The 2019 AGM resolved to establish a nomination committee ahead of the 2020 AGM in order to present proposals, including for the election of the Chairman and other members of the Board, election of the auditor, the chairman of the AGM, and questions relating to fees.

The following persons were elected as members of the nomination committee ahead of the AGM 2020:

- » Dick Brenner (nomination committee chairman)
- » Christer Villard (Chairman of the Board, Wallenstam AB)
- » Hans Wallenstam (largest shareholder, Wallenstam AB)
- » Lars-Åke Bokenberger (representing the shareholder AMF).

The composition of the nomination committee implies a deviation from the Code's provision 2.3 as the CEO is a member of the nomination committee. The reason for the deviation is that the CEO is also the principal shareholder in the company and is thus a member of the nomination committee in that capacity.

The members of the nomination committee have carefully considered and stated that there is no conflict of interest in accepting the

assignment as a member of Wallenstam's nomination committee.

Shareholders have the possibility of submitting proposals to the nomination committee using the address provided on Wallenstam's website. The nomination committee's proposals to the AGM are published in connection with the convening notice. The nomination committee also submits a reasoned opinion regarding the proposed Board and a report on how the nomination committee carried out its work. In its work, the nomination committee aims to maintain a uniform gender distribution in the Board and that the Board in other respects should be characterized by versatility and breadth with regard to competencies, experience and background. The nomination committee applies rule 4.1 of the Swedish Corporate Governance Code for this purpose as a diversity policy, in drawing up its proposal for election of Board members.

Due to the passing of Christer Villard, the nomination committee since September 25, 2019 has been composed of three members, which is in accordance with the Code's provision 2.3.

The nomination committee held one recorded meeting on January 1, 2019 ahead of the 2019 AGM at which all of the matters that are incumbent on the committee to deal with under the Code were discussed. The nomination committee discussed and considered the size of the Board, what areas of expertise should be represented on the Board, fees to Board members and a proposal for election of the auditor. As a basis for its opinion, the nomination committee studied the result of the annual evaluation of the Board that was carried out during 2018. In addition to this, due to the passing of Christer Villard, the nomination committee had regular contact during fall 2019 and held a recorded meeting in November 2019, where the issues of a new Board member and the procurement of a new auditor were discussed.

Board of Directors

Shareholders elect the Board at the AGM every year. The Board of Directors has overall responsibility for the Group's organization and administration, and to ensure that the control of accounting, management of funds and economic conditions in general are satisfactory. It is therefore incumbent on the Board to ensure that a functioning reporting system is in place and that the Board receives the necessary information regarding the company's position, profit/loss, financing and liquidity through periodical reporting. In addition to its responsibility for the company's organization and administration, the Board's most important task is to take decisions on strategic matters such as approval of strategic plans, business and profitability targets and policies. The Board also takes decisions on major acquisitions and divestments of properties and companies and major investments in construction and wind power as well as financing questions.

Composition of the Board

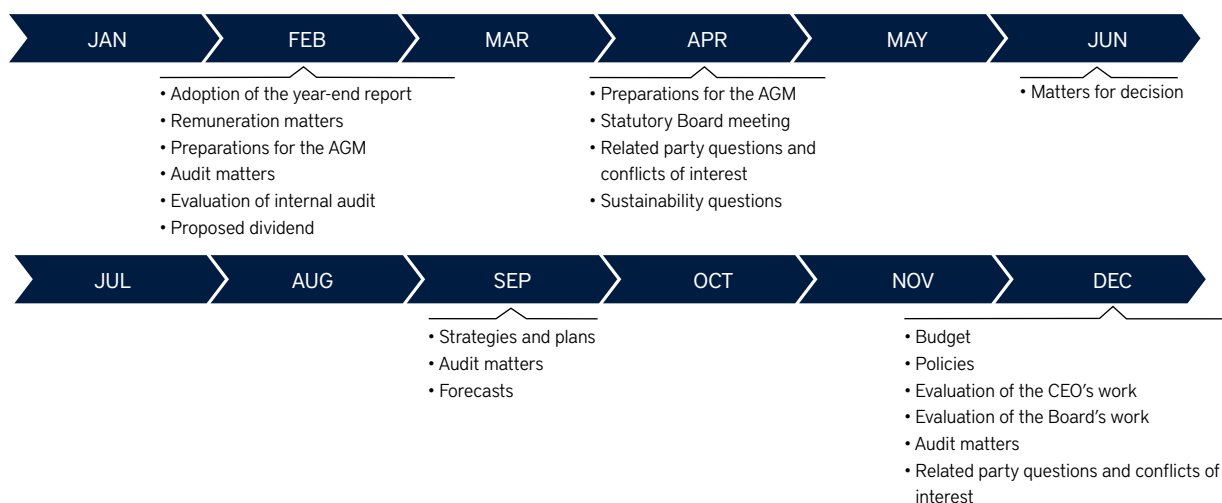
According to the articles of association, Wallenstam's Board must comprise at least four and not more than eight members, with no deputies. There are no provisions in the articles of association concerning the appointment and removal of Board members or about

Name	Function	Elected	Attendance Board meetings	Attendance audit committee meetings	Attendance remuneration committee meetings	Independent*
Christer Villard	Chairman	1995	6/8	1/3	1/1	Yes
Ulrica Jansson Messing	Vice Chairman	2008	8/8	3/3	1/1	Yes
Anders Berntsson	Board member	1997	8/8	3/3		No
Agneta Wallenstam	Board member	2010	8/8	3/3		No
Karin Mattsson	Board member	2016	7/8	3/3		Yes

* Independent means independent in relation to the company, company management and to the company's major shareholders under the provisions of the Code.

Annual planning by the board

Apart from standing items such as investment decisions and information from the CEO in the form of financial reports, market analysis etc.



changes to the articles of association. Board members are elected annually at the AGM for the period until the end of the next AGM. New Board members receive an overview of the company and its operations and participate in Nasdaq Stockholm's training for board members in listed companies.

Until September 25, 2019, Wallenstam's Board was composed of five members elected by the AGM and no deputies. At the 2019 AGM, Christer Villard, Ulrica Jansson Messing, Agneta Wallenstam, Anders Berntsson and Karin Mattsson were re-elected. Board members are presented in more detail on page 14. Due to the passing of Christer Villard and in accordance with the rules of procedure of the Board, Vice Chairman Ulrica Jansson Messing was elected as Chairman of the Board on September 25, 2019 for the period until the 2020 AGM. No Extraordinary General Meeting to carry out a new election was held in connection with Christer Villard's passing. From September 25, 2019, Wallenstam's Board has thus been composed of four members, which is in accordance with the articles of association.

The CEO does not sit on the Board.

The work of the Board

The Board's work is governed by rules of procedure that are adopted annually at the statutory meeting. Among other things, the rules of procedure contain instructions about the division of duties within the Board and in relation to the CEO and the duties of the committees.

The Chairman of the Board leads the Board's work and ensures that the Board performs its duties. The Chairman monitors the Group's operations through continual contacts with the CEO and is responsible for ensuring that other members continually receive the information necessary to carry out the Board work in the best way. The Chairman is also responsible for conducting an annual evaluation of the Board's and CEO's work.

Board decisions require that both more than half of the members are present and more than one third of the total number of members vote for the resolutions. The Chairman has the casting vote in the event of the same number of votes.

Meetings during 2019

In 2019, the Board held eight recorded meetings, of which one was the statutory meeting. At each of these meetings, the Board dealt with the matters described in the chart above and other matters of material importance for the company. At the two final Board meetings during 2019, Ulrica Jansson Messing was Chairman of

the Board and Christer Villard was not present due to the reason stated above. The Board work during the year focused in particular on strategy discussions, questions relating to market conditions and financing, compliance issues and investments. The Board also made site visits to a number of the company's ongoing reconstruction projects in central Gothenburg. The CEO and officers of the company attend Board meetings in a reporting capacity.

During the year, the company's auditors attended the Board meetings, which were held in February and December.

The Board conducted an evaluation of its work during 2019. The evaluation was conducted under the leadership of the Chairman of the Board in the form of an open discussion within the Board. The nomination committee received the results of the evaluation. The Board also evaluated the CEO, without him being present.

Remuneration Committee

Within the Board, there is a remuneration committee tasked with preparing the Board's decisions on matters concerning remuneration principles as well as compensation and other terms of employment for company management. In addition, the remuneration committee must monitor and evaluate the application of guidelines for remuneration to senior executives that the AGM has adopted as well as current compensation structures and levels in the company. Where appropriate, the remuneration committee must also monitor and evaluate ongoing programs for variable remuneration to company management as well as programs concluded during the year.

The remuneration committee held one recorded meeting during 2019. Matters dealt with at the meeting included an evaluation of current remuneration to senior executives and proposals for future remuneration to these persons.

The committee's members are appointed by the Board once every year and its areas of responsibility are governed by the rules of procedure adopted by the Board annually. Until September 25, 2019, the remuneration committee was composed of Chairman of the Board Christer Villard and Vice Chairman Ulrica Jansson Messing. At a Board meeting on September 25, 2019, the Board decided, in view of Christer Villard's passing, that the entire Board would perform the remuneration committee's duties until further notice.

Audit Committee

The Board of Directors has discussed the issue of setting up an audit committee but has chosen not to establish one. The Board as a whole therefore performs the duties that are incumbent on an

audit committee within the framework of the regular board work. In this way, the Board's expertise can be fully put to use and Board meetings are made more efficient. The duties of the audit committee include:

- » monitoring the company's financial reporting and making recommendations and proposals to ensure the reliability of the reporting
- » monitoring the effectiveness of the company's internal control, internal audit and risk management in respect of the financial reporting
- » keeping informed about the audit of the annual accounts and consolidated financial statements
- » following the outcome of the audit
- » evaluating and reviewing the auditor's impartiality and independence
- » submitting proposals to the AGM for the election of auditor or to consider giving the nomination committee the task of submitting such proposals to the AGM.

During 2019, the Board met three times in its capacity as an audit committee to deal with the above matters.

CEO and Group Management

The CEO is responsible for the company's day-to-day administration and leads the company's operations according to the Board's guidelines and directives, including the adopted CEO instructions. The CEO is responsible for preparing complete information and decision data prior to Board meetings, presenting matters for discussion and for justifying his proposals for actions and decisions. The CEO also keeps the Board continuously informed about the performance of the company and the Group through monthly newsletters.

Wallenstam's CEO Hans Wallenstam is the company's largest shareholder. It is a great advantage for Wallenstam to have a CEO with a long-term interest in the company. Apart from continuity, it also means quick decisions, which has proved to be a competitive advantage on a number of occasions.

In his day-to-day work the CEO leads the Group Management. Wallenstam's Group Management includes the CEO, the Vice CEO and Regional Director Stockholm and Uppsala business area, the Vice CEO and Regional Director Gothenburg business area, the CFO and Head of Investor Relations, the Communications Director and the Technical Director. Wallenstam's Group Management is presented on page 16. The CEO and other members of Group Management meet continuously in order to monitor developments and results in the business areas, update forecasts and plans, and to discuss current issues. Reporting from Group Management to the CEO, in respect of each operational area, occurs on a monthly basis. In connection with this, an evaluation takes place together with annual development discussions to ensure that the right competencies are found in key positions.

Remuneration to the CEO and Group Management

Guidelines for salaries and other remuneration to the company's senior executives are decided by the AGM. The following guidelines, which apply to the CEO and other members of company management, were adopted by the 2019 AGM.

- » Senior executives shall be offered fixed salaries, which are competitive, market-related and based on the employee's area of responsibility and performance.
- » Senior executives should be offered market-related pension benefits chiefly in the form of premium-based pension agreements.
- » Senior executives should be offered customary non-monetary benefits to facilitate the performance of their work. Additionally, benefits in the form of accommodation, including related expenses, may also be offered in individual cases.
- » In addition to fixed salary, variable remuneration that rewards predetermined, measurable performance may also be offered.

Such variable remuneration should seek to promote the creation of long-term value within the Group. Variable remuneration shall be paid in the form of salary and may not exceed the fixed remuneration for the executive concerned for the year in question.

- » Senior executives may be offered incentives in the form of synthetic options if such an offer is available to all permanent employees in the company. The establishment of such a scheme is determined according to applicable rules and the more detailed terms and conditions of the scheme are determined by the Board or the party appointed by the Board. Payments under incentive schemes are not pensionable.
- » A reciprocal period of notice of six months shall apply to senior executives. Termination benefits, including salary during the period of notice, may not exceed 24 monthly salary payments.

The Board retains the right to depart from the guidelines if there are particular reasons for this in an individual case.

External auditors

Wallenstam's auditors are elected annually by the AGM. At the 2019 AGM, Deloitte AB was elected as auditor with the former directly elected auditor Harald Jagner as chief auditor until the end of the 2020 AGM. The auditor examines the Board's and the CEO's administration of the company and the quality of the company's accounting. The auditor reports the outcome of his examination to the shareholders through his audit report, which is presented at the AGM. Moreover, as a general rule the auditor presents detailed statements to the Board at Board meetings at least three times per year. The Board meets the company's auditor without Group Management being present once per year.

In addition to the audit, Deloitte AB performs certain audit-related services for Wallenstam. These services mainly relate to accounting, tax and company law-related matters, and Wallenstam is of the opinion that the performance of these services does not jeopardize Deloitte AB's independence. Further information regarding remuneration to the auditors can be found in the Group's Note 4.

Internal control over financial reporting

The Board has overall responsibility for ensuring that Wallenstam has a satisfactory system for internal control over financial reporting. This system is designed through collaboration among the Board, Group Management and the company's personnel aimed at ensuring the following:

- » that the company has reliable financial reporting
- » that the company has a suitable and efficient financial reporting organization
- » that the company complies with applicable legislation and other applicable regulations regarding the financial reporting.

The company uses the established COSO framework (Internal Control – Integrated Framework) in its financing reporting work.

Control environment

To ensure internal control over financial reporting, Wallenstam's control environment is based on a clear division and distribution of responsibilities and duties between the Board and the CEO, and also within the company's operational activities. The Board's rules of procedure and CEO instructions aim to ensure such a distinct division of roles and responsibilities in order to facilitate the efficient management of operational risks. Correspondingly, there are also decision-making and authorization procedures covering all of the Group's operations, among other things, aimed at ensuring good order and at preventing or detecting irregularities/fraud (non-approved purchases, unauthorized use of the company's assets etc.) in time, which can have a significant impact on the company's financial reporting.

Policies adopted by the Board, such as the Code of Conduct

and finance policy, are also important for the internal control work. There are also established guidelines for the company's employees in order for them to understand the importance of their respective roles in the maintenance of good internal control. The guidelines for the financial reporting are updated in the event of changes in legal requirements, listing requirements and/or accounting standards.

Risk assessment

Wallenstam's Group Management continually evaluates and identifies the risk for material errors in the financial reporting based on discussions and meetings in the organization. The Board, in its capacity as an audit committee, reviews the company's material risks with the company's auditors and also decides on necessary measures that need to be taken. Higher risks have been identified in the following areas:

- » valuation of investment properties
- » valuation of wind turbines
- » fiscal estimates including interpretation of legal cases and regulatory changes.

Control activities

Control activities are designed both to prevent and detect shortcomings in the identified risk areas above and also to ensure that any errors in the financial reporting are corrected. There are also control activities to ensure that reporting occurs in accordance with applicable accounting rules and standards. Other controls include various forms of system support, built into established routines and division of duties such as quarterly reporting from the business areas to the CFO and through the principle that all documents should be reviewed and approved by at least two people. The company already has an ethics council, which employees can contact for guidance. In addition, an external whistleblowing function was established during 2018 where employees can report suspected irregularities.

The Board reviews the interim and annual accounts prior to publication.

Instructions, procedures and manuals are drawn up, updated and communicated to the employees concerned on an ongoing basis to ensure they have up-to-date information. Employees also undergo training to ensure they have the necessary competencies.

Information and communication

Both the internal information within Wallenstam and the external communication are governed by the Group's overall information

disclosure guidelines. Company management is responsible for informing the relevant employees about their responsibility for maintaining good internal control, with the aim of ensuring efficient and accurate disclosure of financial reporting. This occurs through regular information meetings in each business area, among other ways. Employees are also kept informed via Wallenstam's Intranet about adopted policies, guidelines, instructions and manuals.

The PR and marketing department is responsible for external information disclosure in respect of the financial reporting. This work is conducted according to the principle of current and correct disclosure as described in Nasdaq Stockholm's rule book for issuers.

Follow-up of internal control

Wallenstam's Group Management continually evaluates that the internal control over financial reporting is working in the intended way. This occurs through internal analyses and by reviewing the accounting department's work, with the aim of identifying measures needed or proposals for improvements. The Board subsequently receives Group Management's comments regarding the operations and the internal control. The company's auditors as a general rule participate in Board meetings three times per year and inform members of their observations regarding the company's internal routines and control system. Board members also have the opportunity to ask questions to the external auditors at these meetings. It is the duty of the Board to ensure that action is taken regarding possible shortcomings and proposed measures resulting from Group Management reports and in the audit and information from the auditors.

Internal audit

Wallenstam's Group Management continually reviews the procedures and documentation concerning the internal control system. Nothing has emerged to indicate that the control system is not working as intended. In the light of this, the Board has decided not to establish an internal audit function. This decision is reviewed annually.

Non-compliance

During 2019, no breaches of regulations or etiquette at the stock exchange where Wallenstam's shares are traded have taken place according to decisions by the exchange's disciplinary committee or pronouncements by the Swedish Securities Council.

This report is not part of the formal annual report.

Gothenburg, March 19, 2020

Ulrica Jansson Messing
Chairman of the Board

Anders Berntsson
Board member

Agneta Wallenstam
Board member

Karin Mattsson
Board member

Auditor's report on the corporate governance statement

This auditor's report is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

To the general meeting of the shareholders in Wallenstam AB (publ) corporate identity number 556072-1523

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2019-01-01-2019-12-31 on pages 132-136 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, March 19 2020
Deloitte AB

Signature on Swedish original

Harald Jagner
Authorized Public Accountant

Auditor's report on the statutory sustainability report

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

To the general meeting of the shareholders in Wallenstam AB (publ), corporate identity number 556072-1523

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2019-01-01-2019-12-31 on pages 2-4, 7-8, 27-36, 39-42, 133 and 146-148 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Gothenburg 19 March 2020
Deloitte AB

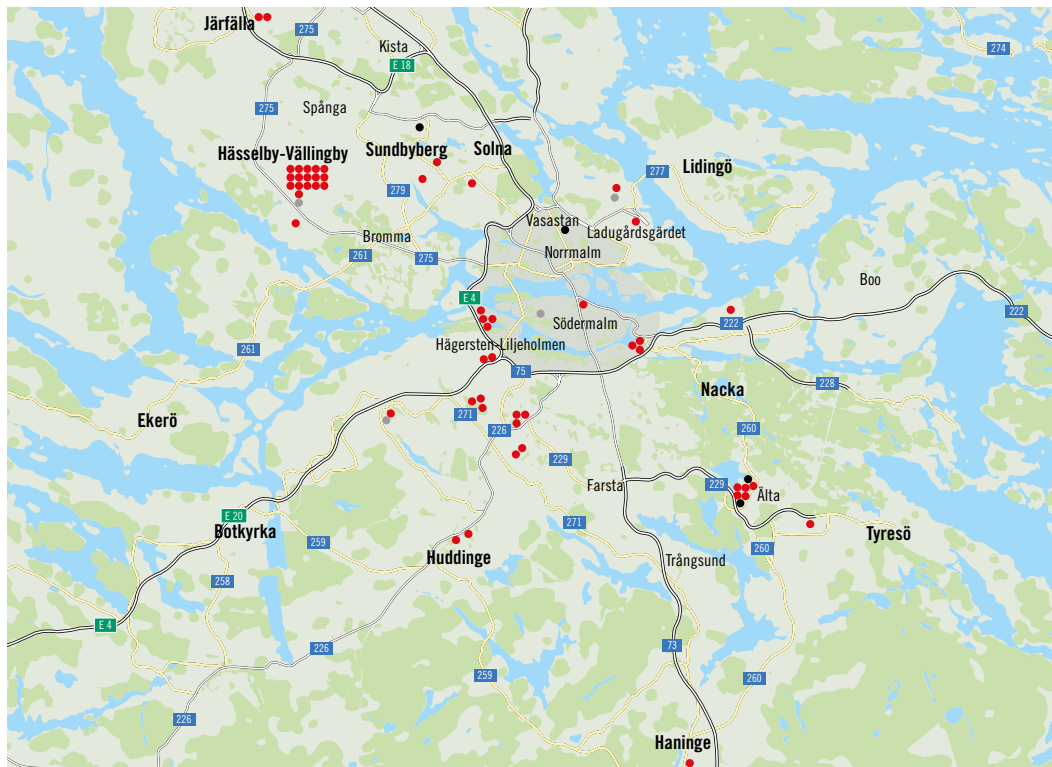
Signature on Swedish original

Harald Jagner
Authorized Public Accountant

Property list, Stockholm Business Area

• = Residential properties • = Commercial properties • = Public use properties

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehouse sq m	Educational sq m	Garage sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.
HANINGE MUNICIPALITY													
Haninge													
• Söderbyholm 3:518	Poseidons gränd 1-21, 3A-3B, 7A-7B, 11A / Poseidons torg 1A-1C, 2A-2C	2012	11,408	527	1,081	40		4,150		17,206	281,800		196
HUDDINGE MUNICIPALITY													
Huddinge													
• Kansliet 2	Kansli gränd 1-5 / Lännavägen 4 / Rådsvägen 4, 4A-4E	2007	9,206			31				9,237	175,181		138
• Klinton 16	Chronas väg 3 / Gamla Södertäljevägen 139 / Klintvägen 5	1982	1,385	27		20		175		1,607	19,550		22
• Klinton 18	Gamla Södertäljevägen 135 / Klintvägen 9-11	1982	1,217	470		8				1,695	23,172		23
• Runan 1	Drakvägen 2 / Gymnasievägen 2 / Kvarnbergsplan 2-18	1960	10,403	161	1,313	36		300		12,213	178,098		196
JÄRFÄLLA MUNICIPALITY													
Barkarby													
• Barkarby 2:28	Barkarbyvägen 42-52, 42A-42B, 44A-44C / Gripengatan 1-7 / Karlslunds vägen 4-8, 8A / Stora torget 1-3, 1A-1B, 2, 2A-2B	2014	15,615		756	45		3,688		20,104	397,628		247
• Barkarby 2:44	Mustanggatan 6A-B, 8A, 10 / Viggengatan 1-5 / Flygfältsvägen 1A, 3-5 / Barkarbyvägen 14A, 16A, 18A, 20A-B	2017	12,230		1,203	110	1,278	2,622		17,443	374,800		205
NACKA MUNICIPALITY													
Nacka Strand													
• Sicklaön 368:2	Fyrspannsvägen 3A-3B, 5A-5C / Jacobsdalsvägen 2A / Lokomobilvägen 3-5	2015	7,561					1,694		9,255	217,315	2023	122
Älta													
• Älta 10:62	Oxelbacken 1-3 / Oxelvägen 24	2015	7,509					2,554		10,063	197,481	2024	129
• Älta 14:104	Stensövägen 2-8	2011	4,217					1,175		5,392	103,044		73
• Älta 19:1	Oxelvägen 42	1968		1,344	1,283	908			1,585	5,120	44,200		
• Älta 24:2	Oxelvägen 3-29	1965	24,800	264		528			20	25,612	378,079		320
• Älta 24:3	Oxelvägen 1	1971							1,007	1,007	7,426		
• Älta 25:1	Oxelvägen 26-40	1966	12,598	135		523		5,975	16	19,247	199,482		163
• Älta 27:3	Ältavägen 202	1993	4,711	665	300	94				5,770	92,538		73
SOLNA MUNICIPALITY													
Solna													
• Smaragden 1	Hannebergsgatan 22	1951	2,446	430		143				3,019	67,512		32
STOCKHOLM MUNICIPALITY													
Blackeberg													
• Islänningen 1	Holbergsgatan 82-84	1951	2,548		196					2,744	47,789	2021	84
Gröndal													
• Barlasten 4	Fågelsångsvägen 17	1929	719	191		21				931	19,184		16
• Barlasten 6	Fregattvägen 4-8	1956	4,071			336		675	190	5,272	95,434		60
• Barlasten 8	Fågelsångsvägen 1	1956	546	52						598	12,358		11
• Galjonsbilden 28	Matrosbacken 15	1949	571							571	13,400		11
Gärdet													
• New York 8	Sandhamnsgatan 1	1943	2,212		260					2,472	98,793		40
Hammarby Sjöstad													
• Forsen 1	Båtbyggargatan 66-68 / Vävar Johans gata 12-18	2005	8,216					1,700		9,916	323,400	2024	135
• Skärgårdsbåten 2	Fendergatan 2-4	2009	3,380					750		4,130	141,471	2018	49
• Svallvägen 1	Fartygsgatan 12-18 / Rorgångargatan 22-28 / Vävar Johans gata 29-37	2007	11,734					2,675		14,409	471,600	2026	170
Högdalen													
• Brukslaven 2	Skebokvarnsvägen 163-171	1955	4,752			19			88	4,859	86,352	2024	81
• Nockteglät 3	Sjösavägen 21-31	1953	2,569	88				156		2,813	49,791	2023	45
Midsommarkransen													
• Violen 12	Erikslundsgatan 6 / Nioörtsvägen 36	1938/1987	1,053		296					1,349	27,997		16
• Violen 13	Nioörtsvägen 38	1938/1987	848		127					975	20,892		11
Norra Djurgårdsstaden													
• Domarudden 1	Grythundsgatan 3 / Jaktgatan 38-40	2016					815			815		2024	
• Stora Sjöfallet 3	Grythundsgatan 5-11 / Husarviksgatan 16A / Jaktgatan 37-41	2016	6,626		229			1,772		8,627	329,405	2024	121
Råcksta													
• Hålslaget 2	Ullängergatan 5	1953	3,840	51		79			6	3,976	69,805	2022	71
• Hålslaget 3	Ullängergatan 7-19	1953	3,020	200		113				3,333	54,460	2022	49
• Hängmappen 1	Multrågatan 34-50	1953	4,033	238		78				4,349	72,671	2021	59
• Kontot 2	Multrågatan 27A-27E, 29	2007	5,009							5,009	108,000	2026	73
• Kortregistret 2	Multrågatan 88-106	1953	4,039	248		116				4,403	71,303	2021	67
• Kortregistret 3	Multrågatan 72-86	1953	3,347	137		166				3,650	58,731	2021	60
• Kortregistret 6	Multrågatan 52-70, 56A-56B	1953	3,904	29	812	36				4,781	74,412	2021	65
• Kulspetspennan 1	Nordringrätgatan 2-20, 20A-20B	1953	5,481	36		197		700		6,414	100,915	2022	96
• Kundregistret 4	Multrågatan 128	1953	2,933	31		67				3,031	53,041	2025	54
• Kundregistret 5	Multrågatan 130-156 / Ångermannagatan 123-125	1953	6,784	128	286	212		550		7,960	122,864	2025	108
• Kundregistret 6	Ångermannagatan 109-121	1953	2,803		64	156				3,023	50,814	2025	56
• Räknetaskinen 2	Gudmundrågatan 1-3, 2-10 / Sollefftegatan 15-17	1952/1993	3,739	325	268	119				4,451	67,372	2021	58
• Räknetabellen 3	Gudmundrågatan 12 / Långseleringen 5	1953		58	307	78	1,087			1,530		2021	



- = Residential properties
- = Commercial properties
- = Public use properties

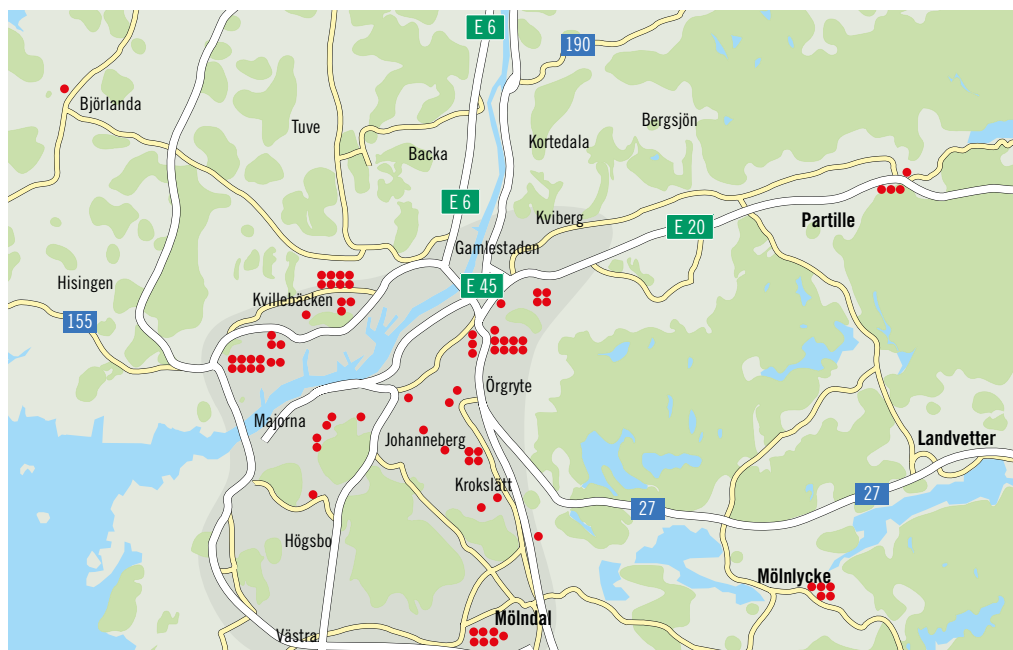
LAND	Name
Berga 6:682	
Berga 6:738	
Berga 6:739	
Freden Större 12	
Freden Större 17	
Freden Större 19	
Hacksta 1:72	
Järnet 12	
Järnet 13	
Kringlan 1	
Kringlan 11	
Kringlan 12	
Kringlan 2	
Kringlan 4	
Kåbo 76:1	
Maren 1:14	
Maren 1:15	
New York 9	
Passfotot 2	
Rankan 3	
Rankan 4	
Söderbymalm 3:539	
Söderbymalm 3:540	
Tyresö Strand 1:18	

Name of property	Address	Year of construction/conversion	Residential sq m	Office sq m	Retail sq m	Industry/warehouse sq m	Education sq m	Garage sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.
• Samlingspärmen 2	Multrågatan 31-39	1953	1,979	122	87	6				2,194	36,189	2021	35
• Skrivmaskinen 4	Multrågatan 6-32	1952	5,889	83		279		250	17	6,518	107,278	2021	107
• Skrivmaskinen 6	Gudmundrågatan 15-19	1952	1,324							1,324	23,800	2021	24
• Skrivmaskinen 8	Gudmundrågatan 1-9 / Multrågatan 2-4 / Solleftegatan 3-13	1952	5,530	145		324				5,999	96,385	2021	100
Solberga													
• Balettskon 1	Folkparksvägen 91-95 / Skodonsvägen 3-7 / Tåhättvägen 3	2017	8,943					1,097		10,040	301,029	2035	148
• Seglarskon 1	Skodonsvägen 2-10	2018	4,827							4,827	173,000		80
• Seglarskon 2	Tåhättvägen 7-9 / Skodonsvägen 12-16	2018	4,904							4,904	179,000		90
Södermalm													
• Pålen 16	Hornsgatan 91 / Hornskroken 1	1938/1996	3,647	469	198					4,314			57
• Urvädersklippan Mindre 4	Klevgränd 10 / Urvädersgränd 11	1964	1,175		116	131		191		1,613	39,048		11
Örby													
• Kolringen 1	Rävnäsavägen 79-83	1951											
• Sökarlyktan 1	Rävnäsavägen 57-63, 69-83	1951	2,884	50		609				3,543	48,984		44
• Trafikmärket 1	Rävnäsavägen 69-77	1951											
Östermalm													
• Sälgen 2	Birger Jarlsgatan 64, 64A-64B / Rådmansgatan 24	1927/2007		3,605	110			583	250	4,548	178,200		
SUNDBYBERG MUNICIPALITY													
Sundbyberg													
• Fjällnäs 14	Höglintavägen 9-11	1966	2,632	514		153				3,299	60,892		37
• Freden Större 18	Gesällvägen 1 / Rissneleden 2-2B, 4-18 / Östra Madenvägen 3-5, 9-17	1974		14,047	7,556	6,629		3,880		32,112	218,974		
• Lärkan 14	Kolonivägen 2-4 / Skogsbacken 1-3 / Tulegatan 8-14 / Ångsstigen 1-7	1964	9,823	629	1,447	2,938	1,299	9,780	113	26,029	302,800		162
TYRESÖ MUNICIPALITY													
Tyresö													
• Järnet 1	Telefongränd 1 / LM Ericssons väg 2-10 / Bollmora gårdsväg 3, 5A-5C	2018	9,409		63	7		2,488		11,967	223,559		184
UPPSALA MUNICIPALITY													
Central Uppsala													
• Dragarbrunn 20:6	Kungsgatan 45-47 / Vaksalagatan 14	1938/2017	372	1,848	707	78				3,005	79,107		3
Gränby													
• Gränby 9:6	Bruno Liljeforsgatan 62, 64, 68 / Råbyvägen 63 A, B, C	2017	5,582	80	226	23		900		6,811	130,630		116
Rosendal													
• Kåbo 57:2	Rosendalsvägen 6, 8, 10A, 10B / Torgny Segerstedts allé 5, 7	2017	8,420					2,584		11,004	264,892		145
• Kåbo 63:2	Torgny Segerstedts allé 71-81 / Prefektgatan 5-7 / Betty Petterssons gata 13	2019	6,114	156	106					6,376	96,614		141
Östra Sala Backe													
• Sala Backe 47:1	Johannesbäcksgatan 49-57	2017	7,117	54				2,248		9,419	164,123		137
Total			314,654	27,637	19,397	15,456	4,479	55,312	3,292	440,227	8,124,064		5,226

Property list, Gothenburg Business Area

• = Residential properties • = Commercial properties • = Public use properties

Name of property	Address	Year of construction/ conversion	Residen- tial sq m	Office sq m	Retail sq m	Industry/ warehouse- ing sq m	Edu- cation sq m	Garage sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Lease- hold	No. of apts.	Largest tenants
GOTHENBURG MUNICIPALITY														
Avenue area														
• Lorensberg 7:15	Geijersgatan 7, 7A-7B / Götaplatsen 9 / Viktor Rydbergsgatan 1, 1A-1B	1936/2002	3,804	45	1,580				537	5,966	248,000		60	Filmstaden
• Lorensberg 15:3	Lennart Torstenssonsgatan 6-8	1929/1993					2,100			2,100				The University of Gothenburg
• Lorensberg 43:1	Kungssportsavenyen 1 / Parkgatan 29 / Storgatan 30 / Teatergatan 2	1883/2008	553	2,925	707				10	4,195	136,200		10	Advokatfirman Nordia Göteborg
• Lorensberg 44:2	Kungssportsavenyen 2 / Parkgatan 31 / Storgatan 32, 34A- 34B / Södra vägen 1	1910/2005		4,682	782					5,464	157,000			Wallenstam
• Lorensberg 45:21	Kungssportsavenyen 4 / Storgatan 51	1940/2000	1,946		1,070					3,016	124,200		27	Gondoliere
• Lorensberg 52:4	Kristinelundsgatan 10 / Kungs- portsavenyen 21-25 / Teatergatan 22-26	1941/1996	6,858	5,016	2,333	215		2,970	68	17,460	513,800		78	Convendum
• Lorensberg 53:1	Kungssportsavenyen 16 / Vasagatan 43A	1896/1998		1,500	705					2,205	85,000			Nilson Group
• Lorensberg 53:2	Lorensbergsgatan 1 / Vasagatan 43B	1966/2009		994	846				536	2,376	60,000			Pincho Nation
• Lorensberg 53:5	Kristinelundsgatan 14 / Lorensbergsgatan 7	1920/1984	1,179		540					1,719	56,310		13	Göteborgs Natktiv
• Lorensberg 53:6	Kristinelundsgatan 12 / Kungs- portsavenyen 22	1929		1,170	574					1,744	50,774			Opalen Fastighets- Förvaltning
• Lorensberg 53:7	Kungssportsavenyen 20	1929/1983		635	210		272			1,117	40,200			SEB
• Lorensberg 54:9	Vasagatan 45	1979/2010		4,639	1,541	388		567		7,135	167,000			Lidl Sverige
• Lorensberg 55:14	Engelbrektsgatan 34AA-34AB, 34B-34C / Lorensbergsgatan 18- 20 / Södra Vägen 29	1936/2014	6,305	210	1,251	60			555	8,380	303,361		86	
• Lorensberg 56:8	Engelbrektsgatan 32 / Kungs- portsavenyen 32-34 / Lorens- bergsgatan 17-19	1962/2010	1,411	6,026	2,000	93		700		10,230	207,592		12	Food Folk Sverige
• Lorensberg 57:8	Engelbrektsgatan 30 / Kungs- portsavenyen 29-37 / Teatergatan 30-38	1962/2014	7,097	4,835	4,271	399			1,250	17,852	746,200		93	Index Sverige
• Lorensberg 58:6	Chalmersgatan 26 / Engelbrekts- gatan 26-28 / Teatergatan 25	1929/1988	1,565	4,201	349	70				6,185	179,200		14	Studentvikarie Sverige
• Vasastaden 3:1	Erik Dahlbergsgatan 1 / Karl Gustavsgatan 2 / Parkgatan 9-11, 10-12	1898/1980	1,578	965	196		2,444			5,183			15	Sjöljns gymnasium
• Vasastaden 9:7	Bellmansgatan 13 / Vasagatan 14	1929/1990	2,079							2,079				
Gamlestaden														
• Gamlestaden 740:22	Marieholmsgatan 60B-60C	1929/1969				389				389	19,808	2024		SUEZ Recycling
Guldheden														
• Guldheden 5:5	Guldhedstorget 1, 1A-1B / Reu- tersgatan 1	1945/2015	2,708		611	50			1,010	4,379	89,116		57	
Gårda														
• Gårda 18:22	Drakegatan 5 & 7	1989		9,355		303		2,850	107	12,615	226,000			Max Matthiessen
• Gårda 20:1	Fabriksgatan 15 / Gårdavägen 1	1986/2007		4,343	93	129		204		4,769	99,000			The City of Gothenburg, The Swedish Schools Inspectorate
• Gårda 22:24	Fabriksgatan 26 / Vådursgatan 5	1989/2008		5,138	820	434	2,471	1,713		10,576	90,200			Kunskapsskolan
• Gårda 46:9	Södra Gubbergogatan 4-8, 18-20	1936/1995		12,455	544	771		2,950	2,365	19,085	160,400			Västra Götaland County Council
Heden														
• Heden 24:13	Skånegatan 19 / Sten Sturegatan 34-36	1964/1997	3,693	414	750	36		1,423		6,316	145,800		34	
• Heden 24:14	Skånegatan 21-23 / Sten Sturegatan 38-44	1962/1988	8,538	1,572	2,143	1,042		3,000	274	16,569	380,000		87	
• Heden 37:4	Skånegatan 16B	2006			10,610					10,610		2026		Filmstaden AB
Högsbo														
• Högsbo 5:7	A Odhnrs gata 6 / Olof Asklunds gata 25	1967/1998			1,369	1,894				3,263	17,226			
• Högsbo 34:12	Gruvgatan 4	1980		215		1,700				1,915	6,528			Bilia
• Högsbo 34:21	Gruvgatan 6-8 / J A Wettergrens gata 16	1989		4,964	269	249		1,450	3,107	10,039				GHP Spine Centre Göteborg
• Järnbrott 195:1	Högsbogatan 21-25	2009	6,838	81				1,000		7,919	170,062	2028	100	
Inom Vallgraven														
• Inom Vallgraven 6:1	Kungssportsplatsen 2	1929/2011		1,647	1,086					2,733	115,000			Advokatfirman Styrks
• Inom Vallgraven 15:1	Drottninggatan 24-26 / Korsgatan 2-6 / Södra Hamngatan 25	1809		1,820	1,290					3,110	95,000			Wiktor Ahlströms konditori
• Inom Vallgraven 16:6	Korsgatan 1 / Södra Hamngatan 17-23	1891		2,981	287	139	1,846			5,253	24,400			Nordens Teknikerinstitut
• Inom Vallgraven 16:24	Korsgatan 3	1885		1,121	225	94			382	1,822	46,000			Advokatfirman Credo
• Inom Vallgraven 16:25	Drottninggatan 22 / Korsgatan 5	1885		552	188	40				780	25,200			Iniizio Sverige
• Inom Vallgraven 17:13	Drottninggatan 8, 9-11	1929/1998		2,626	29	100				2,755	74,343			Infotiv



• = Residential properties

LAND Name
Almekärr 2:10
Gårda 52:10
Gårda 52:11
Gårda 52:2
Gårda 52:3
Hjällsnäs 11:17
Hälle 1:3
Kallebäck 18:2
Kallebäck 18:3
Kallebäck 18:4
Kallebäck 18:5
Kallebäck 18:6
Kallebäck 18:7
Kallebäck 18:8
Krokslätt 154:7
Kärä 2:11
Kärä 26:5
Majorna 350:6
Mölnlycke 2:1
Pixbo 1:20
Pixbo 1:294
Skär 57:15
Släps-Hagen 1:29
Storegården 1:70
Startered 1:22
Älvsborg 755:505

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehouse sq m	Education sq m	Garage sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.	Largest tenants
• Inom Vallgraven 18:3	Korsgatan 11, 11B / Kyrkogatan 32	1929/2002	845			711				1,556	52,200		18	Buttericks Leco
• Inom Vallgraven 19:16	Korsgatan 12 / Kyrkogatan 34-36	1929	60	631	1,644					2,335	58,983		1	C J Josephssons Glas & Porslin
• Inom Vallgraven 20:18	Korsgatan 14-18 / Kungsgatan 42-44 / Kyrkogatan 15-19	1810/2004		5,254	3,517	124				8,895	373,000			KappAhl Sverige
• Inom Vallgraven 21:10	Kungsgatan 59 / Östra Hamngatan 41-43	1804/1998		1,452	503	21			61	2,037	94,000			WERKS Advokater
• Inom Vallgraven 21:11	Vallgatan 42 / Östra Hamngatan 45	1929/2015		2,142	332					2,474	119,389			DB Banklokaler
• Inom Vallgraven 23:7	Södra Larmgatan 16 / Vallgatan 21, 21A-21D	1929/2001		1,679	980	115				2,774	66,913			Funkis Multimedia
• Inom Vallgraven 23:8*	Södra Larmgatan 18 / Vallgatan 23	1878			416					416				
• Inom Vallgraven 23:11	Korsgatan 17 / Södra Larmgatan 20-22 / Vallgatan 25-29, 25A-25B, 27A-27B	1929/2006		2,049	1,248	6				3,303	140,000			Hans Andersson Paper Nya
• Inom Vallgraven 23:13	Södra Larmgatan 10-14 / Vallgatan 15-19	1929/2002	323	2,684	2,117	86			87	5,297	149,247		5	Linderoths Mediaproduktion
• Inom Vallgraven 25:1	Basargatan 10-12 / Kungstorget 10-14, 11-13	1929/2008		3,150	2,482				6	5,638	226,604			Dunross & CO
• Inom Vallgraven 26:8	Basargatan 4-8, 6A-6B, 5-7 / Grönsakstorget 3 / Kungstorget 1-3, 2 / Lilla Korsgatan 2 / Södra Larmgatan 11-15, 13C	1929/2011	3,252	9,346	6,201	259		1,071	0	20,129	638,000		38	Filmstaden
• Inom Vallgraven 27:1	Grönsakstorget 1 / Södra Larmgatan 7 / Västra Hamngatan 24-26	1929/2011		2,424	802	10			80	3,316	97,144			Recorded Future
• Inom Vallgraven 32:1	Kaserntorget 6 / Vallgatan 1	1939/2001		2,033	576	234				2,843	76,800			More Alliance Nordic
• Inom Vallgraven 32:2	Vallgatan 3	1929/2008		333	231					564	14,800			Vink io
• Inom Vallgraven 32:8	Magasinsgatan 15 / Vallgatan 5	1814		386	322					708	18,800			Kaffelabbet MWJ
• Inom Vallgraven 32:12	Magasinsgatan 19 / Södra Larmgatan 2	1929/2004		370	2,309					2,679	58,600			Artilleriet Interiors
• Inom Vallgraven 32:13	Kaserntorget 8, 9	1929/2007		123	471					594	11,600			Musik utan gränser
• Inom Vallgraven 32:14	Magasinsgatan 17	2019			61					61	12,800			Kaffelabbet MWJ
• Inom Vallgraven 35:12	Kaserntorget 1, 2 / Kungsgatan 13	1956		1,415	465	56				1,936	51,662			Protek
• Inom Vallgraven 53:15	Lilla Torget 2 / Otterhällegatan 1	1986/2006		2,620		375				2,995	67,600			Projektstyrning IMPLERIA Construction GmbH
• Inom Vallgraven 55:1	Drottninggatan 2 / Ekelundsgatan 2 / Magasinsgatan 1 / Otterhällegatan 2	1850/2002		2,861	416	84				3,361	79,000			Feelgood Företagshälsövärd
• Inom Vallgraven 57:7	Kyrkogatan 12-16 / Västra Hamngatan 7A-7C	1907/2003		997		24			2,844	3,865				Frisk Service i BG
• Inom Vallgraven 60:8	Ekelundsgatan 1-3 / Otterhällegatan 4	1965/1997		11,378	514	1,064		1,098	55	14,109	278,000			County Administrative Board
• Inom Vallgraven 60:9	Ekelundsgatan 5-7 / Otterhällegatan 6	1964		2,600	66	48		3,900	3	6,617	99,000			Star Republic
• Inom Vallgraven 60:10	Ekelundsgatan 9-11 / Kungsgatan 20-22 / Käppslängareiden 2 / Otterhällegatan 8	1964/2002		4,625	2,581					7,206	144,000			Fingerprint Cards
• Inom Vallgraven 64:31	Stora Badhusgatan 16	1949				1,669				1,669				Kitas utbildning
• Nordstaden 24:11	Kronhusgatan 16 / Östra Hamngatan 15	1929			266	3,930				4,196				Vitraskolorna

* Share in BRF Larmtrumman



• = Commercial properties • = Public use properties

Name of property	Address	Year of construction/Residential conversion	Residential sq m	Office sq m	Retail sq m	Industry/warehouse sq m	Education sq m	Garage sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.	Largest tenants
Johanneberg														
• Johanneberg 15:31	Volrat Thamsgatan 2	2018	1,620					223		1,843	73,544		36	
• Johanneberg 47:4	Örnehufvudsgatan 7	1939/1986	1,904			42				1,946	70,027		31	
Järntorget														
• Haga 31:5	Haga Östergata 10 / Haga Östergata 12 / Skolgatan 1 / Skolgatan 3 / Södra Allégatan 6 / Östra Skansgatan 4	1992		1,978				500	3,030	5,508				Capio Närsjukvård
• Masthugget 10:3	Första Långgatan 22	1960/1994		2,133	173	110				2,416	37,400			TIBCO Software
• Masthugget 10:15	Första Långgatan 16-18 / Nordhemsgatan 13-15 / Andra Långgatan 15-19	1957/1989		8,594	971	455	4,006	800	785	15,611	219,000			Framtidsgymnasiet i Göteborg
• Masthugget 10:20	Första Långgatan 24-26 / Värmlandsgatan 14	1962/1991		4,820	467	136			1,800	7,223	110,000			Västra Götalands County Council
• Pustervik 2:19	Lilla Pusterviksgatan 1-3 / Norra Allégatan 6 / Pusterviksgatan 11	1968/1994					4,300			4,300				Folkuniversitetet
Kallebäck														
• Kallebäck 3:4	Mejerigatan 1	1971		8,400	485	21,652				30,537	113,000			ICA Fastigheter
Krokslätt														
• Illern 6	Krokslätt Parkgata 46A-46D	1944/1975	884			39			8	931	17,166		24	
• Krokslätt 9:15	Bomgatan 1 / Framnäsgratan 2 / Mölndalsvägen 47-51	2008	2,873							2,873	90,000		60	
• Krokslätt 21:1	Drivhusgatan 6A-6B / Milpågatan 5 / Thorburnsgatan 12A-12D	1948/1994	2,517			13				2,530	70,027		47	
• Krokslätt 21:2	Drivhusgatan 4A-4C / Helmutsgatan 7A-7B	1950/1994	1,761			122				1,883	49,036		33	
• Krokslätt 21:3	Helmutsgatan 9 / Milpågatan 3, 3A-3C	1950/2008	1,506			126				1,632	39,377		20	
Kvillebäcken														
• Brämaregården 42:11	Godemansgatan 2 / Hjalmar Brantingsgatan 5, 5A-5D	1942	782		266	75				1,123	16,237		14	
• Brämaregården 42:12	Hjalmar Brantingsgatan 7, 7A-7D / Lantmätaregatan 5	1939	821		221	70				1,112	17,966		15	
• Brämaregården 44:11	Hjalmar Brantingsgatan 9 / Lantmätaregatan 2-6	1983	2,792		291	128				3,211	55,540		39	
• Brämaregården 62:1	Fjärdingsgatan 3-9 / Gustaf Dahlsängsgatan 4-8, 6A / Långängen 14-16	2015	5,803	54	249	20		1,250		7,376	187,492		112	
• Kvillebäcken 3:1	Gustaf Dahlsängsgatan 10-14 / Långängen 11, 11A / Solventilsgatan 20-22	2014	6,009		85	30		1,167		7,291	186,129		115	
• Kvillebäcken 5:6	Lantmätaregatan 12, 12A-12D, 14A-14C / Långängen 19	1954	2,089	114	559					2,762	45,934		37	
• Kvillebäcken 73:1	Fjärdingsgatan 23-29 / Gustaf Dahlsängsgatan 22-26	2013	6,280		108	3	594	2,336		9,321	197,153		108	
• Kvillebäcken 74:1	Gustaf Dahlsängsgatan 7A-7F / Rundbäcksgatan 14	2013	5,124	78		2	800	2,268		8,272	170,489		98	

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Warehouse/industry sq m	Education sq m	Garage sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.	Largest tenants
Kyrkbyn														
• Kyrkbyn 9:6	Estlandsgatan 1 / Prebendegatan 32A-32D / Östra Bräckevägen 52	1942/1975	652						54	706	11,656		16	
• Kyrkbyn 10:14	Estlandsgatan 4A-4D / Finlandsgatan 3 / Östra Bräckevägen 54	1942/1994	684			8				692	11,984		16	
• Kyrkbyn 10:15	Estlandsgatan 2A-2D / Finlandsgatan 1 / Vårbroddsgatan 1	1942/1975	658						47	705	11,445		16	
• Kyrkbyn 11:14	Finlandsgatan 4A-4D / Hullgatan 3 / Östra Bräckevägen 56	1942/1975	652							652	11,964		16	
• Kyrkbyn 13:14	Londongatan 4 / Tiilburgatan 2A-2D / Vårbroddsgatan 7	1943/1984	766			50				816	13,080		14	
• Lindholmen 1:21	Polstjärnegatan 6	1955				11,147			1,350	12,497	33,994			The City of Gothenburg
• Lindholmen 5:1	Polstjärnegatan 8, 8A	1968				11,510				11,510	19,633			The City of Gothenburg
• Rambergsstaden 25:3	Enekullegatan 5A-5D	1943/1984	744			49				793	12,263		14	
• Rambergsstaden 28:1	Enekullegatan 4 / Håkansgatan 2 / Trekantsgatan 2, 2A-2D	1943	714		52	125				891	13,439		15	
• Rambergsstaden 28:2	Enekullegatan 2A-2D / Håkansgatan 4	1943	812			201				1,013	14,891		18	
• Rambergsstaden 32:2	Lantmannagatan 6 / Östra Keillersgatan 1A-1G	1945/1985	1,948							1,948	37,800		36	
• Sannegården 20:2	Bautastensgatan 11A-11C	1936	700			48				748	13,155		18	
• Sannegården 20:3	Bautastensgatan 9, 9A-9C	1939	741		41	6				788	13,943		17	
• Sannegården 21:39	Biskopsgatan 2A-2D / Pilegårdsgatan 26 / Prebendegatan 9	1945/1983	612	50		50				712	10,528		11	
• Sannegården 21:41	Pilegårdsgatan 22A-22D / Prebendegatan 5	1942/1975	520			59				579	9,146		14	
• Sannegården 21:42	Pilegårdsgatan 20A-20D / Prebendegatan 3	1942	538			20				558	9,423		14	
Kålltorp														
• Bagaregården 27:1	Lilla Munkebäcksgatan 9A-9E	1939/1999	1,062			18				1,080	29,626		25	
• Kålltorp 36:15	Stobéegatan 8A-8C	1935/1997	945		50					995	26,351		20	
• Kålltorp 57:1	Qvidingsgatan 2A-2C	1936	576			65				641	15,604		14	
• Kålltorp 57:2	Qvidingsgatan 4A-4B	1936	551			72				623	14,095		10	
Linnéstaden														
• Olivedal 3:12	Övre Djupedalsgatan 7, 7A-7D	1929	1,143			192				1,335	34,631		16	
Lunden and Olskroken														
• Bö 72:20	Danska vägen 20	1861		367					546	913				
• Gårda 64:1	Redbergsvägen 11, 11A-11B	1939/2015	2,940		310					3,250	84,921		43	
• Gårda 67:29	Mäster Johansgatan 15-17	2006	3,725					80		3,805	117,131		53	
• Gårda 69:1	Gradmansplatsen 1 / Redbergsvägen 17, 17A-17B	1938/1998	1,728		435					2,163	48,834		28	
• Gårda 69:24	Kobbarnas väg 8	1937/1994	1,610							1,610	44,800		26	
• Gårda 70:8	Kobbarnas väg 15	1944/1985	1,573			15				1,588	43,241		25	
• Lunden 13:2	Karlagatan 7A-7C	1935/1976	628							628	17,800		16	
• Lunden 14:12	Karlagatan 1-3 / Mäster Johansgatan 14-16 / Wrangelsgatan 1	1974	4,434	47		43	517	1,469		6,510	124,201		63	
• Lunden 16:7	Karlagatan 4, 4A-4C	1939/1976	583	46	34					663	16,390		12	
• Lunden 61:9	Ulfspärregatan 14-18	2018	4,961		50	8		750		5,769	180,893		115	
• Olskroken 11:8	Övre Olskrokgatan 22, 22A-22B	1928/1979	1,640			60		30		1,730	43,596		24	
Majorna														
• Majorna 303:29	Amiralitetsgatan 2A-2B, 4-8 / Bangatan 21-39 / Djurgårdsgatan 26-40	1965/2014	34,223	1,001	1,734	92		10,949	456	48,455	938,023		445	
• Majorna 332:6	Godhemsgatan 14A-14C / Paternostergatan 7	1933	854			70				924	21,077		18	
• Majorna 332:9	Godhemsgatan 8A-8B	1933	665			90				755	16,800		12	
• Majorna 350:5	Dahlströmshuset 8-20, 20B-20C, 22-44, 44B, 46-52 / Kolombusgatan 1-3 / Stenklemsgatan 5	1959/2012	17,255	207		349			18	17,829	450,322		246	
Rambergsstaden														
• Brämaregården 15:17	Väderkvarnsgatan 11A-11C	1938/1991	1,012	50		10				1,072	19,757		17	
• Brämaregården 19:2	Jägarregatan 9A-9C / Tunnbindaregatan 1	1930/1990	1,032							1,032	18,800		19	
• Brämaregården 30:3	Ekebergsgatan 1-7 / Hallegatan 7 / Hisingsgatan 22, 22B, 24A-24B	1991/2006	2,276							2,276	46,400		35	
Rosenlund														
• Inom Vallgraven 69:5	Rosenlundsgatan 6-8 / Rosenlundsplatsen 2	1974/1998		12,432	3,793	1,709		2,282	261	20,477	368,000			The Swedish Enforcement Authority
Stampen														
• Stampen 5:6	Polhemsplatsen 1 / Stampgatan 12-18	1990/2009		7,402		70		2,975	1,681	12,128	213,000			The Swedish Public Employment Service
• Stampen 15:18	Friggagatan 25A	1936/1993	1,418		205					1,623	43,822		26	
Torslanda														
• Björlanda 1:61	Björlanda Prästgårdsväg 50	1873	550						898	1,448			1	Rescue Mission in Gothenburg
Önnered														
• Önnered 762:369	Önnereds brygga 1-17	1975/2005		1,434	705	228			520	2,887	19,600	2024		Prové

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/warehouse sq m	Education sq m	Garage sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.	Largest tenants
HÄRRYDA MUNICIPALITY														
Mölnlycke														
• Hulebäck 1:23	Biblioteksgatan 9-15 / Centralvägen 14 / Ekdalavägen 3 / Gunnar Runfors gränd 2	1975/2013	2,751		4,972	4				7,727	109,000		46	
• Hulebäck 1:604	Centralvägen 13A-13D / Råda torg 7	1951	692		512	75			73	1,352	16,753		16	
• Hulebäck 4:90	Badhusgatan 14, 16A-16D / Biblioteksgatan 14A-14C, 16A-16D	2001	1,854		1,086					2,940	52,264		33	
• Hulebäck 4:92	Biblioteksgatan 4A-4E	2002		405	496					901	3,785			Kronans Droghandel Apotek
• Hulebäck 4:97	Biblioteksgatan 5 / Centralvägen 10-12 / Gunnar Runfors gränd 1-9 / Lennart Kvarnströms plats 2-8	1970 / 2011	1,339	1,112	637	17				3,105	53,600		20	
• Hulebäck 4:164	Allén 2-6 / Biblioteksgatan 1A-1C / Centralvägen 8A-8E / Lennart Kvarnströms plats 1-13	2012	2,511	102	2,391			1,825		6,829	109,000		52	
• Hönekulla 1:157	Längenäsvägen 9A-9B, 11 / Rörsvägen 6	1933	100		305				1,347	1,752	2,120		2	Härryda Municipality
• Hönekulla 1:479	Hönekullavägen 7	1971		608	437	211		1,505		2,761	10,219			Rescue Mission
• Hönekulla 1:571	Ävägen 1	1987		1,650		2,669				4,319	17,578			RZ HB Mekaniska
• Mölnlycke 1:1, 1:161	Fabriksvägen 1 / Längenäsvägen 2 / Mölnlycke fabriker 1-21, 2-4, 12-16, 20	1890/2001		7,477	520	23,596	900		5,129	37,622	118,536			Essity Hygiene and Health
• Mölnlycke 1:159	Fabriksvägen 2	1890/1981		350						350	1,415			

MÖLNDAL MUNICIPALITY

Möndal														
• Rödklövern 1	Gunnebogatan 68-160	2018	2,652							2,652	59,400		89	
• Stallbacken 5	Åby Allé 13 och 19	2016	2,263					1,099		3,362	54,078		42	
• Stallbacken 7	Åby Allé 15-17	2016	3,715					1,368		5,083	91,924		71	
• Stallbacken 9	Åby Allé 21-23	2016	4,000							4,000	96,000		75	
• Stallbacken 23	Åby Allé 51-57	2017	4,599					671		5,270	113,088		88	
• Stallbacken 24	Åby Allé 59-63	2017	4,526							4,526	107,800		82	
• Stallbacken 26	Åbyvägen 4 A-D	2019	5,778			98		592		6,468	73,968		109	
• Stallbacken 27	Åby Allé 67	2018	6,252					1,913		8,165	137,185		133	
• Uttern 12	Göteborgsvägen 119-121 / Sörgårdsgatan 1A-1F	1929	1,556		137	30				1,723	30,922		26	

PARTILLE MUNICIPALITY

Partille and Jonsered														
• Manered 5:3	Höghallsvägen 1A-1B, 3A-3B, 5A-5B / Jonseredsvägen 4	1949/1994	1,332			54				1,386	11,900		24	
• Stårtered 1:21	Bäcksorlet 2 / Länsmansvägen 2A-2B, 4A-4B, 6A-6B, 8A-8B	1949/1994	2,176	134		33				2,343	30,557		40	
• Stårtered 1:23	Stårteredsvägen 24A-24B, 26A-26B, 28A-28B, 30A-30B	1950/1994	2,164			94				2,258	29,259		40	
• Stårtered 1:28	Stårteredsvägen 25-31	2010	3,620							3,620	71,800		59	
Total			255,401	208,724	91,277	87,369	25,849	59,443	32,845	760,908	14,200,789		4,128	

Property holdings, total Wallenstam Group

	Residential sq m	Office sq m	Retail sq m	Industry/warehouse sq m	Education sq m	Garage sq m	Other sq m	Total sq m	Assessed value, SEK thousands	No. of apts.
Total Wallenstam Group	570,055	236,361	110,674	102,825	30,328	114,755	36,137	1,201,135	22,324,853	9,354

Completed new construction 2019

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehous- ing sq m	Education sq m	Garage sq m	Other sq m	Total sq m	No. of apts.
Göteborg											
Stallbacken 26 (Project: Stallbacken Nivå5)	Åbyvägen 4A-D	2019	5,778			98		592		6,468	109
Uppsala											
Kåbo 63:2 (Project: Tre vänner)	Torgny Segerstedts allé 71-81 / Prefektgatan 5-7 / Betty Petterssons gata 13	2019	6,114	156	106					6,376	141
Total			11,892	156	106	98		592		12,844	250

Property acquisitions 2019

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehous- ing sq m	Education sq m	Garage sq m	Other sq m	Total sq m	No. of apts.
Göteborg											
Inom Vallgraven 60:9*											
Lorensberg 54:9	Vasagatan 45	1979/2010		4,639	1,541	388		567		7,135	
Stockholm											
Tyresö strand 1:18, Kringlan 1,2,4,11 & 12**											
Uppsala											
Kåbo 76:1**											
Total				4,639	1,541	388		567		7,135	

*Land that was previously site leasehold right

**Land

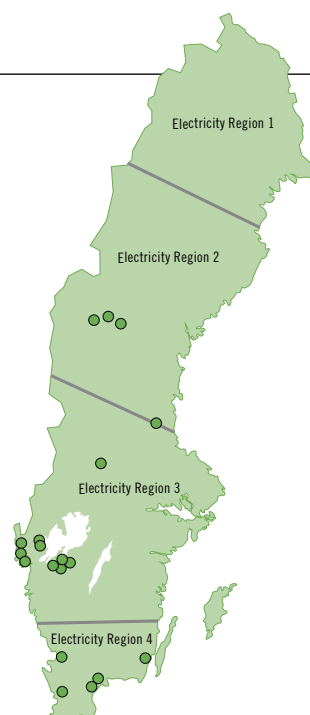
Property sales 2019

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehous- ing sq m	Education sq m	Garage sq m	Other sq m	Total sq m	No. of apts.
Göteborg											
Inom Vallgraven 20:9	Kungsgatan 52 / Östra Hamngatan 39	1864/2008			1,767					1,767	
Johanneberg 15:32	Volrat Thamsngatan 4	1950/1993		569						569	
Helsingborg											
Mässhaken 2	Kantorsgatan 1-7	2018	5,116							5,116	96
Stockholm											
Ålta 24:2 (part of)*											
Total			5,116	569	1,767					7,452	96

*Land

Wind power

Name	Location	No. of turbines	Output MW
Dan Carlson	Rålanda, Uddevalla Municipality, Bohuslän	2	4.0
Rose-Marie Gulleberg	Lyngby, Kristianstads Municipality, Skåne	3	5.6
Bengt Carlsson	Gategården, Vara Municipality, Västra Götaland	1	1.8
Birgitta Lidbeck	Västergården, Melleruds Municipality, Dalsland	2	3.6
Ann-Marie Forsberg	Tångelsbol, Melleruds Municipality, Dalsland	1	1.8
Anders Adlerborn	Köjkeberget, Vansbro Municipality, Dalarna	3	6.0
Erika Söderström	Stentjärnåsen, Härjedalens Municipality, Jämtland	5	10.0
Kaj Lamton	Rätan-Digerberget, Bergs Municipality, Jämtland	5	11.5
Thomas Dahl	Vettåsen/Mårtensklack, Sandviken and Ockelbo Municipality, Gästrikland	10	23.0
Carola Strandberg	Karstorp, Skara Municipality, Västra Götaland	3	6.0
Bo Strandberg	Kilagården, Skara Municipality, Västra Götaland	3	6.0
Susanne Börjeson	Järnmunderöd, Munkedals Municipality, Västra Götaland	3	6.0
Jeanette Wallén	Middagsberget, Bergs Municipality, Jämtland	3	9.0
Lena Johanson	Södervidinge, Kävlinge Municipality, Skåne	2	4.0
Benny Olsson	Gunnarby, Uddevalla Municipality, Bohuslän	8	18.4
Rigmor Sköld	Tommared, Laholms Municipality, Halland	6	13.8
Gun Karlsson	Nyckeltorp, Skara Municipality, Västra Götaland	3	6.0
Louise Wingstrand	Furulund, Kristianstad Municipality, Skåne	2	4.0
Mathias Aronsson	Påboda, Torsås Municipality, Småland	1	2.0
Total		66	142.5



Wallenstam's GRI reporting

Wallenstam applies Global Reporting Initiative, GRI Standards. The reporting follows the financial year and is published annually as part of the annual report. The latest GRI Report was published on March 21, 2019.

This report describes how the Wallenstam Group has worked with sustainability issues during 2019. Wallenstam has defined the scope of the report as the areas referred to in the GRI index. A table is provided on the following pages of what GRI disclosures are reported and where information about the disclosures is found in Wallenstam's reporting. This report has not been reviewed by an external party.

The contact person with regard to the reporting and its content is Sustainability Manager Karin Mizgalski, karin.mizgalski@wallenstam.se. Information is provided below on the disclosures that are not reported elsewhere in the annual report.

102-8: INFORMATION ON EMPLOYEES AND OTHER WORKERS

The average number of employees in 2019 amounted to 254. All of the Group's employees are permanent employees, with the exception of six people who are probationary employees and ten people who are employed on a temporary basis, for example in the form of work as a substitute. Eleven people work part time, all of whom are permanent employees. Wallenstam had no significant variation in the number of employees during the year. Temporary employees are not reported, as Wallenstam uses temporary employees to a minor extent.

102-11: PRECAUTIONARY PRINCIPLE OR APPROACH

In many instances, Wallenstam acts in accordance with the precautionary approach, even though we do not use it as a concept in governance and strategies. For example, the precautionary approach is used in our work on identifying, analyzing and following up risks.

102-13: MEMBERSHIP OF ASSOCIATIONS

Representatives of Wallenstam are represented in the governing bodies of Avenyöreningen, Fastighetsägarna Göteborg 1:a regionen, Fastighetsägarna Inom Vallgraven (FIVA), Göteborg Citysamverkan ideell förening, Mölnlycke Centrumförening, Nordisk Byggdag and Barn i Nöd.

201-1: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

SEK million

Direct economic value generated	
Revenues	2,899
Economic value distributed	
Payments to suppliers	-4,261
<i>Of which, VAT without right to deduction</i>	-531
Employee wages and benefits, incl. pensions and taxes	-252
Fees and benefits to the Board and CEO, incl. pensions and taxes	-12
Paid energy tax, stamp duty, property tax	-134
Interest payments to providers of capital, net	-223
Dividend to shareholders and repurchase of shares	-614
Economic value retained	-2,597

* Base year 2018 – commences from start of the business plan 2019–2023.

** The electricity item includes electricity consumption relating to heat pumps.

*** All data regarding CO₂ in this table is based on inputs from suppliers, which report according to prevailing accounting standards. As data for the actual impact in 2019 was not available during preparation of this reporting, the heating data is based to a minor extent on estimated values based on the emission factors for the year 2018.

ⁱ See GRI Index page 147, disclosure 102-48.

302-1: ENERGY CONSUMPTION WITHIN THE ORGANIZATION

	Unit	2018*	2019	2020	2021	2022	2023
Fuel consumption							
Total fuel consumption from non-renewable sources	MWh	521	496				
Heating oil	MWh	379	353				
Natural gas	MWh	142	143				
Fuel consumption from renewable sources							
Non-applicable		-	-				
Energy consumption							
Electricity**	MWh	41,280	37,889				
Heating ⁱ	MWh	89,081	87,611				
District heating ⁱ	MWh	88,560	87,115				
Oil	MWh	379	353				
Natural gas	MWh	142	143				
Cooling	MWh	557	425				
District cooling	MWh	557	425				
Green cooling	MWh	-	-				
Total energy consumption, non-renewable ⁱ	MWh	49,983	47,395				
Total energy consumption, renewable ⁱ	MWh	80,934	78,531				
Total energy consumption ⁱ	MWh	130,917	125,925				
Heating per sq m climate-adjusted ⁱ	KWh	80.4	79.9				
Own electricity production from renewable sources							
Wind power	MWh	337,880	367,246				

302-3: ENERGY INTENSITY

	2018	2019	2020	2021	2022	2023
kWh/per sq m ⁱ	110	105				

Refers to energy use in Wallenstam's property holdings, not climate-adjusted, including wind power, district heating, district cooling, oil and natural gas. Does not include tenants' electricity use.

302-4: REDUCTION OF ENERGY CONSUMPTION*

	UNIT	2019	2020	2021	2022	2023
Total reduction	MWh	4,992				
Reduction electricity	MWh	3,390				
Reduction heating	MWh	1,470				
Reduction cooling	MWh	132				

305-1: DIRECT GREENHOUSE GAS EMISSIONS***

	Unit	2018*	2019	2020	2021	2022	2023
Direct greenhouse gas emissions	ton	132	123				

305-2: INDIRECT GREENHOUSE GAS EMISSIONS***

	Unit	COMMENT	2018*	2019	2020	2021	2022	2023
Electricity	ton CO ₂	Market-based method: 100% internally generated wind power	0	0				
	ton CO ₂	Location-based method: Average emission factor for Sweden (Svensk Energi)	578	493				
District heating ⁱ			5,097	4,690				
District cooling			0	0				

305-4: GHG EMISSIONS INTENSITY***

	2018	2019	2020	2021	2022	2023
g CO ₂ /per sq m ⁱ	4,400	4,032				

Refers to Scope 1 and 2 (market based) CO₂ emissions in Wallenstam's property holdings excluding tenants.

305-5: REDUCTION OF GREENHOUSE GAS EMISSIONS***

	Unit	2018*	2019	2020	2021	2022	2023
Reduction of greenhouse gas emissions	ton CO ₂	-	416				
Total emissions CO ₂ per sq m ⁱ	g	4,400	4,032				
Reduction of CO ₂ per sq m	%	-	8.4				
Accumulated reduction since 2018 per sq m	%	-	8.4				

401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

New employees 2019

Age	Number of persons	of whom women/men	of whom in Gothenburg/Stockholm
Under 30 years	11	5/6	7/4
30-50 years	10	3/7	6/4
Over 50 years	0	-	-
Total	21	8/13	13/8

406-1: INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

No incidents of discrimination were reported in 2019.

GRI content index

GRI Standard	Disclosure	Page number	Omission
General Disclosures			
GRI 102: General disclosures 2016	102-1 Name of the organization	cover	
	102-2 Activities, brands, products, and services	67	
	102-3 Location of headquarters	67	
	102-4 Location of operations	67	
	102-5 Ownership and legal form	76	
	102-6 Markets served	43-48	
	102-7 Scale of the organization	67, 72-73	
	102-8 Information on employees and other workers	40-42, 146	
	102-9 Supply chain	30-31	
	102-10 Significant changes to the organization and its supply chain		Not applicable
	102-11 Precautionary Principle or approach	10, 32, 146	
	102-12 External initiatives	27-33	
	102-13 Membership of associations	146	
	102-14 Statement from senior decision-maker	9-11	
	102-16 Values, principles, standards, and norms of behavior	27-33	
	102-18 Governance structure	132-136	
	102-40 List of stakeholder groups	3, 5, 28	
	102-41 Collective bargaining agreements	41	
	102-42 Identifying and selecting stakeholders	27-28	
	102-43 Approach to stakeholder engagement	27-28	
	102-44 Key topics and concerns raised	28	
	102-45 Entities included in the consolidated financial statements	76, 121	All units are covered by the GRI reporting.
	102-46 Defining report content and topic Boundaries	27-28, 33	
	102-47 List of material topics	28	
	102-48 Restatements of information		Changed calculations have occurred as a result of updated values for 2018 in respect of disclosure 302-1, 302-3, 305-2, 305-4 and 305-5.
	102-49 Changes in reporting		Not applicable
	102-50 Reporting period	146	
	102-51 Date of most recent report	146	
	102-52 Reporting cycle	146	
	102-53 Contact point for questions regarding the report	146	
	102-54 Claims of reporting in accordance with the GRI Standards	146	
	102-55 GRI content index	147-148	
	102-56 External assurance	146	

Index continues on next page

GRI content index, cont.

GRI Standard	Disclosure		Page number	Omission	Agenda 2030 SDG	UN Global Compact Principles**
Wallenstam Material Topics						
Stable economy						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1-4, 22, 27-29, 36-38			
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	64-65, 71-73, 82-83, 117, 146			
Anti-corruption						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	28, 30, 32-33, 36, 41			10
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	33			
Sustainable materials						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8, 31-32	*		9
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
Energy efficiency						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8, 27-32, 39		 	8
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	146			
	302-3	Energy intensity	146			
	302-4	Reduction of energy consumption	146			
Greenhouse gas emissions						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8, 27-32, 39		 	7, 8
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	146			
	305-2	Indirect (Scope 2) GHG emissions	146			
	305-4	GHG emissions intensity	147			
	305-5	Reduction of GHG emissions	147			
Waste management						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8, 30-32	*		
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
Fair and decent employment						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	7, 28-30, 32-33, 35, 40-42			3, 4
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	41, 147			
Occupational Health and Safety						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	7, 35, 40-42			
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
Wallenstams Own Disclosure (WOD)	WOD-1	Sick leave	40-41			
Customer satisfaction						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	2-3, 6, 11, 27-29, 49-51			
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
Wallenstams Own Disclosure (WOD)	WOD-2	Key conclusions of customer surveys	6, 43			
Diversity and gender equality						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	7, 28-29, 33, 40-42			6
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	40-42, 84, 133			
Inclusive business climate						
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	7, 28-29, 33, 40-42			6
	103-2	The management approach and its components	– – –			
	103-3	Evaluation of the management approach	– – –			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	147			

*During the year, Wallenstam continued to map this focus area in order to define goals.

** UN Global Compact Principles

Principle 3, Labour: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4, Labour: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 6, Labour: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Principle 7, Environment: Businesses should support a precautionary approach to environmental challenges.

Principle 8, Environment: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9, Environment: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Principle 10, Anti-corruption: Businesses should work against corruption in all its forms, including extortion and bribery.

Annual General Meeting 2020

Wallenstam’s Annual General Meeting 2020 will take place on Tuesday, April 28, 2020 at 4.00 p.m. at the Elite Park Avenue Hotel, Kungsportsavenyen 36–38 in Gothenburg. The venue opens for registration at 3.30 p.m.

Due to the continued spread of the Coronavirus, this year as a precautionary measure, we will not offer refreshments and a mingle in connection with the AGM. Shareholders who display the slightest symptoms of illness, who have relatives who are sick, who have stayed abroad during the last two weeks before the AGM or who belong to a risk group, should not participate, but can vote by proxy. The same applies to any legal/financial assistants.

Our ambition in the present situation is to make the AGM as short and efficient as possible.

Visit www.wallenstam.se/arsstamma for continually updated information about the Annual General Meeting.

Registration

Shareholders who wish to participate in the AGM must be registered as shareholders in the share register maintained by Euroclear Sweden AB no later than Wednesday, April 22, 2020, and must also notify the company of their intention to participate in the AGM no later than Wednesday, April 22, 2020, preferably before 4.00 p.m. Upon registration, shareholders must provide their name (company name), civic registration number (corporate identity number), address and telephone number as well as the name and civic registration number of any proxy and the number of any accompanying assistants (no more than two).

Glossary

Yield requirement The yield an owner demands for an investment with due consideration for how risky the investment is.	Renewable energy Energy that comes from renewable sources such as wind power, hydroelectric power and bio-fuels.	Synthetic options scheme A share-related options programme aimed at employees. Synthetic options provide the holder with the right to a final settlement in cash at a given point in time based on the current share price.
Beta value A statistical measurement that describes a share’s risk. A beta value greater than 1.0 means that the share’s yield changes more than its comparative index and the share is deemed to have a high risk. Conversely, the share is deemed to have a low risk in the case of a beta value less than 1.0.	GRI Global Reporting Initiative, a framework for recording and reporting sustainability information. GRI provides guidelines for the content of sustainability reports, how they should be prepared and the disclosures that should be reported.	Swap agreement Swaps are financial instruments that entail an exchange of cash flow between two parties on an underlying nominal amount. An interest rate swap is an example of an agreement where an operator lending at fixed interest rates (e.g. fixed for five years) may wish to swap the interest flow with another operator lending at variable rates.
Derivative instruments A financial instrument whose value is related to an underlying asset or obligation. Used to create a hedge against undesirable price trends in the underlying asset. Examples of normal derivative instruments are futures and swap agreements.	Covenant A contract between a lender and a borrower where the borrower guarantees to fulfil certain key ratios, such as a given equity/assets ratio, as a condition of the loan.	Vacancy rate Unlet floor space in relation to total floor space.
Renewable energy certificates The renewable energy certificate system is based on the provision of certificates to the producers of renewable electricity. Each MWh (megawat hour) equals one certificate. The sale of certificates is intended to provide producers with revenue in addition to the revenue from electricity sales.	Prime Rent The highest basic rents in the best properties in various areas.	Volatility A measurement of how much a price of something varies over a given period.
	Standard deviation A statistical measurement that describes the share’s volatility in relation to the share’s average value.	Heating consumption, climate-adjusted Consumption is adjusted during a normal year with regard to temperature, wind and precipitation.

For additional clarifications, refer to www.wallenstam.se

Registration may take place in the following ways from and including March 19, 2020:

- » on Wallenstam’s website at wallenstam.se/arsstamma
- » by telephone on +46 31 743 95 91
- » by mail to Wallenstam AB (publ), FAO: Louise Wingstrand, SE-401 84 Gothenburg, Sweden

There are proxy forms available on Wallenstam’s website at wallenstam.se/arsstamma for shareholders wishing to be represented by proxy.

Shareholders who have their shares registered with nominees must re-register their shares in their own name in order to have the right to participate in the AGM. Such registration, which may be temporary, must be completed at Euroclear Sweden AB no later than Wednesday, April 22, 2020. Shareholders should request their nominees to ensure re-registration in good time before this date.

The AGM considers the matters which it must address according to the Articles of Association as well as additional matters described in the notice convening the AGM.

The Board proposes that the dividend be spread over two payment dates. The record day for the first payment is proposed to be April 30, 2020 and October 30, 2020 for the second payment. If the AGM resolves in accordance with the proposal, Euroclear Sweden AB is expected to execute the first payment on May 6, 2020 and the second payment on November 4, 2020.

Definitions

Share yield The proposed dividend as a percentage of the share price at the end of the period.	Return on equity Profit after tax in relation to average equity, calculated on a rolling 12-month basis. See page 65.
Share total yield The share price trend during the year including distributed dividend as a percentage of the share price at the start of the period.	Return on total capital Profit before tax with reversal of interest expenses and early redeemed derivatives for the latest rolling 12-month period in relation to average total capital employed. See page 65.
The number of shares The number of registered shares at any given time. <i>Number of shares outstanding</i>: the number of registered shares less repurchased own shares at any given time. <i>Average number of shares</i>: weighted average number of shares outstanding at any given time.	Interest coverage ratio Profit or loss before changes in value and impairment charges with reversal of net financial items and early redeemed interest rate derivatives for the latest rolling 12-month period in relation to net financial items and early redeemed interest rate derivatives for the latest rolling 12-month period.
Loan-to-value ratio Interest-bearing liabilities and lease liability less cash and cash equivalents in relation to the Group’s investments in properties, development properties and wind power at the end of the period.	Community property Property, which is predominantly used by tax funded activities and is specifically adapted for community services.
Residential property Property, which predominantly consists of residential space.	Average interest Interest expenses for the period including profit or loss on swap agreements realized during the period in relation to interest-bearing liabilities.
Market capitalization Share price multiplied by the number of registered shares on the closing day.	Equity/assets ratio Equity in relation to total capital employed at the end of the period.
Net operating income Rental income less operating and maintenance expenses, and property tax.	Net asset value Equity with the addition of deferred tax liabilities.
Development properties Refer to properties constructed with the intention of being sold after completion.	Net asset value per share The Group’s net asset value in relation to the number of outstanding shares at the end of the period.
Rental value* Rental income and the estimated market rent for vacant space.	Occupancy rate – lettable area Let floor space in relation to total floor space.
Cash flow per share Cash flow for the period in relation to the average number of shares outstanding.	Changes in value, investment properties Gains or losses from sales of investment properties during the period less expenses and the assessed market value of the properties and gains or losses from the change in the assessed market value of investment properties compared to the previous reporting period. See page 64. <i>Changes in value, New construction</i>: The increase in value is gradually recognized during the construction of the property until the first year the property is taken into operation. Change in value new construction recognizes the difference between the cost of construction of a new rental apartment and the value it has on completion. <i>Change in value Other</i>: Refers to changes in the value of investment properties, which have been in operation for one calendar year or more.
Cash flow from operating activities per share Cash flow from operating activities for the period in relation to the average number of shares outstanding.	Surrender rate Proportion of leases extended in relation to the proportion of cancellable leases.
Commercial property Property, which predominantly consists of commercial space.	Surplus ratio Net operating income as a percentage of rental income.
Non-current net asset value (EPRA NAV) Equity with reversal of deferred tax liabilities and the net effect of unrealized changes in value of derivative instruments after tax and less adjusted in advance financial electricity contracts.	
Average number of employees The total number of hours worked during the year divided by normal annual working hours.	
P/E ratio Share price at the end of the period in relation to profit after tax for the average number of shares over the latest rolling 12-month period.	
Earnings per share after tax Profit after tax in relation to the average number of outstanding shares, in accordance with IFRS.	

CALENDAR

Annual General Meeting	April 28, 2020
Interim report I	April 28, 2020
Interim report II	July 17, 2020
Interim report III	October 22, 2020

Information regarding Wallenstam's business operations, financial reporting and press releases can be found at www.wallenstam.se.

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