WALLENSTAM

Year-end Report

JANUARY 1–DECEMBER 31, 2020

January 1–December 31, 2020

- The net asset value per share increased by SEK 7.00 during the period and amounted to SEK 98.30 (91.30).
- Income from property management amounted to SEK 1,131 million (1,108), after giving Covid-19 discounts of about SEK -21 million net.
- Rental income increased by 5 percent and amounted to SEK 2,131 million (2,026).
- Investment in construction of properties amounted to SEK 4,011 million (3,322).
- On closing day, 2,321 apartments were under construction.
- Changes in value of investment properties amounted to SEK 1,339 million (2,600), of which 853 million (792) came from value growth in new construction.
- Profit before tax amounted to SEK 2,393 million (3,464) and profit after tax amounted to SEK 1,908 million (2,737), equivalent to SEK 5.9 per share (8.5).
- The Board of Directors will propose a dividend of SEK 1.20 per share (0.50), spread between two payments of SEK 0.60 each per share.

October 1–December 31, 2020

- Income from property management amounted to SEK 271 million (257).
- Rental income increased by almost 8 percent and amounted to SEK 555 million (515).
- Changes in value of investment properties amounted to SEK 722 million (1,590), of which 236 million (287) came from value growth in new construction.
- Profit after tax amounted to SEK 934 million (1,699), equivalent to SEK 2.9 per share (5.3).

Comparisons in brackets refer to the corresponding period of the previous year for performance measures, and the latest year-end for balance sheet measures, unless otherwise stated.

HANS WALLENSTAM, CEO

Wallenstam has a successful business model

“For Wallenstam, I can once again confirm that we have a business model that I feel very confident about, where we as a company create value even in such uncertain times. During the year, we continued to provide apartments and let commercial floor space, primarily offices, and both of these markets have been stable despite the turbulence in society. We also advanced a bit further on our journey towards the goal of achieving an increase in net asset value of SEK 40 per share through 2023. So far in our five-year business plan, we have generated just over SEK 19, and I am very satisfied with this!”

“We have also had the opportunity to further strengthen our project portfolio for future new production, and during 2020 we purchased land for future new production with construction starts planned both in the near future and with a longer planning horizon. The project portfolio now includes around 17,000 future possible apartments.”

Wallenstam in brief

Number of investment properties: 226
Value of investment properties: SEK 58 billion
Market capitalization: SEK 43 billion
Occupancy rate, lettable area: 98%
Lettable area: 1.2 million sq m
Number of apartments under construction: 2,321
Number of wind turbines: 66

SEK 853 million

GENERATED SURPLUS VALUE IN OUR NEW PRODUCTION DURING 2020

Read more about Wallenstam on page 23.

Important events fourth quarter

During the fourth quarter, a record number of apartments, 702 units, were completed and occupied. 249 of the completed apartments are in the Gothenburg region, while 453 are in the Stockholm region. 50 of the apartments are in the development property New York at Gärdet in Stockholm, which was vacated on December 15, 2020 in accordance with the agreement signed with the buyer in June.

Construction started of 84 apartments in Bandhagen Centrum in Stockholm during the quarter.

Wallenstam has acquired land for new construction in central Gothenburg. In addition, an agreement has been signed on the acquisition of land for future new production in Framtidens Stora Sköndal in Stockholm.

In the middle of December, an agreement was signed with SBB on the sale of two public use properties in central Gothenburg.

Wallenstam has also acquired further shares, for SEK 58 million, in Convendum through a new issue. Wallenstam now owns a total of 34.6 percent of the capital and 31.6 percent of the votes in Convendum.

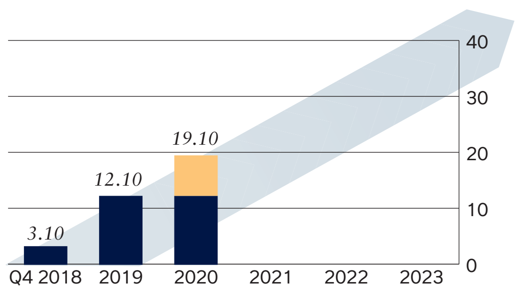
In late December, Wallenstam signed a letter of intent with the City of Stockholm on acquiring the building, which is used for the evacuation of Östermalmshallen.

Goal 2023 – Increase in net asset value of SEK 40 per share

In the business plan 2019–2023, Wallenstam's goal is to deliver an increase in net asset value of SEK 40 per share. The goal is measured from October 1, 2018 when the net asset value per share was SEK 79.20. On December 31, 2020, the net asset value per share was SEK 98.30, which represents an increase of SEK 7.00 per share during 2020 and SEK 19.10 per share in total to date during the business plan.

Net asset value
Net asset value describes the Group's total generated value and includes equity and deferred tax liability and amounted to SEK 31,746 million (29,501) on closing day. Deferred tax liability refers mainly to differences between carrying amounts and fiscal values of the Group's properties. A net deferred tax liability of SEK 5,811 million (5,322) is recognized in the balance sheet, which consists of a deferred tax asset of SEK 377 million (387) and a deferred tax liability of SEK 6,188 million (5,709).

INCREASE IN NET ASSET VALUE, SEK/SHARE



Comments by the CEO

The year we have now left behind us was a very unusual one. 2020 began in the same fantastic way as most years, with new opportunities, a lot of energy and a strong belief in the future. Quite soon, many of us realized that 2020 would be anything but normal, and in March when Covid-19 was classified as a pandemic, life and conditions changed for us, the business community and for society in a dramatic, almost surreal way.

Successful business model even in a crisis

For Wallenstam, I can once again confirm that we have a business model that I feel very confident about, where we as a company create value even in such uncertain times. During the year, we continued to provide apartments and let commercial floor space, primarily offices, and both of these markets have been stable despite the turbulence in society. However, businesses that depend on visitors such as restaurants and shops have faced a very tough time. We have done what we could to help them maintain their businesses for when society opens up again. We have given many of our tenants discounts both within the framework of the government rent support, and also helped, for example by purchasing a total of 15,000 lunches from our restaurant tenants, which we delivered to the needy in society.

Income from property management and net asset value are increasing

Despite the pandemic and its effects, we have managed to achieve higher income from property management than the previous year. This, I want to suggest, is a result of all the work that my fantastic co-workers have put in, where everyone with great commitment contributed and really battled during these very special circumstances.

We also advanced a bit further on our journey towards the goal of achieving an increase in net asset value of SEK 40 per share through 2023. So far in our five-year business plan, we have generated just over SEK 19, and I am very satisfied with this!

Value growth from new construction is increasing

Our business concept involving investments in new construction is generating positive changes in value on an ever-greater scale. In 2020, two thirds of the total change in value came from new production. It is primarily changes in net operating income that have generated the increase in value in the existing holdings.

We have also had the opportunity to further strengthen our project portfolio for future new production, and during 2020 we purchased land for future new production with construction starts planned both in the near future and with a longer planning horizon. The project portfolio now includes around 17,000 future possible apartments and in total we have around SEK 7 billion in ongoing and future projects and land, which do not generate any cash flow today, but will do so in the future. Overall, we expect to invest about SEK 15 billion in construction of new apartments during the business plan.

We have a stable foundation with an equity/assets ratio of 42 percent and a loan-to-value ratio of 46 percent. During the year and especially during the first six months, there was some turbulence in the financial market, which meant that our financing costs increased temporarily during this period. We have chosen to refrain from rating the company and mainly prefer bank financing, which feels particularly reassuring in times like these.

Record electricity production from our wind turbines

Sustainability work is important for Wallenstam, and we want to contribute to a better society in different ways. The fact that we create new apartments every year is perhaps our biggest sustainability initiative as a company. But we are also focusing on the climate issue, among other ways, through the four climate targets that we launched during the year. Since 2013 we have also been self-sufficient in renewable energy through wind power and we have now set a new record in our own electricity production. Our 66 wind turbines produced a total of 417 GWh during 2020! This is equivalent to the annual consumption of just over 20,000 houses or about 170,000 apartments.

Gold in the Swedish Design Award

During 2020, we carried out a change of our logo, which was launched in connection with our 75th anniversary in November 2019. Stationery, envelopes and printed material have been redone, new signs have been put up on façades and in entrances. A very nice surprise was that our new logo and visual identity won the Swedish Design Award recently in January!

Of course, it feels really great that our logo featuring the ant, which has now gained a modern look, is being recognized in this way! The ant as a symbol has been a natural part of the brand since the 1950s and symbolizes cooperation, endurance, strength and the art of building apartment blocks in carefully selected locations – qualities that are highly valued at Wallenstam.

Looking ahead to continued successful development

A big thank you to all employees, the Board, tenants, suppliers and shareholders who have accompanied us all the way here! Now we are looking ahead, and can detect light at the end of the tunnel. Hopefully, society and all of us can soon return to a more normal life, where we can once again meet colleagues, relatives and friends, shop, travel, socialize and eat in restaurants.

I see a fantastic future for Wallenstam. Our business concept has been shown to work well during the pandemic, and works even better in more normal times. We have a strong base, and we will continue to refine our offices, develop our ground floors and build even more apartments. Our results during 2020 have made it even clearer that our business model and strategy for the future are totally right for a continued successful development of the company.

Hans Wallenstam, CEO

Wallenstam and Covid-19

Property structure, new construction and financing
Wallenstam entered the crisis early in the year with a strong position both in terms of financial stability and well-located property holdings in Gothenburg, Stockholm and Uppsala. Approximately half of the holdings consist of residential and half of commercial.

Secured liquidity is particularly important during uncertain times. Our choice to retain a larger proportion of loans in banks, even though the capital market has been cheaper, has provided us with a good platform to stand on when it gets shaky in the capital market. In order to provide security and ensure that we can continue our operations with investments in new construction as planned, we chose early on, already in the first and second quarters, to secure our financing for the rest of the year. Our bond maturities during 2020 were matched with already agreed loans from the European Investment Bank. For the part of the commercial paper which is not refinanced, we have the possibility of using our backup facility with the bank. Apart from these measures, Hans Wallenstam has waived his salary starting from April and for the rest of year, and the directors' fees for the members of the Board of Directors are unchanged for 2020. In addition, the Annual General Meeting decided in April not to issue any dividend and wait until the consequences of the pandemic could be better assessed. In September, an Extraordinary General Meeting was called, where a resolution was passed on a dividend of SEK 0.50 per share for the 2019 financial year. Wallenstam has major investment plans for new production of apartments and wants to be prepared for the business opportunities that may arise in the near future. In combination with these opportunities, it is positive to also be able to give the shareholders a balanced dividend in view of the fact that the pandemic is still underway.

As regards new construction of rental apartments, we have worked to secure material and labor for our projects in progress so that they can be completed on schedule. We hold regular pulse meetings with our contractors in order to handle any disruptions at an early stage so that we do not experience any production stoppages, which has proved to work well to date. However, the municipalities' processing times, for example for handling building permits, have become longer, which for us has meant that we were unable to start our planned projects at the rate we had wanted. No projects have been cancelled, but some starts have been brought forward as a consequence of this.

Rental income and management
We have evenly distributed property holdings between residential and commercial. Our commercial premises are mainly located in central Gothenburg where there is a continued flow of people, even though Covid-19 had a major impact in the short term. During the second half of 2020, we were able to complete a number of new lets, primarily apartments and office space. As a landlord, we always try to work close to our tenants, which also applies in particularly uncertain times and in relation to the challenges that have arisen as a consequence of Covid-19. In the first place, we have provided support through temporary rent discounts but also by purchasing goods and services aimed at helping the tenants to maintain their regular business. Through these support purchases, we have also had the opportunity to support, for example ambulance and hospital staff with food and drinks as well as various aid organizations in our society such as the City Mission and the Rescue Mission, for instance with food deliveries at a time when they are probably needed most. In total, we provided 15,000 lunches and 4 tons of drinks, energy bars and various small snacks in this way. In those cases where we made purchases to support our tenants, and where what we purchased was donated, we equate this for accounting purposes with a temporary discount. During the second half of 2020, we mainly offered deferrals, and also provided support to some more tenants. In total, the year's rent discounts and other support related to Covid-19 gave a net effect of about SEK -21 million.

Employees
Wallenstam is following the Public Health Agency of Sweden's recommendations and holds regular pulse meetings with experts within the healthcare system in order to prevent, handle and limit the risk of spread of infection.

Wallenstam is flexible regarding the possibilities for employees to work from home, depending on the employee's needs and wishes in relation to both the work situation and commuting possibilities. In principle, all business trips have been replaced by digital forms of meeting.

The digital, virtual viewings prior to letting of our new construction projects that we introduced during the second quarter will continue in the future.

Consolidated income statement

SEK million	Note	Jan-Dec 2020	Jan-Dec 2019	Oct-Dec 2020	Oct-Dec 2019
Rental income		2,131	2,026	555	515
Operating expenses		-519	-497	-147	-145
Net operating income, properties		**1,613**	**1,529**	**408**	**370**
Management costs and administrative expenses		-243	-228	-75	-64
Financial income		4	4	1	0
Financial expenses		-243	-198	-63	-49
Income from property management		**1,131**	**1,108**	**271**	**257**
Realized changes in value, financial instruments		4	-	-	-
Participation in profits/losses of associated companies		-1	-5	5	-1
Revenue, development property sales		537	324	431	10
Expenses, development property sales		-371	-232	-321	-7
Other income	1	168	298	28	54
Other expenses	1	-195	-299	-61	-44
Financial expenses, other	1	-21	-25	-5	-8
Profit before changes in value and impairment losses		**1,253**	**1,169**	**347**	**261**
Changes in value, investment properties		1,339	2,600	722	1,590
New construction		853	792	236	287
Other		486	1,808	486	1,303
Unrealized changes in value, financial instruments		-162	-264	77	332
Unrealized changes in value, synthetic options*		-36	-40	7	-5
Profit before tax		**2,393**	**3,464**	**1,153**	**2,178**
Current tax		0	0	0	0
Deferred tax		-485	-727	-219	-479
Profit for the period, after tax		**1,908**	**2,737**	**934**	**1,699**
OTHER COMPREHENSIVE INCOME					
Items that may be transferred to profit/loss for the period		23	0	21	-2
Items that may not be transferred to profit/loss for the period		0	60	0	1
Tax attributable to other comprehensive income		-3	-1	-2	0
Comprehensive income		**1,927**	**2,796**	**953**	**1,698**
DISTRIBUTION OF PROFIT FOR THE PERIOD AFTER TAX					
Profit for the period attributable to parent company shareholders		1,908	2,737	934	1,699
Average number of outstanding shares, thousands		323,000	323,000	323,000	323,000
Profit after tax per share (SEK), dilution does not occur		5.9	8.5	2.9	5.3

*Includes unrealized expenses connected with the execution of the scheme.

Note 1 – 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 “Financial expenses, other”. Profit before changes in value and impairment charges were unchanged compared to previous periods.

SEK million	Jan-Dec 2020	Jan-Dec 2019	Oct-Dec 2020	Oct-Dec 2019
Electricity revenue	142	292	26	52
Electricity expenses	-89	-199	-36	-19
Depreciation	-76	-76	-19	-19
Management costs and administrative expenses	-11	-20	-3	-4
Net operating income energy	**-34**	**-3**	**-32**	**10**
Financial expenses electricity	-21	-25	-5	-8
Previously Income from natural energy management operations	**-55**	**-27**	**-38**	**2**

Comments on the consolidated income statement

OCTOBER 1–DECEMBER 31

Rental income during the fourth quarter amounted to SEK 555 million (515), an increase of almost 8 percent. New construction generated SEK 25 million in increased revenue. In comparable holdings, revenue increased by SEK 6 million compared to the previous year. In addition, SEK 7 million was added in respect of rent support. This support has been recognized in line with receiving payment and on closing day, no further receivables remained.

Operating expenses increased as a result of additional recently produced properties and higher charges. Net operating income increased by 10 percent to SEK 408 million (370), which corresponds to a surplus ratio of 73.5 percent (71.8).

Net financial items investment properties amounted to SEK -61 million (-49) and were affected negatively mainly by higher interest-bearing liabilities.

Income from property management amounted to SEK 271 million (257). Changes in value of properties were positive and amounted to SEK 722 million (1,590), of which SEK 236 million (287) came from our new construction operations.

Swap interest rates increased during the fourth quarter, therefore the deficit values decreased and the development in the value of interest rate derivatives was thus positive, SEK 77 million (330).

Profit after tax for the fourth quarter of 2020 amounted to SEK 934 million (1,699), which corresponds to earnings per share of SEK 2.9 (5.3).

JANUARY 1–DECEMBER 31

Rental income

Rental income for the period increased by SEK 105 million, 5 percent, and amounted to SEK 2,131 million (2,026). Rental income growth during the period came mainly from occupations in our recently produced residential apartment buildings. Rental income in the existing holdings also increased, but was affected by temporary Covid-19 discounts to commercial customers of about SEK 21 million net.

Wallenstam's revenue is evenly distributed between residential properties and commercial premises. Our residential property holdings are fully let. Our commercial properties are situated in central locations in Gothenburg, with offices as our single largest type of commercial premises. The surrender rate, which reflects how large a proportion of the cancellable leases are extended, amounted to 87 percent (87). Our occupancy rate for commercial properties in terms of lettable area amounted to 94 percent on closing day compared to 96 percent at the previous year-end.

Operating expenses & net operating income

Operating expenses for the period amounted to SEK 519 million (497) and increased as a result of additional recently produced properties and increased costs for property operation due to higher charges. Seasonal effects at Wallenstam consist mainly of variable operating expenses. These are usually highest during quarters one and four when expenses for heating and property maintenance are generally higher. Climate-related expenses were almost SEK 8 million lower during 2020 than in 2019. Net operating income increased by SEK 83 million or 5.4 percent and amounted to SEK 1,613 million (1,529). Added efficient new production accounted for most of this growth as the existing holdings were affected by temporary discounts. The surplus ratio was 75.7 percent (75.5).

Management costs and administrative expenses

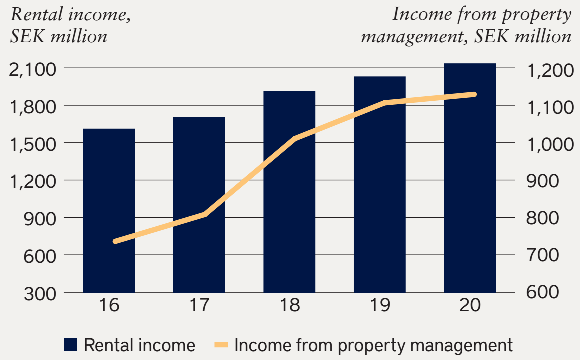
Management costs and administrative expenses totaled SEK 259 million (254) and are distributed among property management, SEK 243 million (228), energy management, SEK 11 million (20) and property transactions, SEK 5 million (6).

Financial income & expenses

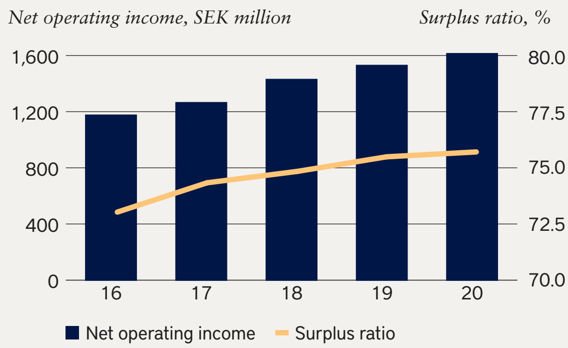
Financial income amounted to SEK 4 million (4) and financial expenses totaled SEK 263 million (223), and are distributed among property operations and other, which mainly consists of natural energy. Capitalized interest amounted to SEK 112 million (83).

The average debt for the year was SEK 3.3 billion higher than the previous year, due to continued investments in new construction. The average interest rate on closing day, which reflects future interest to pay in relation to our loans, was 1.21 percent (1.22). During the year, the average interest rate amounted to 1.29 percent (1.20).

RENTAL INCOME AND INCOME FROM PROPERTY MANAGEMENT



NET OPERATING INCOME AND SURPLUS RATIO



Realized changes in value, financial instruments

Realized changes in value of financial instruments during the year consisted of the divestment of the Group's holding in Eolus Vind AB, which was sold for SEK 36 million during the second quarter of the year. The holding, which was important for the Group's wind power investments, also generated annual dividends and a realized profit of SEK 27 million, of which SEK 23 million has been recognized as an unrealized change in value in previous reports.

Income from sales of development properties

A profit or loss from sales of development properties is recognized when the apartment or property is taken into possession by the purchaser. Apart from the cost, selling and marketing expenses are also included, which are expensed as they arise.

Net profit from sales during the year amounted to SEK 167 million (92) and included sales of the development property New York, apartments in the Vasagatan 33 project, individual co-op apartments as well as costs.

Other income & Other expenses

The Group's electricity production as well as additional other income and expenses are recognized as other income and other expenses.

Electricity revenue and electricity expenses for the period were significantly lower than the previous year. This was mainly explained by the divestment of the electricity trading business area. Production of electricity increased, by 13 percent in total compared to the previous year, and amounted to 417 GWh (367). The price of electricity and renewable energy certificates decreased, however, which meant that sales from electricity production were lower compared to the previous year.

In the fourth quarter, other expenses were affected by SEK 24 million in respect of currency effects, which in previous years were recognized in Other comprehensive income and are now transferred to the income statement. Corresponding positive items are found in Other comprehensive income as this is only a presentation issue with no impact on consolidated comprehensive income.

Changes in value, investment properties

Changes in value of investment properties during the period totaled SEK 1,339 million (2,600), of which 853 million (792) came from gradual value growth in our new construction.

Unrealized changes in value, financial instruments

The unrealized change in value of 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 derivatives developed negatively during the year, SEK -161 million (-269). On closing day, the 10-year swap rate amounted to 0.37 percent, compared to 0.68 percent at the start of the year.

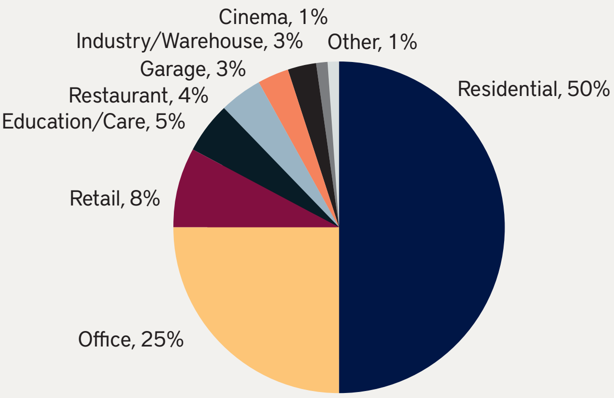
Unrealized changes in value, synthetic options

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 estimated cost in the event of a maximum outcome is SEK 330 million. At the start of the scheme in May 2018, personnel were invited to acquire the allocated number of options at a market price. The value of the synthetic options, which varies with Wallenstam's share price, has increased during 2020. The unrealized development in value including costs connected to the scheme, amounted to SEK 36 million (40) during the year. To date, the total recognized obligation for the scheme amounts to SEK 89 million (53).

Taxes

The tax expense for the period, which consists in its entirety of deferred tax, amounted to SEK 485 million (727) net. Tax was calculated at 21.4 percent on current taxable income while deferred tax liabilities and receivables were calculated at the lower tax rate of 20.6 percent that applies starting from 2021. The tax expense for the year was positively impacted by SEK 19 million (28) as a result of remeasurement to the corporate tax rate of 20.6 percent.

DISTRIBUTION, RENTAL VALUE



THE TEN LARGEST COMMERCIAL TENANTS BY FLOOR SPACE

Tenant	Floor space, sq m
City of Gothenburg	19,846
Essity Hygiene and Health AB	15,639
Filmstaden AB	14,508
Academedia AB	11,427
The National Archives of Sweden	11,000
Västra Götaland County Council	10,128
Ica Fastigheter AB	6,906
Sandryds Handels AB	6,730
Folkuniversitetet	6,308
Frisk Service i Göteborg AB	6,212
Total	**108,704**

Our total commercial floor space is approximately 510,000 sq m.

Consolidated balance sheet, condensed

SEK million	Dec 31, 2020	Dec 31, 2019
ASSETS		
NON-CURRENT ASSETS		
Investment properties	57,933	52,354
Wind turbines	1,033	1,109
Participations in associated companies	220	133
Financial assets	529	549
Financial derivative instruments	10	6
Other non-current assets	81	71
Total non-current assets	**59,806**	**54,222**
CURRENT ASSETS		
Development properties	126	175
Financial derivative instruments	-	2
Other current assets	130	161
Cash and cash equivalents	518	129
Total current assets	**774**	**467**
Total assets	**60,581**	**54,689**
EQUITY AND LIABILITIES		
EQUITY		
Equity	25,557	23,792
Equity attributable to non-controlling interests	0	2
Total equity	**25,558**	**23,794**
NON-CURRENT LIABILITIES		
Deferred tax liability	5,811	5,322
Other provisions	142	188
Interest-bearing liabilities	6,406	3,883
Financial derivative instruments	522	356
Lease liability	492	420
Other non-current liabilities	21	36
Total non-current liabilities	**13,394**	**10,205**
CURRENT LIABILITIES		
Interest-bearing liabilities	20,885	19,998
Financial derivative instruments	3	2
Lease liability	1	1
Other current liabilities	740	689
Total current liabilities	**21,629**	**20,690**
Total equity and liabilities	**60,581**	**54,689**

Comments on the consolidated balance sheet

OUR PROPERTIES

Development during the period

During the year, we invested a total of SEK 4,471 million (3,833), of which SEK 4,347 million (3,781) in investment properties and SEK 124 million (52) in development properties. New construction projects in progress involve 2,321 apartments. The total value of rental apartment and development projects in progress amounted to SEK 6.8 billion (5.8) on closing day.

The right of use value for land granted with site leasehold rights has been estimated at SEK 476 million (402) and is recognized as a part of the properties' value.

Investment properties

Changes in value affected the value of investment properties positively by SEK 1,339 million (2,600) in total, of which SEK 853 (792) came from value growth in properties under construction.

The average yield requirements were unchanged from the previous report.

On closing day, the average yield requirement amounted to about 4.5 percent for the commercial holdings and to about 3.1 percent for residential properties in operation. The value of investment properties amounted to SEK 57,933 million (52,354) at the end of the period.

Development properties

Development properties include the co-op apartment project Bandhagen Centrum in Stockholm and three remaining apartments in the Vasagatan 33 project in Gothenburg. The book value of Development properties amounted to SEK 126 million (175) at the end of the period.

Our markets

The cities in which we do business are characterized by growth and heavy demand for housing. Only a minor proportion of our rental apartments become available for rent due to relocation, and demand for finished, newly built rental apartments is high.

We build mainly rental apartments, but also cooperative apartments, for example when the land available for rental apartment construction is limited. Our flexible business model, where co-op apartment sales do not start until the project is approaching completion, makes it possible to convert a co-op apartment project into a rental apartment project if demand for co-op apartments is uncertain.

We see that demand for central office space in Gothenburg is still stable. Retail and restaurant space has been impacted to a greater extent by the ongoing pandemic, which has accelerated the shift, for example, for commerce.

Valuation

Investment properties

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.

In its assessments of property values, Wallenstam has used different yield requirements. The yield requirements reflect market conditions and differ based on where the property is located and what type of property it is, e.g. housing or offices, etc.

A valuation is calculated based on a property's net operating income including site leasehold rents, set in relation to the yield requirement for each property.

As our properties are valued separately, no consideration is given to the portfolio premium that may exist in the property market.

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.

Land rights and building rights for zoned land are measured at market value.

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.

TOTAL VALUE, PROJECTS IN PROGRESS

	Book value, SEK million
Land for future new production	939
Projects in progress, rental apartments	5,720
Development properties	126
Total projects in progress	**6,784**

CHANGES IN PROPERTY HOLDINGS, INVESTMENT PROPERTIES

	Book value, SEK million
Property holdings, January 1, 2020	52,354
+ Acquisitions	460
+ Construction	3,887
- Sales	-
+ Right-of-use asset site leasehold right	73
+ Changes in value, properties	1,339
- Reclassification development properties	-180
Property holdings, December 31, 2020	**57,933**

NEW CONSTRUCTION IN PROGRESS, DECEMBER 31, 2020

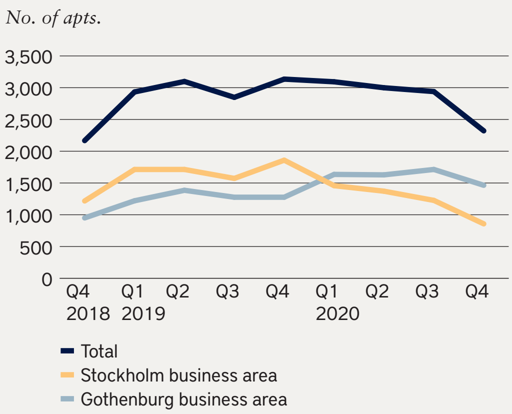
Project	No. of apts.	Occupation*	Sq m**	Of which completed apts. to date
STOCKHOLM				
Parkstråket 1, Haninge	154***	Q3 2020	13,500	54
Söra Kvarter, Österåker	305	Q3 2020	15,500	167
Allén, Tyresö	221	Q4 2020	13,500	100
Parkstråket 2, Haninge	131	Q4 2020	7,500	46
Umami Park, phase 2, Sundbyberg	141	Q4 2020	9,500	106
Umami Park, phase 3, Sundbyberg	133	2021	10,000	
Bandhagen Centrum (co-op) [i]	84	2022	4,500	
UPPSALA				
Flanören, Rosendal	161	2021	7,500	
GOTHENBURG				
Elisedal	336	Q4 2020	24,000	82
Godhems Backe	138	Q4 2020	6,500	77
Kv. Rosengången, Mölnlycke Fabriker, Härryda	123	Q4 2020	7,000	61
Kallebäcks Terrasser Kv. 9	165	2021	9,500	
Kallebäcks Terrasser Kv. 11	270	2021	16,000	
Kv. Kvarnen, Mölnlycke Fabriker, Härryda	185	2021	10,500	
Kallebäcks Terrasser Kv. 8	266	2022	15,000	
Kallebäcks Terrasser Kv. 10	85****	2022	8,000	
Kv. Väven, Mölnlycke Fabriker, Härryda	116	2022	7,000	
Commercial				
Kallebäcks Terrasser		2021	20,000	
Mölnlycke Fabriker		2021	20,000 [ii]	
Total apartments in projects	**3,014**		**225,000**	
of which in progress on December 31	**2,321**			

* Refers to estimated start of occupation. Occupation will occur gradually, often over several quarters.
** Number of sq m includes garage, and is rounded off to the nearest 500.
*** Of which 17 are co-living apartments with a total of 85 rooms for rent.
**** Of which 12 are co-living apartments with a total of 121 rooms for rent.
i Started during quarter 4, 2020.
ii Relates to two sports centers and a multistorey carpark.

CHANGE, CONSTRUCTION IN PROGRESS

	No. of apts.
New construction in progress, October 1, 2020	2,939
- Completed	-702
Parkstråket 1, Haninge (18)	
Söra kvarter, Österåker (58)	
Allén, Tyresö (100)	
Parkstråket 2, Haninge (46)	
Umami Park, phase 1B, Sundbyberg (75)	
Umami Park, phase 2, Sundbyberg (106)	
New York, Gärdet (development property) (50)	
Elisedal, Gothenburg (82)	
Godhems Backe, Gothenburg (77)	
Kv. Rosengången, Mölnlycke Fabriker, Härryda (61)	
Sten Stures kröningar, Regenten, Gothenburg (29)	
+ Started	84
New construction in progress, December 31, 2020	**2,321**

APARTMENTS, CONSTRUCTION IN PROGRESS



COMPLETED NEW CONSTRUCTION, 2020*

Name of property	Address	Year of construc-tion/ conversion	Residen-tial sq m	Office sq m	Retail/ Restaurant/ Cinema sq m	Industry/ warehousing sq m	Education/ Care sq m	Garage sq m	Other sq m	Total sq m	No. of apts.
STOCKHOLM											
Järnet 12 *(Project: Terrassen Elva)*	Bollmora Gårdsväg 20, 22	2020	2,376	-	163	-	-	-	-	2,539	54
Hacksta 1:72 *(Project: Norrgårdshusen)*	Norrgårdshöjden 1-8	2020	5,633	-	86	-	-	1,195	-	6,914	128
Framkallningen 3 *(Project: Trollesunds gårdar)*	Trollesundsvägen 56 A-F	2020	6,766	-	-	11	-	1,868	-	8,645	110
Passfotot 2 *(Project: Trollesunds gårdar)*	Trollesundsvägen 58 B-C	2020	3,005	-	-	-	-	651	-	3,656	48
Freden större 13 *(Project: Umami Park, phase 1A)*	Östra Madenvägen 7A, 7D / Gesällvägen 7, 7C, 9 / Odlingsgatan 4 B, C, D	2019	8,125	176	662	72	-	3,040	-	12,075	147
Freden Större 12 *(Project: Umami Park, Phase 1B)*	Fredens Torg 4 A- E	2020	2,856	-	325	-	-	-	-	3,181	75
New York 9 *(Project: New York, Development property)*	Sandhamnsgatan 1A / Värtavägen 68-70	2020	3,185		263	-	-	66	-	3,514	50
GOTHENBURG											
Heden 24:14 *(Project: Sten Stures Kröningar, Regenten**)*	Skånegatan 21-23/ Sten Sturegatan 38-44	2020	1,845	-	-	-	-	-	-	1,845	29
Total			**33,791**	**176**	**1,499**	**83**	**-**	**6,820**	**-**	**42,369**	**641**

** Refers to fully completed and fully occupied properties*
*** 1,845 sq m refers to an extension of an already existing property designation*

PROPERTY ACQUISITIONS, 2020

Name of property	Address	Year of construction/ conversion	Residen-tial sq m	Office sq m	Retail/ Restaurant/ Cinema sq m	Industry/ warehousing sq m	Education/ Care sq m	Garage sq m	Other sq m	Total sq m	No. of apts.
STOCKHOLM											
Murförbandet 1* (Bandhagen)											
Täby Tibble 10:8-9*											
Täby Bergkristallen 1*											
Österåker Hagby 1:98*											
UPPSALA											
Kvarngärdet 71:1*											
GOTHENBURG											
Majorna 721:75	Fiskhamnen 27	1973	-	-	-	1,207	-	-	-	1,207	0
Majorna 721:78, 721:81	Fiskhamnen 23-25	1974	-	-	-	2,416	-	-	-	2,416	0
Lorensberg 21:3*											
Total			**-**	**-**	**-**	**3,623**	**-**	**-**	**-**	**3,623**	**0**

** Land*

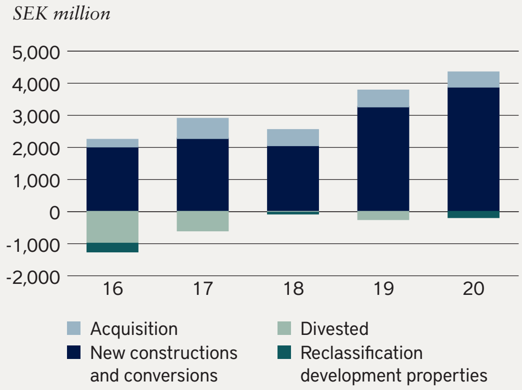
PROPERTY SALES, 2020

Name of property	Address	Year of construction/ conversion	Residen-tial sq m	Office sq m	Retail/ Restaurant/ Cinema sq m	Industry/ warehousing sq m	Education/ Care sq m	Garage sq m	Other sq m	Total sq m	No. of apts.
STOCKHOLM											
New York 9 (*Development property)*	Sandhamnsgatan 1A / Värtavägen 68-70	2020	3,185	-	263	-	-	66	-	3,514	50
Total			**3,185**	**-**	**263**	**-**	**-**	**66**	**-**	**3,514**	**50**

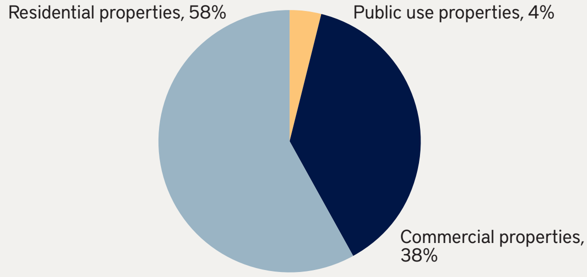
PROPERTY HOLDING STRUCTURE AS OF DECEMBER 31, 2020

Lettable area, sq m	Residential sq m	Office sq m	Retail/ Restaurant/ Cinema sq m	Industry/ warehousing sq m	Education/ Care sq m	Garage sq m	Other sq m	Total	Distribution, place	No. of apts.
Stockholm	315,399	30,870	11,649	9,117	5,957	52,452	15,239	440,683	36%	5,246
Uppsala	27,605	2,138	1,039	101	-	5,732	-	36,615	3%	542
Gothenburg	257,364	206,952	93,719	84,681	48,391	59,443	7,346	757,896	61%	4,158
Total	**600,368**	**239,960**	**106,407**	**93,899**	**54,348**	**117,627**	**22,585**	**1,235,194**	**100%**	**9,946**
Distribution by type of premises	49%	19%	9%	8%	4%	10%	1%	100%		

ACQUISITION, CONSTRUCTION AND SALES OF INVESTMENT PROPERTIES



PROPERTY TYPE, FLOOR SPACE



Shows the distribution of our property holdings per category.

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 cost less depreciation and impairment losses. Depreciation for the year amounted to SEK 76 million (76). Estimated value in use of land leases, based on minimum rents, amounted on closing day to SEK 16 million (17) and is recognized as part of the wind power value. On closing day, the consolidated book value of wind turbines amounted to SEK 1,033 million (1,109). The renewable energy certificate inventory and guarantees of origin amounted to SEK 1 million (14) on closing day.

FINANCING

Equity

Shareholders' equity, including non-controlling interests amounted to SEK 25,558 million (23,794), equivalent to SEK 79 per share (74). The equity/assets ratio was 42 percent (44).

Interest-bearing liabilities

On closing day, outstanding bond loans amounted to SEK 2,800 million (3,950), the outstanding volume of commercial paper, with a framework amount of SEK 4 billion, amounted to SEK 2,470 million (3,993), loans from the European Investment Bank totaled SEK 2,500 million (-) and total interest-bearing liabilities amounted to SEK 27,785 million (24,302), of which lease liability amounted to SEK 493 million (421). Of this liability, SEK 5.35 billion (1.8) consists of green loans, and SEK 1.65 billion (1.0) of green bonds.

All the bond loans of SEK 2,800 million (3,950) are contained within the framework of our MTN program (Medium Term Notes), which has a total framework amount of SEK 5 billion. The terms and conditions of the green bonds are the same as for 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 bond loans are listed on Nasdaq Stockholm.

The average remaining fixed interest term is 41 months compared to 38 months during the year-earlier period. Of the loan portfolio, 50 percent (41) of the loans have fixed interest terms longer than one year. On closing day, the average interest rate on our loans was 1.21 percent (1.22).

Financing of the loan portfolio is mainly secured by mortgage deeds for properties. The bond loans, commercial paper and the loan from the EIB are unsecured. The commercial paper program has underlying credit commitments for the outstanding volume of commercial paper at each date. Covenants are issued for the loan from the EIB and for the credit commitment for the commercial paper program.

Lease liability

The recognized lease liability corresponds to the rights of use for land leases and site leasehold rights. The liability on closing day totaled SEK 493 million (421).

Derivative instruments

Wallenstam's financial derivative instruments consist of interest rate and electricity derivatives. On closing day, Wallenstam had a net indebtedness in respect of derivative instruments of SEK 515 million, compared to a net indebtedness of SEK 349 million on December 31, 2019. Of this, interest rate derivatives accounted for SEK -512 million (-350), electricity derivatives for SEK 0 million (2) and currency derivatives for SEK -3 million (-1).

During 2020, the Group entered into new interest rate derivative contracts totaling SEK 2.45 billion. The total volume of outstanding interest rate derivatives, where Wallenstam pays fixed interest, amounts to SEK 12.15 billion compared to SEK 9.7 billion in the previous annual accounts.

Interest rate derivatives are used to obtain a desired interest maturity profile in a flexible, cost-efficient way. They are measured through discounting future cash flows at present value based on observable market interest rates and are classified at level 2. The arising deficit or surplus value for interest rate derivatives, which reflects how the Group's hedged interest rates relate to the market rate of interest on closing day, is recognized in the balance sheet and in unrealized changes in value, financial instruments in the income statement.

Currency derivatives are used to a limited extent in order to hedge purchasing from foreign countries. Hedge accounting is applied and therefore translation effects are recognized in other comprehensive income.

Available liquid assets

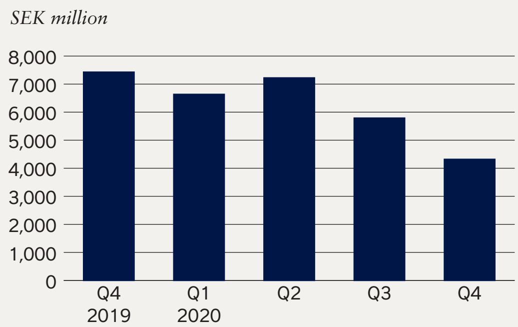
Available liquid assets, including available bank overdraft facilities, amounted to SEK 1,318 million (928). Approved overdraft facilities amounted to SEK 800 million (800), of which no portion was used on closing day. At the end of 2019, the EIB (European Investment Bank) approved a credit facility of SEK 2,500 million for new construction of energy-efficient rental apartments. During the year, SEK 2,500 million (-) was drawn down from the facility. During the third quarter, we opted to reduce the backup facility for commercial paper from SEK 4,000 million to SEK 3,000 million, since we have a lower volume of outstanding commercial paper. The Group's approved and unutilized credit facilities totaled SEK 3,000 million (6,500), excluding the overdraft facility.

On December 31, 2020, accessible liquidity totaled SEK 4,318 million (7,428), of which SEK 2,470 million (3,993) represents a credit commitment for issued outstanding commercial paper.

FIXED TERMS, AVERAGE INTEREST RATES, DECEMBER 31, 2020

Interest maturity structure	Amount, SEK million	Average interest rate, %	Proportion, %
0–1 year	13,518	1.51	49.5
1–2 years	300	0.70	1.1
2–3 years	401	1.09	1.5
3–4 years	1,000	0.64	3.7
4–5 years	2,423	1.06	8.9
5–6 years	1,700	0.90	6.2
6–7 years	1,700	1.05	6.2
7–8 years	1,700	1.06	6.2
8–9 years	1,900	0.87	7.0
> 9 years	2,650	0.73	9.7
Total	**27,291**	**1.21**	**100.0**

ACCESSIBLE LIQUIDITY



Consolidated statement of changes in equity

SEK million	Share capital	Other capital contributed	Other reserves	Profit brought forward	Non-controlling interests	Total equity
	– Equity attributable to parent company shareholders –					
Opening equity, Jan 1, 2019	**165**	**359**	**4**	**21,081**	**2**	**21,611**
Profit for the period	-	-	-	2,737	-	2,737
Changes in value, financial assets at fair value	-	-	60	-	-	60
Changes in value, owner-occupied properties	-	-	1	-	-	1
Translation difference	-	-	1	-	-	1
Changes in value, currency derivatives			-1	-	-	-1
Tax attributable to other comprehensive income	-	-	-1	-	-	-1
TRANSACTIONS WITH SHAREHOLDERS						
Dividends	-	-	-	-614	-	-614
Closing equity, Dec 31, 2019	**165**	**359**	**64**	**23,204**	**2**	**23,794**
Opening equity, Jan 1, 2020	**165**	**359**	**64**	**23,204**	**2**	**23,794**
Profit for the period	-	-	-	1,908	-	1,908
Translation difference	-	-	24	-	-	24
Changes in value, currency derivatives			-2	-	-	-2
Tax attributable to other comprehensive income	-	-	-3	-	-	-3
TRANSACTIONS WITH SHAREHOLDERS						
Dividend non-controlling interests	-	-	-	-	-2	-2
Dividends	-	-	-	-162	-	-162
Closing equity, Dec 31, 2020	**165**	**359**	**83**	**24,950**	**0**	**25,558**

Consolidated statement of cash flows

SEK million	Jan-Dec 2020	Jan-Dec 2019	Oct-Dec 2020	Oct-Dec 2019
Profit before changes in value and impairment losses*	1,253	1,169	347	261
Adjustment for items not included or arising in cash flow	-134	10	-88	11
Taxes paid	0	0	0	0
Cash flow before change in working capital	**1,119**	**1,179**	**259**	**272**
Change in working capital	96	174	-93	-15
Cash flow from operating activities	**1,215**	**1,353**	**166**	**257**
INVESTMENTS/DIVESTMENTS				
Investment in properties and individual co-op apartments	-4,484	-3,812	-1,124	-998
Investments in intangible assets & property, plant and equipment, and wind turbines	-22	-45	-7	-13
Investments in financial assets	-	-10	-	-10
Investments in associated companies	-88	-25	-58	-
Divestment of properties, development properties & property, plant and equipment	520	628	440	77
Cash flow from investing activities	**-4,074**	**-3,264**	**-749**	**-944**
FINANCING				
Raised interest-bearing liabilities	23,402	18,050	12,923	6,450
Amortization of interest-bearing liabilities	-19,994	-15,294	-12,150	-5,780
Net change in overdraft facilities	-	-119	-	-
Net change promissory notes	4	-59	0	-2
Advance payment futures contracts	-	-8	-	-
Divestment of financial assets	-	-	-	-
Dividend paid to minority owner	-2	-	-	-
Dividends paid	-162	-614	-162	-307
Cash flow from financing activities	**3,248**	**1,956**	**612**	**362**
Changes to liquid assets	**389**	**46**	**29**	**-325**
Cash and cash equivalents at beginning of the period	129	83	489	454
Cash flow for the period	389	46	29	-325
Cash and cash equivalents at the end of the period	518	129	518	129
Unutilized overdraft facilities at the end of the period	800	800	800	800
Blocked bank balances	-	-1	-	-1
Available liquid assets	1,318	928	1,318	928

* Includes interest paid and received, including gross flows from interest rate swap contracts, of SEK -365 million (-296) and SEK 3 million (3) respectively, of which SEK 112 million (83) was capitalized as a non-current asset.

Segments report

2020 **SEK million**	Gothenburg Jan-Dec	Stockholm Jan-Dec	Other Jan-Dec	Elimination Jan-Dec	Total Jan-Dec
INCOME STATEMENT					
Rental income	1,426	732	-	-27	2,131
Operating expenses	-326	-193	-	-	-519
Net operating income	**1,100**	**539**	**-**	**-27**	**1,613**
Management costs and administrative expenses	-141	-100	-29	27	-243
Net financial items	-244	-140	145	-	-239
Income from property management	**716**	**299**	**116**	**-**	**1,131**
Unapportioned items					
Realized changes in value, financial instruments					4
Participation in profits/losses of associated companies					-1
Sales result, development properties					167
Other income					168
Other expenses					-195
Financial expenses, other					-21
Profit before changes in value and impairment losses					**1,253**
Changes in value					1,140
Profit before tax					**2,393**
BALANCE SHEET					
Investment properties	35,291	22,642	-	-	57,933
Wind turbines	-	-	1,033	-	1,033
Development properties	13	113	-	-	126
Unapportioned assets	-	-	-	-	1,489
Total assets					**60,581**
Equity	-	-	-	-	25,558
Interest-bearing liabilities and lease liabilities	14,946	10,756	2,083	-	27,785
Unapportioned liabilities	-	-	-	-	7,238
Total equity and liabilities					**60,581**
Property investments in progress including land	*3,650*	*3,134*	-	-	*6,784*

2019 **SEK million**	Gothenburg Jan-Dec	Stockholm Jan-Dec	Other Jan-Dec	Elimination Jan-Dec	Total Jan-Dec
INCOME STATEMENT					
Rental income	1,402	648	-	-24	2,026
Net operating income, properties	**1,078**	**475**	**-**	**-24**	**1,529**
Income from property management	**706**	**257**	**144**	**-**	**1,108**
Unapportioned items					
Participation in profits/losses of associated companies					-5
Sales result, development properties					92
Other income					298
Other expenses					-299
Financial expenses, other					-25
Profit before changes in value and impairment losses					**1,169**
Changes in value					2,295
Profit before tax					**3,464**
BALANCE SHEET					
Investment properties	32,342	20,011	-	-	52,354
Wind turbines	-	-	1,109	-	1,109
Development properties	57	118	-	-	175
Unapportioned assets	-	-	-	-	1,051
Total assets					**54,689**
Equity	-	-	-	-	23,794
Interest-bearing liabilities	13,366	9,278	1,658	-	24,302
Unapportioned liabilities	-	-	-	-	6,593
Total equity and liabilities					**54,689**
Property investments in progress including land	*1,934*	*3,835*	-	-	*5,769*

The Wallenstam share

The Wallenstam B share is listed on Nasdaq Stockholm, Large Cap. During 2020, the Wallenstam share price increased by 15.4 percent. The property index OMX Stockholm Real Estate PI fell by 5.7 percent and the OMX Stockholm PI index rose by 12.9 percent during the same period.

At the end of the period, the Wallenstam share price was SEK 130.60 compared to SEK 113.20 at year-end 2019. The market capitalization was SEK 43,098 million (37,356) based on the total number of registered A and B shares. Equity per share amounted to SEK 79 (74). The highest price paid during the year was SEK 138.90 and the lowest was SEK 84.30.

Wallenstam has a mandate from the Annual General Meeting to repurchase so many shares, such that the company's holding at any one time does not exceed 10 percent of all shares in the company. No shares were repurchased during 2020. 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

In October 2020, SEK 162 million was disbursed to the shareholders. In 2019, a total of SEK 614 million was disbursed.

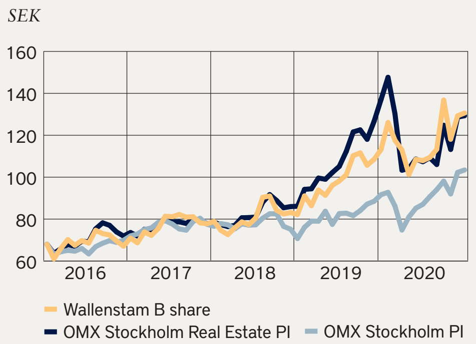
The Board of Directors will propose a dividend of SEK 1.20 per share (0.50) to the Annual General Meeting for the 2020 financial year, spread over two payment dates of SEK 0.60 each per share.

The proposed dividend is equivalent to a yield of 0.9 percent (0.4), based on the share price at the end of the period. The share's total yield in 2020 calculated on the distributed dividend, was 15.8 percent (40.0).

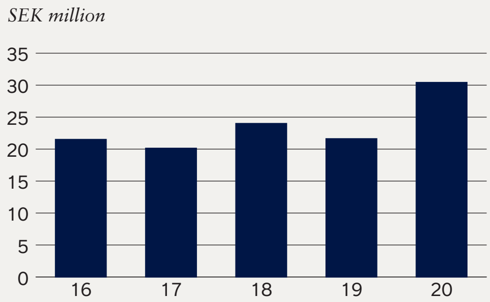
Turnover

During 2020, the Wallenstam share had an average daily turnover on Nasdaq Stockholm of about SEK 30.4 million (21.6).

SHARE PRICE TREND Q1 2016–Q4 2020



AVERAGE SHARE LIQUIDITY PER DAY



Refers to trading on Nasdaq Stockholm.

SHAREHOLDINGS, DECEMBER 31, 2020

	A shares	B shares	Equity, %	Votes, %
Hans Wallenstam and family, and company	34,500,000	49,110,000	25.34	62.21
AMF - Insurance and funds		32,317,332	9.79	5.10
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
Monica and Jonas Brandström		7,072,826	2.14	1.12
Bengt Norman		6,500,000	1.97	1.03
David Wallenstam		5,000,000	1.52	0.79
Elin Wallenstam Sjögren		4,327,240	1.31	0.68
Lisa Liljeqvist		4,279,240	1.30	0.68
Other owners		130,351,610	39.50	20.57
Total number 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 17 percent of equity and around 9 percent of votes.
Foreign ownership amounted to around 10 percent of equity and around 5 percent of the votes.

Source: Euroclear Sweden AB

*Repurchased own shares lack voting rights.

Parent Company

The parent company's primary operations are the performance of Group-wide services including financial services as well as trading in renewable energy certificates and guarantees of origin. In addition, the parent company owns a small number of properties.

Total revenue during the year amounted to SEK 458 million (456), of which rental income amounted to SEK 122 million (124).

The profit was impacted by changes in value of financial derivative instruments, SEK -164 million (-323), mainly due to falling swap interest rate levels. Profit after tax amounted to SEK 471 million (234).

Investments in intangible assets and property, plant and equipment during the year amounted to SEK 29 million (22). Parent company external loans amounted to SEK 13,827 million (13,421) on closing day.

INCOME STATEMENT, PARENT COMPANY

SEK million	Jan-Dec 2020	Jan-Dec 2019
Management revenue	290	273
Rental income	122	124
Revenue, sales of renewable energy certificates	45	57
Other revenue	1	2
Total revenue	**458**	**456**
Management costs and administrative expenses	-367	-359
Operating expenses	-36	-36
Depreciation and impairment losses properties	-31	-30
Expenses, sales of renewable energy certificates	-21	-52
Change in value, synthetic options scheme	-36	-40
Other expenses	-2	-2
Total expenses	**-493**	**-519**
Operating income	**-35**	**-63**
Profit/loss from participations in Group companies	473	33
Interest income and similar profit/loss items	533	455
Interest expenses and similar profit/loss items	-308	-223
Changes in value, derivative instruments	-164	-323
Net financial items	**534**	**-59**
Profit/loss after financial items	**500**	**-122**
Appropriations	-63	373
Tax on net profit/loss	34	-17
Profit/loss after tax	**471**	**234**
OTHER COMPREHENSIVE INCOME		
Changes in value, currency derivatives	-2	-1
Tax attributable to other comprehensive income	0	0
Comprehensive income	**470**	**233**

BALANCE SHEET, PARENT COMPANY

SEK million	Dec 31, 2020	Dec 31, 2019
Assets		
Properties	1,319	1,340
Participations in Group companies	5,932	5,879
Financial derivative instruments	10	8
Receivables from Group companies	23,632	21,894
Other assets	239	206
Cash and cash equivalents	518	122
Total assets	**31,649**	**29,449**
Equity and liabilities		
Equity	10,778	10,470
Provisions	122	84
Interest-bearing external liabilities	13,827	13,421
Liabilities to Group companies	6,272	4,994
Financial derivative instruments	524	357
Other liabilities	126	123
Total equity and liabilities	**31,649**	**29,449**

Proposed dividend, repurchase and assignment of own shares etc.

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

» A dividend of SEK 1.20 per share (0.50), spread over two payment dates of SEK 0.60 each per share. The record day for the first payment is proposed to be April 29, 2021 and October 30, 2021 for the second payment. The proposed dividend is equivalent to a yield of 0.9 percent (0.4), based on the share price at the end of the period. 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. When determining the size of the dividend, consideration should 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.

» Authorization for the Board until the next AGM, on one or more occasions, to take decisions regarding the purchase of so many B shares on Nasdaq Stockholm, such that the company's holding at any one time does not exceed 10 percent of all shares in the company.

» Authorization for the Board to take decisions regarding the assignment of the company's own shares.

The work of the Board

Wallenstam's Board, due to the passing of Christer Villard during fall 2019, was composed of four members until April 28, 2020. From the Annual General Meeting on April 28, 2020, the Board has been composed of five members. In 2020, the Board held 13 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 was dominated by the ongoing Covid-19 pandemic and focused in particular on strategy discussions, questions relating to market conditions and financing, sustainability and compliance issues and investments.

The Board conducted an evaluation of its work during 2020. The evaluation was conducted under the leadership of the Chairman of the Board in the form of individual interviews with each of the Board members, and an account of this, followed by an open discussion within the Board. The evaluation found that the Board work is functioning very well.

Other information

OPPORTUNITIES & RISKS
Wallenstam's opportunities and risks, and how we manage them, are presented in the 2019 Annual Report on pages 34–39. No significant changes have taken place since then.

SENSITIVITY ANALYSIS
As of December 31, 2020, the estimated market value of the properties amounted to around SEK 58 billion. A change in value of plus/minus 10 percent is thus equivalent to about plus/minus SEK 5.8 billion. A general change of plus/minus 0.25 percentage points in property yield requirements is equivalent to about SEK -3.3 billion or SEK +3.8 billion, while a general change of revenue of 5 percent is equivalent to about plus/minus 3.0 billion.

A change in the interest rate of plus/minus 50 points is equivalent to about plus/minus SEK 68 million.

A change in the electricity price of 1 öre per kWh is equivalent to about plus/minus SEK 39 million during valuation of wind turbines, while a change in the renewable energy certificate price of 1 öre per kWh is equivalent to about SEK +19 million or SEK -3 million during valuation of wind turbines.

TRANSACTIONS WITH RELATED PARTIES
Wallenstam's related parties consist chiefly of Group companies. Board members, company management and their families and the companies they control are also 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 5 million in net expenditure for the year. 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.

A member of Wallenstam's Board, through his own consulting company, sold consulting hours to Wallenstam for SEK 1.2 million.

In June, an agreement was signed on the divestment of Wallenstam's new construction project New York in Stockholm. The buyer is a company where a member of Wallenstam's Board of Directors is a board member. The agreed property value amounted to approximately SEK 420 million and the property was taken into possession in December 2020. As part of the agreement, Wallenstam will be responsible for the technical management for a period of two years from the date of taking possession.

Wallenstam's involvement in environmental and social responsibility issues is described in more detail on pages 27–33 of the 2019 Annual Report. 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, Barn i Nöd (Swedish International Help for Children) and Bethlehem Church. During the year, the Rescue Mission in Gothenburg received contributions and discounts equivalent to SEK 3.4 million, Barn i Nöd received contributions of SEK 1.8 million and Bethlehem Church received contributions of SEK 0.2 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.

ROUNDING OFF
As a result of rounding off, figures presented in this report do not, in some cases, sum up exactly to the total and percentages may differ in order for them to correspond to the actual numerical data.

ACCOUNTING PRINCIPLES
This report was prepared in accordance with IAS 34. The accounting principles are unchanged compared to the 2019 Annual Report. The Parent Company's accounting principles comply with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.

New and amended standards and principles that entered into force on January 1, 2020 or subsequently are not expected to have any material impact on the Wallenstam Group's financial statements.

EVENTS AFTER THE END OF THE REPORTING PERIOD
No events of material importance for the company's position have occurred after the end of the reporting period.

Key ratios – multi-year summary

Accumulated during period	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
PROPERTY-RELATED KEY RATIOS									
Net operating income, properties, SEK million	1,613	1,205	781	386	1,529	1,159	756	364	1,429
Surplus ratio, property management, %	75.7	76.4	75.1	73.8	75.5	76.7	75.6	73.2	74.8
Income from property management, SEK million	1,131	860	549	275	1,108	851	547	260	1,011
Changes in value, new construction, SEK million	853	616	429	254	792	505	307	132	598
Value of investment properties, SEK million	57,933	56,226	55,127	53,619	52,354	49,793	48,757	47,289	45,811
Area, sq m (thousand)	1,235	1,231	1,230	1,210	1,201	1,199	1,188	1,181	1,186
Occupancy rate – lettable area, %	98	97	98	98	98	98	99	99	99
Development properties, net, SEK million	126	291	281	170	175	154	155	156	317
FINANCIAL KEY RATIOS									
Profit after tax, SEK million	1,908	974	631	309	2,737	1,038	575	340	2,998
Return on equity, %	7.8	11.2	12.0	11.9	12.3	10.4	10.6	14.6	14.8
Return on total capital, %	4.6	6.6	7.0	7.0	7.2	6.1	6.2	9.5	9.7
Interest coverage ratio, times	5.8	5.7	5.9	6.1	6.3	7.0	7.4	1.5	1.3
Loan-to-value ratio, %	46	46	46	45	45	45	46	45	45
Average interest rate on closing day, %	1.21	1.27	1.40	1.31	1.22	1.23	1.24	1.25	1.06
Average fixed-interest term, months	41	38	39	38	38	40	41	44	39
Equity/assets ratio, %	42	42	42	43	44	43	43	44	45
Equity, SEK million	25,558	24,766	24,423	24,104	23,794	22,402	21,899	21,951	21,611
Net asset value, SEK million	31,746	30,715	30,295	29,897	29,501	27,666	27,047	27,011	26,574
Market capitalization, SEK million	43,098	45,144	35,607	37,290	37,356	36,828	32,406	30,971	27,126
Repurchase of shares, SEK million	-	-	-	-	-	-	-	-	229
Per share data									
Profit after tax, SEK	5.9	3.0	2.0	1.0	8.5	3.2	1.8	1.1	9.3
P/E ratio, times	22.1	16.5	12.5	13.5	13.4	15.9	14.0	10.0	8.9
Cash flow from operating activities, SEK	3.8	3.2	2.2	1.1	4.2	3.4	2.1	1.1	1.1
Equity, SEK	79	77	76	75	74	69	68	68	67
Net asset value per share, SEK	98.30	95.10	93.80	92.60	91.30	85.70	83.70	83.60	82.30
Share price, SEK	130.60	136.80	107.90	113.00	113.20	111.60	98.20	93.85	82.20
Shares outstanding, average, thousands	323,000	323,000	323,000	323,000	323,000	323,000	323,000	323,000	323,854
Shares outstanding at end of period, thousands	323,000	323,000	323,000	323,000	323,000	323,000	323,000	323,000	323,000

Quarterly overview

	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019	Jan-Mar 2019	Oct-Dec 2018
Rental income, SEK million	555	536	518	523	515	510	503	497	488
Net operating income, properties, SEK million	408	424	395	386	370	403	392	364	351
Surplus ratio, property management, %	73.5	79.1	76.3	73.8	71.8	79.0	77.9	73.2	71.9
Income from property management, SEK million	271	310	275	275	257	304	287	260	253
Return on equity, %	7.8	11.2	12.0	11.9	12.3	10.4	10.6	14.6	14.8
Earnings per share after tax, SEK	2.9	1.1	1.0	1.0	5.3	1.4	0.7	1.1	3.8
Cash flow per share from operating activities, SEK	0.5	1.0	1.1	1.1	0.8	1.3	1.0	1.1	0.9
Equity per share, SEK	79	77	76	75	74	69	68	68	67
Net asset value per share, SEK	98.30	95.10	93.80	92.60	91.30	85.70	83.70	83.60	82.30
Share price, SEK	130.60	136.80	107.90	113.00	113.20	111.60	98.20	93.85	82.20

Earnings-based key ratios are calculated on the average number of outstanding shares; yield figures are calculated on rolling twelve-month profit or loss.

Starting from Q1 2020, EPRA NAV is not reported, as Wallenstam is not a member of EPRA.

Report signatures

The Board and CEO certify that the year-end report provides a fair view of the Parent Company's and Group's operations, financial position and results and describes the significant risks and uncertainties to which the Parent Company and Group Companies are exposed.

Gothenburg, February 9, 2021

Lars-Åke Bokenberger
Chairman of the Board

Karin Mattsson
Vice Chairman of the Board

Anders Berntsson
Board member

Agneta Wallenstam
Board member

Mikael Söderlund
Board member

Hans Wallenstam
CEO

Definitions

Share yield
The proposed dividend as a percentage of the share price at the end of the period.

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.

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 guidelines unless otherwise stated.

The number of shares
The number of registered shares at any given time.
Number of shares outstanding: the number of registered shares less repurchased own shares at any given time.
Average number of shares: weighted average number of shares outstanding at any given time.

Residential property
Property, which predominantly consists of residential space.

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.

Market capitalization
Share price multiplied by the number of registered shares on the closing day.

Net operating income
Rental income less operating and maintenance expenses, and property tax.

Development properties
Development properties refer to properties constructed with the intention of being sold after completion.

Rental value*
Rental income and the estimated market rent for vacant space.

Cash flow per share
Cash flow for the period in relation to the average number of shares outstanding.

Cash flow from operating activities per share
Cash flow from operating activities for the period in relation to the average number of shares outstanding.

Commercial property
Property, which predominantly consists of commercial space.

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.

Return on equity**
Profit after tax in relation to average equity, calculated on a rolling 12-month basis.

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.

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.

Public use property
Property, which is predominantly used by tax funded activities and is specifically adapted for community services.

Average interest
Interest expenses for the period including profit or loss on swap agreements realized during the period in relation to interest-bearing liabilities.

Equity/assets ratio
Equity in relation to total capital employed at the end of the period.

Net asset value
Equity with the addition of deferred tax liabilities.

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.

Occupancy rate – lettable area
Let floor space in relation to total floor space.

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 at the previous reporting period and gains or losses from the change in the assessed market value of investment properties compared to the previous reporting period.
Changes in value, New construction: 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.
Change in value Other: Refers to changes in the value of investment properties, which have been in operation for one calendar year or more.

Surrender rate
Proportion of leases extended in relation to the proportion of cancellable leases.

Surplus ratio
Net operating income as a percentage of rental income.

For further information, please refer to: www.wallenstam.se/glossary

*Operational key ratios, are not considered alternative key ratios according to ESMA's guidelines.

** **Bridge alternative performance measures**	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
Equity, SEK million	25,557	24,766	24,423	24,102	23,792	22,400	21,897	21,949	21,609
Average equity, SEK million	24,528	23,896	23,323	22,828	22,329	21,708	21,278	20,813	20,305
Total assets, SEK million	60,581	58,977	58,336	55,959	54,689	52,459	51,177	49,945	48,262
Average total assets, SEK million	57,708	56,084	54,524	52,846	51,306	49,700	48,333	46,983	45,728

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

This is Wallenstam

BUSINESS PLAN 2023

Goal
To achieve an increase in net asset value of SEK 40 per share starting from October 1, 2018 through December 31, 2023.

Guiding principles

» We shall exceed customer expectations and improve the overall impression of Wallenstam every year through attractive apartments and premises as well as good service.
» Through our strong corporate culture, we shall be an attractive employer and improve our Engagement Index score every year.
» We shall reduce our environmental impacts every year, through initiatives within the focus areas energy, transports and resources.

Defined key ratios

» The equity/assets ratio should not be less than 30 percent.

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.

WALLENSTAM TODAY

Wallenstam was founded in 1944 and the head office is located in Gothenburg. The company's B share is listed on Nasdaq Stockholm, Large Cap and Wallenstam is one of the larger listed property companies in Sweden.

Our residential properties are located in Stockholm, Uppsala and Gothenburg, while our commercial properties are concentrated towards inner city locations in Gothenburg. All in all, Wallenstam has around 10,000 apartments and 1,000 commercial tenants. Wallenstam is a major producer of homes in the regions where we operate and we mainly build rental apartments for our own property management.

Wallenstam is self-sufficient in renewable energy through its 66 own wind turbines in operation. Production covers our own properties' energy needs and those of our tenants.

Operations are conducted in the Stockholm business area and the Gothenburg business area.

Stockholm

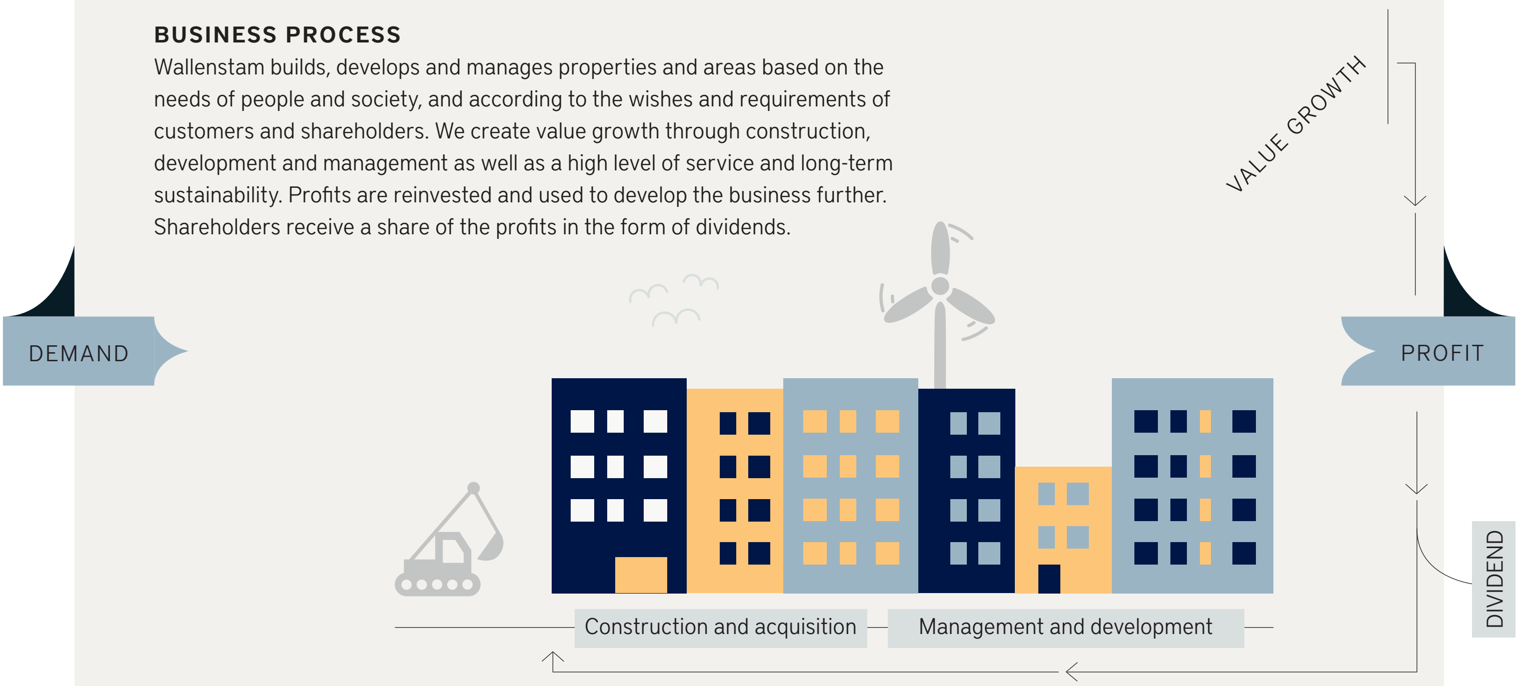
The majority of our apartments, about 5,900, are located in the Stockholm business area. Approximately 500 of these apartments are located in Uppsala. The Stockholm business area had around 900 apartments under construction on closing day.

Gothenburg

Our property holdings in the Gothenburg business area consist of just over 4,100 apartments and about 900 commercial tenants that rent office and retail premises, mainly in inner city locations. The Gothenburg business area had around 1,500 apartments under construction on closing day.

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 as well as a high level of service and long-term sustainability. Profits are reinvested and used to develop the business further. Shareholders receive a share of the profits in the form of dividends.



Calendar

Publication of Annual report 2020	week commencing March 22, 2021
Interim report Q1, 2021	April 27, 2021
Annual General Meeting 2021, Gothenburg	April 27, 2021
Interim report Q2, 2021	July 8, 2021
Interim report Q3, 2021	October 22, 2021

This is information that Wallenstam is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 15:30 CET on February 9, 2021.

This report has not been subject to review by the company´s auditors.

Contact

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