WALLENSTAM

Interim Report

JANUARY 1–JUNE 30, 2021

January 1–June 30, 2021

- The net asset value per share increased by SEK 6.20 during the period and amounted to SEK 104.50 (98.30).
- Income from property management amounted to SEK 609 million (549).
- Rental income increased by 9 percent and amounted to SEK 1,136 million (1,041).
- Investment in construction of properties amounted to SEK 1,711 million (2,110).
- On closing day, 2,186 apartments were under construction.
- Changes in value of investment properties amounted to SEK 1,019 million (429), of which 389 million (429) came from value growth in new construction.
- Profit before tax amounted to SEK 1,824 million (795) and profit after tax amounted to SEK 1,822 million (631), equivalent to SEK 5.6 per share (2.0).

April 1–June 30, 2021

- Income from property management amounted to SEK 319 million (275).
- Rental income increased by 11 percent and amounted to SEK 574 million (518).
- Changes in value of investment properties amounted to SEK 708 million (175), of which 244 million (175) came from value growth in new construction.
- Profit after tax amounted to SEK 1,099 million (322), equivalent to SEK 3.4 per share (1.0).

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

Further strengthened balance sheet

”During the quarter, we have worked to further strengthen our balance sheet. Both the loan-to-value ratio and the equity/assets ratio are now 45 percent, which means even greater opportunities and freedom of action regarding our ambitious investment program with land acquisitions and new construction.”

”I am very satisfied with the result in the first half of 2021, where all the numbers are pointing in the right direction! Our income from property management increased by 11 percent and net operating income by 10 percent. Apart from this, we have created further value of approximately SEK 400 million in our new construction.”

Wallenstam in brief

Number of investment properties: 229
Value of investment properties: SEK 60 billion
Market capitalization: SEK 45 billion
Occupancy rate, lettable area: 98%
Lettable area: 1.3 million sq m
Number of apartments under construction: 2,186
Number of wind turbines: 66

SEK 609 million

IN INCOME FROM PROPERTY MANAGEMENT AS OF JUNE 30, 2021

Read more about Wallenstam on page 21.

Important events second quarter

During the quarter, 335 apartments were completed and occupied, of which 96 were in the Gothenburg region and 239 in the Stockholm region.

Construction started of 421 apartments in four different projects in Gothenburg, Härryda, Uppsala and Österåker.

During the quarter, Wallenstam obtained a land allocation in Central Nacka, comprising approximately 11,500 square meters for residential and approximately 2,000 square meters for commercial.

Wallenstam has purchased land in Uppsala during the quarter, and vacated three commercial properties in central Gothenburg; two properties that were sold to SBB and one property that was sold to Hammarvikens Fastigheter.

On April 28, the Board of Directors decided to divest the company's 7,000,000 treasury B shares. The shares were sold through a so-called book building process to Swedish and international institutional investors, including AMF and AMF Fonder, Öhman Fonder and Mertzig Asset Management AB, among others. The net proceeds from the sale are intended to further strengthen the balance sheet in light of the company's investment program and to enable further land acquisitions.

During the quarter, Wallenstam's synthetic options scheme directed towards all permanent employees, fell due for redemption. After a positive development of the share price, the options scheme's ceiling of a closing price of SEK 140 was reached on May 24.

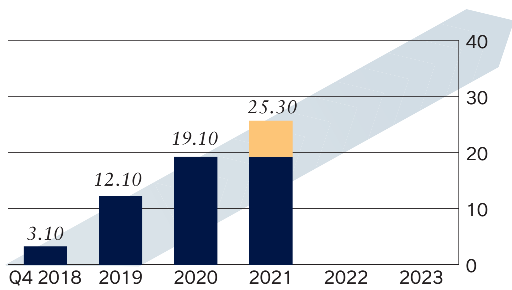
Goal 2023 – Increase in net asset value of SEK 40 per share

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 June 30, 2021, the net asset value per share was SEK 104.50, which represents an increase of SEK 6.20 per share during the first half of 2021 and SEK 25.30 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 34,497 million (31,746) 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 5,707 million (5,811) is recognized in the balance sheet, which consists of a deferred tax asset of SEK 721 million (377) and a deferred tax liability of SEK 6,428 million (6,188).

INCREASE IN NET ASSET VALUE, SEK/SHARE



Comments by the CEO

Further strengthened balance sheet
During the quarter, we have worked to further strengthen our balance sheet. Both the loan-to-value ratio and the equity/assets ratio are now 45 percent, which means even greater opportunities and freedom of action regarding our ambitious investment program with land acquisitions and new construction. For example, we carried out a number of property sales, and also divested the 7,000,000 repurchased shares that we held in treasury. Over the years, many interested parties have been "tugging at" these shares, and now we decided to divest them. AMF acquired the majority of the shares – they have been with us as a major shareholder for a long time and it feels great that they have confidence in us and wanted to invest further.

Satisfied with the result
I am very satisfied with the result in the first half of 2021, where all the numbers are pointing in the right direction! Our income from property management increased by 11 percent and net operating income by 10 percent. Apart from this, we have created further value of approximately SEK 400 million in our new construction.

During the quarter, our share price reached an all-time high, SEK 148.80, which means that our synthetic options scheme that is directed towards all personnel fell due for redemption at SEK 140 per share. This feels very good, particularly after this year, which was extra challenging and where everyone has given their utmost. I want to express a warm THANK YOU to all my co-workers who are doing a fantastic job!

Strong commercial letting
Our letting is going absolutely brilliantly and we have strong demand, particularly for offices. During the quarter, we have let just over 15,000 sq m of commercial floor space, and the occupancy rate in the commercial holdings has increased and is back at 95 percent. It is noticeable that the city has an attractiveness, and this makes me happy. The number of stores will decrease in line with changing consumption patterns, where e-commerce is growing, but I am convinced that the ground floors will find their businesses and that mingling in the city will return. I do not believe at all in the death of the office as has been speculated about. The way we work is changing perhaps, that we will more naturally spend some of our working hours working from home, but I believe that offices will become more important than ever before. If you think it is important for a company to have a strong corporate culture then the office is absolutely necessary. For creativity and common values we are required to meet. We are also social beings that feel good when we meet!

Cellink will be the anchor tenant in Kallebäcks Terrasser
We were able to recently announce the excellent news that the biotech company Cellink will be the anchor tenant in our newly constructed office property Entré Kallebäck. Occupation will occur in January 2022. This impressive property is located just beside the E6 motorway and commands a view over the whole of Gothenburg. It is a fantastic location in our urban development project Kallebäcks Terrasser, where we will also have constructed 1,800 apartments when the area is ready in a few years.

Strong demand for our rental apartments
Also in this quarter, we have had many occupations in our newly produced apartments. All apartments are let upon completion, and the majority of the new tenants come from our own housing queue where almost 150,000 people have now registered. It is great that interest in residing with us is so strong – while at the same time it is tragic because it suggests that so many people lack a home.

We are doing our best to provide new homes to the market. During the pandemic, several construction starts were delayed due to longer processing times at municipalities and courts concerning, for example, building permits and appeals. These processes are also long normally and unfortunately in the past year they have been even longer. Now I hope that they can catch up and that we can soon return to a more normal situation for Wallenstam of approximately 1,500 apartment construction starts per year.

Increased property values
Residential properties in particular are highly sought-after in the market at present. They are regarded as a secure investment with a lower risk, which is also reflected in our yield requirements. During the quarter, yield requirements for some of our residential properties were adjusted downwards.

Increase in net asset value of SEK 25 per share at half-time
With this second quarter closing, we have reached half-time in our business plan, where our goal is to achieve an increase in net asset value of SEK 40 per share through 2023. To date we have achieved an increase of SEK 25.30 per share, which feels fantastic, especially in light of what we as a company and a society have gone through in the past year. When we established our business plan, it was very challenging – we would deliver very much in terms of net asset value. And we have done it! Our business model is working and is creating stability and value, and we will also continue to deliver going forward.

I have also reached half-time personally speaking – in May I celebrated 30 years as CEO of Wallenstam and now I am aiming for the next 30 years!

Hans Wallenstam, CEO

Consolidated income statement

SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Rental income	1,136	1,041	574	518	2,226	2,131
Operating expenses	-276	-260	-129	-123	-535	-519
Net operating income, properties	**860**	**781**	**445**	**395**	**1,692**	**1,613**
Management costs and administrative expenses	-133	-115	-66	-56	-261	-243
Financial income	2	2	1	0	4	4
Financial expenses	-119	-119	-61	-64	-243	-243
Income from property management	**609**	**549**	**319**	**275**	**1,191**	**1,131**
Realized changes in value, financial instruments	19	4	-	4	19	4
Realized changes in value, synthetic options	-103	-	-103	-	-103	-
Participation in profits/losses of associated companies	0	-4	0	-2	3	-1
Revenue, development property sales	45	92	7	35	490	537
Expenses, development property sales	-33	-42	-6	-3	-362	-371
Other income	68	118	26	35	118	168
Other expenses	-71	-98	-35	-48	-168	-195
Financial expenses, other	-11	-10	-5	-5	-22	-21
Profit before changes in value and impairment losses	**524**	**609**	**203**	**291**	**1,168**	**1,253**
Changes in value, investment properties	1,019	429	708	175	1,929	1,339
New construction	389	429	244	175	813	853
Other	630	-	464	-	1,116	486
Unrealized changes in value, financial instruments	267	-250	14	-73	355	-162
Unrealized changes in value, synthetic options	13	7	-2	7	-30	-36
Profit before tax	**1,824**	**795**	**923**	**400**	**3,422**	**2,393**
Current tax	0	0	0	0	0	0
Deferred tax	-2	-164	176	-78	-323	-485
Profit for the period, after tax	**1,822**	**631**	**1,099**	**322**	**3,099**	**1,908**
OTHER COMPREHENSIVE INCOME						
Items that may be transferred to profit/loss for the period	1	1	-1	-1	22	23
Items that may not be transferred to profit/loss for the period	-88	-	0	-	-88	0
Tax attributable to other comprehensive income	0	-1	0	0	-2	-3
Comprehensive income	**1,734**	**631**	**1,098**	**321**	**3,030**	**1,927**
DISTRIBUTION OF PROFIT FOR THE PERIOD AFTER TAX						
Profit for the period attributable to parent company shareholders	1,822	631	1,099	322	3,099	1,908
Average number of outstanding shares, thousands	325,333	323,000	327,667	323,000	324,167	323,000
Profit after tax per share (SEK), dilution does not occur	5.6	2.0	3.4	1.0	9.6	5.9

Comments on the consolidated income statement

APRIL 1–JUNE 30

Rental income during the second quarter amounted to SEK 574 million (518), an increase of 11 percent. New construction generated SEK 42 million in increased revenue. In comparable holdings, revenue increased by SEK 17 million compared to the previous year. Discounts provided as a result of Covid-19 amounted to SEK 6 million, of which we are applying for support for half. This support will be recognized in line with us receiving payment.

Operating expenses increased as a result of additional recently produced properties and higher charges. Net operating income increased by just over 12 percent and amounted to SEK 445 million (395), which corresponds to a surplus ratio of 77.5 percent (76.3).

Net financial items investment properties amounted to SEK -60 million (-64).

Income from property management amounted to SEK 319 million (275). Changes in value of properties were positive and amounted to SEK 708 million (175), of which SEK 244 million (175) came from our new construction.

During the quarter, Wallenstam's synthetic options scheme directed towards all permanent employees fell due for redemption. Total costs for the quarter amounted to SEK 105 million, of which SEK 2 million was recognized as Unrealized changes in value, synthetic options and SEK -103 million was recognized as Realized changes in value, synthetic options.

The swap interest rates were essentially unchanged compared to the previous quarter, and the development in the value of interest rate derivatives was slightly positive, SEK 14 million (-73).

Profit after tax for the second quarter of 2021 amounted to SEK 1,099 million (322), which corresponds to earnings per share of SEK 3.4 (1.0).

JANUARY 1–JUNE 30

Rental income

Rental income for the period increased by 95 million, 9 percent, and amounted to SEK 1,136 million (1,041). Rental income growth during the period came mainly from occupations in our recently produced residential apartment buildings.

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 largest type of commercial premises. The surrender rate, which reflects how large a proportion of the cancellable leases are extended, amounted to 88 percent (90). Discounts provided as a result of Covid-19 in the first half of 2021 amounted to SEK 10 million, of which we are applying for support for half. This support will be recognized in line with us receiving payment.

Our occupancy rate for commercial properties in terms of lettable area has increased compared to year-end and amounted to 95 percent on closing day.

Operating expenses & Net operating income

Operating expenses for the period amounted to SEK 276 million (260) and increased as a result of additional recently produced properties and seasonal effects from colder weather conditions and more snow. Weather-related expenses were SEK 9 million higher during the period compared to the same period in 2020. Net operating income increased by SEK 79 million or 10 percent and amounted to SEK 860 million (781). Added efficient new production accounted for most of this growth. The surplus ratio amounted to 75.7 percent (75.1).

Management costs and administrative expenses

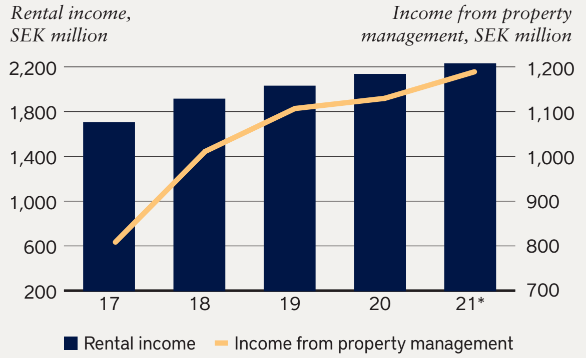
Management costs and administrative expenses totaled SEK 143 million (126) and are distributed among property management, SEK 133 million (115), energy management, SEK 4 million (6) and property transactions, SEK 6 million (5).

Financial income & expenses

Financial income amounted to SEK 2 million (2) and financial expenses totaled SEK 130 million (129), and are distributed among property operations and other, which mainly consists of natural energy. Capitalized interest amounted to SEK 49 million (52).

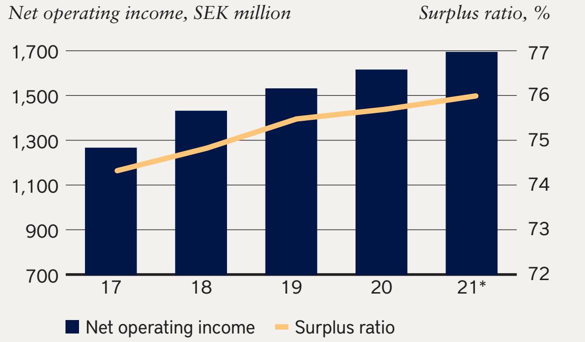
The average debt for the year was SEK 2.3 billion higher than the previous year, due to continued investments in new construction. The average interest rate on closing

RENTAL INCOME AND INCOME FROM PROPERTY MANAGEMENT



* Latest rolling twelve-month period

NET OPERATING INCOME AND SURPLUS RATIO



* Latest rolling twelve-month period

day, which reflects future interest to pay in relation to our loans, was 1.20 percent (1.40). During the period, the average interest rate amounted to 1.21 percent (1.31).

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 Exeger Sweden AB (publ), which was sold for SEK 119 million during the first quarter of the year. The holding generated a realized profit of SEK 108 million, of which SEK 88 million was recognized as Changes in value, holdings of unlisted equity instruments under Other comprehensive income in previous years.

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 12 million (50) and included sales of 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 lower than the previous year. Production of electricity decreased, by 26 percent in total compared to the previous year, due to less wind, and amounted to 171 GWh (232). The price of electricity has increased, however.

Changes in value, investment properties

Yield requirements for a small number of existing residential properties were adjusted downwards by 10 points during the second quarter. Changes in value of investment properties during the period totaled SEK 1,019 million (429), of which SEK 389 million (429) came from gradual value growth in properties under construction and from the newly produced properties that have been in operation for a shorter period than a full calendar year.

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 positively during the period, SEK 267 million (-249), as a result of rising interest rate levels. On closing day, the 10-year swap rate amounted to 0.76 percent, compared to 0.37 percent at the start of the year.

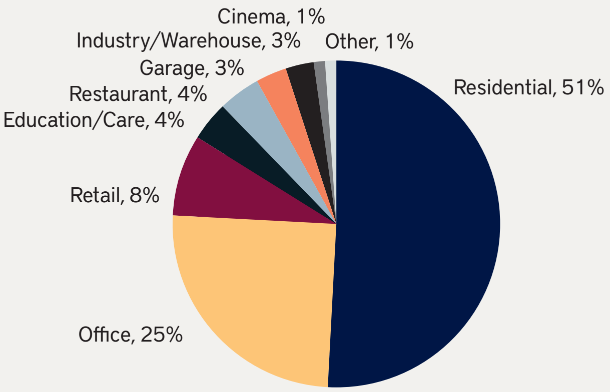
Changes in value, synthetic options

The Annual General Meeting on April 24, 2018 resolved to introduce a synthetic options scheme directed to all personnel. At the start of the scheme in May 2018, personnel were invited to acquire the allocated number of options at a market price. The term of the scheme was until May 31, 2024 unless the option ceiling of a share price of SEK 140 at the close of trading was reached earlier, which occurred on May 24, 2021 and resulted in the options falling due for redemption. Total costs for the year amounted to SEK 90 million, of which SEK 13 million was recognized as Unrealized changes in value, synthetic options and SEK -103 million was recognized as Realized changes in value, synthetic options. The total cost of the options scheme is estimated to amount to SEK 182 million.

Taxes

The recognized tax expense for the year amounted to SEK 2 million (164) net, of which SEK 2 million (164) was deferred tax and SEK 0 million (0) was current tax. The tax on other comprehensive income was SEK 0 million (1). Income tax was impacted by the period's sales of properties that were put into companies and the possibility to utilize tax depreciation and make direct deductions for some reconstructions of properties. In the second quarter, deficits from acquired companies were measured for the first time as a result of the Swedish Supreme Administrative Court's ruling (7005--7007-19, 7009--7011-19), which had a positive effect on the Group's tax expense of SEK 321 million (-) in total.

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
The National Archives of Sweden	11,000
Västra Götaland County Council	10,128
Academedia AB	7,501
Ica Fastigheter AB	6,906
Sandryds Handels AB	6,730
Frisk Service i Göteborg AB	6,212
Convendum AB	5,081
Total	**103,551**

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

Consolidated balance sheet, condensed

SEK million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Investment properties	60,441	55,127	57,933
Wind turbines	995	1,071	1,033
Participations in associated companies	220	160	220
Financial assets	442	499	529
Financial derivative instruments	81	5	10
Other non-current assets	82	79	81
Total non-current assets	**62,262**	**56,941**	**59,806**
CURRENT ASSETS			
Development properties	155	281	126
Financial derivative instruments	0	0	-
Other current assets	224	192	130
Cash and cash equivalents	285	922	518
Total current assets	**665**	**1,396**	**774**
Total assets	**62,927**	**58,336**	**60,581**
EQUITY AND LIABILITIES			
EQUITY			
Equity	28,069	24,423	25,557
Equity attributable to non-controlling interests	0	0	0
Total equity	**28,069**	**24,423**	**25,558**
NON-CURRENT LIABILITIES			
Deferred tax liability	5,707	5,488	5,811
Other provisions	51	96	142
Interest-bearing liabilities	7,106	5,156	6,406
Financial derivative instruments	325	604	522
Lease liability	475	492	492
Other non-current liabilities	10	22	21
Total non-current liabilities	**13,674**	**11,858**	**13,394**
CURRENT LIABILITIES			
Interest-bearing liabilities	20,376	21,202	20,885
Financial derivative instruments	2	0	3
Lease liability	1	1	1
Other current liabilities	805	852	740
Total current liabilities	**21,184**	**22,055**	**21,629**
Total equity and liabilities	**62,927**	**58,336**	**60,581**

Comments on the consolidated balance sheet

OUR PROPERTIES

Development during the period

During the year, we invested a total of SEK 2,032 million (2,419), of which SEK 1,988 million (2,372) in investment properties and SEK 44 million (48) in development properties. New construction projects in progress involve 2,186 apartments. The total value of rental apartment and development projects in progress amounted to SEK 5.7 billion (6.4) on closing day.

The right of use value for land granted with site leasehold rights has been estimated at SEK 460 million (476) and is recognized as a part of the properties' value.

Investment properties

Changes in value affected the value of investment properties positively by SEK 1,019 million (429) in total, of which SEK 389 million (429) came from gradual value growth in properties under construction and from the newly produced properties that have been in operation for a shorter period than a full calendar year.

During the quarter, yield requirements for a small number of residential properties were adjusted downwards by 10 points. 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 60,441 million (57,933) at the end of the period.

Development properties

Development properties mainly consist of the co-op apartment project Bandhagen Centrum in Stockholm. The book value of Development properties amounted to SEK 155 million (126) 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. For example, we currently have approximately 150,000 people in our housing queue.

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 impacted by the current circumstances but is still stable and showing a positive trend.

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	1,182
Projects in progress, rental apartments	4,343
Development properties	155
Total projects in progress	**5,681**

CHANGES IN PROPERTY HOLDINGS, INVESTMENT PROPERTIES

		Book value, SEK million
Property holdings, January 1, 2021		57,933
+	Acquisitions	320
+	Construction	1,668
-	Sales	-474
-	Right-of-use asset site leasehold right	-16
+	Unrealized changes in value, properties	1,010
Property holdings, June 30, 2021		**60,441**

NEW CONSTRUCTION IN PROGRESS, JUNE 30, 2021

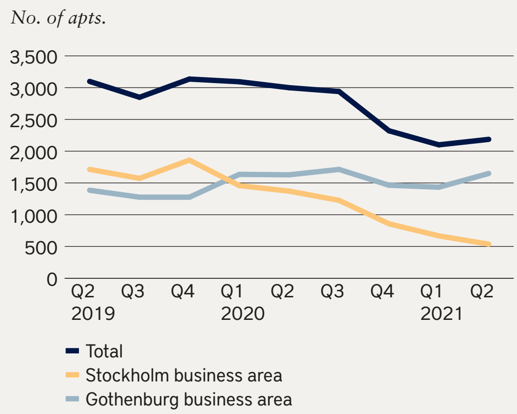
Project	No. of apts.	Occupation*	Sq m**	Of which completed apts. to date
STOCKHOLM				
Söra Kvarter, Österåker	305	Q3 2020	15,500	250
Umami Park, phase 3, Sundbyberg	133	Q4 2021	10,000	
Bandhagen Centrum (co-op)	84	2022	4,500	
Söra radhus (co-op) [i]	11	2022	1,500	
UPPSALA				
Flanören, Rosendal	156	Q3 2021	7,500	
Bersån [i]	98	2023	6,000	
GOTHENBURG				
Godhems Backe	138	Q4 2020	6,500	77
Kallebäcks Terrasser Kv. 9	165	Q4 2021	9,500	
Kallebäcks Terrasser Kv. 11	270	Q4 2021	16,000	
Kv. Kvarnen, Mölnlycke Fabriker, Härryda	185	Q4 2021	10,500	
Kallebäcks Terrasser Kv. 10	85***	2022	8,000	
Kv. Väven, Mölnlycke Fabriker, Härryda	116	2022	7,000	
Kallebäcks Terrasser Kv. 5 [i]	182	2023	12,000	
Kallebäcks Terrasser Kv. 7	189	2023	11,000	
Kallebäcks Terrasser Kv. 8	266	2023	15,000	
Kv. Skogsvaktaren, Mölnlycke Fabriker, Härryda [i]	130	2023	7,500	
Commercial				
Kallebäcks Terrasser		2021	20,000	
Mölnlycke Fabriker		2021	20,000 [ii]	
Total apartments in projects	**2,513**		**188,000**	**327**
of which in progress on June 30	**2,186**			

* 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 12 are co-living apartments with a total of 121 rooms for rent.
i Started during quarter 2, 2021
ii Relates to two sports centers and a multistorey carpark.

CHANGE, CONSTRUCTION IN PROGRESS

	No. of apts.
New construction in progress, April 1, 2021	2,100
- Completed	-335
Parkstråket 1, Haninge (58)	
Parkstråket 2, Haninge (32)	
Söra kvarter, Österåker (48)	
Allén, Tyresö (66)	
Umami Park, phase 2, Sundbyberg (35)	
Elisedal, Gothenburg (96)	
+ Started	421
New construction in progress, June 30, 2021	**2,186**

APARTMENTS, CONSTRUCTION IN PROGRESS



FULLY COMPLETED NEW CONSTRUCTION

Name of property	Address	Year of construction	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 sq m	No. of apts.
GOTHENBURG											
Härryda Mölnlycke 1:163 *(Project: Kv. Rosengången)*	Disponentvägen 2, 4	2021	6,477	-	-	-	-	448	-	6,925	123
Krokslätt 154:7 *(Project: Elisedal)*	Nordgårdsgatan 2, 6, 8, 10 / Ebbe Lieberathsgatan 2A-D / Fredriksdalsgatan 4C-D	2020	17,195	-	209	-	-	6,382	-	23,786	336
STOCKHOLM											
Söderbymalm 3:540 *(Project: Parkstråket 1)*	Örnens väg 3-5, Ingrid Horns väg 7-9, Nynäsvägen 112-114	2021	10,599	-	-	-	-	2,726	-	13,325	154
Järnet 13 *(Project: Allén)*	Axel Wennergrens väg 3-15	2021	10,266	-	107	-	-	3,245	-	13,618	221
Söderbymalm 3:539 *(Project: Parkstråket 2)*	Örnens väg 7-9, Ingrid Horns väg 6-8, Ingrid Horns Torg 4	2021	6,119	-	126	50	-	1,577	-	7,872	131
Freden Större 17 *(Project: Umami Park,phase 2)*	Rissneleden 20, 22, 24	2020	8,449	-	-	94	-	1,451	-	9,994	141
Total			**59,105**	**-**	**442**	**144**	**-**	**15,829**	**-**	**75,520**	**1,106**

PROPERTY ACQUISITIONS

Name of property	Address	Year of construction/ conversion	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 sq m	No. of apts.
GOTHENBURG											
Gamlestaden 740:23	Marieholmsgatan 60-62	1970	-	-	-	4,142	-	-	-	4,142	0
Järnbrott 195:1*											
Mölndal Mörten 6*											
Mölndal Nejonögat 16, 17*											
STOCKHOLM											
Sundbyberg Freden större 15*											
UPPSALA											
Kåbo 78:1*											
Total			**-**	**-**	**-**	**4,142**	**-**	**-**	**-**	**4,142**	**0**

** Land*

PROPERTY SALES

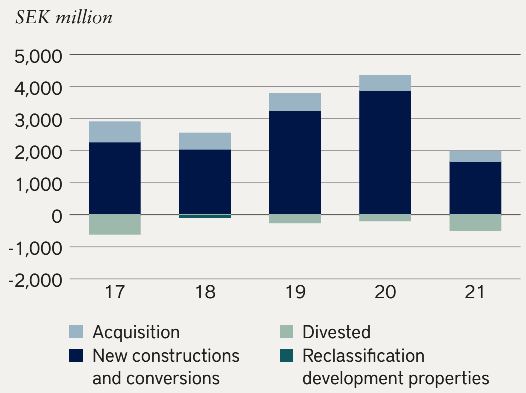
Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail/ Restaurant/ Cinema sq m	Industry/ warehousing sq m	Education/ Care sq m	Garage sq m	Other sq m	Total sq m	No. of apts.
GOTHENBURG											
Mölnlycke 1:169*											
Nordstaden 24:11	Kronhusgatan 16 / Östra Hamngatan 15	1929			266		3,930			4,196	
Inom Vallgraven 64:31	Stora Badhusgatan 16	1949					1,669			1,669	
Lorensberg 15:3	Lennart Torstenssons-gatan 6-8	1929/1993					2,100			2,100	
Total			**-**	**-**	**266**	**-**	**7,699**	**-**	**-**	**7,965**	**-**

** Land*

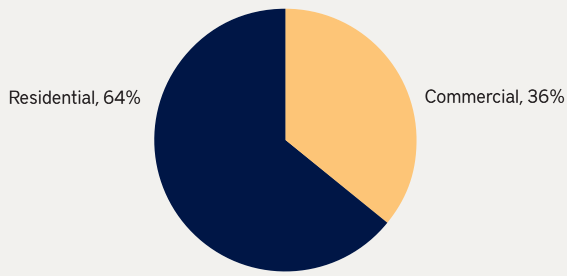
PROPERTY HOLDING STRUCTURE AS OF JUNE 30, 2021

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	350,352	30,593	12,058	9,384	5,957	61,451	15,239	485,034	37%	5,893
Uppsala	27,605	2,138	1,039	101	-	5,732	-	36,615	3%	542
Gothenburg	281,036	208,021	92,209	89,572	40,699	66,273	7,334	785,144	60%	4,617
Total	**658,993**	**240,752**	**105,306**	**99,057**	**46,656**	**133,456**	**22,573**	**1,306,793**	**100%**	**11,052**
Distribution by type of premises	50%	18%	8%	8%	4%	10%	2%	100%		

ACQUISITION, CONSTRUCTION AND SALES OF INVESTMENT PROPERTIES



DISTRIBUTION MARKET VALUE



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 period amounted to SEK 38 million (38). Estimated value in use of land leases, based on minimum rents, amounted on closing day to SEK 15 million (16) and is recognized as part of the wind power value. On closing day, the consolidated book value of wind turbines amounted to SEK 995 million (1,033). The renewable energy certificate inventory and guarantees of origin amounted to SEK 0 million (1) on closing day.

FINANCING

Equity

Shareholders' equity amounted to SEK 28,069 million (25,558), equivalent to SEK 85 per share (79). During the quarter, Wallenstam sold the 7,000,000 B shares, which were held in treasury. The price amounted to SEK 127 per share, implying a total increase in equity of SEK 883 million, which is SEK 349 million above cost. The equity/assets ratio was 45 percent (42).

Interest-bearing liabilities

On closing day, outstanding bond loans amounted to SEK 3,000 million (2,800), the outstanding volume of commercial paper, with a framework amount of SEK 4 billion, amounted to SEK 2,780 million (2,470), loans from the European Investment Bank totaled SEK 2,500 million (2,500) and total interest-bearing liabilities amounted to SEK 27,958 million (27,785), of which lease liability amounted to SEK 476 million (493). Of this liability, SEK 7.6 billion (7.0) consists of green financing, of which SEK 5.5 billion (5.4) of green loans and SEK 2.1 billion (1.7) of green bonds.

All the bond loans of SEK 3,000 million (2,800) 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 40 months compared to 41 months at year-end. Of the loan portfolio, 52 percent (50) of the loans have fixed interest terms longer than one year. On closing day, the average interest rate on our loans was 1.20 percent compared to 1.40 percent on the same date in the previous year.

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 476 million (493).

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 247 million, compared to a net indebtedness of SEK 515 million on December 31, 2020. Of this, interest rate derivatives accounted for SEK -244 million (-512), electricity derivatives for SEK 0 million (0) and currency derivatives for SEK -2 million (-3).

During 2021, the Group has entered into new interest rate derivative contracts totaling SEK 0.6 billion. The total volume of outstanding interest rate derivatives, where Wallenstam pays fixed interest, amounts to SEK 12.75 billion.

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

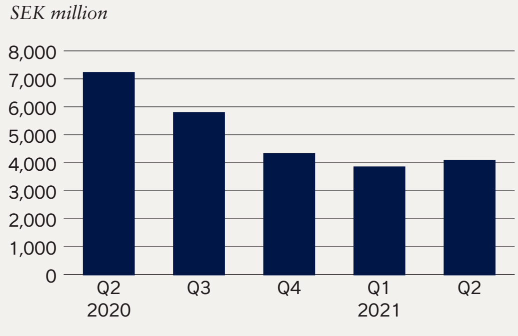
Available liquid assets, including available bank overdraft facilities, amounted to SEK 1,085 million (1,318). Approved overdraft facilities amounted to SEK 800 million (800), of wich no portion was used on closing day. The Group's approved and unutilized credit facilities totaled SEK 3,000 million (3,000), excluding the overdraft facility.

On June 30, 2021, accessible liquidity totaled SEK 4,085 million (4,318), of which SEK 2,780 million (2,470) represents a credit commitment for issued outstanding commercial paper.

FIXED TERMS, AVERAGE INTEREST RATES, JUNE 30, 2021

Interest maturity structure	Amount, SEK million	Average interest rate, %	Proportion, %
0–1 year	13,108	1.52	47.7
1–2 years	701	0.92	2.6
2–3 years	500	0.56	1.8
3–4 years	1,823	1.07	6.6
4–5 years	2,100	0.92	7.6
5–6 years	2,200	1.04	8.0
6–7 years	1,700	1.07	6.2
7–8 years	1,700	0.93	6.2
8–9 years	1,900	0.87	6.9
> 9 years	1,750	0.49	6.4
Total	**27,482**	**1.20**	**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, 2020	**165**	**359**	**64**	**23,204**	**2**	**23,794**
Profit for the period	-	-	-	631	-	631
Translation difference	-	-	0	-	-	0
Changes in value, currency derivatives			2	-	-	2
Tax attributable to other comprehensive income	-	-	-1	-	-	-1
TRANSACTIONS WITH SHAREHOLDERS						
Dividend non-controlling interests	-	-	-	-	-2	-2
Dividends	-	-	-	-	-	-
Closing equity, Jun 30, 2020	**165**	**359**	**64**	**23,835**	**0**	**24,423**
Opening equity, Jan 1, 2021	**165**	**359**	**83**	**24,950**	**0**	**25,558**
Profit for the period	-	-	-	1,822	-	1,822
Changes in value, holdings of unlisted equity instruments	-	-	-88	88	-	-
Changes in value, currency derivatives			1	-	-	1
Tax attributable to other comprehensive income	-	-	0	-	-	0
TRANSACTIONS WITH SHAREHOLDERS						
Dividends	-	-	-	-194	-	-194
Sale of treasury shares	-	-	-	883	-	883
Closing equity, Jun 30, 2021	**165**	**359**	**-5**	**27,549**	**0**	**28,069**

Consolidated statement of cash flows

SEK million	Jan-Jun 2021	Jan-Jun 2020	Apr-Jun 2021	Apr-Jun 2020	Jul-Jun 2020/2021	Jan-Dec 2020
Profit before changes in value and impairment losses*	524	609	203	291	1,168	1,253
Adjustment for items not included or arising in cash flow	-84	-58	-68	-30	-160	-134
Taxes paid	0	0	0	0	0	0
Cash flow before change in working capital	**440**	**551**	**135**	**261**	**1,008**	**1,119**
Change in working capital	-40	172	33	105	-116	96
Cash flow from operating activities	**400**	**723**	**168**	**367**	**892**	**1,215**
INVESTMENTS/DIVESTMENTS						
Investment in properties and individual co-op apartments	-2,036	-2,427	-948	-1,403	-4,093	-4,484
Investments in intangible assets & property, plant and equipment, and wind turbines	-6	-13	-1	-6	-15	-22
Investments in financial assets	-127	-	-	-	-127	-
Investments in associated companies	-	-30	-	-	-58	-88
Divestment of properties, development properties & property, plant and equipment	538	67	469	15	991	520
Cash flow from investing activities	**-1,632**	**-2,404**	**-481**	**-1,395**	**-3,302**	**-4,074**
FINANCING						
Raised interest-bearing liabilities	17,335	7,163	9,704	5,697	33,574	23,402
Amortization of interest-bearing liabilities	-17,144	-4,688	-9,840	-3,580	-32,450	-19,994
Net change in overdraft facilities	-	-	-35	-257	-	-
Net change promissory notes	-	-	-	-	4	4
Divestment of financial assets	119	-	-	-	119	-
Dividend paid to minority owner	-	-2	-	-2	-	-2
Dividends paid	-194	-	-194	-	-356	-162
Sale of treasury shares	883	-	883	-	883	-
Cash flow from financing activities	**999**	**2,473**	**518**	**1,858**	**1,774**	**3,248**
Changes to liquid assets	**-233**	**793**	**205**	**830**	**-637**	**389**
Cash and cash equivalents at beginning of the period	518	129	80	92	922	129
Cash flow for the period	-233	793	205	830	-637	389
Cash and cash equivalents at the end of the period	285	922	285	922	285	518
Unutilized overdraft facilities at the end of the period	800	800	800	800	800	800
Available liquid assets	1,085	1,722	1,085	1,722	1,085	1,318

*Includes interest paid and received, including gross flows from interest rate swap contracts, of SEK -162 million (-175) and SEK 1 million (1) respectively, of which SEK 49 million (52) was capitalized as a non-current asset.

Segments report

2021 Mkr	Gothenburg Jan-Jun	Stockholm Jan-Jun	Other Jan-Jun	Elimination Jan-Jun	Total Jan-Jun
INCOME STATEMENT					
Rental income	729	420	-	-13	1,136
Operating expenses	-170	-106	-	-	-276
Net operating income	**559**	**314**	**-**	**-13**	**860**
Management costs and administrative expenses	-78	-56	-12	13	-133
Net financial items	-125	-89	96	-	-118
Income from property management	**356**	**169**	**84**	**-**	**609**
Unapportioned items					
Realized changes in value, financial instruments					19
Realized changes in value, synthetic options					-103
Participation in profits/losses of associated companies					0
Sales result, development properties					12
Other income and expenses					-3
Financial expenses, other					-11
Profit before changes in value and impairment losses					**524**
Changes in value					1,300
Profit before tax					**1,824**
BALANCE SHEET					
Investment properties	36,443	23,998	-	-	60,441
Wind turbines	-	-	995	-	995
Development properties	3	152	-	-	155
Unapportioned assets	-	-	-	-	1,336
Total assets	36,446	24,150	995		**62,927**
Equity	-	-	-	-	28,069
Interest-bearing liabilities and lease liabilities	15,367	11,350	1,241	-	27,958
Unapportioned liabilities	-	-	-	-	6,900
Total equity and liabilities	15,367	11,350	1,241		**62,927**
Property investments in progress including land	*3,707*	*1,974*	-	-	*5,681*

2020 Mkr	Gothenburg Jan-Jun	Stockholm Jan-Jun	Other Jan-Jun	Elimination Jan-Jun	Total Jan-Jun
INCOME STATEMENT					
Rental income	698	356	-	-14	1,041
Net operating income, properties	**536**	**259**	**-**	**-14**	**781**
Income from property management	**341**	**148**	**61**	**-**	**549**
Unapportioned items					
Realized changes in value, financial instruments					4
Participation in profits/losses of associated companies					-4
Sales result, development properties					50
Other income and expenses					20
Financial expenses, other					-10
Profit before changes in value and impairment losses					**609**
Changes in value					186
Profit before tax					**795**
BALANCE SHEET					
Investment properties	33,491	21,636	-	-	55,127
Wind turbines	-	-	1,071	-	1,071
Development properties	14	267	-	-	281
Unapportioned assets	-	-	-	-	1,857
Total assets					**58,336**
Equity	-	-	-	-	24,423
Interest-bearing liabilities	14,156	10,448	2,247	-	26,851
Unapportioned liabilities	-	-	-	-	7,062
Total equity and liabilities					**58,336**
Property investments in progress including land	*2,820*	*3,561*	-	-	*6,381*

The Wallenstam share

The Wallenstam B share is listed on Nasdaq Stockholm, Large Cap. During 2021, the Wallenstam share price has increased by 3.7 percent. The property index OMX Stockholm Real Estate PI rose by 17.9 percent and the OMX Stockholm PI index rose by 19.3 percent during the same period.

At the end of the period, the Wallenstam share price was SEK 135.40 compared to SEK 130.60 at year-end 2020. The market capitalization was SEK 44,682 million (43,098) based on the total number of registered A and B shares. Equity per share amounted to SEK 85 (79).

Sale of treasury shares

On April 28, the Board of Directors decided to divest the company's 7,000,000 treasury B shares. The 7,000,000 shares were equivalent to 2.12 percent of the total number of registered shares and 1.09 percent of the total number of votes and had been purchased at an average price of SEK 76.16 per share.

The shares were sold through a so-called book building process to Swedish and international institutional investors, including AMF and AMF Fonder, Öhman Fonder and Mertzig Asset Management AB, among others, at a price of SEK 127 per share. After the completed sale, Wallenstam no longer holds any treasury shares.

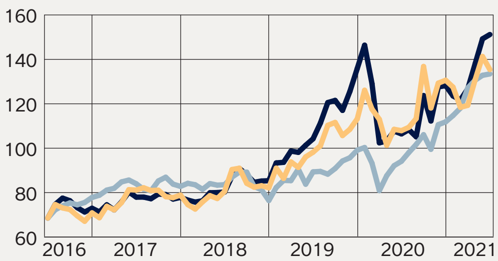
Dividend

The AGM resolved on a dividend of SEK 1.20 per share (0.50) for the financial year 2020, spread over two payment dates of SEK 0.60 each per share. In May, a total of SEK 194 million was disbursed to the shareholders. The next payment will take place in November. In 2020, a total of SEK 162 million was disbursed.

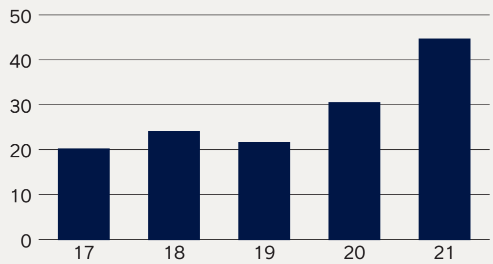
Turnover

During the first half of 2021, the Wallenstam share had an average daily turnover on Nasdaq Stockholm of about SEK 44.6 million (30.4).

SHARE PRICE TREND Q3 2016–Q2 2021



AVERAGE SHARE LIQUIDITY PER DAY



Refers to trading on Nasdaq Stockholm.

SHAREHOLDINGS, JUNE 30, 2021

	A shares	B shares	Equity, %	Votes, %
Hans Wallenstam and family, and company	34,500,000	49,210,000	25.37	61.55
AMF - Insurance and funds		40,346,429	12.23	6.30
Agneta Wallenstam		18,204,000	5.52	2.84
Henric and Ulrika Wiman		12,037,752	3.65	1.88
Anna-Carin B Wallenstam and Anders Berntsson		10,700,000	3.24	1.67
David Wallenstam		8,520,138	2.58	1.33
Christian Wallenstam		8,050,000	2.44	1.26
Monica and Jonas Brandström		7,072,826	2.14	1.10
Bengt Norman		6,400,000	1.94	1.00
Elin Wallenstam Sjögren		4,327,240	1.31	0.68
Other owners		130,631,615	39.59	20.40
Total number of shares	**34,500,000**	**295,500,000**		
Total registered and outstanding shares	**330,000,000**		**100.00**	**100.00**

The proportion of institutional ownership amounted to around 19 percent of equity and around 10 percent of votes.
Foreign ownership amounted to around 11 percent of equity and around 5 percent of the votes.
Source: Euroclear Sweden AB

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 period amounted to SEK 249 million (277), of which rental income amounted to SEK 64 million (60).

The result was impacted by changes in value of financial derivative instruments, SEK 267 million (-252), mainly due to higher swap interest rate levels. Profit after tax amounted to SEK 261 million (-57).

Investments in intangible assets and property, plant and equipment during the period amounted to SEK 11 million (27). Parent company external loans amounted to SEK 14,151 million (13,827) on closing day.

ANNUAL GENERAL MEETING 2021

The Annual General Meeting (AGM) of Wallenstam AB (publ) on April 27, 2021, passed resolutions on the following matters, among others:

» The AGM adopted the annual accounts for 2020 and approved the Board's proposal for dividend for the 2020 financial year of SEK 1.20 per share, spread over two payment dates of SEK 0.60 each per share.

» The AGM granted the Board of Directors and the Chief Executive Officer discharge from liability and in accordance with the proposal of the nomination committee re-elected Lars-Åke Bokenberger as Chairman of the Board of Directors and also re-elected Karin Mattsson, Anders Berntsson, Agneta Wallenstam and Mikael Söderlund as Board members. Fees to be paid to the Board of Directors were approved of 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. The sums include compensation for committee work. Furthermore, it was decided that SEK 1,500,000 will be paid in additional directors' fees to the Chairman of the Board, who in his chairmanship position will assist the company management to a significant extent during the year.

» Dick Brenner (chairman), Lars-Åke Bokenberger, Anders Oscarsson and Hans Wallenstam were elected as members of the nomination committee ahead of the 2022 AGM.

» The AGM resolved to elect KPMG as the company's auditor for the period until the end of the 2022 AGM. KPMG has advised that Mathias Arvidsson will be the chief auditor.

» The AGM approved the Board's proposal for guidelines for remuneration to senior executives, as well as the Board's remuneration report.

» The AGM authorized the Board until the next AGM, on one or more occasions, to take decisions regarding the purchase of as many of its own B shares on Nasdaq Stockholm or another regulated market, such that the company's holding at any one time does not exceed 10

INCOME STATEMENT, PARENT COMPANY

SEK million	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Management revenue	179	174	290
Rental income	64	60	122
Revenue, sales of renewable energy certificates	4	42	45
Other revenue	1	1	1
Total revenue	**249**	**277**	**458**
Management costs and administrative expenses	-197	-183	-367
Operating expenses	-16	-16	-36
Depreciation and impairment losses properties	-13	-15	-31
Expenses, sales of renewable energy certificates	-3	-21	-21
Change in value, synthetic options scheme	-90	7	-36
Other expenses	-1	-1	-2
Total expenses	**-320**	**-228**	**-493**
Operating income	**-71**	**49**	**-35**
Profit/loss from participations in Group companies	23	17	473
Interest income and similar profit/loss items	314	300	533
Interest expenses and similar profit/loss items	-180	-193	-308
Changes in value, derivative instruments	267	-252	-164
Net financial items	**425**	**-128**	**534**
Profit/loss after financial items	**353**	**-79**	**500**
Appropriations	-	-	-63
Tax on net profit/loss	-92	23	34
Profit/loss after tax	**261**	**-57**	**471**
OTHER COMPREHENSIVE INCOME			
Changes in value, currency derivatives	1	2	-2
Tax attributable to other comprehensive income	0	0	0
Comprehensive income	**262**	**-55**	**470**

BALANCE SHEET, PARENT COMPANY

SEK million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Assets			
Properties	1,313	1,338	1,319
Participations in Group companies	6,237	5,742	5,932
Financial derivative instruments	81	5	10
Receivables from Group companies	23,993	22,949	23,632
Other assets	144	228	239
Cash and cash equivalents	285	920	518
Total assets	**32,052**	**31,183**	**31,649**
Equity and liabilities			
Equity	11,729	10,414	10,778
Provisions	31	77	122
Interest-bearing external liabilities	14,151	12,873	13,827
Liabilities to Group companies	5,680	7,089	6,272
Financial derivative instruments	327	604	524
Other liabilities	133	125	126
Total equity and liabilities	**32,052**	**31,183**	**31,649**

percent of all shares in the company. Such acquisitions shall take place at the best available price for the company. The restrictions on the highest and lowest price arising under applicable stock exchange rules must be observed.

» The AGM also authorized the Board until the next AGM to take decisions regarding the assignment of the company's own shares on Nasdaq Stockholm or another regulated market. The Board may also – with or without preferential rights for shareholders – take decisions regarding the assignment of the company's own shares by other means than through Nasdaq Stockholm or another regulated market. Assignment may take place against cash payment, for valuable consideration in other assets than cash or by offsetting debt through the company's assignment of shares in exchange for a claim against the company. The Board's decision regarding assignment must be executed within the time period determined by the Board. Assignments shall take place at the best available price for the company and may not exceed the number of shares held by the company at the time of assignment. The restrictions on the highest and lowest price arising under applicable stock exchange rules must be observed.

Other information

OPPORTUNITIES & RISKS

Wallenstam's opportunities and risks, and how we manage them, are presented in the 2020 Annual Report on pages 36–41. No significant changes have taken place since then.

SENSITIVITY ANALYSIS

As of June 30, 2021, the estimated market value of the properties amounted to around SEK 60 billion. A change in value of plus/minus 10 percent is thus equivalent to about plus/minus SEK 6.0 billion. A general change of plus/minus 0.25 percentage points in property yield requirements is equivalent to about SEK -3.6 billion or SEK +4.2 billion, while a general change in revenue of 5 percent is equivalent to about plus/minus 3.2 billion.

A change in the interest rate of plus/minus 50 points is equivalent to about plus/minus SEK 66 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 and premises. Insurance services are purchased from companies where a member of Wallenstam's Board of Directors is a Board member, 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 0.9 million.

Wallenstam's involvement in environmental and social responsibility issues is described in more detail on pages 29–35 of the 2020 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 1.9 million and Barn i Nöd received contributions of SEK 0.1 million. The Rescue Mission in Gothenburg and Barn i Nöd rent premises from Wallenstam equivalent to annual rental income of about SEK 4.9 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 2020 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, 2021 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	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
PROPERTY-RELATED KEY RATIOS									
Net operating income, properties, SEK million	860	414	1,613	1,205	781	386	1,529	1,159	756
Surplus ratio, property management, %	75.7	73.8	75.7	76.4	75.1	73.8	75.5	76.7	75.6
Income from property management, SEK million	609	291	1,131	860	549	275	1,108	851	547
Changes in value, new construction, SEK million	389	145	853	616	429	254	792	505	307
Value of investment properties, SEK million	60,441	59,262	57,933	56,226	55,127	53,619	52,354	49,793	48,757
Area, sq m (thousand)	1,307	1,312	1,235	1,231	1,230	1,210	1,201	1,199	1,188
Occupancy rate – lettable area, %	98	97	98	97	98	98	98	98	99
Development properties, net, SEK million	155	128	126	291	281	170	175	154	155
FINANCIAL KEY RATIOS									
Profit after tax, SEK million	1,822	723	1,908	974	631	309	2,737	1,038	575
Return on equity, %	12.0	9.3	7.8	11.2	12.0	11.9	12.3	10.4	10.6
Return on total capital, %	6.1	5.4	4.6	6.6	7.0	7.0	7.2	6.1	6.2
Interest coverage ratio, times	5.5	5.7	5.8	5.7	5.9	6.1	6.3	7.0	7.4
Loan-to-value ratio, %	45	46	46	46	46	45	45	45	46
Average interest rate on closing day, %	1.20	1.21	1.21	1.27	1.40	1.31	1.22	1.23	1.24
Average fixed-interest term, months	40	40	41	38	39	38	38	40	41
Equity/assets ratio, %	45	43	42	42	42	43	44	43	43
Equity, SEK million	28,069	26,281	25,558	24,766	24,423	24,104	23,794	22,402	21,899
Net asset value, SEK million	34,497	32,577	31,746	30,715	30,295	29,897	29,501	27,666	27,047
Market capitalization, SEK million	44,682	39,369	43,098	45,144	35,607	37,290	37,356	36,828	32,406
PER SHARE DATA									
Profit after tax, SEK	5.6	2.2	5.9	3.0	2.0	1.0	8.5	3.2	1.8
P/E ratio, times	14.2	16.6	22.1	16.5	12.5	13.5	13.4	15.9	14.0
Cash flow from operating activities, SEK	1.2	0.7	3.8	3.2	2.2	1.1	4.2	3.4	2.1
Equity, SEK	85	81	79	77	76	75	74	69	68
Net asset value per share, SEK	104.50	100.90	98.30	95.10	93.80	92.60	91.30	85.70	83.70
Share price, SEK	135.40	119.30	130.60	136.80	107.90	113.00	113.20	111.60	98.20
Shares outstanding, average, thousands	325,333	323,000	323,000	323,000	323,000	323,000	323,000	323,000	323,000
Shares outstanding at end of period, thousands	330,000	323,000	323,000	323,000	323,000	323,000	323,000	323,000	323,000

Quarterly overview

	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020	Oct-Dec 2019	Jul-Sep 2019	Apr-Jun 2019
Rental income, SEK million	574	561	555	536	518	523	515	510	503
Net operating income, properties, SEK million	445	414	408	424	395	386	370	403	392
Surplus ratio, property management, %	77.5	73.8	73.5	79.1	76.3	73.8	71.8	79.0	77.9
Income from property management, SEK million	319	291	271	310	275	275	257	304	287
Return on equity, %	12.0	9.3	7.8	11.2	12.0	11.9	12.3	10.4	10.6
Earnings per share after tax, SEK	3.4	2.2	2.9	1.1	1.0	1.0	5.3	1.4	0.7
Cash flow per share from operating activities, SEK	0.5	0.7	0.5	1.0	1.1	1.1	0.8	1.3	1.0
Equity per share, SEK	85	81	79	77	76	75	74	69	68
Net asset value per share, SEK	104.50	100.90	98.30	95.10	93.80	92.60	91.30	85.70	83.70
Share price, SEK	135.40	119.30	130.60	136.80	107.90	113.00	113.20	111.60	98.20

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

Report signatures

The Board and CEO certify that the interim 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, July 8, 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 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 for the latest rolling 12-month period in relation to net financial items 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 a full 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**	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019
Equity, SEK million	28,069	26,281	25,557	24,766	24,423	24,102	23,792	22,400	21,897
Average equity, SEK million	25,819	25,026	24,528	23,896	23,323	22,828	22,329	21,708	21,278
Total assets, SEK million	62,927	61,666	60,581	58,977	58,336	55,959	54,689	52,459	51,177
Average total assets, SEK million	60,497	59,104	57,708	56,084	54,524	52,846	51,306	49,700	48,333

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 11,000 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 6,400, are located in the Stockholm business area. Approximately 500 of these apartments are located in Uppsala. The Stockholm business area had around 550 apartments under construction on closing day.

Gothenburg

Our property holdings in the Gothenburg business area consist of around 4,600 apartments and about 900 commercial tenants that rent office and retail premises, mainly in inner city locations. The Gothenburg business area had around 1,650 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

Interim report Q3, 2021	October 22, 2021
Year-end report 2021	February 8, 2022
Interim report Q1, 2022	April 26, 2022
Annual General Meeting 2022	April 26, 2022
Interim report Q2, 2022	July 14, 2022
Interim report Q3, 2022	October 25, 2022

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 08:00 CEST on July 8, 2021.

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

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