

# WALLENSTAM

# INTERIM REPORT

## 1 JANUARY–30 JUNE 2015

### 1 JANUARY–30 JUNE 2015

- Income from property management amounted to SEK 322 million (289), an increase of 11 percent.
- Properties were sold with a value of SEK 1,756 million (771). This resulted in realized changes in value of SEK 133 million (98), which is 8 percent over the latest valuation.
- Unrealized changes in the value of investment properties amounted to SEK 1,711 million (393), of which new construction represented SEK 302 million (68).
- Changes in the value of derivative instruments amounted to SEK 160 million (-427).
- Profit after tax amounted to SEK 1,981 million (354) and earnings per share were SEK 5.9 (1.1).
- Rental income for the interim period amounted to SEK 771 million (793).
- Investments in properties totalled SEK 1,927 million (931).
- The growth rate in net asset value, excluding dividends and repurchases, on a rolling full-year basis was 14.7 percent.
- We had around 1,400 apartments under construction on the closing day.

### 1 APRIL–30 JUNE 2015

- Income from property management amounted to SEK 171million (150).
- Unrealized changes in the value of investment properties amounted to SEK 1,537 million (283), of which new construction represented SEK 182 million (21).
- Changes in the value of derivative instruments amounted to SEK 298 million (-220).
- Profit after tax amounted to SEK 1,823 million (177) and earnings per share were SEK 5.5 (0.5).
- Rental income for the second quarter amounted to SEK 390 million (394).

*Comparisons in brackets refer to the corresponding period of the previous year unless otherwise stated.  
The relevant figures have been restated for the 2:1 share split, which was carried out during the second quarter of 2015.*

“

“I feel very satisfied that all the numbers are moving in the right direction! Income from property management that increased by 11 percent, despite a number of property sales. An equity/assets ratio of 43 percent and a loan-to-value ratio of 44 percent – something that feels secure and creates a fantastic basis for our investment plans. An increase in value of SEK 1.7 billion in our investment properties – one fifth of which was generated through our own work with new construction projects and conversions. The effect of our business concept and current business plan with an emphasis on value creation through new production combined with effective management is now starting to become really apparent in the numbers.”

“Our goal is to achieve an average net asset value growth, excluding dividends and repurchases, of at least 10 percent per year until the end of 2018. This year, the growth rate in net asset value on a rolling full-year basis is more than 14 percent!”

HANS WALLENSTAM, CEO

# THIS IS WALLENSTAM

• No. of properties: around 220 • Investment property value: SEK 30 billion • Market capitalization 30 June 2015: SEK 20 billion  
• Occupancy rate, lettable area: 98% • Lettable area: 1.0 million sq m • No. of apartments under construction: around 1 400 • No. of wind turbines: 64

## BUSINESS PLAN 2018

**Goal: To achieve an average rate of net asset value growth, excluding dividends and repurchases, of at least 10 percent per year until the end of 2018.**

### Guiding principles

- An average annual housing production of 1,500 apartments.
- To reduce the carbon load in the property holdings by 15 percent per sq m by the end of 2018.
- The proportion of customers willing to recommend Wallenstam should increase yearly.

### Assumptions

- The equity/assets ratio should not be less than 30 percent.
- The realized interest coverage ratio on a rolling full-year basis should not be less than 2 times.

## BUSINESS CONCEPT

To develop, build, buy and sell properties that are sustainable in business and human terms in selected big city regions.

## STRATEGIES AND ASSET-CREATING FACTORS

Wallenstam conducts operations based on a business plan, goals and strategies. In order to achieve a sustainable business enterprise, our strategy rests on three pillars; financial, social and environmental responsibility.

The factors that create assets for the operations are essentially based on the Group's business process. In combination with overall strategies and guiding principles, this process provides the most important tools for contributing to the positive development of both income and the business over time.

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## WALLENSTAM TODAY

Wallenstam was founded in 1944 and its head office is located in Gothenburg. The Wallenstam share is listed on Nasdaq Stockholm, Large Cap.

Wallenstam is a major producer of homes in the regions where we operate; we build primarily rental apartments for our own property management.

Our residential properties are mainly located in Stockholm and Gothenburg, while our commercial properties are concentrated to inner city locations in Gothenburg. In all, Wallenstam has around 7,300 apartments and 1,000 commercial tenants. Wallenstam is self-sufficient in renewable energy through Svensk NaturEnergi.

Our operations are conducted in three business areas; Gothenburg, Stockholm and Svensk NaturEnergi.

### Gothenburg

Our property holdings in Gothenburg consist of around 3,300 apartments and around 900 commercial tenants who rent office and retail premises, mostly in inner city locations. We manage around 200 apartments in Helsingborg.

### Stockholm

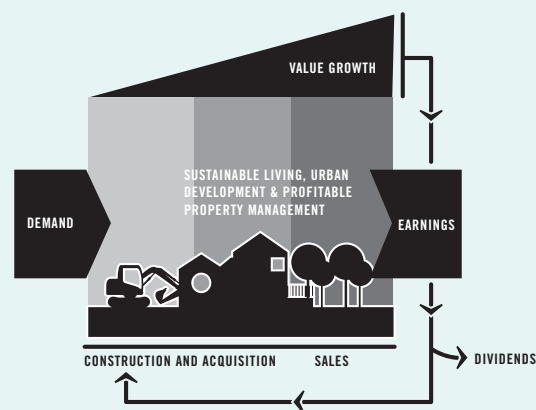
The majority of our residential properties are in Stockholm, where we have around 3,800 apartments. At present, the major part of our new construction is also in progress in the Stockholm region, including Uppsala.

### Svensk NaturEnergi

Operations within Svensk NaturEnergi consist of both generation of, and trading in, renewable energy. Production covers our own properties' needs and those of our tenants on a monthly basis.

### Business Process

Business Process: Wallenstam builds, buys and develops properties for people and businesses based on the needs of its tenants, the community and shareholders. The properties are developed and managed sustainably and profitably to generate value growth. Profits are re-invested and used to develop the business further. Shareholders receive a share of the profits in the form of dividends.



## SCHEDULE

Interim report Q3, 2015	4 November, 2015
Year-end report, 2015	24 February, 2016
Interim report Q1, 2016	26 April, 2016
Annual General Meeting 2016	26 April, 2016

This interim report was prepared in accordance with IAS 34. The accounting principles remain unchanged compared to the 2014 Annual Report. The Parent Company's accounting principles comply with the Swedish Annual Accounts Act and RFR2.

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

For information regarding accounting principles, please visit [www.wallenstam.se/en\\_ir](http://www.wallenstam.se/en_ir).

For definitions, etc., please refer to the last page of the report or visit: [www.wallenstam.se/glossary](http://www.wallenstam.se/glossary).

# COMMENTS BY THE CEO

I feel very satisfied that all the numbers are moving in the right direction! Income from property management that increased by 11 percent, despite a number of property sales. An equity/assets ratio of 43 percent and a loan-to-value ratio of 44 percent – something that feels secure and creates a fantastic basis for our investment plans. An increase in value of SEK 1.7 billion in our investment properties – one fifth of which was generated through our own work with new construction projects and conversions. The effect of our business concept and current business plan with an emphasis on value creation through new production combined with effective management is now starting to become really apparent in the numbers.

Our goal is to achieve an average net asset value growth, excluding dividends and repurchases, of at least 10 percent per year until the end of 2018. This year, the growth rate in net asset value on a rolling full-year basis is more than 14 percent!

## **Strong demand for properties**

During the first half of 2015, we completed property sales with a value of almost SEK 2 billion. These sales generated a realized profit, aside from the increases in value of SEK 578 million reported previously, of SEK 122 million. There is still huge pressure in the housing market, with strong demand for housing and also for residential buildings. We have also successfully managed, and are managing, a number of cooperative apartment projects that have generated a profit of SEK 124 million.

The value of the type of residential properties that Wallenstam has – in the growth regions Stockholm and Gothenburg – has risen considerably. Wallenstam's commercial properties – city properties in Gothenburg inner city – have also increased in value.

## **Strong balance sheet**

We have achieved an even more stable financial position during the year, which means that we are less sensitive to the prevailing turbulence in the financial market and in the surrounding world.

I can confirm that the price of risk is very low at present, which has meant that financially strong companies have displayed lower share price growth. I believe this is a short-term phenomenon and Wallenstam has not changed its strategy because of this. We are continuing the work on our business plan to construct 1,500 new apartments per year at an estimated investment volume of about SEK 2-3 billion annually. We feel secure by having a strong balance sheet in such an uncertain external environment.

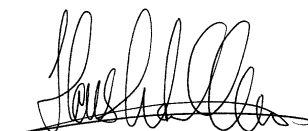
## **Good properties in attractive locations**

The commercial holdings are concentrated in Gothenburg inner city. This location combined with the good standard of the properties provides us with a great basis to make new lets at good rental rates, which results in a stable increase in value. Our residential buildings are found in attractive locations in the growth regions of Stockholm and Gothenburg. The housing shortage in the cities we operate in is still considerable and we are working intensively to supply new housing by concen-

trating on housing development in the three strongest markets in Sweden: Stockholm, Gothenburg and now also Uppsala.

## **We are now increasing the tempo**

Wallenstam is a company that is both a developer of projects and a property owner – and it is this very combination that makes us unique. We have replenished our land reserves with additional new urban development projects, for example in Sundbyberg and in Sollentuna, which are both exciting areas where we will provide almost 3,000 apartments in the next few years. We currently have 1,400 apartments under construction and the trend in the housing market means that we will see both increased income from property management and positive changes in value for a long time to come. The proportion of the increase in value that is generated from our own efforts continues to rise. We are moving in the right direction and now we are increasing the tempo further!



*Hans Wallenstam, CEO*



# INTERIM REPORT

1 JANUARY–30 JUNE 2015

## SECOND QUARTER 1 APRIL–30 JUNE

### Important events

During the period, Wallenstam vacated Kungsholmsporten, and at the same time took possession of four properties, that were part of the transaction with AFA Fastigheter.

In five different transactions, eight properties were sold to housing cooperatives established by tenants – two properties in Stockholm and six properties in Gothenburg. The agreed property value of these transactions totalled about SEK 327 million and the total lettable area is about 11,000 sq m. For a specification of the sold properties, see page 9.

An agreement was signed with Brostaden on the acquisition of two properties with potential for development of about 2,000 new apartments at Norrviken strand in Sollentuna Municipality. The agreed property value amounted to SEK 185 million.

Wallenstam has also been entrusted with the task, as one of four property developers, to participate and develop housing as well as commercial areas in the Central Station area where the City of Gothenburg is working on decking over Götaleden. Wallenstam's land allocations cover 20,000 sq m in total, of which half consists of residential and half of commercial areas.

The Annual General Meeting took place on 28 April, where resolutions were passed on a 2:1 share split, among other matters. The share split was carried out in May.

### Performance during the quarter

Income from property management was 14 percent better than the same period of the previous year. Comparatively, rental income decreased, which was the result of the completed property sales. Excluding acquisitions and divestments, revenue increased by SEK 19 million, which is equivalent to growth during the quarter of just over 5 percent. This growth is the result of additional recently constructed apartment buildings as well as completed rent negotiations. Operating expenses

were also lower, mainly on account of the completed property transactions.

Interest expenses totalled SEK 82 million (105), which was SEK 23 million lower than the previous year. Low interest rate levels contributed but also the fact that we opted to make large amortization payments, which reduced our borrowing considerably. On the closing day, 30 June 2015, interest-bearing liabilities amounted to SEK 14.7 billion, which was SEK 2 billion lower than the same date in 2014. The average interest rate during the quarter was 2.34 percent (2.86).

Income from natural energy management operations amounted to SEK -10 million (-17). Sales increased significantly but revenue did not rise at the same rate due to low electricity prices.

The total profit from property and cooperative apartment sales after expenses increased and amounted to SEK 171 million (36) for the quarter.

Unrealized changes in the value of properties were positive and amounted to SEK 1,537 million (283). New production of rental apartments made a contribution of SEK 182 million (21). In the existing property holdings, the main impact came from the change in the yield requirement during the period, and capitalization of net operating income. In all, unrealized changes in value in the existing property holdings amounted to SEK 1,355 million (262).

The quarter was positively affected by the trend in respect of derivatives. The change in the value of derivatives during the quarter was SEK 298 million (-220). The change in value from interest derivatives, that amounted to SEK 300 million during the quarter, neither affects cash flow nor average interest as it includes the effects of entered into derivative contracts.

Measurement of the synthetic options scheme that tracks the movement in price of the Wallenstam share, generated revenue of SEK 43 million during the quarter.

Profit after tax for the second quarter of 2015 amounted to SEK 1,823 million (177), which corresponds to earnings per share of SEK 5.5 (0.5).

## 1 JANUARY–30 JUNE

### Performance in brief

The surplus ratio increased to 73 percent (72). Net operating income amounted to SEK 560 million (574) for the interim period. Income from property management increased by 11 percent and amounted to SEK 322 million (289). Completed sales of properties and cooperative apartments resulted in a total gain of SEK 246 million (112). Profit before unrealized changes in value amounted to SEK 566 million (396).

Unrealized changes in the value of properties were positive and amounted to SEK 1,711 million (393) for the interim period.

The change in value of financial derivatives resulted in revenue during the period of SEK 160 million (expense 427). Expenses for an unrealized change in value in the synthetic options scheme amounted to SEK 5 million (9).

Profit before tax amounted to SEK 2,432 million (353) and profit after tax amounted to SEK 1,981 million (354), which corresponds to earnings per share of SEK 5.9 (1.1). The performance is commented on in more detail below.

### Rental income

Consolidated rental income for the period amounted to SEK 771 million (793), which is a net decrease of SEK 22 million compared to the year-earlier period – an effect of the completed property transactions. Excluding the result from acquired and divested properties, rental income increased by about SEK 35 million, which corresponds to growth of 4.8 percent. The growth in revenue is the result of additional recently constructed apartment buildings and completed rent negotiations. Of this rental income, SEK 548 million (551) was derived from the Gothenburg region, and SEK 219 million (238) from the Stockholm region.

Wallenstam's residential property holdings are fully let. This year's rent negotiations have resulted in an average rise of 1.0 percent in Gothenburg, and 1.4 percent in Stockholm. Rent levels for Wallenstam's commercial premises, which are located

in Gothenburg have risen by around 0.8 percent in comparable holdings, chiefly as a result of cost index escalations. We are experiencing strong, stable demand for premises especially in central locations where the majority of our commercial properties are situated. Our occupancy rate for commercial properties in terms of lettable area amounted to 95 percent on the closing day.

### Operating expenses & net operating income

Operating expenses for the period amounted to SEK 211 million (219). Net operating income amounted to SEK 560 million (574). The lower costs were mainly the result of the property divestments completed during 2014. Efficient management, optimized energy consumption and changes in property holdings with newer buildings also contributed positively.

Seasonal effects at Wallenstam consist mainly of variable operating expenses. These are usually greatest during quarters one and four when expenses for heating and property maintenance are generally higher.

### Management costs & administrative expenses

Management costs and administrative expenses refer mainly to personnel expenses and are distributed among property management, SEK 97 million (99); energy management, SEK 17 million (18) and transactions, properties and cooperative

apartments, SEK 13 million (23) in total.

In addition, there are expenses for the synthetic options scheme to employees. Unrealized expenses for the synthetic options scheme are recognized as a line item in the income statement. A maximum outcome based on the prevailing number of options issued and an achieved share price of SEK 80 per share, will generate an expense for the company of around SEK 139 million. Because the probability has increased that the scheme will enter into effect earlier than its final date (31 May 2019), we consider the sold purchase option value, with a ceiling of SEK 80, to be SEK 0 million (-16) and the purchased option value, with an exercise price of SEK 52.50, to be SEK 48 million (48). The expense for the interim period amounted to 5 million (9).

### Financial income & expenses

Financial income amounted to SEK 8 million (13) and financial expenses totalled SEK 166 million (217), of which SEK 149 million (199) related to property operations and SEK 17 million (18) to natural energy operations.

In total, financial expenses fell by SEK 51 million, of which lower average interest levels and reduced margins accounted for SEK 47 million. Financial expenses were also positively affected by SEK 13 million as a result of reduced average debt, which in 2015 was SEK 15.3 billion compared to SEK 16.7 billion in 2014, due to our decision to amortize loans. Capitalized in-

terest amounted to SEK 22 million (32).

The average interest rate for the period, which considers the effects of entered into derivative contracts, amounted to 2.41 percent (2.92). The average interest rate on the closing day was 2.33 percent (2.79).

### Income from natural energy management operations

Income from natural energy management operations consists of revenue less expenses including depreciation, administrative expenses and interest expenses attributable to electricity trading and electricity generation.

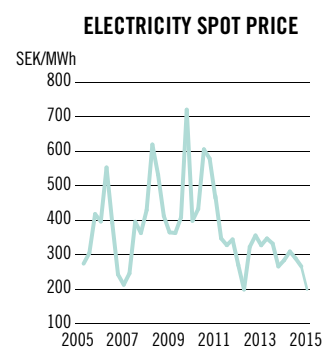
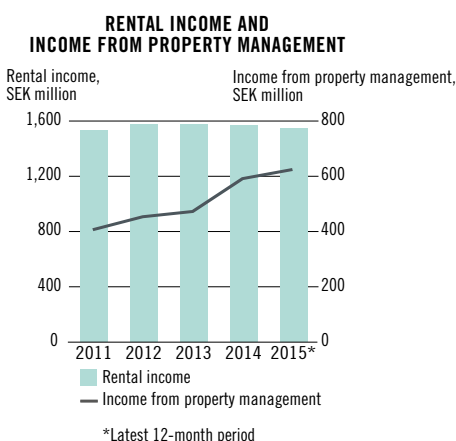
Revenue and expenses from the generation and sale of electricity before depreciation amounted to SEK 79 million net (73). Following deductions for interest and administrative expenses and depreciation totalling SEK 81 million (78), the loss from natural energy management operations was SEK -2 million (-5) for the interim period. Energy expenses for the year include wind turbine depreciation of SEK 47 million (42), which does not affect cash flow.

During the first half of 2015, 214 GWh (155) of electricity was produced, which was an increase of 38 percent compared to the same period in 2014. This increased production is not reflected to the same extent in sales, since electricity prices were lower than the previous year.

### THE TEN LARGEST COMMERCIAL TENANTS

Tenant	Floor space, sq m
City of Gothenburg	21,013
SF Bio AB	13,365
Gothenburg Regional Archives	11,000
University of Gothenburg	8,125
Swedish Social Insurance Agency	7,849
SCA Hygiene Products AB	7,600
Vittraskolorna AB	6,374
Folkuniversitetet	6,270
County Administrative Board of Västra Götaland	5,615
Renew Group Sweden AB	5,434
<b>Total</b>	<b>92,645</b>

Total commercial floor space in Gothenburg is approximately 419,000 sq m.



### Income from cooperative apartment sales

Revenue from the sale of cooperative apartments refers to remuneration from the sale of cooperative apartment units. The cost of the sold cooperative apartment units is recognized as an expense. This expense also includes marketing and selling expenses. Cost and revenue are recognized when a property is transferred to the purchaser, but selling expenses are recognized on an ongoing basis.

Profit for the period from the sale of cooperative apartments amounted to SEK 124 million net (37). This mainly includes the sale of apartments in the Kristallen and Prisman co-ops (the two Tuletornen high-rises).

### Realized changes in value, investment properties

During the first half of 2015, Wallenstam sold properties with a total value of SEK 1,756 million (771). The sales were carried out at prices that exceeded the latest valuation by about 8 percent on average.

The sales result in relation to the sums invested amounted to SEK 711 million (393), of which SEK 578 million (295) was recognized in the previous year's consolidated income statement as an unrealized change in value. As we owned the divested properties for an average of 8.7 years, the sales result is equivalent to an average annual increase in value of 6.1 percent. For a specification of the sold properties, see page 9.

### The Swedish transaction market

The transaction market in Sweden has remained stable and last year's strong trans-

action volume trend is continuing, according to property consultant JLL. In the second quarter of 2015, the total transaction market in Sweden amounted to SEK 34.9 billion, which is the same figure as the year-earlier period. Compared to the previous quarter, this was a sharp increase of 49 percent. There is still very good liquidity in the property market and a strong interest for continued investments in properties across the entire country and in all types of property.

### Unrealized changes in value, investment properties

The development in the value of properties during the first half of 2015 was positively affected by an increase in value generated by our own work in ongoing and completed new constructions of rental apartments, concluded negotiations and the market situation in the sector. The property market is characterized by a continued high level of activity with greater demand than supply with rising prices as a consequence. The increase in prices in the market is reflected in the valuation through lower yield requirements. The average yield requirement for commercial properties was 5.3 percent (5.4) at the end of the interim period and 3.5 percent (3.8) for residential buildings.

Investment properties in operation accounted for unrealized changes in value of SEK 1,409 million (325) including value generated through conversion projects of SEK 41 million in total. Increase in value from new construction of rental apartments accounted for SEK 302 million (68), which after consideration of conversion projects, means that 20 percent of the increase in value during the interim

period was generated by our own work. In all, unrealized changes in value in Wallenstam's property holdings amounted to SEK 1,711 million (393).

### Unrealized changes in value, financial instruments

Wallenstam uses financial instruments such as interest, currency and electricity derivatives; see Financing on page 10.

The value of interest derivatives has developed negatively for quite a long time, primarily due to falling interest rates. However, the long-term rates of interest have risen during the past quarter, and therefore the value of interest derivatives has developed positively and changed by SEK 167 million (-421) in total during the interim period.

As long as the derivative remains unrealized, the change in value of the interest derivative does not affect cash flow or average interest as the latter considers the effects of interest derivative agreements in force.

In order to secure electricity generation expenses and revenue from electricity sales, the Group hedges parts of the electricity price on the financial market. The value of electricity derivatives changed by SEK -9 million (-6), primarily as a result of low market prices for electricity. Also included are changes in the value of other financial holdings of SEK 2 million (0).

### Taxes

Recognized tax for the period amounted to SEK -451 million net (1), of which deferred tax amounted to SEK -450 million (0) and current tax amounted to SEK -1 million (1).

The Group's largest tax expenditures consist primarily of VAT expenses – for which we have a limited right of deduction as a property company – and such items as property and energy taxes, stamp duty and personnel-related taxes and charges. These other taxes, which amounted to around SEK 520 million (475) for the full-year 2014, are recognized among operating expenses within income from property management and investments in the construction operation.

### CHANGES IN VALUE OF INVESTMENT PROPERTIES

SEK million	JAN-JUN 2015	JAN-JUN 2014
Changes in value of investment properties in operation	1,409	325
Changes in value of new rental apartment construction in progress	302	68
Realized changes in value, investment properties	133	98
<b>Total changes in value, investment properties</b>	<b>1,844</b>	<b>491</b>

## OUR PROPERTIES

### Developments during the period

During the period, we invested SEK 1,777 million (715) in investment properties and SEK 150 million (216) in cooperative apartment construction for a total of SEK 1,927 million.

New construction projects in progress involve about 1,400 apartments. Total investments in rental and cooperative apartment projects in progress amounted to around SEK 2.5 billion (3.3) on the closing day.

### Investment properties

Property held with the aim of generating rental income and/or appreciation in value, i.e. Wallenstam's rental apartments, is classified as investment property.

Unrealized changes in value affected investment property values positively by a total of SEK 1,711 million (393), of which SEK 302 million (68) was from value

growth in rental apartment constructions in progress, and SEK 1,409 million (325) from investment properties in operation.

The average yield requirement for residential buildings is 3.5 percent (3.8) and for the commercial holdings, 5.3 percent (5.4). The approved value of investment properties was SEK 30,347 million (28,515) at the end of the period.

### Cooperative apartment projects

New production of properties that are constructed for the purpose of sales as cooperative apartment properties are recognized in the balance sheet as Work in progress, co-op apartments. Major cooperative apartment projects now under construction include Rikken in Gröndal and Tyresö Trädgårdar, both in the Stockholm region. Sales are under way in these projects of the 156 apartments in total with occupation estimated to begin during the third quarter of 2015. The book value of

Work in progress, cooperative apartments amounted to SEK 460 million (1,022) at the end of the period.

### Our market

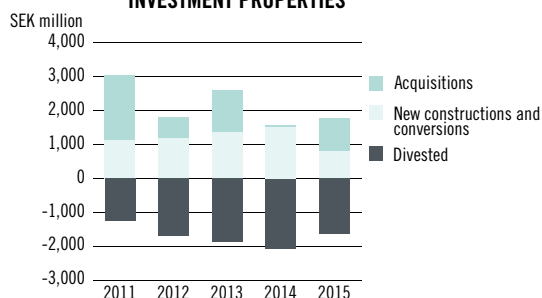
The cities in which we do business are characterized by extensive demand for housing and low rates of rental apartment construction. Only a minor proportion of our apartments become available for rent due to relocation, and demand for finished, newly built rental apartments is high.

We build mainly rental apartments, but also cooperative apartments, primarily because the land available for rental apartment construction is limited.

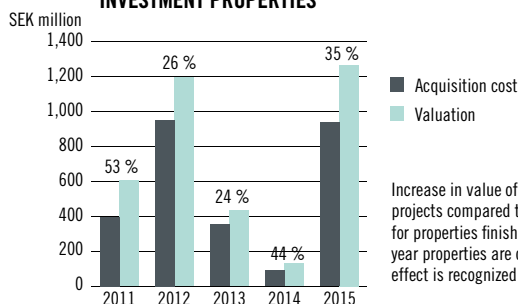
## CHANGES IN PROPERTY HOLDINGS, INVESTMENT PROPERTIES

	Book value, SEK million	Sq m
Property holdings, 1 January 2015	28,481	1,006,980
+ Acquisitions	955	44,156
+ Construction	822	30,698
- Sales	-1,622	-44,982
+ Unrealized changes in value, net	1,711	-
<b>Property holdings, 30 June 2015</b>	<b>30,347</b>	<b>1,036,852</b>

### ACQUISITION, CONSTRUCTION AND SALES OF INVESTMENT PROPERTIES



### GROWTH IN VALUE, NEW CONSTRUCTION INVESTMENT PROPERTIES



Increase in value of new rental apartment construction projects compared to cost. The graph shows outcomes for properties finished completely and per project in the year properties are completed, regardless of when the effect is recognized in the income statement.

## Valuation

Wallenstam measures all of its investment properties internally at fair value. We enjoy good market and property intelligence through active property trading, 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 a property is located and its type, e.g. housing or offices, etc.

A valuation is calculated based on a property's operating surplus set in relation to its yield requirement (refer to the valuation method in the annual report).

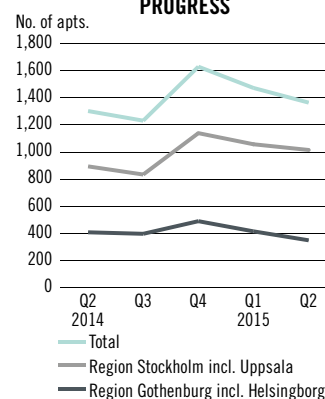
New construction rental properties are measured at fair value, which is determined as cost plus a share of the estimated surplus on the completion date in relation to the degree of completion of the construction. This is in turn based on expenses incurred. During the first year in operation, the estimated market value of a new construction is charged with a risk markup equivalent to 0.25 percentage points compared to an established investment property in a similar location.

Newly constructed cooperative apartments are recognized according to IFRIC 15, Agreements for the Construction of Real Estate. For Wallenstam, this means that IAS 18 Revenues, is applied when recognising these property projects. In short, this means that ongoing recognition takes place at cost and that a profit/loss is recognized when the cooperative unit is completed, sold and handed over to the customer.

## NEW CONSTRUCTION IN PROGRESS, 30 JUNE 2015

Project	Sq m	No. of apts.	Estimated completion
<b>Stockholm</b>			
Riggen, Gröndal (co-op)	2,600	42	Q3 2015
Svanhöjden, Älta	7,450	129	Q3 2015
Tyresö Trädgårdar, Tyresö, Stage 1 (co-op)	8,500	114	Q3 2015
Följa Berg, Nacka	7,470	122	Q4 2015
Månspinnaren, Norra Djurgårdsstaden	6,850	121	2016
Tavernan, Barkarbystaden, Järfälla	12,130	205	2017/2018
<b>Uppsala</b>			
Fjärilen, Rosendal	8,400	145	2016
Snickeriet, Östra Sala backe	7,100	137	2016
<b>Gothenburg</b>			
Vågmästaren, Kvillebacken	6,200	112	2016
Åby Stallbacken, Mölndal, Stage 1	10,000	185	2016/2017
<b>Helsingborg</b>			
Vildvinet 1	2,600	52	2016
<b>Total</b>	<b>79,300</b>	<b>1,364</b>	

## APARTMENTS, CONSTRUCTION IN PROGRESS



## CHANGE, CONSTRUCTION IN PROGRESS

	No. of apts.
New construction in progress, 31 Mar 2015	1,472
- Completed	-313
+ Started	+205
<b>New construction in progress, 30 Jun 2015</b>	<b>1,364</b>



**PROPERTY HOLDING STRUCTURE AS OF 30 JUNE 2015**

Lettable area, sq m	Residential	Office	Retail	Industry/ warehousing	Education	Other	Total	Distribution, place
Stockholm	237,185	34,271	20,215	17,650	2,386	18,090	329,797	32 %
Gothenburg	217,418	194,754	93,002	69,720	32,849	78,605	686,348	66 %
Helsingborg	15,471	1,415	1,408	932	170	1,311	20,707	2 %
<b>Total</b>	<b>470,074</b>	<b>230,440</b>	<b>114,625</b>	<b>88,302</b>	<b>35,405</b>	<b>98,006</b>	<b>1,036,852</b>	<b>100 %</b>
Distribution by type of premises	45 %	22 %	11 %	9 %	3 %	10 %	100 %	

**PROPERTY ACQUISITIONS, 2015**

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehousing sq m	Education sq m	Other sq m	Total sq m
<b>Gothenburg</b>									
Stallbacken 20*		-	-	-	-	-	-	-	-
<b>Stockholm</b>									
Freden Större 11	Gesällvägen 1 / Rissneleden 2-2 B, 4-18 / Östra Madenvägen 3-5, 9-17	1974	-	20,191	9,107	7,913	-	-	37,211
Barlasten 3*		-	-	-	-	-	-	-	-
Kåbo 57:2*		-	-	-	-	-	-	-	-
Morellträdet 6	Hantverkargatan 42 / Pilgatan 19 A-C	1929	2,019	232	270	116	-	-	2,637
Morellträdet 12	Hantverkargatan 44, 44 A	1929	1,319	372	43	-	-	-	1,734
Morellträdet 13	Hantverkargatan 46, 46 A	1929	1,119	309	-	68	-	-	1,496
Smaragden 2	Bergsgatan 26	1929	1,078	-	-	-	-	-	1,078
<b>Total</b>			<b>5,535</b>	<b>21,104</b>	<b>9,420</b>	<b>8,097</b>	-	-	<b>44,156</b>

\* Land

**PROPERTY SALES, 2015**

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehousing sq m	Education sq m	Other sq m	Total sq m
<b>Gothenburg</b>									
Gårda 69:5	Norra Gubberogatan 9	1939	1,687	-	-	-	-	-	1,687
Gårda 69:6	Norra Gubberogatan 11	1939	1,665	-	-	-	-	-	1,665
Torp 24:4	Anders Zornsgatan 21 A-E	1945/1986	1,870	16	-	63	-	35	1,984
Källtorp 47:23	Virginsgatan 12	1939	225	-	-	-	-	40	265
Källtorp 47:24	Virginsgatan 10	1939	180	-	-	-	-	-	180
Källtorp 47:25	Virginsgatan 8	1939	228	-	-	-	-	-	228
<b>Stockholm</b>									
Kontot 1	Multrågatan 19-25, 29 A	1958	11,479	39	124	-	-	-	11,642
Tabulatorn 3	Håsjögränd 2	1958	2,779	-	74	10	-	88	2,951
Glädjen 14	Franzénsgatan 10 / Hornsbergs strand 19-25	2012	9,029	-	-	39	-	-	9,068
Förtjusningen 1	Franzénsgatan 14-18 / Hornsbergs strand 27 A-C / Nordenflychtsvägen 76-78	2011	9,896	-	240	68	-	-	10,204
Rödbetan 10	Ekedalsvägen 18 / Kvarnbergsvägen 72-74 / Sturevägen 29-31	1987	1,739	120	-	-	-	-	1,859
Paragrafen 7	Arrendatorsvägen 2 A-B, 4 A-B, 6 A-B	1949	2,970	167	-	112	-	-	3,249
<b>Total</b>			<b>43,747</b>	<b>342</b>	<b>438</b>	<b>292</b>	-	<b>163</b>	<b>44,982</b>

**COMPLETED NEW CONSTRUCTION, 2015**

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehousing sq m	Education sq m	Other sq m	Total sq m
<b>Gothenburg</b>									
Kvillebäcken 3:1	Gustaf Daléngsgatan 10-14 / Långängen 11 / Solventilsgatan 20-22	2015	6,009	-	90	-	-	2,229	8,328
Lorensberg 57:8	Teatergatan 30-38	2015	3,901	-	329	-	-	-	4,230
<b>Stockholm</b>									
Barkarby 2:28	Barkarbyvägen 42-52, 42 A-B, 44 A-C / Gripengatan 1-7 / Karlslundavägen 4-8, 8 A / Stora torget 1-3, 1 A-B, 2, 2 A-B	2015	15,610	-	756	-	-	3,733	20,099
Other changes, existing properties, change in net floor space		2015	481	-	-	-	-	-2,440	-1,959
<b>Total</b>			<b>26,001</b>	-	<b>1,175</b>	-	-	<b>3,522</b>	<b>30,698</b>

## WIND POWER AND HYDROELECTRIC POWER

Wallenstam has three hydroelectric plants in operation and 64 wind turbines divided among 19 wind farms. At the end of June, our installed output amounted to 139 MW (139).

No wind power investments were made during the period (194).

Wind turbines and hydroelectric plants are measured at cost less depreciation and impairment charges. Depreciation for the year amounted to SEK 47 million (42). As of 30 June 2015, consolidated net investments in finished turbines and projects in progress, totalled SEK 1,721 million (2,139).

## FINANCING

### Equity

Shareholders' equity amounted to SEK 14,488 million (12,814), equivalent to SEK 43 per share (38). The equity/assets ratio was 43 percent (39). Equity includes a deficit value on derivatives of SEK 856 million (596). This deficit, adjusted for tax, will be gradually reversed during the remaining derivative contract periods.

### Interest-bearing liabilities

Interest-bearing liabilities consist of conventional bank loans and commercial paper with a limit of SEK 2 billion, and bonds. Bonds comprise a total of SEK 1,100 million, of which SEK 500 million are in the form of green bonds. The bonds are listed on Nasdaq Stockholm.

On the closing day, Wallenstam's interest-bearing liabilities amounted to SEK 14,751 million (16,779), which corresponds to a loan-to-value ratio of 44 percent (51). The average liability for the interim period is about SEK 1.4 billion lower than the year-earlier period, which is a result of the fact that we also continued to amortize heavily during the second quarter of 2015. As we opted to amortize variable loans, the average remaining fixed-interest term is rising and is now 44 months (40). Of the loan portfolio, 56 percent (46) of the loans have fixed terms longer than one year.

On the closing day, the average interest rate amounted to 2.33 percent (2.79).

Financing is secured chiefly by mortgage deeds for properties. No sureties are pledged for bonds or the commercial paper programme.

### Derivative instruments

Wallenstam's financial derivative instruments consist mainly of interest derivatives and to a lesser extent of electricity derivatives. On the closing day, Wallenstam had a net indebtedness in respect of derivative instruments of SEK 856 million compared to SEK 1,020 million at year-end 2014. Of this, interest derivatives accounted for SEK 836 million (579) and electricity derivatives for SEK 20 million (17).

Interest derivatives are used to obtain a desired interest maturity profile in a flexible and cost effective way. They are val-

ued through discounting future cash flows based on observable market interest rates and are classified at level 2.

The value of interest derivatives has developed negatively for quite a long time due to falling market interest rates. The arising deficit values, which reflect how the Group's hedged interest rates relate to variable interest on the closing day, are recognized as a liability in the balance sheet. During the second quarter of 2015, this trend has reversed and long-term interest rates have risen. This has resulted in a fall in deficit values, which generated a positive effect on earnings for the interim period of SEK 167 million (-421) in total. Unrealized changes in value for interest derivatives do not affect cash flow, but do affect the income statement.

Electricity derivatives are used to mitigate the effect of market fluctuations by hedging income from future electricity sales and electricity production. These are measured at market value on the closing day.

### Available liquid assets

Available liquid assets, including bank overdraft facilities, amounted to SEK 940 million (822). Approved overdraft facilities amounted to SEK 800 million (400). There is also an approved credit commitment of SEK 375 million.

## WIND POWER AND HYDROELECTRIC POWER

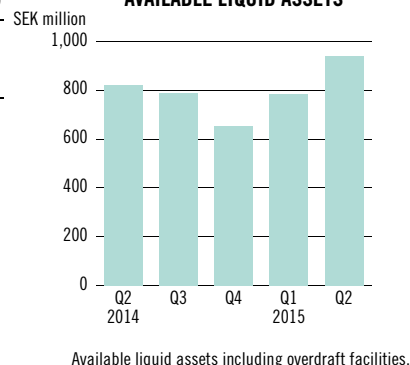
	Number of farms	Number of turbines	Installed output, MW
<b>IN OPERATION</b>			
Wind turbines	19	64	138.5
Hydroelectric plants	-	3	0.8
<b>Total</b>	<b>19</b>	<b>67</b>	<b>139.3</b>

## FIXED TERMS, AVERAGE INTEREST RATES, 30 JUNE 2015

Interest maturity structure	Amount, SEK million	Average interest rate, %	Proportion, %
0-3 mths	1,683	4.65*	11.4
3 mths-1 year	4,813	0.71	32.6
1-2 years	500	2.53	3.4
2-3 years	600	2.93	4.1
3-4 years	630	3.37	4.3
4-5 years	500	2.72	3.4
5-6 years	900	2.81	6.1
6-7 years	1,700	2.65	11.5
7-8 years	1,675	2.65	11.4
8-9 years	1,150	3.20	7.8
> 9 years	600	2.45	4.1
<b>Total</b>	<b>14,751</b>	<b>2.33</b>	<b>100.00</b>

\* Variable interest loans with an interest maturity within three months have an average interest rate of 0.59 %. 4.65 % includes the effect of swap agreements and fixed-interest loans that mature within the three-month period.

## AVAILABLE LIQUID ASSETS



## THE WALLENSTAM SHARE\*

The Wallenstam B share is quoted on Nasdaq Stockholm, Large Cap. During 2015, the Wallenstam share price has fallen by 9 percent. The property indices OMX Stockholm Real Estate and OMX Stockholm PI rose by 1 percent and 7 percent respectively during the same period.

Wallenstam's Annual General Meeting on 28 April 2015, resolved on a 2:1 share split, which meant that each existing share was split into two shares of the same class. The record day for the split was set as 26 May 2015.

At the end of the period, the Wallenstam share price was SEK 58.90 compared

to SEK 64.85 at year-end 2014/2015. The market capitalization was SEK 20,026 million (22,049) based on the number of registered shares. Equity per share amounted to SEK 43 (38).

Wallenstam has a mandate from the AGM to repurchase shares. No repurchases were carried out during 2015. On the closing day, the company held 6,000,000 treasury shares.

### P/E ratio

The P/E ratio is 8.9. Excluding the impact of derivative instruments, the adjusted P/E ratio is 8.2.

### Dividend yield

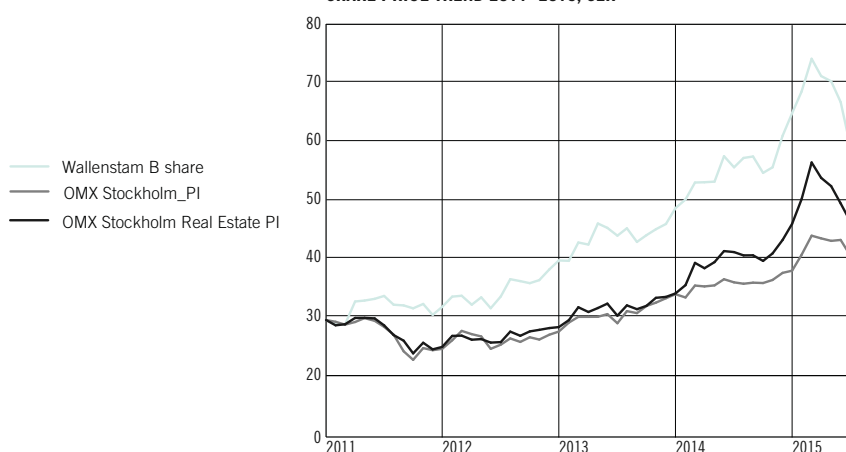
The AGM resolved on a dividend of SEK 2.25 per share before the split (2.00). In total, SEK 376 million was disbursed to the shareholders in May.

### Total yield

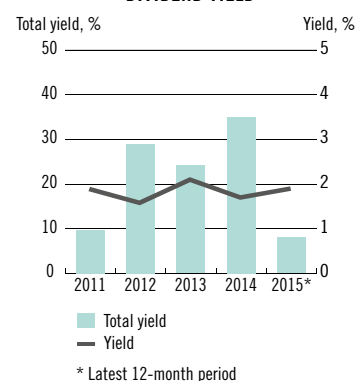
The total yield per share, calculated as the share price performance during the previous twelve months including dividends paid in relation to the share price at the beginning of the period, amounted to 8 percent (36).

\* Comparisons in brackets refer to amounts as of 31 December 2014. The figures are restated for the 2:1 split, unless otherwise specified.

SHARE PRICE TREND 2011–2015, SEK



DIVIDEND YIELD



## SHAREHOLDINGS, 30 JUNE 2015

	A shares	B shares	Equity, %	Votes, %
Hans Wallenstam, and family, and company	34,500,000	46,226,800	23.74	60.70
AMF – Insurance and funds		29,045,932	8.54	4.51
Agneta Wallenstam and family		21,004,000	6.18	3.26
Anders Berntsson and family, and company		19,300,000	5.68	2.99
Henric Wiman and family		12,112,328	3.56	1.88
Bengt Norman and company		8,480,000	2.49	1.32
Monica and Jonas Brandström		7,457,871	2.19	1.16
Christian Wallenstam		5,900,000	1.74	0.92
David Wallenstam		5,440,000	1.60	0.84
CBNY-Norges Bank		5,073,725	1.49	0.79
Other owners		139,459,344	41.03	21.63
<b>Total number of shares</b>	<b>34,500,000</b>	<b>299,500,000</b>		
Repurchased shares**		6,000,000	1.76	
Registered shares	34,500,000	305,500,000		
<b>Total registered shares</b>	<b>340,000,000</b>		<b>100.00</b>	<b>100.00</b>
<b>Total outstanding shares</b>	<b>334,000,000</b>			

The proportion of institutional ownership amounted to around 13 percent of equity and around 7 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. They receive no dividends either.

## GOAL FOLLOW-UP

### Goal – Net asset value growth

Wallenstam's goal is to achieve an average rate of net asset value growth, excluding dividends and repurchases, of at least 10 percent per year until the end of 2018.

Estimated net asset value growth in relation to the Group's goal is based on a rolling twelve-month trend and amounted to 14.7 percent for the period.

Excluding the period's changes in the value of financial derivatives and impairment charges to wind turbines, the corre-

sponding change is 17.7 percent for the latest twelve-month period. Derivative trends were the main cause of the negative short-term impact of 1.3 percentage points, along with impairment losses of 1.7 percentage points on wind turbines.

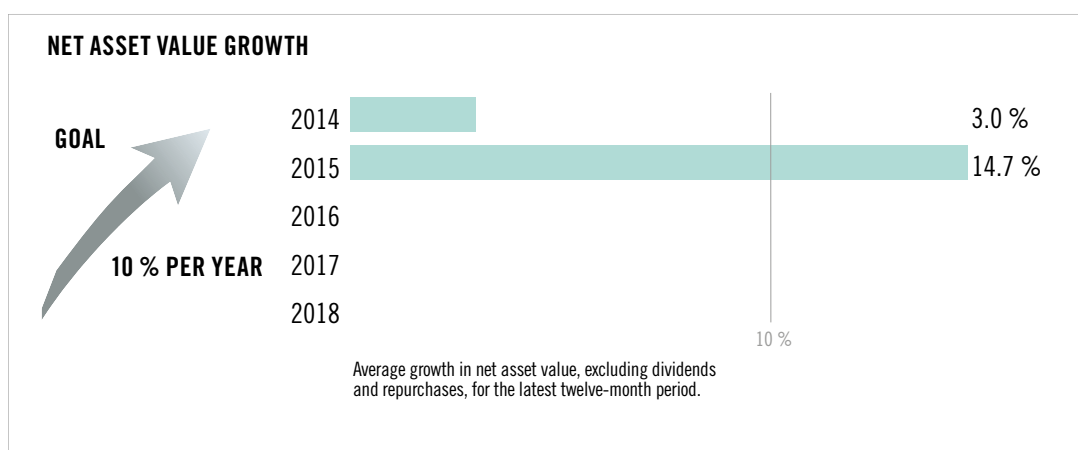
### Net asset value

Net asset value amounted to SEK 17,792 million on the closing day. Net asset value describes the Group's total value and includes equity and deferred tax liability. Deferred tax liability refers mainly to dif-

ferences between carrying amounts and residual values for tax purposes in Group properties.

A net tax liability of SEK 2,480 million (2,020) is recognized in the balance sheet, which consists of a deferred tax asset of SEK 824 million (1,144) and a deferred tax liability of SEK 3,304 million (3,164).

The non-current net asset value (EPRA NAV), which in addition to reversal of deferred tax liabilities also considers unrealized changes in the value of derivatives, amounted to SEK 18,460 million (16,443).



### NET ASSET VALUE GROWTH

1 JUL 2014 – 30 JUN 2015

SEK million

Net asset value, 1 Jul 2014	15,978
Change in net asset value for the period	1,815
Reversal of dividend and repurchases for the period	534
<b>Rolling net asset value</b>	<b>18,327 14.7 %</b>

### NET ASSET VALUE

	2015 30 JUN	2014 30 JUN
Equity as per balance sheet	14,448	12,814
Deferred tax liability as per balance sheet	3,304	3,164
<b>Consolidated net asset value</b>	<b>17,792</b>	<b>15,978</b>
Derivatives as per balance sheet, net excl. tax	668	465
<b>Non-current net asset value (EPRA NAV)</b>	<b>18,460</b>	<b>16,443</b>

## OTHER INFORMATION

### Opportunities & risks

Wallenstam's opportunities and risks, and how we manage them, are presented in the 2014 annual report on pages 22–25. No significant changes have taken place since then.

### Sensitivity analysis

As of 30 June 2015, the estimated market value of the properties amounted to around SEK 30 billion. A change in value of plus/minus 10 percent is thus equivalent to about SEK 3 billion. A general change of plus/minus 0.25 percentage points in property yield requirements is equivalent to about SEK -1.7 billion or SEK +1.7 billion.

### 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 rent apartments and are also electricity customers. A company within the New Wave Group rents commercial space corresponding to a total of SEK 5.7 million in annual revenues. Insurance services are purchased from companies where members of Wallenstam's Board of Directors and Group management are board members, for a total equivalent to about SEK 4 million in annual charges.

Architectural services were purchased for SEK 1.1 million from companies related to a deputy CEO that are also Svensk NaturEnergi electricity customers. In addition, a company which is a related party to one of Wallenstam's Board members, performed building contract services

with a total contract value of SEK 295.7 million. This company has been a Svensk NaturEnergi electricity customer since the end of 2014.

Wallenstam's involvement in environmental and social responsibility issues is described in more detail on pages 31–35 of the 2014 annual report. As part of its social responsibility work, the Wallenstam Group not only contributes financially but also gives its time in the form of e.g. board work. As a result of such board positions, related party status arises in the case of the Rescue Mission in Gothenburg and Barn i Nöd (Swedish International Help for Children).

During the year, Barn i Nöd received SEK 0.1 million in contributions and the Rescue Mission in Gothenburg received SEK 1.3 million. The Rescue Mission in Gothenburg rents premises from Wallenstam equivalent to rental income of about SEK 4.1 million annually. Both organisations are also Svensk NaturEnergi electricity customers.

All transactions take place on market-related terms.

### Parent company

The parent company's primary operations are the performance of Group-wide services. In addition, the parent company owns a small number of properties.

### INCOME STATEMENT, PARENT COMPANY

	JAN-JUN 2015	JAN-JUN 2014	JAN-DEC 2014
<b>SEK million</b>			
Revenue	167	178	255
Expenses	-171	-188	-369
Net financial items	515	297	327
Changes in value of derivative instruments	167	-420	-845
<b>Profit/loss before tax</b>	<b>678</b>	<b>-133</b>	<b>-632</b>
Group contributions	-	-	-
Taxes	-107	76	-55
<b>Profit/loss after tax</b>	<b>571</b>	<b>-57</b>	<b>-687</b>
<b>Comprehensive income</b>	<b>571</b>	<b>-57</b>	<b>-687</b>

### BALANCE SHEET, PARENT COMPANY

	30 JUN 2015	30 JUN 2014	31 DEC 2014
<b>SEK million</b>			
<b>Assets</b>			
Properties	1,153	1,020	1,114
Participations in Group companies	5,961	5,947	5,961
Financial derivative instruments	23	29	27
Receivables from Group companies	12,846	12,711	11,335
Other assets	425	644	503
Cash and cash equivalents	101	403	43
<b>Total assets</b>	<b>20,509</b>	<b>20,754</b>	<b>18,983</b>
<b>Equity and liabilities</b>			
Equity	6,573	7,166	6,378
Interest-bearing external liabilities	8,533	8,899	7,689
Liabilities to Group companies	4,326	3,832	3,686
Financial derivative instruments	859	607	1,030
Other liabilities	218	250	200
<b>Total equity and liabilities</b>	<b>20,509</b>	<b>20,754</b>	<b>18,983</b>
Pledged assets	3,156	3,893	3,844
Contingent liabilities	6,272	7,959	7,602

Total sales for the period amounted to SEK 167 million (178), of which rental income constituted SEK 33 million (29).

The performance was affected positively by changes of SEK 167 million (-420) in the value of financial interest derivative instruments.

Profit after tax amounted to SEK 571 million (-57), as did comprehensive income.

Investments in non-current assets during the period amounted to SEK 52 million (134). Parent company external loans amounted to SEK 8,533 million (8,899) on the closing day.

### Annual General Meeting 2015

The Annual General Meeting (AGM) of Wallenstam AB (publ) on 28 April 2015, passed resolutions on the following matters, among others:

- The AGM adopted the annual accounts for 2014 and approved the Board's proposal for dividend for the 2014 financial year of SEK 2.25 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 Christer Villard as Chairman of the Board of Directors and also re-elected Ulrica Jansson Messing, Agneta Wallenstam, Erik Åsbrink and Anders Berntsson as Board members. Fees to be paid to the Board of Directors were approved of SEK 1,330,000 in total, of which SEK 670,000 to the Chairman of the Board, SEK 240,000 to the deputy Chairman and SEK 140,000 to each of the other Board members. The fees include compensation for committee work.
- Dick Brenner (chairman), Christer Villard, Lars-Åke Bokenberger and Hans Wallenstam were re-elected as members of the nomination committee until the end of the 2016 AGM. It was also resolved that the nomination committee would be entrusted with the task of preparing proposals for the appointment of the nomination committee for the 2016 AGM.
- The AGM resolved on re-election of the auditor Harald Jagner as the company's auditor and the re-election of Pernilla Lihnell as the company's deputy auditor, both from Deloitte AB, until the end of the 2016 AGM.
- The AGM approved guidelines for remuneration to senior executives.
- The AGM resolved on a split of the company's shares, whereby each existing share will be split into two shares of the same class (a 2:1 share split).
- The AGM further resolved to amend the articles of association in respect of §6 Board Composition, §9 Notice to Attend and §10 Annual General Meeting.
- The AGM authorised the Board until the next AGM, on one or more occasions, to take decisions regarding the purchase of the company's B shares on Nasdaq Stockholm, such that the company's maximum holding at any one time does not exceed 10 percent of all shares in the company. The acquisition must take place within the registered price range (i.e. the spread between the highest purchase price and lowest selling price).
- The AGM also authorised the Board of Directors until the next AGM – with or without preferential rights for the shareholders – to take decisions regarding the assignment of the company's own shares by means other than through Nasdaq Stockholm. Assignment may take place against cash payment, against compensation by means other than cash or through the cancellation of debt by share assignment 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. The number of company shares assigned may not exceed the number of shares held by the company at the time of assignment.

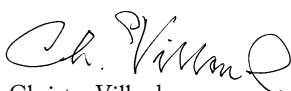
#### Events after the end of the reporting period

No events of significant importance for the company's position have occurred after the end of the reporting period.

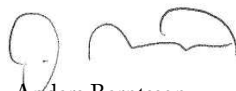
#### Report signatures

The Board and CEO certify that the interim report for the first six months 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. This interim report has not been subject to review by the company's auditors.

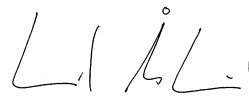
Gothenburg, August 5, 2015



Christer Villard  
Chairman of the Board



Anders Berntsson  
Board member



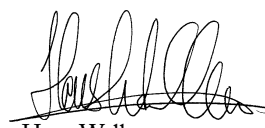
Erik Åsbrink  
Board member



Ulrica Jansson Messing  
Deputy Chairman of the Board



Agneta Wallenstam  
Board member



Hans Wallenstam  
CEO

# CONSOLIDATED INCOME STATEMENT

SEK million	Note	2015 JAN-JUN	2014 JAN-JUN	2015 APR-JUN	2014 APR-JUN	2014/2015 JUL-JUN	2014 JAN-DEC
Rental income		771	793	390	394	1,544	1,566
Operating expenses		-211	-219	-99	-100	-431	-439
<b>Net operating income, properties</b>		<b>560</b>	<b>574</b>	<b>291</b>	<b>294</b>	<b>1,113</b>	<b>1,127</b>
Management costs and administrative expenses		-97	-99	-51	-54	-185	-187
Financial income		8	13	4	5	12	17
Financial expenses		-149	-199	-73	-95	-315	-365
<b>Income from property management</b>		<b>322</b>	<b>289</b>	<b>171</b>	<b>150</b>	<b>625</b>	<b>592</b>
Income from natural energy management operations	1	-2	-5	-10	-17	-22	-25
Revenue, co-op apartment sales		530	256	149	236	1,329	1,055
Expenses, co-op apartment sales		-406	-219	-105	-201	-1,016	-829
Realized changes in value, investment properties	2	122	75	127	1	279	232
<b>Profit before unrealized changes in value and impairment charges</b>		<b>566</b>	<b>396</b>	<b>332</b>	<b>169</b>	<b>1,195</b>	<b>1,025</b>
Unrealized changes in value, investment properties		1,711	393	1,537	283	2,147	829
<i>New construction</i>		302	68	182	21	380	146
<i>Other</i>		1,409	325	1,355	262	1,767	683
Unrealized changes in value, financial instruments		160	-427	298	-220	-267	-854
Unrealized changes in value, synthetic options		-5	-9	43	-4	-16	-20
Impairment losses on non-current assets		-	-	-	-	-350	-350
<b>Profit before tax</b>		<b>2,432</b>	<b>353</b>	<b>2,210</b>	<b>228</b>	<b>2,709</b>	<b>630</b>
Taxes		-451	1	-387	-51	-497	-45
<b>Profit for the period, after tax</b>		<b>1,981</b>	<b>354</b>	<b>1,823</b>	<b>177</b>	<b>2,212</b>	<b>585</b>
<i>Other comprehensive income, items that may be transferred to profit/loss for the period</i>							
Translation difference		-1	4	-1	1	-7	-2
Tax attributable to other comprehensive income		-	-1	-	-	1	0
<b>Comprehensive income</b>		<b>1,980</b>	<b>357</b>	<b>1,822</b>	<b>178</b>	<b>2,206</b>	<b>583</b>
<i>Distribution of profit/loss for the period</i>							
Profit for the period attributable to parent company shareholders		1,982	354	1,824	177	2,213	585
Profit/loss for the period attributable to non-controlling interests		-1	-	-1	-	-1	-
Average number of outstanding shares, thousands		334,000	337,076	334,000	337,010	334,862	336,400
Profit after tax, SEK per share; dilution does not occur		5.9	1.1	5.5	0.5	6.6	1.7

## NOTE 1 – Income from natural energy management operations

SEK million	2015 JAN-JUN	2014 JAN-JUN	2015 APR-JUN	2014 APR-JUN	2014/2015 JUL-JUN	2014 JAN-DEC
Electricity revenue	173	159	58	58	294	280
Electricity expenses	-94	-86	-28	-33	-149	-141
Depreciation	-47	-42	-23	-21	-96	-91
Management costs and administrative expenses, natural energy	-17	-18	-8	-11	-34	-35
Financial expenses, natural energy	-17	-18	-9	-10	-37	-38
<b>Income from natural energy management operations</b>	<b>-2</b>	<b>-5</b>	<b>-10</b>	<b>-17</b>	<b>-22</b>	<b>-25</b>

## NOTE 2 – Realized profit from the sale of investment properties

SEK million	2015 JAN-JUN	2014 JAN-JUN	2015 APR-JUN	2014 APR-JUN	2014/2015 JUL-JUN	2014 JAN-DEC
Sales revenue	1,756	771	1,756	23	3,334	2,349
Cost and investments	-1,045	-378	-1,044	-11	-2,080	-1,413
Previously recognized changes in value	-578	-295	-579	-3	-936	-653
Sales and administrative expenses	-11	-23	-6	-8	-39	-51
<b>Realized changes in value, investment properties</b>	<b>122</b>	<b>75</b>	<b>127</b>	<b>1</b>	<b>279</b>	<b>232</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	30/06/2015	30/06/2014	31/12/2014
<b>Assets</b>			
<i>Non-current assets</i>			
Investment properties	30,347	28,515	28,481
Wind turbines and hydroelectric plants incl. new construction in progress	1,721	2,139	1,770
Financial assets	128	507	543
Financial derivative instruments	23	29	27
Other non-current assets	60	55	57
<b>Total non-current assets</b>	<b>32,279</b>	<b>31,245</b>	<b>30,878</b>
<i>Current assets</i>			
Work in progress, co-op apartments	460	1,022	601
Other current assets	757	367	222
Cash and cash equivalents	140	422	56
<b>Total current assets</b>	<b>1,357</b>	<b>1,811</b>	<b>879</b>
<b>Total assets</b>	<b>33,636</b>	<b>33,056</b>	<b>31,757</b>
<b>Equity and liabilities</b>			
<i>Equity</i>	<i>14,488</i>	<i>12,814</i>	<i>12,883</i>
<i>Non-current liabilities</i>			
Provisions for deferred tax	2,480	2,020	2,063
Other provisions	41	35	36
Interest-bearing liabilities	1,646	1,041	1,228
Financial derivative instruments	862	607	993
Other non-current liabilities	320	48	54
<b>Total non-current liabilities</b>	<b>5,349</b>	<b>3,751</b>	<b>4,374</b>
<i>Current liabilities</i>			
Interest-bearing liabilities	13,105	15,738	13,850
Financial derivative instruments	17	18	54
Other current liabilities	677	735	596
<b>Total current liabilities</b>	<b>13,799</b>	<b>16,491</b>	<b>14,500</b>
<b>Total equity and liabilities</b>	<b>33,636</b>	<b>33,056</b>	<b>31,757</b>
Pledged assets	13,098	16,931	15,185
Contingent liabilities	30	3	31
Equity attributable to non-controlling interests	-1	2	0



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Equity attributable to parent company shareholders					Non-controlling interests	Total equity
	Share capital	Other capital contributed	Other reserves	Profit brought forward			
<b>Opening equity, 1 Jan 2014</b>	<b>170</b>	<b>359</b>	<b>-12</b>	<b>12,321</b>	<b>2</b>	<b>12,840</b>	
Profit/loss for the period	-	-	-	354	-	354	
Other comprehensive income	-	-	4	-	-	4	
Tax attributable to other comprehensive income	-	-	-1	-	-	-1	
<i>Transactions with shareholders</i>							
Dividends	-	-	-	-337	-	-337	
Repurchase of own shares	-	-	-	-46	-	-46	
<b>Closing equity, 30 Jun 2014</b>	<b>170</b>	<b>359</b>	<b>-9</b>	<b>12,292</b>	<b>2</b>	<b>12,814</b>	
<b>Opening equity, 1 Jan 2015</b>	<b>170</b>	<b>359</b>	<b>-14</b>	<b>12,368</b>	<b>0</b>	<b>12,883</b>	
Profit/loss for the period	-	-	-	1,982	-1	1,981	
Other comprehensive income	-	-	-1	-	-	-1	
Tax attributable to other comprehensive income	-	-	-	-	-	-	
<i>Transactions with shareholders</i>							
Dividends	-	-	-	-376	-	-376	
Repurchase of own shares	-	-	-	-	-	-	
<b>Closing equity, 30 Jun 2015</b>	<b>170</b>	<b>359</b>	<b>-15</b>	<b>13,975</b>	<b>-1</b>	<b>14,488</b>	

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	2015	2014	2015	2014	2014/2015	2014	
	JAN-JUN	JAN-JUN	APR-JUN	APR-JUN	JUL-JUN	JAN-DEC	
Profit before unrealized changes in value	566	396	334	169	1,195	1,025	
Adjustment for items not included in cash flow	-242	-80	-215	-31	-579	-417	
Taxes paid	-1	-	-1	-	-1	-	
<b>Cash flow before change in working capital</b>	<b>323</b>	<b>316</b>	<b>118</b>	<b>138</b>	<b>615</b>	<b>608</b>	
Change in working capital	31	46	37	53	3	18	
<b>Cash flow from operating activities</b>	<b>354</b>	<b>362</b>	<b>155</b>	<b>191</b>	<b>618</b>	<b>626</b>	
<i>Investments/divestments</i>							
Investments in properties	-1,927	-924	-712	-501	-2,943	-1,940	
Investments in wind turbines, intangible assets & property, plant and equipment	-7	-198	-3	-60	-50	-241	
Investments in financial assets	-3	-10	0	-5	-5	-12	
Divestment of properties, co-op shares & property, plant and equipment	2,090	916	1,677	361	4,420	3,246	
<b>Cash flow from investing activities</b>	<b>153</b>	<b>-216</b>	<b>962</b>	<b>-205</b>	<b>1,422</b>	<b>1,053</b>	
<i>Financing</i>							
Loans raised	4,311	3,522	2,481	2,038	6,253	5,464	
Amortization of loans	-4,379	-3,448	-3,150	-1,617	-8,027	-7,096	
Dividends paid	-376	-337	-376	-337	-376	-337	
Repurchase of own shares	0	-46	0	-19	-158	-204	
Divestment and amortization of financial assets	21	201	21	3	-14	166	
<b>Cash flow from financing activities</b>	<b>-423</b>	<b>-108</b>	<b>-1,024</b>	<b>68</b>	<b>-2,322</b>	<b>-2,007</b>	
<b>Changes to liquid assets</b>	<b>84</b>	<b>38</b>	<b>93</b>	<b>54</b>	<b>-282</b>	<b>-328</b>	
Cash and cash equivalents at beginning of the period	56	384	47	368	422	384	
Cash flow for the period	84	38	93	54	-282	-328	
Cash and cash equivalents at the end of the period	140	422	140	422	140	56	
Unutilized overdraft facilities at the end of the period	800	400	800	400	800	583	
Available liquid assets	940	822	940	822	940	639	

## SEGMENTS REPORT

2015	Gothenburg 2015 JAN-JUN	Stockholm 2015 JAN-JUN	Svensk NaturEnergi 2015 JAN-JUN	Other 2015 JAN-JUN	Elimination 2015 JAN-JUN	Total 2015 JAN-JUN
<b>Income statement</b>						
Rental income	548	219	-	8	-4	771
Operating expenses	-136	-70	-	-5	-	-211
Electricity revenue	-	-	156	-	-156	0
Electricity expenses	-	-	-122	-	122	0
<b>Net operating income</b>	<b>412</b>	<b>149</b>	<b>34</b>	<b>3</b>	<b>-38</b>	<b>560</b>
Management costs and administrative expenses	-58	-40	-17	-2	20	-97
Net financial items	-103	-18	-17	-20	17	-141
<b>Income from management operations</b>	<b>251</b>	<b>91</b>	<b>0</b>	<b>-19</b>	<b>-1</b>	<b>322</b>
Income from natural energy management operations	-	-	-	-	-2	-2
Profit from the sale of co-op apartments	2	124	-	-2	-	124
Capital gains, wind power assets	-	-	-	-	-	-
Realized changes in value, investment properties	17	105	-	-	-	122
<b>Profit/loss before unrealized changes in value and impairment charges</b>	<b>270</b>	<b>320</b>	<b>0</b>	<b>-21</b>	<b>-3</b>	<b>566</b>
Unrealized changes in value, investment properties	943	744	-	24	-	1,711
Unrealized changes in value, financial instruments and renewable energy certificates	-	-	-11	169	2	160
Unrealized changes in value, synthetic options	-	-	-	-5	-	-5
Impairment losses on non-current assets	-	-	-	-	-	-
<b>Profit/loss before tax</b>	<b>1,213</b>	<b>1,064</b>	<b>-11</b>	<b>167</b>	<b>-</b>	<b>2,432</b>
<b>Balance sheet</b>						
Investment properties	20,615	9,144	-	588	-	30,347
Wind turbines	-	-	1,721	-	-	1,721
Work in progress, co-op apartments	-	460	-	-	-	460
Unapportioned assets	-	-	-	-	-	1,108
<b>Total assets</b>	<b>20,615</b>	<b>9,604</b>	<b>1,721</b>	<b>588</b>	<b>-</b>	<b>33,636</b>
Equity	-	-	-	-	-	14,488
Loans	9,718	1,528	1,225	2,280	-	14,751
Unapportioned liabilities	-	-	-	-	-	4,397
<b>Total equity and liabilities</b>	<b>9,718</b>	<b>1,528</b>	<b>1,225</b>	<b>2,280</b>	<b>-</b>	<b>33,636</b>

2014	Gothenburg 2014 JAN-JUN	Stockholm 2014 JAN-JUN	Svensk NaturEnergi 2014 JAN-JUN	Other 2014 JAN-JUN	Elimination 2014 JAN-JUN	Total 2014 JAN-JUN
<b>Income statement</b>						
Rental income	551	238	-	8	-4	793
Net operating income	418	157	-	3	-4	574
Electricity revenue	-	-	135	-	-135	-
Income from property management operations	249	98	-	-56	-	289
Income from natural energy management operations	-	-	-10	-	5	-5
Profit/loss from sales of properties, apartments and wind turbines	-9	120	-	-	-	112
<b>Profit/loss before unrealized changes in value and impairment charges</b>	<b>240</b>	<b>218</b>	<b>-10</b>	<b>-56</b>	<b>5</b>	<b>396</b>
Profit/loss from changes in value and impairment charges	339	55	-2	-430	-5	-43
<b>Profit/loss before tax</b>	<b>579</b>	<b>273</b>	<b>-12</b>	<b>-486</b>	<b>-</b>	<b>353</b>
<b>Balance sheet</b>						
Investment properties	19,240	8,875	-	400	-	28,515
Wind turbines	-	-	2,139	-	-	2,139
Work in progress, co-op apartments	-	1,022	-	-	-	1,022
Unapportioned assets	-	-	-	-	-	1,380
<b>Total assets</b>	<b>19,240</b>	<b>9,897</b>	<b>2,139</b>	<b>400</b>	<b>-</b>	<b>33,056</b>
Equity	-	-	-	-	-	12,814
Loans	8,349	2,368	1,251	4,811	-	16,779
Unapportioned liabilities	-	-	-	-	-	3,463
<b>Total equity and liabilities</b>	<b>8,349</b>	<b>2,368</b>	<b>1,251</b>	<b>4,811</b>	<b>-</b>	<b>33,056</b>

\* Information re Svensk NaturEnergi corresponds to Wallenstam's equity interest. Non-controlling interests, included in the Group's consolidated accounts, can be found in the Elimination column.

## KEY RATIOS – MULTI-YEAR SUMMARY

	2015	2015	2014	2014	2014	2014	2013	2013	2013
Accumulated during period	30 JUN	31 MAR	31 DEC	30 SEP	30 JUN	31 MAR	31 DEC	30 SEP	30 JUN
Rental income, SEK million	771	382	1,566	1,186	793	399	1,578	1,190	794
Net operating income, properties, SEK million	560	270	1,127	872	574	279	1,095	829	537
Surplus ratio, property management, %	73	71	72	74	72	70	69	70	68
Income from property management, SEK million	322	150	592	464	289	138	473	370	225
Income from natural energy management, SEK million	-2	8	-25	-21	-5	12	-8	-16	-7
Profit before unrealized changes in value, SEK million	566	232	1,025	705	396	225	539	415	219
Profit after tax, SEK million	1,981	159	585	187	354	177	1,276	912	600
Comprehensive income, SEK million	1,980	161	583	193	357	179	1,267	906	596
Return on equity, %	16.8	4.4	4.6	4.3	8.1	9.3	10.3	17.3	17.4
Return on total capital, %	9.3	3.4	3.2	3.1	4.2	4.8	5.7	7.4	7.1
Value of investment properties, SEK million	30,347	29,705	28,481	28,461	28,515	27,880	28,079	27,329	27,829
Work in progress, co-op apartments, net, SEK million	460	467	601	799	1,022	1,044	970	843	560
Yield, investment properties, %	4.2	4.3	4.4	4.5	4.5	4.4	4.4	4.4	4.4
Total yield, investment properties, %	14.8	9.5	8.6	8.6	8.5	7.3	7.0	9.0	9.3
Interest coverage ratio, realized, times	7.4	4.8	5.3	4.5	5.2	4.9	4.0	3.4	2.7
Interest coverage ratio, times	4.5	3.8	3.7	3.1	2.7	2.5	2.2	2.0	1.9
Loan-to-value ratio, %	44	48	48	50	51	50	51	51	53
Average interest rate on the closing day, %	2.33	2.36	2.56	2.61	2.79	2.94	3.11	3.29	3.30
Average fixed-interest term, months	44	41	43	41	40	41	38	40	35
Equity/assets ratio, %	43	40	41	39	39	40	40	40	38
Equity, SEK million	14,488	13,044	12,883	12,604	12,814	12,992	12,840	12,517	12,243
Net asset value, SEK million	17,792	16,160	15,964	15,709	15,978	16,071	16,027	15,548	15,403
Non-current net asset value (EPRA NAV), SEK million	18,460	17,061	16,760	16,303	16,443	16,367	16,162	15,673	15,557
Market capitalization, SEK million	20,026	24,208	22,049	18,581	18,904	18,037	16,533	14,960	15,110
Dividend, SEK million	376	-	337	337	337	-	212	212	212
Area, sq m (thousand)	1,037	1,053	1,007	1,032	1,066	1,066	1,104	1,109	1,158
Occupancy rate – lettable area, %	98	98	98	98	98	98	98	97	98
Number of employees	205	205	203	204	201	198	195	205	195
<b>Per share data (SEK)</b>									
Profit after tax	5.9	0.5	1.7	0.6	1.1	0.5	3.8	2.7	1.8
P/E ratio, times	8.9	41.9	37.1	33.1	18.2	15.4	13.0	7.2	7.4
Cash flow from operating activities	1.1	0.6	1.9	1.8	1.1	0.5	1.5	1.2	0.8
Equity	43	39	39	38	38	39	38	37	36
Share price	58.90	71.20	64.85	54.65	55.60	53.05	48.63	44.00	43.93
Share price in relation to equity, %	137	183	168	146	146	138	128	119	122
Dividends	1.13	-	1.00	1.00	1.00	-	0.63	0.63	0.63
Shares outstanding at end of period, thousands	334,000	334,000	334,000	335,880	336,706	337,048	337,600	338,432	339,224
Shares outstanding, average, thousands	334,000	334,000	336,400	336,826	337,076	337,140	339,066	339,526	339,936

## QUARTERLY OVERVIEW

	2015	2015	2014	2014	2014	2014	2013	2013	2013
	JAN-JUN	JAN-MAR	OKT-DEC	JUL-SEP	APR-JUN	JAN-MAR	OKT-DEC	JUL-SEP	APR-JUN
Rental income (net sales), SEK million	390	382	380	393	394	399	388	396	398
Net operating income, properties, SEK million	291	270	256	298	294	279	267	292	285
Surplus ratio, property management, %	74	71	67	76	75	70	69	74	72
Income from property management, SEK million	171	150	129	173	150	138	116	145	135
Return on equity, %	16.8	4.4	4.6	4.4	8.1	9.3	10.3	17.3	17.4
Earnings per share after tax, SEK	5.5	0.5	1.2	-0.5	0.5	0.5	1.1	0.9	1.0
Cash flow per share from operating activities, SEK	0.5	0.6	0.0	0.8	0.6	0.5	0.3	0.4	0.7
Equity per share, SEK	43	39	39	38	38	39	38	37	36

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

## DEFINITIONS AND GLOSSARY

### **Dividend yield**

The latest dividend paid out as a percentage of the share price at year-end.

### **Total yield**

Share price development during the latest rolling 12-month period including dividends paid out during the period, divided by the share price at the beginning of the period.

### **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.

### **Loan-to-value ratio**

Interest-bearing liabilities as a percentage of total capital employed.

### **Market capitalization**

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

### **Derivative instruments**

A financial instrument whose value is related to an underlying asset or obligation. Used to create a hedge against undesirable price trends in the underlying asset. Examples of normal derivative instruments are futures and swap agreements.

### **Net operating income**

Rental income less operating and maintenance expenses, site leasehold rents and property tax.

### **Yield, investment properties**

Net operating income for the latest rolling 12-month period as a percentage of the weighted average carrying amount of investment properties excluding projects in progress.

### **Total yield, investment properties**

Net operating income for the latest rolling 12-month period plus/minus realized and unrealized changes in value of investment properties as a percentage of the weighted average carrying amount of the properties excluding projects in progress.

### **Property values**

The assessed market value of the property holdings according to an internal valuation.

### **Renewable energy**

Energy that comes from renewable sources such as wind power, hydroelectric power and bio-fuels.

### **Income from property management**

Net operating income less management costs, administrative expenses and net financial items.

### **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 outstanding shares.

### **Cash flow from operating activities per share**

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

### **kWh, monthly requirement**

A unit of energy based on how many kW are used per hour based on a monthly requirement.

### **Non-current net asset value (EPRA NAV)**

Equity with reversal of deferred tax liabilities and the net effect of unrealized changes in value of derivative instruments after tax.

### **Average number of employees**

The average number of employees is calculated as the total number of hours worked during the year divided by normal annual working hours.

### **Unrealized changes in value, investment properties**

Gains or losses from a change in the assessed market value of investment properties compared to the previous reporting period.

### **P/E ratio**

Share price at the end of the period in relation to earnings after tax for the average number of shares over the latest rolling 12-month period.

### **Realized changes in value of investment properties**

Gains or losses from investment property sales for the period after deduction for the properties' estimated market values at the previous reporting 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 less interest expenses in relation to average capital employed, calculated on the latest rolling 12-month period.

### **Interest coverage ratio**

Profit or loss before unrealized 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.

### **Interest coverage ratio, realized**

Profit or loss before unrealized changes in value and impairment charges with reversal of net financial items excluding realized changes in the value of investment properties with additions for conventional profit or loss from the sale of investment properties for the latest rolling 12-month period in relation to the net financial items for the latest rolling 12-month period.

### **Equity/assets ratio**

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

### **Net asset value**

Equity less deferred tax liabilities.

### **Synthetic options scheme**

A share-related options programme aimed at employees. Synthetic options provide the holder with the right to a final cash settlement at a given point in time based on the current share price.

### **Comprehensive income**

Profit after tax including equity transactions after tax that are not transactions with the owners.

### **Conventional gains or losses from the sale of investment properties**

Gains or losses from the sale of investment properties less the invested amount and administrative expenses attributable to the property sales.

### **Occupancy rate – lettable area**

Let floor space in relation to total floor space.

### **Operating result**

Realized profit excluding profit from property sales.

### **Surplus ratio**

Net operating income as a percentage of rental income.

For further information, please refer to: [www.wallinstam.se/glossary](http://www.wallinstam.se/glossary)

Wallenstam is required to publish the information in this interim report according to the Swedish Financial Markets Act and the Swedish Financial Instruments Trading Act. The information was submitted for publication on 5 August 2015 at 08:00 (CET).

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