

URBAN-

IZE

MORE!

ANNUAL REPORT 2015

Wallenstam 

URBANIZE MORE!

THIS IS WALLENSTAM

Wallenstam is both a construction company and a property management company. Our extensive experience of managing and developing housing and commercial premises combined with our expertise in new construction, gives us a unique position when it comes to urban development. During the period 2014–2018, we will start the construction of 7,500 apartments.

We own and are building residential properties in growth markets, primarily in Stockholm and Gothenburg. In Gothenburg, we also have commercial properties, in attractive city center locations.

Our customers, private tenants as well as commercial tenants, are important for us. Thus it is gratifying to see that customer satisfaction is continually rising and that a large proportion of our customers recommend us as a landlord.

The development of cities for people to live in, work in and feel at home in means that we also take environmental and social responsibility. We have been self-sufficient in renewable energy for some years through our own wind turbines and we work consciously on reducing energy consumption in our properties. We are actively engaged

in society, for example through collaboration with and support for three different youth activities and relief organizations, usually in the areas we operate in.

We have been listed on the Stockholm Stock Exchange since 1984. We work every day to create value for our approximately 11,000 shareholders, through efficient management and profitable new construction projects.

PROPERTY VALUE 2015

SEK 32 billion

Our 205 properties are in attractive locations in cities with high growth and strong demand. 34 percent of the floor space is in Stockholm, 64 percent in Gothenburg and the remainder is in Helsingborg. In Uppsala, we are now developing several new construction projects.

NUMBER OF APARTMENTS IN PRODUCTION 31 DEC 2015

1,675

Our major efforts to acquire land and land allocations for new production have resulted in a large number of ongoing and planned residential projects. We safeguard the production rate in our housing construction through foresight, advance planning and many parallel projects.

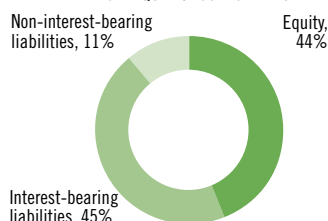


VALUE GROWTH IN NEWLY CONSTRUCTED INVESTMENT PROPERTIES

39%

We create value in several ways – one method is through our own work in new construction projects. The properties completed during 2015 increased in value by 39 percent compared to the projects' investment cost.

HIGH EQUITY/ASSETS RATIO



A high equity/assets ratio and a low loan-to-value ratio gives us a strong financial position and good conditions for our investment program with an investment plan of about SEK 2–3 billion annually.

TOTAL OCCUPANCY RATE

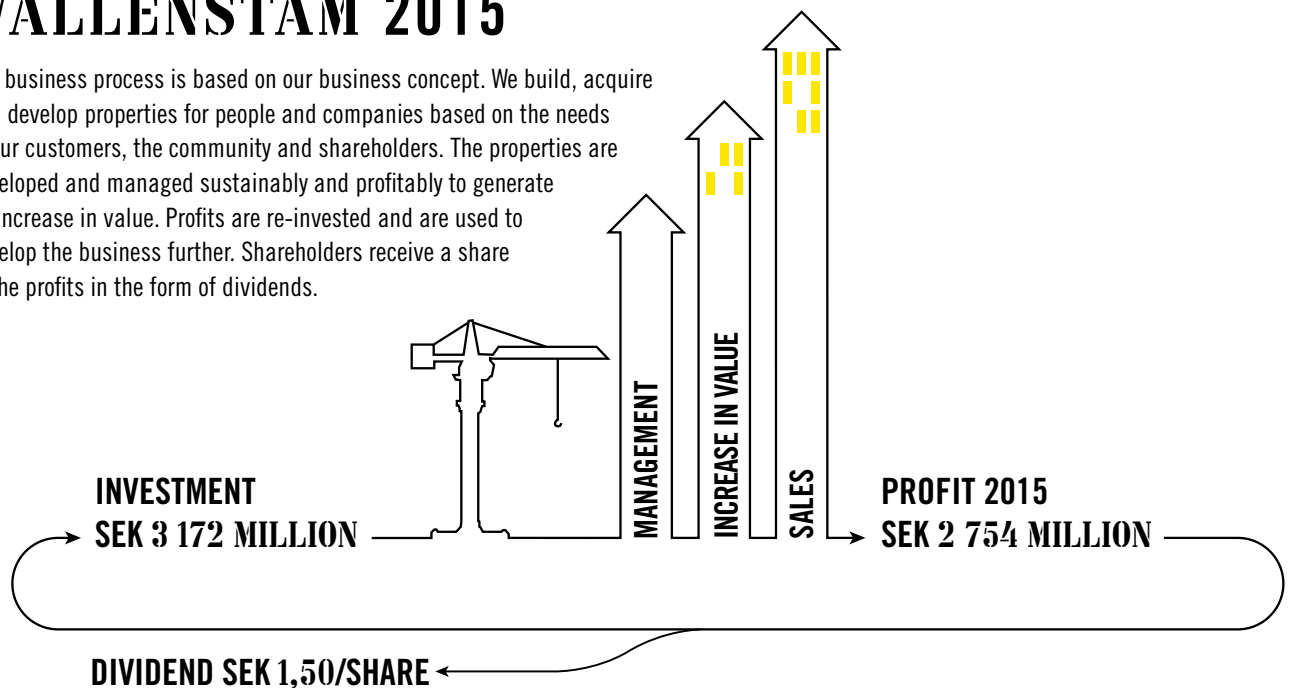
98%

The occupancy rate in our residential holdings amounts to 100 percent. In our commercial holdings it is 95 percent. We own 205 properties with a total lettable area of about 1.1 million sq m. We have about 7,300 residential tenants and 1,000 commercial tenants.



WALLENSTAM 2015

Our business process is based on our business concept. We build, acquire and develop properties for people and companies based on the needs of our customers, the community and shareholders. The properties are developed and managed sustainably and profitably to generate an increase in value. Profits are re-invested and are used to develop the business further. Shareholders receive a share of the profits in the form of dividends.



Q1

25%

increase in income from property management during the first quarter. Wallenstam signs agreement to develop Ekerö Centrum with about 450 apartments and 3,500 sq m retail space and acquires the property Freden Större 11 in Sundbyberg with existing buildings of 37,000 sq m. and development rights for 600–800 apartments.

All commercial and retail space in Tuletorget in Sundbyberg is let and Kopparhuset on Avenyn in Gothenburg attracts new retail and commercial tenants. In March, green bonds are issued for SEK 500 million.

Q2

2,000

apartments can be built on land acquired by Wallenstam at Norrviken Strand in Sollentuna. During the quarter, it also becomes clear that Wallenstam will be entrusted by the City of Gothenburg with the task of participating in the development of residential and commercial space in the Centralen area.

In May, a 2:1 share split is carried out according to a resolution from the Annual General Meeting, and before the summer, Wallenstam renovates another building at Barnens Ö so that more children can go to a holiday camp.

Q3

5,000

interested parties for 129 rental apartments is the result of our new construction project Svanhöjden in Älta. During the quarter, Nacka Municipality adopts a programme for Älta, recommending a new retail zone and construction of a further approximately 1,400 apartments.

In September, construction of 110 apartments starts in project Stengläntan in Mariastaden district, Helsingborg. The municipal executive board in Lerum, gives the go-ahead to start zoning plan work in the Aspen Strand project, where Wallenstam is planning approximately 550 apartments together with other developers.

Q4

486

Construction starts of 486 rental apartments in Stockholm, Tyresö, Uppsala and Gothenburg.

The next stage is initiated in Wallenstam's development of Gothenburg's most fashionable street with the Mid Avenue Valand project, including commercial space and apartments.

In December 2015, Wallenstam obtains a land reservation to develop Ropsten in Stockholm.

Agreements are also signed to the effect that Willhem will gradually acquire Wallenstam's properties in Helsingborg during 2016–2017.

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KEY RATIOS

	2015	2014	2013
Performance			
Rental income, SEK million	1,549	1,566	1,578
Net operating income, properties, SEK million	1,130	1,127	1,095
Surplus ratio, property management, %	73	72	69
Income from property management, SEK million	672	592	473
Income from natural energy management, SEK million	-5	-25	-8
Profit before unrealized changes in value, SEK million	1,027	1,025	539
Profit after tax, SEK million	2,754	585	1,276
Return on equity, %	19.6	4.6	10.3
Occupancy rate – lettable area, %	98	98	98
Financial position			
Value of investment properties, SEK million	32,090	28,481	28,079
Net asset value, SEK million	18,630	15,964	16,027
Equity/assets ratio, %	44	41	40
Loan-to-value ratio, %	45	49	54
Average interest rate on the closing day, %	2.22	2.56	3.11
Per share data, SEK			
Profit after tax	8.3	1.7	3.8
Equity	45	39	38
Dividends	1.50*	1.13	1.00

* Proposed dividend for the 2015 financial year

WALLENSTAM WORKS TO DEVELOP
BUILD AND MANAGE PROPERTIES
IN A SUSTAINABLE MANNER

VISION

To be a leading urban developer and market-leading property owner in selected metropolitan areas.

BUSINESS CONCEPT

To develop, build, buy and sell properties that are sustainable in business and human terms in selected metropolitan areas.

GOAL

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

GOAL 2014–2018

NET ASSET VALUE GROWTH

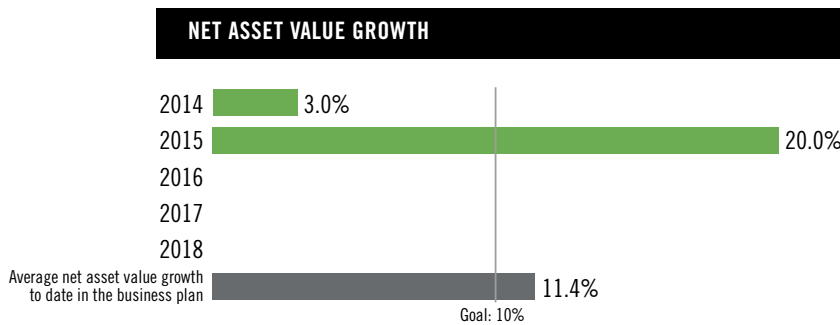
The average growth rate in net asset value, excluding dividends and repurchases, must be at least 10 percent per year.

TOTAL VALUE CREATED

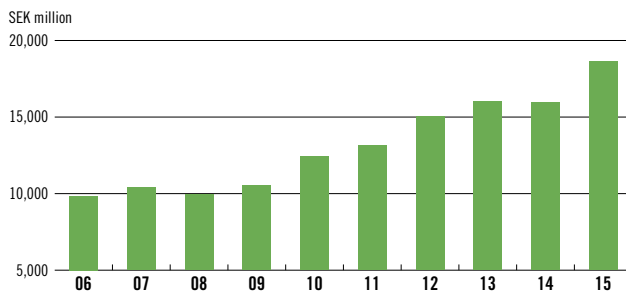
The Group's net asset value amounted to SEK 18,630 million (15,964) on the closing day. Net asset value describes the Group's total value and includes equity and deferred tax liability. Deferred tax liability refers mainly to differences between carrying amounts

and residual values for tax purposes in Group properties, and amounted to SEK 3,540 million (3,081) in 2015. Net asset value growth occurs through profitable new construction, an efficient management and letting organization, value-creating investments

and successful business operations. Our goal measures the increase in net asset value and shows how much value we created in the entire operations. Estimated net asset value growth in relation to the Group's goal amounted to 20 percent during 2015.



NET ASSET VALUE



6.5 times

The realized interest coverage rate amounted to 6.5 times, and the equity/assets ratio was 44 percent during 2015.

We have defined two financial key ratios in the current business plan – the realized interest coverage ratio on a rolling full-year basis should not be less than 2 times, and an equity/assets ratio of at least 30 percent.



GUIDING PRINCIPLES 2014–2018

RESIDENTIAL PRODUCTION

To start residential production of 7,500 apartments, i. e. an average of 1,500 apartments per year.

7,500 APARTMENTS

As part of the current business plan, we will start the construction of at least 7,500 apartments. Homes are in very short supply in our regions. Through our new construction, we want to make it possible for more people to obtain a home and create value for society, our customers and our shareholders. We are primarily a rental apartment producer but we adapt forms of tenure to what is possible and requested in each individual project. Industrious work

over many years has resulted in a solid project portfolio that we are continually replenishing with new possible projects. Many construction projects are planned in parallel, which is essential if we are to achieve our goal of 7,500 apartment starts by year-end 2018 and for the construction projects we will start in the years after that. During 2015, construction started of 850 apartments, of which 653 are in the Stockholm business area and 197 in the Gothenburg business area.

OUTCOME

NUMBER OF APARTMENT STARTS/YEAR



* 11 apartments were added in two projects that started in 2014.

REDUCING OUR CARBON FOOTPRINT

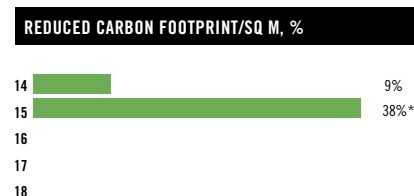
To reduce the carbon footprint of our property holdings by 15 percent per sq m by the end of 2018.

REDUCTION OF 15 PERCENT

The guiding principle of reducing the carbon footprint of our properties reflects our environmental responsibility and also contributes to lower operating costs. We already have energy production from our 64 wind turbines that covers our own renewable electricity needs and those of our tenants. The heating of a property represents a significant part of a property's energy usage. Approximately 6 percent of our properties obtain their heating from renewable energy sources with no carbon footprint, through geothermal energy, which is powered by electricity from our own wind power production. Only three properties in our portfolio are heated using fossil fuels. The rest are sup-

plied with district heating, and this is where most of our carbon footprint is generated. The work of reducing our carbon footprint occurs in several ways such as optimized operations, improved technical installations with modern heat exchangers powered by carbon-neutral electricity, and by replacing fossil fuel with greener technologies. During 2015, the carbon footprint of our property holdings was reduced by 32 percent per sq m. This is not just a result of our energy conservation initiatives, but was also due to a mild winter. In terms of our overall business plan, the carbon footprint in our property holdings has so far been reduced by 38 percent per sq m.

OUTCOME



* Estimated value of actual impact. Shows total improvement from the base year 2013.

TENANT RECOMMENDATIONS

The proportion of tenants willing to recommend Wallenstam should increase annually

INCREASE EVERY YEAR

What our customers think about their housing and premises is important for us. From regular contacts with customers, we capture their opinions and needs at an early stage. We conduct annual surveys among our tenants to find out about their needs and wishes in a structured way. We use the results to find important areas of improvement for our customers. We have measured customer satisfaction among our tenants for a long time, and have implemented a series of improvements over the years to improve customer satisfaction, including a central customer service organization

to improve accessibility and service levels. In our latest survey, we can see that the proportion of satisfied customers has increased, both among our commercial and private tenants. The proportion of commercial tenants willing to recommend Wallenstam as a landlord fell slightly compared to the previous year's measurement, when we saw a very sharp rise. The proportion of residential tenants willing to recommend Wallenstam as a landlord increased slightly. [Read more about our customer surveys on page 48.](#)

OUTCOME

MORE TENANTS RECOMMENDING WALLENSTAM		
	Tenants Residential	Tenants Commercial
2014	✓	✓
2015	✓	✗
2016		
2017		
2018		

COMMENTS BY THE CEO

A fantastic starting position!

Wallenstam has a very favourable starting position as Sweden's largest builder of rental apartments for its own management. We build excellent high-quality apartments in a cost-effective way, which generates a surplus value. There is an almost infinite demand for the apartments we provide to the housing market, not least, due to the fact that we operate in the regions with the highest growth and largest population increases.

Today, many people are speculating about a housing bubble. I don't want to comment on whether this is true or not but if there is a reversal in the price trend, it will create even more pressure in the market and even higher demand for our rental apartments.

Our concept is to have good properties in desirable locations in regions with a high growth rate. Today, we have an extremely good mix of prop-

erties – very well-located, first-rate properties, which are essentially fully let to individuals and companies.

In addition, we have an exceptionally strong financial position, which means that we can invest in future new construction projects for many years to come.

Our project portfolio consists of many interesting development areas and projects in our regions and includes thousands of future apartments. During 2015, we replenished our portfolio with several major exciting urban development projects, for example Norrviken Strand, an area with a fantastic location in Sollentuna and the property Freden Större 11 in Sundbyberg. The program in Älta is finally ready and zoning plan work can begin for our first urban development project in Nacka.

We have also been entrusted by the City of Stockholm with the task of developing Ropsten, and also by the

City of Gothenburg to develop part of the Centralen area. This shows that we have quality and knowledge in the urban development field.

Performance in 2015

Net asset value growth of 20 percent! This was generated through our own work in new construction projects, strong letting activities and by having our costs in focus. We are continually increasing the production rate in our new construction projects and at year-end we had about 1,700 apartments in production. Demand for our commercial premises is strong in Gothenburg and the vacancy rate is low. In a nutshell, our business is performing very well.

Property prices have continued to rise, while interest rates have fallen further. Our investment rate has increased. It feels like we are acting from a position of strength to be able to invest in the way we have, with a

maintained debt level – we have an equity/assets ratio of 44 percent and a loan-to-value ratio of 45 percent.

I can state that an increasingly large proportion of the sharp increase in value is coming from our new construction projects. Our view is that value growth will increasingly be created through our own work in new construction and conversion projects. Completion of the newly produced rental properties is also having a positive impact on income from property management, which increased by 14 percent during 2015. During the fourth quarter, the increase was 24 percent.

High demand in the construction market

With the strong demand for housing and the increase in value of properties, there is also high pressure in the construction market, something that raises questions about difficulties in

getting hold of contractors to use and the accompanying risk of price increases in building operations.

As far as Wallenstam is concerned, I am relaxed – our long history as a developer has given us solid know how and competencies in planning

and construction as well as valuable relationships with capable contractors. Our partners also know that Wallenstam is going to build many apartments for a long time to come. In addition, we are sticking to our yield requirement of 6.5 percent,



which means that we can build rental apartments regardless of the market conditions.

30 years in Helsingborg

In late 2015, we entered into an agreement with Willhem on a gradual acquisition of our Helsingborg properties. After more than 30 very good years in Helsingborg, it feels great to pass the baton to another stable and long-term rental apartment owner. The new construction projects we are currently developing will be taken over by Willhem after completion, which means that it will take two or three years before we have vacated the entire portfolio.

Sustainability

Our business concept of building new rental apartments is our greatest contribution to a sustainable society. Naturally, we also work with great social commitment in the regions we operate in and we dedicate considerable resources to developing pleasant environments around our properties. We also create many job opportunities through our new construction operations.

We have reached our goal to be self-sufficient in renewable energy, and we are also working purposefully on reducing the carbon footprint in our property portfolio. We are building energy-efficient properties and are using energy-smart technologies. The greatest challenge is to achieve energy savings in our older buildings and that is where the work also delivers significant results. We are continually implementing energy saving measures in our existing portfolio – something that reduces operating costs and also improves climate comfort for our tenants.

Share performance

During the year, the share price increased slightly, went down just after year-end and then rose again. As a shareholder, I would nevertheless like you to know that the outlook for the company is extremely good. We are a low-risk business and we will continue to deliver according to our plans – something that can restrict us to some extent when there is a more speculative climate in the stock market. We will stick to our chosen strategy, with secure, strong finances and deliveries according to plan.

I am delighted that the Board will propose a dividend of SEK 1.50 per share, an increase of 33 percent compared to the previous year, so that the shareholders can also participate in the company's excellent performance.

Thank you!

I would also like to thank the Board, shareholders and my co-workers for 2015, an eventful year with a performance we can be proud of. Despite the external turbulence, we have a stable basis and are well-prepared for future challenges and to continue the development of the company to achieve our goals. I look forward to many interesting and exciting years to come!



Hans Wallenstam
CEO



COMMENTS BY THE CHAIRMAN

I can proudly and humbly state that 2015 was an exceptionally good year for Wallenstam. I and the other members of the Board have the privilege in our assignment to contribute to the strategic direction of a company that develops and manages a product for which there is an infinite demand. Based on the company's stable operations, strong finances and excellent performance, we in the Board recommend a dividend of SEK 1.50 per share for the 2015 fiscal year.

Wallenstam has now grown in earnest into its model as a well-established home builder. Apart from successfully developing and managing residential and commercial properties, the company is today a natural partner in the development of new areas and city districts in the Gothenburg, Stockholm and Uppsala regions, which is extremely exciting.

Deliberate strategic choices

The path Wallenstam has chosen – building, owning and managing properties in some of Sweden's metropolitan areas is a conscious and smart strategic choice and, I would like to say, a clearly successful concept. Another key to success, which we are now seeing the clear effects of in our new construction, is the efficient way of managing construction and project

development within the company. Choosing construction partners and contractors for each individual project, creates opportunities to collaborate with those operators that deliver the best competencies, on time and at the right price.

Willingness to urbanize more

Sweden is facing major challenges in terms of access to housing and particularly in our metropolitan regions. Based on the continually increasing urbanization trend and large-scale immigration, the realization and rate of new construction is now more critical than before. It takes time to build cities, to urbanize more, but raising the rate is possible. Wallenstam is at the forefront of developments, and has the strength, willingness and competencies to advance the situation.

Financial performance

We are currently in a very tricky global political and economic situation. If we look at the bigger picture, it is hard to understand the consequences and resulting effects of the current unrest in the Middle East. This unrest also impacts and contributes to uncertainty in the financial world with market turbulence spreading from Asia to the Nordic region.

Meanwhile, in Sweden, we have a strong economy with no inflation and an interest rate level, which at the time of writing means negative interest rates. Theoretically, this signals a country with major financial problems but of course this is not the case. For Wallenstam, with the extensive project portfolio we currently working with, the low level of interest rates is positive. This implies good potential in new construction, in other words this will contribute to more housing at lower costs, which in the end also benefits customers.

Corporate governance

In Wallenstam's Board, we have had the privilege of being able to work together over time. In terms of members, we are a relatively small Board, which from my perspective represents a broad and solid range of competencies. During the year, we held seven recorded Board meetings in addition to day-to-day contacts.

During the 2015 fiscal year, we opted to conduct an evaluation of the Board with an external consultant. To sum up, the result was generally positive although there is always potential for improvement and development that we will take with us as we move forward. We have a highly capable Board and there is scope for constructive and productive discussions.

Business plan and goals

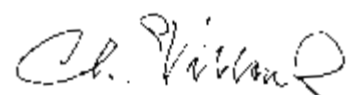
We are sticking to the current business plan and in my view it is entirely possible that we will reach our established goal. The overall view of the Board is that we are positive about the future and we want to propose a dividend to the Annual General Meeting of SEK 1.50 per share.

Outlook

Wallenstam is an exceptionally effective, lean rental apartment machine, which will deliver value over time in a very satisfactory way. Without doubt, a strong contributory factor behind this is dedicated and committed employees who spread positive energy. This is deeply-rooted in the company

and a natural part of our day-to-day operations combined with job satisfaction and a willingness to develop.

Looking ahead, I am very confident about Wallenstam's continued journey and would like to take this opportunity to express a big thank you to the Board, management and staff for a wonderful 2015.



Christer Villard
Chairman of the Board



BOARD OF DIRECTORS



ERIK ÅSBRINK

Board member

Born 1947, B.A. and Bachelor of Science (Economics)
Board member since 2000

Previous experience includes Under Secretary of State at the Finance Department, Chairman of the Riksbank's General Council, Minister for Taxes, CEO of Vasakronan AB, Finance Minister and member of the Ecofin Council and a number of board assignments and chairmanships in several tax investigations and Förtroendekommissionen (the Trust Commission).

Other assignments: Chairman of Alecta, Fasticon Holding AB, Stockholm School of Economics and Svensk Hypotekspension AB. Chairman of Bemanningsföretagens Auktorisationsnämnd. Board member of Bilspeditioners Transportörförening and Stiftelsen Cancercentrum Karolinska.

Shareholding in Wallenstam: 3,000 B shares.

ANDERS BERTSSON

Board member

Born 1954, Bachelor of Laws
Board member since 1997
(Deputy 1981-1996)

Previous experience includes positions at Handelsbanken AB and Deputy CEO of Wallenstam AB 1979-2006 and a number of other board and consultancy assignments related to the property and construction industries.

Other assignments: Chairman of Dadbro Holding AB.

Shareholding in Wallenstam: 19,300,000 B shares*.

CHRISTER VILLARD

Chairman

Born 1949, Bachelor of Laws
Board member since 1995

Previous experience includes various executive positions e.g. CEO of Aragon Fondkommission, Hägglöf & Ponsbach Fondkommission AB, Kaupthing Bank Sverige AB, Retrixa AB and Deputy CEO at Götabanken and World Bank advisor to the governments of Lithuania and Indonesia.

Other assignments: Chairman of ACCVI AB, Aptic AB, Drottningholmsteaterns vänner, Joy Shop AB, Länsförsäkringar Stockholm and Stockholms Köpmansklubb. Board member of AB Segulah, Exeger Sweden AB, G Hamiltons familjestiftelse, Fagerbergs stiftelse in Stockholms Borgerskap, Stiftelsen Drottningholms Slottsteater and Länsförsäkringar AB.

Shareholding in Wallenstam: 163,000 B shares*.



AGNETA WALLENSTAM

Board member

Born 1952, educated in theology, ethnology, archaeology and social anthropology. Master of Cultural Anthropology.

Board member since 2010

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

Other assignments: Pastor, Bethlehem Church, Gothenburg. Board member of the Refugee Mission in Gothenburg and Ulla och Lennart Wallenstam stiftelsen. Trustee of Sparbanksstiftelsen Alingsås.

Shareholding in Wallenstam: 21,004,000 B shares.

ULRICA JANSSON MESSING

Vice Chairman

Born 1968, upper secondary qualification in social science.

Board member since 2008

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

Other assignments: Chairman of Astrid Lindgrens World and the Port of Gothenburg.

Board member of Bergvik Skogs and Länsförsäkringar Fondbolag.

Shareholding in Wallenstam: 301,474 B shares*.

**Including family members.*

The above information refers to the year-end status.

GROUP MANAGEMENT

THOMAS DAHL

Deputy CEO Wallenstam AB in charge of the Gothenburg business area

Born 1961, employed since 1988

Education: Management Law

Previous executive positions at Wallenstam: Property Director at Wallenstam i Göteborg AB, Property Director at Lennart Wallenstam Byggnads AB, Public Relations & Marketing Director, CEO, Wallenstam Företag AB.

External assignments: Member of nomination committee for Fastighetsägarna Gothenburg region

Shareholding in Wallenstam:

410,150 B shares** and 100,000 synthetic options.

ELISABETH VANSVIK

Director of Communications

Born 1970, employed since 2002

Education: M.A., Media and Communications Science

Previous executive positions at Wallenstam: Head of Communications, Communications and HR director

External assignments: Board member of Barn i Nöd.

Shareholding in Wallenstam:

10,000 B shares and 60,000 synthetic options.

ULF EK

Finance Director

Born 1949, employed since 2004

Education: MBA

Previous executive positions at Wallenstam: Finance and Public Relations Director

External assignments: Board member of Länsförsäkringar in Gothenburg and Bohus County.

Shareholding in Wallenstam:

74,000 B shares and 60,000 synthetic options.



** Including family members. ** Shareholding also includes shares owned via companies.*

**** Shareholding also includes shares owned via companies including family members. The above information refers to the year-end status.*

MATHIAS ARONSSON

Deputy CEO Wallenstam AB in charge of the Stockholm and Uppsala business area

Born 1972, employed since 1996

Previous executive positions at Wallenstam: CEO Wallenstam Stockholm AB, Regional Director Stockholm Wallenstam Bostad AB, CEO Wallenstam Bostad AB.

External assignments: Board member of Nordisk Byggdag.

Shareholding in Wallenstam:

269,000 B shares and 100,000

synthetic options.

SUSANN LINDE

CFO and Head of Investor Relations

Born 1979, employed since 2001

Education: Bachelor of Science (Economics)

Previous executive positions at Wallenstam: Group Financial Controller

Shareholding in Wallenstam:

61,000 B shares* and 60,000

synthetic options.

HANS WALLENSTAM

CEO, Wallenstam AB

Born 1961, employed since 1986

Education: Bachelor of Science (Economics)

Previous executive positions at

Wallenstam: Finance Director

CEO Wallenstam i Göteborg AB.

External assignments: Honorary Consul for Portugal in Gothenburg and Chairman of Ulla och Lennart Wallenstam stiftelsen.

Shareholding in Wallenstam:

34,500,000 A shares, 44,166,400 B shares***

and 100,000 synthetic options.

**AUDITOR**

Harald Jagner, Auditor, Born 1971, Authorized Public Accountant, Deloitte AB
Re-elected auditor in 2015

Other assignments: Serneke, Surahammars Bruk, Böhler-Uddeholm, KVD Kvarndammen gruppen, Skeppshypotekskassan, Västtrafik AB and Jeppesen Systems.

Pernilla Lihnell, Deputy auditor, Born 1969, Authorized Public Accountant, Deloitte AB
Re-elected deputy auditor in 2015

Other assignments: Viskafors hem, Fristadsbostäder, Industribyggnader i Borås, Borås Djurpark, MediCarrier and S:t Eriks Ögonsjukhus.



THE WALLENSTAM SHARE

Owning shares in Wallenstam means investing in a long-term, value-creating company with stable growth. In the current market situation, there is low growth in the world around us. We create our own value growth primarily through new construction projects and our project portfolio provides the opportunity for a good overall return. Our strong financial position with a low loan-to-value ratio and high equity/assets ratio contributes to the low risk profile of our share.

Market capitalization

Wallenstam's B share has been listed since 1984 and is on the Large Cap segment of Nasdaq Stockholm. The market capitalization on the closing day was SEK 23,120 million (22,049) based on the number of registered shares (A shares and B shares).

Share capital and owners

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 split was carried out in May. Wallenstam's share capital amounts to SEK 170 million distributed among 34,500,000 class A shares (ten votes per share) and 305,500,000 class B shares (one vote per share). As of the closing day, 8,200,000 B shares had been repurchased. The number of outstanding shares, i.e. the number of registered shares less the number of repurchased shares amounted to 331,800,000 (334,000,000) as of 31 December 2015. On the closing day, 3,212 new shareholders were added, and the company had 10,648 shareholders (8,860).

Trading and turnover

During 2015, 83.6 million (52.8) Wallenstam shares were traded at a value of SEK 5,705 million (2,882) on Nasdaq Stockholm. The average daily turnover was about 332,900 shares

(212,400). The highest price during the year was SEK 77.00 and the lowest was SEK 57.70. At year-end, the share price was SEK 68.00 (64.85), which represented an increase of 5 percent. This can be compared with the indices for the OMX Stockholm Real Estate PI and OMX Stockholm PI, which increased by 24 percent and 7 percent respectively.

The share has a standard deviation of 3.96 during 2015. The beta value is 0.62 in relation to the OMXC All PI index.

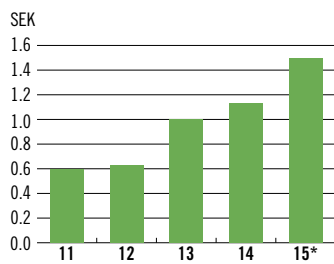
In addition to Nasdaq Stockholm, where about 74 percent of the share's turnover took place in 2015, Wallenstam shares were also traded on Turquoise, around 8 percent, and Bats Chi-X, around 16 percent. Minor trading also took place on other exchanges. (Reuters)

Repurchase

Repurchase is a shareholder-friendly measure that distributes the surplus

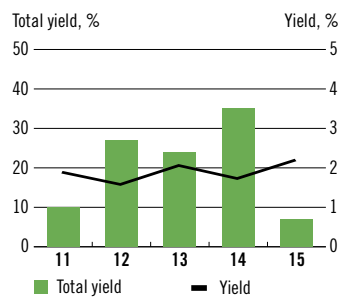


DIVIDEND

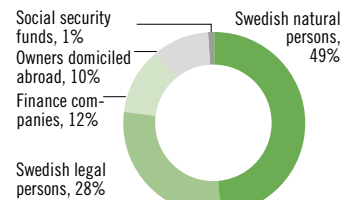


* Proposed dividend

DIVIDEND YIELD

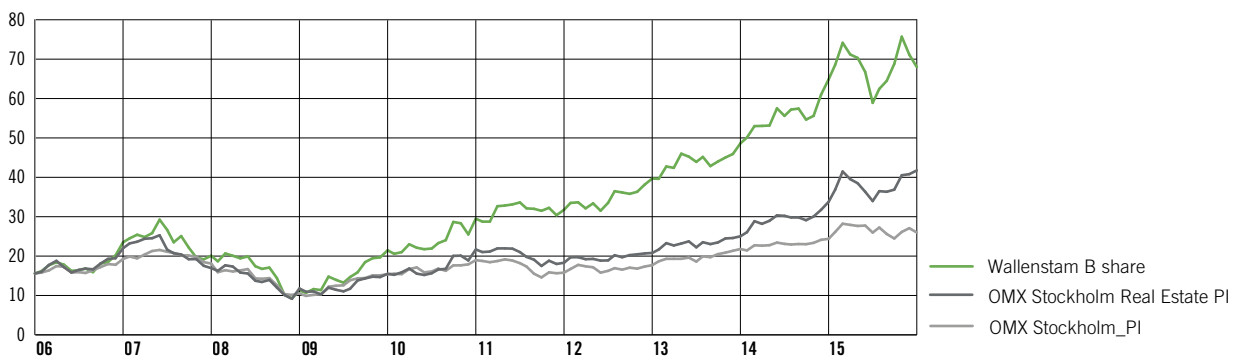


HOLDING BY OWNER CATEGORY



Foreign ownership amounted to 10%, of which 4% in USA and 6% in Europe excl. Sweden.

SHARE PRICE TREND 2006–2015, SEK



SHAREHOLDINGS, 31 DECEMBER 2015

	A shares	B shares	Equity, %	Votes, %
Hans Wallenstam and family, and company	34,500,000	44,166,400	23.14	60.59
AMF – Insurance and funds		27,217,124	8.01	4.24
Agneta Wallenstam		21,004,000	6.18	3.27
Anders Berntsson and family, and company		19,300,000	5.68	3.00
Henric Wiman and family		12,112,328	3.56	1.89
Bengt Norman and company		8,440,000	2.48	1.31
Monica and Jonas Brandström		7,462,926	2.19	1.16
Christian Wallenstam		5,700,000	1.68	0.89
David Wallenstam		5,440,000	1.60	0.85
U Wallenstam and family		4,800,000	1.41	0.75
Other owners		141,657,222	41.66	22.05
Total number of shares	34,500,000	297,300,000		
Repurchased shares*		8,200,000	2.41	
Registered shares	34,500,000	305,500,000		
Total registered shares	340,000,000		100	100
Total outstanding shares		331,800,000		
Institutional ownership			13	7
Foreign ownership			10	5

Source: Euroclear Sweden AB * Repurchased own shares lack voting rights. They receive no dividends either.

SHARE CAPITAL DEVELOPMENT

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

value to the shareholders. In accordance with the AGM resolution, Wallenstam is able to acquire up to 10 percent of the outstanding B shares. During 2015, 2,200,000 shares were repurchased up to and including the closing day.

Net asset value

Net asset value on the closing day amounted to SEK 18,630 million (15,964). Net asset value describes the Group's total created value and includes equity and deferred tax liability.

Our goal for the Business Plan 2018 is to achieve average net asset value growth excluding dividends and repurchases, of at least 10 percent per year. See also page 3.

Dividends to shareholders

According to Wallenstam's dividend policy, reported profits in the first place should be reinvested in the operations for continued development of the Group's core business

and thereby create increased net asset value growth in the company. The ambition is also for operations to provide a stable level of dividends over the long term. However, the distributable amount must never exceed profit before unrealized changes in value and impairment losses after the standard tax rate. When determining the size of the dividend, consideration should be given to the Group's investment requirements, need to strengthen its balance sheet and its position in general, and the ability of the Group to develop further in the future while maintaining its financial strength and freedom of action.

The Board of Directors will propose a dividend of SEK 1.50 per share (1.13), an increase of 33 percent, to the AGM. Profit before unrealized changes in value, after the standard tax rate for 2015, is estimated at SEK 801 million and the proposed dividend is estimated to amount to about SEK 498 million.

Share yield

The proposed dividend is equivalent to a yield of 2.2 percent (1.7) based on the share price at the end of the period.

The share's total yield was 6.6 percent (35).

Information to the market

Information about the company is available at www.wallenstam.se. We also publish press releases and financial reports on our website. Financial information is mainly provided in interim reports, year-end reports and annual reports. We also arrange regular meetings with analysts, investors and shareholder representatives. The website provides access to presentations and films from the AGM and annual accounts, and a subscription function allows readers to select how they would like to receive information. We send the annual report to shareholders who so request.



SUSANN LINDE

CFO and Head of Investor Relations

"Wallenstam is one of the largest private rental apartment producers in Sweden. In combination with long-term management of properties as a landlord, this is unique. There is infinite demand for the product we offer. As a shareholder and investor, one needs to be aware that we create value through our new construction projects and through development, refinements and management of our existing properties. The net asset value shows the value on a given date, but we are continually generating value growth through our new construction projects."

"Owning shares in Wallenstam should be viewed as a long-term investment. Our strategies are based on a five-year business plan, which we are following and our operations are conducted in a market where planning processes and construction and so forth take time, hence the long-term business plan. In recent years, we have consolidated our property holdings, which to an even greater extent now consist of new residential properties and very centrally located commercial premises. This, together with our financial strength and our large portfolio of projects that we will develop going forward, means that we are well-prepared for the future. Through the proposed dividend, which is increasing by 33 percent this year, shareholders are able participate in company's success both in new construction projects and in property management."

"The completed share split, like the repurchases we carry out, aim to make the share more attractive. Through the share split, which was carried out in May, it will be possible for more persons to buy and own a larger block of shares. We have a lot of capital and the buybacks are a way of using it to benefit the company."

INVESTING IN WALLENSTAM

PRODUCT AND OFFER

- Create value growth both through new construction and management of properties.
- Huge demand for the product offered – homes – in regions where people want to live and work.
- Commercial holdings concentrated in Gothenburg inner city have resulted in stable value growth and high occupancy rates regardless of the market climate.
- A new construction process and investment model makes it possible to build independent of the market climate.
- A strong investment and project portfolio, built up over many years, enables construction to create value.

KNOW-HOW AND EXPERIENCE

- Long experience of property management, residential construction and the conditions facing commercial tenants provides know-how about urban development for a living city.
- Strong shared values – progress, respect, commitment – that pervade the entire organization.
- A balanced Board of Directors and Group Management with long experience from the industry, the company and the market.

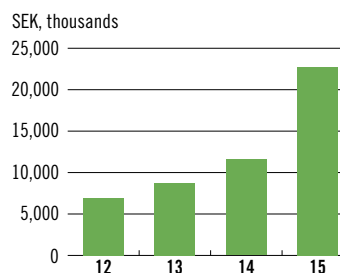
RESPONSIBLE ENTERPRISE

- Contributes to stable neighbourhoods with tenants that feel at home and satisfied.
- Supports green investments and social commitment for a better community.
- Has a strong financial position with a high equity/assets ratio and low loan-to-value ratio.

WALLENSTAM SHARE TREND 2001–2015, SEK



AVERAGE SHARE TURNOVER PER DAY



PARAMETERS THAT AFFECT THE DEVELOPMENT OF THE COMPANY IN THE SHORT AND LONG TERM

- **Attractive properties and good management** result in satisfied tenants, stable occupancy rates and rental income and good business opportunities for the company.
- **Access to land** in the right locations is essential for safeguarding construction of new homes and requires daily strategic and practical work.
- **Secure financing** because access to capital is a vital resource for the operations, and is crucial if we are to develop and expand to the desired extent.
- **Good corporate culture and competence** in order to attract and engage the right personnel are important factors for continued successful development.
- **The market situation and market conditions**, which change over time, affect property values. Properties in attractive locations where demand is high over time generate good returns and excellent value growth.

OUR STRATEGIES

Our strategies are based on the three aspects of sustainable development: Financial, social and environmental responsibility.



ENVIRONMENTAL SUSTAINABILITY

We strive for long-term environmental sustainability and to reduce the environmental impact of our buildings, and to be self-sufficient in renewable energy through our own production. We are continually developing our products and services through commercial and environmentally-efficient property management and construction.

SOCIAL SUSTAINABILITY

We contribute to a better society and take active social responsibility through building safe areas and showing respect for the individual, our customers and employees. We support vulnerable groups and contribute to active leisure and youth activities in the areas where we do business.

FINANCIAL SUSTAINABILITY

Through good business development, a flexible organization and an optimal capital structure, we meet the demands of our business environment. We create value for customers, society in general and for the company through profitable property development in the right growth markets.

CORE VALUES

Our core values – progress, respect, commitment – describe our fundamental values. They guide our work and strengthen the organization's team spirit and our overall brand. They show what we stand for and how we would like to be perceived by shareholders, customers, the general public, politicians and other decision-makers.

ASSET-CREATING FACTORS

Wallenstam's asset-creating factors consist of a dynamic business process in which sustainable living, urban development and profitable property management form the basis for value growth and continual development of the company. In combination with strategies, goals, guiding principles and firmly-established core values, we drive and develop our business in a manner that creates value for owners, customers, employees, investors and other stakeholders.



FINANCIAL STRATEGY

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

Finance policy

Our finance policy is laid down by the Board of Directors and reviewed annually. It aims to limit the company's financial risks, which mainly consist of liquidity, refinancing and interest risks. The company's short- and long-term supply of capital should be secured by adapting the financial strategy to the company's operations. [Read more about the opportunities and risks in financing on page 33.](#)

Capital structure

The value of the Group's assets on 31 December 2015 amounted to SEK 34,606 million (31,757) financed partly by equity of SEK 15,102 million (12,883), and partly by liabilities of SEK 19,504 million (18,874), of which SEK 15,153 million (15,078) are interest-bearing.

We strive to achieve a balance between an acceptable level of risk and a good return on equity. In the current business plan, an equity/assets ratio in excess of 30 percent is considered to be appropriate. At year-end, the equity/assets ratio was 44 percent (41).

Interest-bearing liabilities

Interest-bearing liabilities mainly consist of conventional bank loans combined with interest derivatives, commercial paper with a limit of SEK 2 billion, and bond loans. Bond loans comprise a total of SEK 1,100 million, of which SEK 500 million are in the form of green bonds. Financing is secured by mortgage deeds for properties. No sureties are pledged for bond loans.

At year-end, Wallenstam had unutilized credit facilities of SEK 1,846 million (1,470), which means good access to credit for developing the business.

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

Fixed interest terms and capital tied up

Interest expense is our largest single expense item. It is affected by changes in market interest rates and changing conditions in the credit market, which in turn affect the margin lenders demand in return for lending money. We aim for a distribution among different lenders and different fixed terms. We are well-prepared to handle changes in interest rate levels thanks to close collaboration with our banks.

The term during which capital will be tied up is assessed according to pricing and refinancing risk.

The proportion of our interest-bearing liabilities with capital tied up for long terms (more than 12 months) is 10.6 percent (8.4). The proportion with long fixed interest terms amounted to 54 percent (53).

The average interest rate during the year was 2.32 percent (2.82) and the average interest rate on the closing day was 2.22 percent (2.56).

“THE GOTHENBURGER LIKES TO MEET QUITE INFORMALLY IN THE CITY, EAT AND BUY SOME GOODIES TO TAKE HOME. SO I THINK OUR JOINT INITIATIVE WITH THE FOODMARKET ON MAGASINSGATAN IS REALLY APPRECIATED.”

MATTS JOHANSSON
DA MATTEO, GOTHENBURG

Interest derivatives

Interest derivatives are a flexible and cost effective way of extending loans with short fixed-interest terms. From a cash flow perspective, the outcome over time is essentially the same as raising a loan with fixed interest. According to the IAS 39 accounting standard, interest derivatives must be marked to market. If the agreed price deviates from the market interest rate, a theoretical surplus or deficit value will arise in profit or loss. During the year, the value of interest derivatives fluctuated sharply. At year-end, the market value of the interest derivative portfolio amounted to SEK -815 million (-1,003). Unrealized changes in value do not affect cash flow and when a derivative contract matures, its market value is dissolved in its entirety

and the change in value over time does not affect shareholder equity.

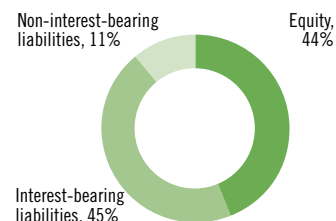
Realized interest coverage ratio

The interest coverage ratio measures how many times profit before interest is sufficient to pay interest expenses. At year-end, the interest coverage ratio was 4.4 times (3.7). Wallenstam opts to measure the realized interest coverage ratio, which disregards unrealized changes in value but takes into account all the realized profit (cost less selling price) from the transactions during the period. In the current business plan, the realized interest coverage ratio for a rolling full-year may not be less than 2 times. With due consideration for transactions concluded during 2015, the realized interest coverage ratio is 6.5 (5.3).

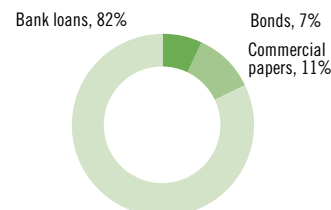
Currency policy

Loans in foreign currencies may only be raised on condition that they are hedged on the borrowing date to ensure currency risk is minimized.

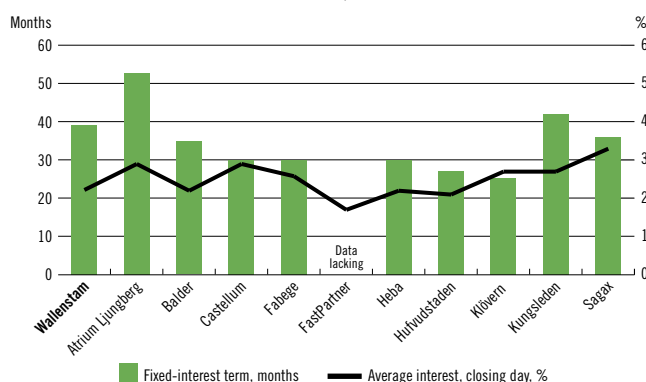
HIGH EQUITY/ASSETS RATIO



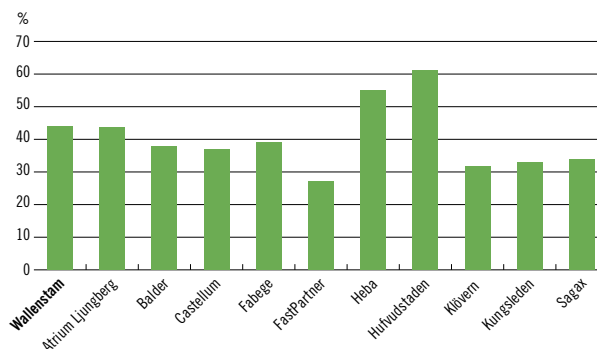
FINANCING



AVERAGE INTEREST AND FIXED INTEREST, COMPETITORS AS OF 31 DEC 2015



EQUITY/ASSET RATIO, COMPETITORS AS OF 31 DEC 2015



Source: Year-end reports of the respective companies



SUSTAINABLE ENTERPRISE

We build and manage properties in a sustainable way for people and businesses in the long term. We demonstrate environmental, social and commercial commitment in everything we do and continually improve the processes and routines in our sustainability work. These efforts generate added value for the company and for our stakeholders and also contribute to a strong performance in our regions.

Code of Conduct

Our Code of Conduct, which is revised annually and adopted by the Board of Directors, sets the framework for ensuring that the business is run in a responsible way. Among other things, this means that we comply with laws and regulations, do not discriminate against anyone or accept any form of bribery or corruption. Our operations should be conducted with the least possible impact on the environment in order to contribute to long-term sustainable development.

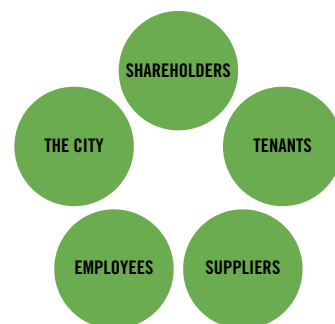
We take active responsibility for regional and urban development by making improvements to the social environment, atmosphere and security in the areas we operate in. All employees receive training in and are informed about the content of the Code of Conduct to ensure that they always act according to our values, [read more on page 36](#). The complete Code of Conduct is available at www.wallenstam.se.

Organization for sustainability work

The Group Management has overall responsibility for the company's sustainability issues. Wallenstam's environmental director is tasked with driving and further developing the company's work in the environmental and energy field both within property management and new construction. The practical, day-to-day sustainability work is carried out in all parts of the operations.

KEY STAKEHOLDERS IN OUR SUSTAINABILITY EFFORTS

Wallenstam develops areas where people want to live, work and spend time in. Long-term development requires a commitment to, and an understanding of, the three pillars of sustainability work – financial, environmental and social stability.





Reporting according to GRI

Wallenstam has reported its sustainability work according to the Global Reporting Initiative (GRI) every year since 2006. This year, we are reporting according to the new standard GRI G4, Core level, [read more on page 131](#). This means that we can focus the reporting and our efforts on what our stakeholders consider to be most important in the sustainability field and, at the same time, on what is of critical importance for our operations. The sustainability work, like the reporting according to GRI and goal follow-up is continually ongoing. This means, among other things, that analysis, description and follow-up will be calibrated, refined and improved continually.

Listening to our environment

We meet our customers, suppliers, community representatives and partners on a daily basis and are able

to capture viewpoints and strengthen relationships between us in many different ways. Being influenced by and listening to those we meet and collaborate with plays an important part in developing as a company in harmony with our external environment. During 2015, we took a further step through a comprehensive stakeholder dialogue and materiality analysis to define our key sustainability aspects in a structured way. The stakeholder groups considered primary include customers, suppliers and partners, share holders, employees and cities. Since this is the first year we are reporting according to G4, we wanted to broadly map what our key stakeholders think and we opted to conduct a survey in the form of a questionnaire. About 850 people answered. In the coming year, we intend to deepen this dialogue and calibrate the results, for example through interviews with selected stakeholders.

Conclusions

The stakeholder dialogue and materiality analysis showed that the stakeholder groups are relatively aligned and the outcome was eight identified aspects that Wallenstam is prioritizing, developing and following up as part of the business plan. These aspects can be summarized in the following focus areas:

- taking active social responsibility,
- helping to reduce use of resources,
- investing in renewable energy sources and energy-efficient construction,
- continually improving the environmental status and performance of our properties, and
- creating value through profitable growth.

ENVIRONMENTAL SUSTAINABILITY

To prevent serious consequences, the world's countries must start reducing emissions of carbon and other greenhouse gases as soon as possible. If we are to meet the climate targets set by the EU of a maximum increase in temperature of two degrees, current emissions must be cut by at least 60 percent by 2050.

The property sector in Sweden uses a lot of energy and accounts for a large proportion of the overall carbon footprint in society, which means that it is important that all property owners take responsibility for this issue. It is also a critical issue from a financial perspective, as heating costs represent a large proportion of our total operating expenses.

We start from the assumption in our new construction and property management that buildings affect the environment throughout their life cycle. The fact that we are self-sufficient in renewable energy through our own wind turbines is one of several ways for us to reduce negative environmental impacts. Another way is to actively work on reducing the carbon

footprint in our property holdings, which is one of our guiding principles in the current business plan. We work continually on mapping our environmental impacts and to obtain an understanding of the external requirements surrounding the operations, both in order to be able to develop as a company and in order to meet the expectations on us.

Reduced energy and water use

A strong emphasis has been placed on reducing the properties' energy use. When we introduce measures to improve energy efficiency, we monitor the properties' utility usage - heating, cooling, electricity and hot water in terms of demand per the hourly rate and energy consumption per month. This provides a good basis for identifying and planning energy efficiency measures. Operational optimization efforts occur continually and larger energy saving projects are coordinated as far as possible with planned conversions. During 2015, we conducted larger energy saving projects in 11 commercial properties, and

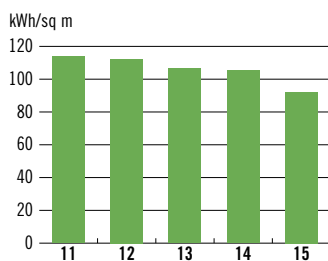
operational optimization measures in a further 15 buildings. These energy saving projects have delivered a reduction in energy use of 20-40 percent in each property. In the entire commercial holdings, the overall reduction was 7 percent.

Heating water requires a lot of energy which means that the environment benefits from less water use. Individual electricity and water metering has been standard in our new construction since 2006. Such an installation contributes to a reduction in consumption by tenants of 10-25 percent following a running-in period. When we renovate a property, we investigate how it can be improved to become more eco-friendly.

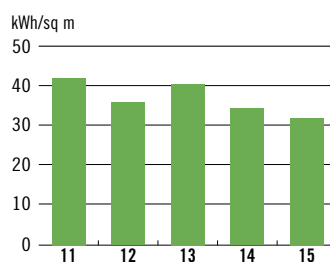
Green programs as a control tool

Our new construction is continually improved to become more energy efficient and we often use energy-smart technology to reduce the property's energy use. There are a number of environmental programs in the market such as GreenBuilding and Sweden

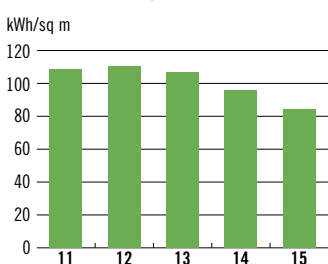
HEAT CONSUMPTION DEGREE-DAY CORRECTION



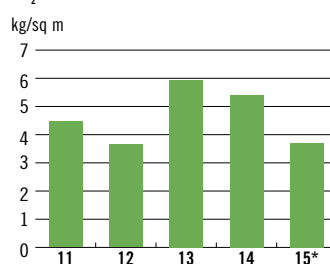
PROPERTY ELECTRICITY, TOTAL



HEAT CONSUMPTION, TIME CORRECTION



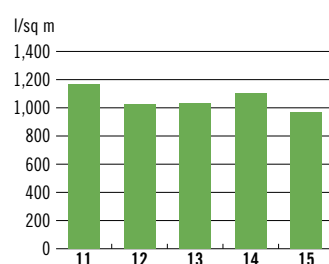
CO₂ IMPACT



* Estimated value for actual impact.



WATER CONSUMPTION



Green Building Council. Sweden Green Building Council is a certification system with three levels: bronze, silver and gold, which may be used for both newly constructed and existing buildings. We use the environmental programs as a specification of requirements concerning energy, indoor environment and material during new construction projects and conversions in order to achieve good quality as well as reduced energy impacts.

We have chosen to certify the properties in cases where certification requirements exist from municipalities or commercial tenants, for example. Several of our newly constructed residential properties are thus certified according to level Silver or Gold. We aim to achieve at least a silver rating from Sweden Green Building Council in our new construction projects, even when we choose not to undergo the certification process.

One of our properties has obtained

GreenBuilding certification and a further 12 properties in our commercial holdings meet the certification requirements.

Environmental risk management

In connection with property acquisitions, we analyze any previous and current environmental risks and if necessary investigate the existence of chemicals. A review of energy use is conducted and an action plan is produced to reduce environmental impacts. Soil investigations are conducted during new construction and any ground decontamination is carried out very carefully. In the current holdings, we work systematically with investigations and produce action plans based on possible environmental risks in connection with conversion work.

New thinking

We aim for new thinking and test different approaches to reduce negative environmental impacts, and we also

inspire our tenants to embrace more sustainable living. The individual metering of electricity and water in our new construction projects is one way, while extended bicycle garages in selected properties is another example. In the Wallenstam Drive project we offer our tenants, in collaboration with Hertz and Sunfleet, advantageous prices on rental cars and carpooling, something which benefits the environment and makes life easier for our tenants. The project has been conducted during a trial period in Gothenburg and we are now going to introduce the concept in Stockholm. We are already self-sufficient in renewable energy through wind power, but other production methods and possibilities are continually evaluated, for example solar cells and panels and battery storage. Another example is Wallenstam's investment in Exeger Sweden AB, a company that is developing industrial production of the next generation of solar cells.



SOCIAL SUSTAINABILITY

As an urban developer, home builder and landlord, we have a major impact on people's everyday lives. Understanding, developing and contributing to society is an important part of our business, as well as conducting our work in a responsible way in accordance with applicable laws and regulations.

Having a home is a fundamental need and also constitutes an important part of a functioning society. There is a great housing shortage today, something that makes our role as a home builder and property owner even more important. We also operate in an investment-intensive sector where contracts with contractors and suppliers involve large amounts. In our view, this is accompanied by a responsibility to act ethically from various standpoints. We value healthy competition and do not accept any form of corruption, bribes or unfair methods of competition. Equality and diversity questions, as well as non-discrimination are important in Wallenstam's business, both in our internal efforts and in our role as a corporate citizen. In order to clarify internally and externally how we act in these questions, we have a Code of Conduct, that all employees receive training in.

Social commitment and support

As one of the largest players in the industry in the markets we operate in, we have both the willingness and the means to influence the local community. Our CSR (Corporate Social Responsibility) efforts are clearly linked to our core values— progress, respect, commitment – and governed by our guidelines. We are passionate about housing and about creating the opportunity for more people to obtain their own home. We focus our efforts primarily on the areas where we operate and strive to improve security for those to live in and visit our areas, and the ambition is also to create added value for our tenants.

Through our collaboration with Huskurance, which works proactively to prevent violence in close relationships through neighbourly cooperation, we want to boost security for our tenants. We support several organizations that combat social exclusion, as well as organizations that help children who are vulnerable in various ways. Examples include Barn i Nöd (Swedish International Help for Children), Children's Rights in Society, the Refugee Mission in Gothenburg, Gothenburg City Mission, Stockholm City Mission and Mitt Liv (My Life – diversity and integration). We also support a pub pastor in Gothenburg. Several of the organizations work actively against homelessness.

Through our support to e.g. the Låxhjälpen foundation, Barnens Ö and Majornas Samverkansförening, we contribute to preventive social initiatives for children and young people. For example, through Majornas Samverkansförening, young people are offered summer jobs, where they work together with our property caretakers in the area.

We consider active, meaningful lei-

sure activities to be very important for social inclusion, and we mainly sponsor popular sports with youth activities in focus. Some examples include Frölunda Hockey, Älta IF, Nacka Wallenstam IBK and Pixbo Wallenstam. We also support organizations and events that contribute to urban development and R&D for long-term sustainability. These include Julstaden Göteborg, Go To Sea, Gunnebo Slott & Trädgårdar, Universeum and the institution of a professorial chair in property management at KTH Royal Institute of Technology.

Social Contracts

We let some of our apartments to municipalities that subsequently provide them to persons who cannot get a regular contract for various reasons. For example, this can relate to transitional accommodation or various types of sheltered accommodation. We also participate in projects such as Vägvalet and Sida vid Sida Stockholm, which work in various ways to provide apartments for young people. At year-end 2015/2016, we had about 140 active contracts of such a social or medical nature, or apartments earmarked for students.





FINANCIAL SUSTAINABILITY

Long-term profitability is one of the basic requirements for us as a company, where our owners want to see a return on the capital they have invested in the business. Profitability is also a requirement for sustainable development and responsible enterprise. It is important for customers to have a landlord that is reliable, with the ability to invest in its properties, and for our employees it is important to have a stable and long-term owner – something that is not possible without profits that can be reinvested in the company.

Our business process describes how in our entire operations we generate

profits and build value, which is partly distributed to shareholders and partly reinvested in the business for continued growth.

Creating value

As one of the larger property owners and urban developers as well as a major housing producer in the regions where we operate, we contribute to employment when new properties and areas are developed.

Through our building process and investment model we can cost-effectively produce new apartments, which means that we can provide rental apartments – delivering value growth

for the company – and housing at a reasonable rent for customers. We want to develop our properties and areas so that our commercial tenants' operations can thrive and grow.

Value growth is created primarily through our own work in our new construction projects and development of our existing properties. Our strong letting operations ensure low vacancy levels in our property holdings and we are focused on working as cost effectively as possible. Taken together, this generates net asset value growth and by measuring this we can see how much value we create in our entire operations.



OPPORTUNITIES AND RISKS

At Wallenstam, we make a conscious effort to optimize opportunities and manage and mitigate potential risk factors. Risks and opportunities that can affect operations in the short and long terms are divided into three categories: operations, external and financing.

Operations

Opportunities and risks connected to the operations refer to things that concern our core business as well as operational revenues and expenses.

CONSTRUCTION OF NEW HOMES

Our new construction projects are important for value growth in the company, and they impose strict demands on the organization in terms of project planning, procurement, construction and the choice of contractor to ensure a good rate of return, quality and production volume. Each individual project is affected by access to building land, the planning process, any necessary appeals, planning permission management, collaboration with contractors and etc.

The places we choose to operate in are characterized by growth and strong demand. When we build new homes we do so in attractive locations where there are good rates of return and excellent value growth. Our production process is quality-controlled and cost effective. We build homes at reasonable rents, with good supervision and value growth based on sound competence and an organization that focuses strongly on land acquisition and management in detail.

The risk of failing to achieve a good produc-

tion volume is considered relatively small as we plan for the long term, have several potential projects under development in parallel and enjoy close cooperation with the municipalities where we seek to provide more homes. We have an extensive project portfolio and access to land for future construction, as well as long-term relationships and well-established collaboration with contractors and suppliers.

Our yield requirement allows construction regardless of the market conditions.

RENTAL INCOME

Rent levels and vacancy rates in commercial properties are affected by growth in the Swedish economy and also by the volume of new constructions. The housing shortage is severe in the regions where we operate. The setting of rents is based on the utilization value system, which means that the rental rate for an apartment may not materially exceed the rental rate for an equivalent apartment where the rent is determined by a negotiated agreement under the Tenancy Bargaining Act.

The attractive locations and high standards of our properties are factors that contribute to stable rental income and a low vacancy risk, regardless of the economic cycle. These are aspects we also prioritize in connection with property acquisitions. Our residential property holdings are fully let and the risk of vacancies is low as demand in our regions is much greater than supply. Residential rental income is comparatively secure and predictable.

In Gothenburg, where our commercial properties are located, a relatively large amount of space was completed during 2015, however, the

new production rate is expected to fall during the next two years, despite increasing demand. The occupancy rate is stable and amounts to 95 percent in respect of lettable area. We also have a stable customer structure with a good spread of contract sizes. The tenant mix is good, and about one fifth of our commercial floor space is let to municipal companies, institutions and government agencies. The contract portfolio remains stable and in line with market levels and the maturity structure is spread over time. In all, this means the risk of major future vacancies and reduced rental income is considered minor.



EXPENSE TRENDS FOR OPERATIONS, MAINTENANCE AND TECHNICAL RISKS

Heating of the properties represents about a quarter of Wallenstam's operating costs and is impacted by seasonal effects such as temperature and weather. Costs are higher during the first and fourth quarters when heating and property maintenance expenses are affected by the cold, snowy winter months. The cost trend for maintenance expenses can be affected by unforeseen events, for example.

ENERGY

The annual production of wind power is affected by how windy it has been during the year. The price of electricity has a direct effect on the operation's earnings and depends on a number of different factors such as the economic cycle, weather and political decisions. We are also exposed to a certain currency risk, mainly through electricity trading on the Nord Pool Spot and Nasdaq Commodities exchanges, as these transactions take place in EUR.

ORGANIZATION

The ability to attract and retain competent, dedicated personnel is a success factor for Wallenstam. There is strong market demand for expertise within construction/project management and administration and this is expected to increase going forward.

More than a quarter of our residential properties were constructed or underwent reconstruction since the turn of the millennium. Our property holdings are well-maintained.

The technical operation of a property is handled through day-to-day management and an individual management plan for each property. We achieve good cost control through dedicated work with long-term maintenance plans.

Our wind turbines are spread from Jämtland in the north to Skåne in the south, which increases our ability to achieve a maximum, even production volume.

Prevailing electricity prices are at historically low levels. We have no control over factors that affect electricity prices such as the economic cycle, the weather and political decisions. Based on the current market situation, we see a medium risk in relation to the electricity price trend. Our investment in renewable energy

We build and renovate existing properties with energy efficiency in focus and we work proactively to encourage our tenants to reduce their own operating costs.

We are self-sufficient in renewable energy, which makes us less sensitive to electricity price fluctuations. We feel we are able to reduce expenses by combining energy efficiency measures with the guarantee of the right level of consumption based on operating statistics from our properties.

is a long-term venture and is aimed, among other things, at achieving cost control in our property operations – as low prices also have a positive effect on property operating expenses.

To protect our operations and reduce the impact of market fluctuations, we use financial futures contracts to hedge income from future electricity sales and electricity production. The economic impact of currency market fluctuations is reduced through currency futures contracts.

A good working environment, attractive working conditions and skills-enhancing training programmes are beneficial for both the individual and the company. Wallenstam is an attractive employer that is well able to recruit employees with the right profiles.

We conduct regular employee satisfaction surveys (Employee Satisfaction Index) and have action plans in place to develop the right conditions for employee well-being and commitment.



External

Opportunities and risks connected to the business environment mainly exist outside of our operations, e.g. in the form of changing market conditions. These are risks that the Board of Directors and management have little ability to affect in the short term, but which must be taken into account in the strategic development of the company.

CHANGED PROPERTY VALUES

According to the accounting rules in the International Financial Reporting Standards, IFRS, the fair value of the Group's investment properties is recognized in the balance sheet and changes in value in profit or loss. This has the effect of making our earnings and position more volatile. Small general changes in the yield requirement can have a major impact on earnings.

Our residential properties are in strong markets in locations where people want to live and work and where there are excellent conditions for a long-term, positive development. Accordingly, we consider the risk of value volatility in our residential properties to be small.

About 90 percent of our commercial floor space is in Gothenburg and the properties are located within a one-kilometre radius of

Kungssportsavenyen, the most fashionable street in the city. Having properties in attractive locations means a lower risk of falling values during weaker market conditions. The sub-market is stable, with good potential for a long-term, positive development. The high standards and attractive locations of the properties means we see little risk of property value volatility in our commercial holdings.

TAXES

Wallenstam is affected by political decisions linked to fiscal legislation or its interpretation such as the levels of company tax or property tax. A change in fiscal legislation or practice, for example implying changed possibilities in respect of the right to tax deductions or the ability to use loss carryforwards, may mean that Wallenstam's future tax situation changes, thereby also affecting profit or loss.

We actively follow developments in the tax field including new decisions, interpretations of legal cases and changes to regulations, as these may imply that our tax position changes.

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. The expense for these other taxes amounted to around SEK 455 million (520) in 2015.

ENVIRONMENT

Political decisions concerning the environment and assessments by experts and civil authorities as to what constitutes environmentally hazardous technology, materials and thresholds are constantly changing, and may impact our property operations. Our ownership and operation of wind turbines and electrical installations means the Group conducts operations that are subject to authorization and have a reporting duty in accordance with the Swedish Environmental Code.

We investigate and identify possible environmental risks in our properties such as PCB and radon on an ongoing basis. Action plans and measures are drawn up immediately should any kind of environmental risk occur, e.g. in the form of PCB or radon. We contribute

actively to sustainable development through our energy-efficient construction and investments in renewable energy. We are proactive in meeting new regulations and requirements in environmental legislation and we see no major risks based on environmental aspects.

Financing

The ability to develop and expand the business to the desired extent irrespective of the economic cycle depends on a secure flow of capital. We enjoy good and long-term collaboration with the major business banks, founded on mutual trust and transparency. Based on the current market situation, overall financial risks are considered to be relatively limited.

LIQUIDITY

The freedom to implement approved investments and fulfil payment obligations is conditional upon strong liquidity.

Wallenstam's high equity/assets ratio and good relationships with banks create excellent conditions for financing current and future investments. We see no major risks in our liquidity as new construction projects, major reconstructions, etc. do not begin until we have

secured financing. Liquidity forecasts are updated continuously with the aim of optimizing cash management.

At year-end, available liquid assets amounted to SEK 672 million (639).

INTEREST RATES AND REFINANCING

Interest expense is our largest single expense item. Financial risk refers to an inability to satisfy demand for new capital, which is an essential operational resource.

Our loan portfolio consists of loans with different maturities and is spread among various lenders. Assessment of the term for capital tied up depends on factors such as pricing and the refinancing risk in the capital market. We work proactively with fixed-interest terms to achieve good average interest rates and good yields on our loan portfolio over time. Interest derivatives are used to spread risk, protect the underlying portfolio and to provide a flexible means of in-

fluencing the fixed-interest terms in the loan portfolio. At year-end, the average outstanding fixed-interest term was 39 months (43). The loan-to-value ratio was 45 percent (49) on the same date.

Against the background of the working method described above, we consider the risk/possibility of major interest expense volatility to be insignificant.

Sensitivity analysis

CHANGED YIELD REQUIREMENT FOR PROPERTIES	SEK million
0.5 percentage points lower	36,040
0.25 percentage points lower	33,926
Our estimate	32,090
0.25 percentage points higher	30,478
0.5 percentage points higher	29,049

CASH FLOW	SEK million
Change in rental income, apartments 1%	6.8
Change in rental income in renegotiable commercial contracts, 1%	1.7
Change in operating costs, 1%	4.2
Change in loan interest rate, 1 percentage point (annual)	67
Annual wind, change 10%	12.8
Electricity price, change 5 öre	8.5



ORGANIZATION AND EMPLOYEES

Wallenstam has more than 200 employees, who work with great dedication to develop the company. We take care to maintain an atmosphere where consideration is shown to employees and offer challenges that provide individuals with the opportunity to grow in their professional role.

Participation in the operations creates commitment in the day-to-day work, contributes to the company's development and helps maintain good quality in every part of the organization.

Attractive employer

Recruitment of the right people with the right competencies is one of the key factors for successful enterprise. In new recruitments, great importance is attached to personal characteristics and qualities, and a welcoming and effective introduction for new employees enables them to quickly

become familiar with the business. Responsible enterprise is also based on a pleasant workplace, which offers employees the opportunity to develop and grow along with the company. As far as possible, Wallenstam provides opportunities for advancement within the company, e.g. by always announcing vacant positions internally first. Continual skills development and challenges in the day-to-day work are other elements of a positive working environment. During 2013, all permanent employees were also invited to participate in a synthetic options scheme – a further incentive to actively contribute to value creation in the business.

We attach great importance to the physical working environment and health-promoting activities. There are also excellent opportunities for both group and individual training in fitness centers at each office, while health and

wellness training is subsidized. All employees are also offered regular health checks with the purpose of promoting continued good health. Absence due to illness is low and amounted to 2.4 percent during the year.

Dedicated employees

We conduct regular employee surveys in the form of an employee satisfaction index (ESI) in order to measure employees' views of their personal work situation, the company and its management. The latest survey was conducted in late 2015 and showed a continued high level of satisfaction, great dedication, well-regarded leadership and confidence in the management. The results are used as one of a number of tools for advancement of the company and the employees.

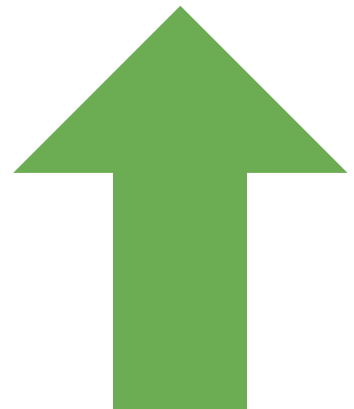
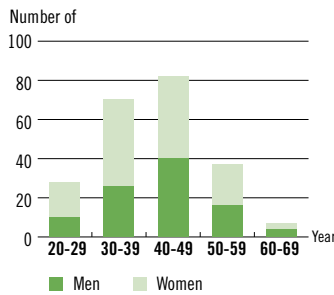
Employee performance reviews are carried out annually to support personal development, follow up



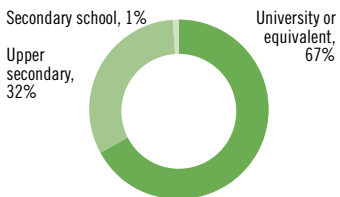
216

Wallenstam had an average of 216 employees (203) during 2015. The majority are permanent employees, with a distribution of 57 percent (57) women and 43 percent (43) men. Approximately 25 percent of the employees are in Stockholm, the rest in Gothenburg. All employees are covered by the collective bargaining agreement with Fastigo.

AGE DISTRIBUTION IN THE GROUP



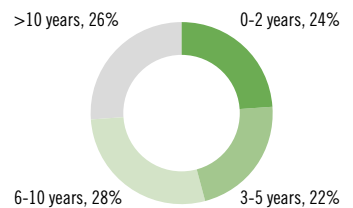
EDUCATION LEVEL



7.9 years

is the average length of employment for permanently employed personnel in Wallenstam. Absence due to illness is low and amounted to 2.4 percent during the year. Employee turnover during the year was 5 percent.

PERIOD OF EMPLOYMENT





MANAGEMENT AND BUILDING OPERATIONS WITH A LOCAL PRESENCE

Wallenstam is organized in three business areas; Gothenburg, also including the operations in Helsingborg, Stockholm, also including Uppsala, and Svensk NaturEnergi. Property management and building operations are conducted in each business area.

The local presence provides the basis for knowledge about the market and about our customers' needs and businesses. It also makes it possible to have good knowledge about the local property market, changes and business opportunities. Our staff, specialized in e.g. finance, law, IT, information and market, supports the operations.

CENTRAL CUSTOMER SERVICE

Our customer service is organized as a central function within the company, which enables longer opening hours and better accessibility for our customers. Systematic work and well-developed processes ensure that we solve customer problems in the best way and we report back to customers during the process. Follow-up and improved routines help us in our continuous ambition to make customers more satisfied.

PROPERTY CARE THROUGH THE PARTNER CONCEPT

Property care and maintenance are services we procure from external suppliers through a well-developed partner concept, Wallenstam Partner. With the Wallenstam logo on their vehicles, clothes and ID cards, this creates recognition and peace of mind for the customer. An ongoing dialogue and close collaboration are important for assuring the quality of property care and maintenance. We hold frequent partner meetings where suppliers are informed about Wallenstam's Code of Conduct, among other things, and our buildings are visited by our own managers on a rolling schedule.

jointly-established goals, gauge the work situation and plan future skills development efforts.

Skills development

Skills development occurs via external and internal training courses and through exchange of knowledge among colleagues. During 2015, Wallenstam employees took part in training courses and continuing professional education in property management and operation, updates to construction rules, law and finance, among other areas. During the year, an internal programme for letting agents and account managers was conducted with special emphasis on the customer experience, sales and letting.

Code of Conduct and values

Wallenstam's long-term success depends on the operations being conducted in a responsible way. The day-to-day operations are therefore conducted on the basis of the Group's core values; progress, respect and commitment. Work at Wallenstam's is governed by decision-making and authorization orders, policies, guidelines and instructions, which are important for clearly defining the company's standpoints and working methods for the entire organization.

The Code of Conduct is based on our core values and emphasizes the policies and guidelines that govern the Group in relation to employees, customers, suppliers and partners. The goal is to have an environmental,

social and commercial commitment in all we do, which is based on complying with laws and regulations as well as applying responsible business methods – characterized by high business ethics and good business practice.

Regular training and information about the Code of Conduct and the described governing documents occurs for all employees including the Group Management and Board. For instance, it is included as a compulsory training component in the introductory programme for new employees. The ethics council is the body that works centrally in the Group on spreading information about and following up the Code of Conduct, and conducts risk analyses in the area and proposes possible measures.



**“I PERCEIVE WALLENSTAM AS VERY
COMMITTED AND INVOLVED. BOTH
REGARDING MY BUSINESS AND THE
CONVERSION PROJECT WE COMPLETED
TOGETHER OVER THE PAST YEAR.”**

LEIF ERIKSSON, BLOMSTERBINDARNA
TULETORGET SUNDBYBERG



MARKET OUTLOOK

The property market is characterized by a high level of activity in terms of transactions and there is a great need for new apartments in Sweden. We see a very large demand for our apartments and commercial premises.

Wallenstam is both a developer of projects and a property owner – and it is this very combination that makes us unique. Our property portfolio features a well-balanced combination of residential properties and commercial properties in attractive locations, which are growing strongly. The mix of well-located residential property holdings mainly in Stockholm and Gothenburg and commercial holdings that are concentrated in central Gothenburg adds breadth to our property portfolio.

As an urban developer and one of Sweden's largest private rental apartment producers, we are working

intensively on providing the market with new apartments in pleasant and attractive locations. We believe in renting as a form of tenure. It is a flexible and convenient form of housing, which requires no risk on the part of the tenant. It also acts as a lubricant in society, for instance when someone needs to move home quickly for work or some other reason. We mainly build rental apartments, but also cooperative apartments, primarily because the land available for rental apartment construction is limited.

Through our business area Svensk NaturEnergi, we generate and sell renewable energy and we have been self-sufficient since 2013 through our own wind farms around the country.

Apartment construction starts

The rate of housing construction in Sweden is at a very low level compared to the need. The National Board

of Housing estimates that 700,000 new apartments need to be provided in Sweden over the next 10 years, of which about half are required in the Stockholm and Gothenburg areas.

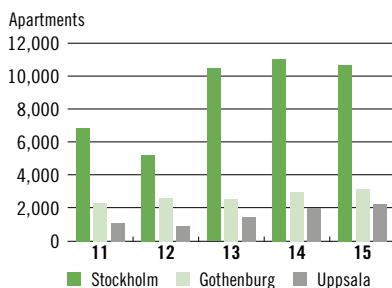
During 2015, construction started of almost 13,000 homes in the Stockholm region, a marginal decrease compared to the previous year. Approximately 85 percent of these homes were in the form of apartment blocks. In Uppsala, almost 2,900 homes were started, of which 2,300 are in the form of apartment blocks, an overall increase of 10 percent compared to 2014. Housing construction also increased by more than 10 percent in Gothenburg during 2015, when almost 4,400 homes were started. Of these, 3,200 were in the form of apartment blocks.

In 2015, Wallenstam started construction of 653 apartments in Stockholm and Uppsala as well as 197 in Gothenburg and Helsingborg.

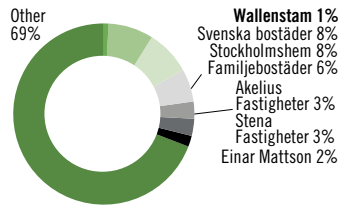
“WE HAVE GROWN IN RECENT YEARS, AND ARE NOW ONE OF GOTHENBURG’S LARGEST LAW FIRMS AND WE WERE LOOKING FOR A NEW OFFICE SOLUTION FOR A LONG TIME. WALLENSTAM HAS SHOWN GREAT COMMITMENT TO THIS ISSUE. WHEN THEY MANAGED TO CREATE AN OPPORTUNITY FOR US TO REMAIN IN OUR EXISTING OFFICE BY OFFERING US MORE SPACE ON THE SAME FLOOR WE WERE EXTREMELY HAPPY.”

ROLAND ADRELL, MD
GÄRDE WESSLAU, GOTHENBURG

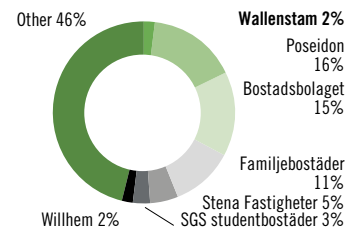
STARTED APARTMENTS IN WALLENSTAM'S MARKET



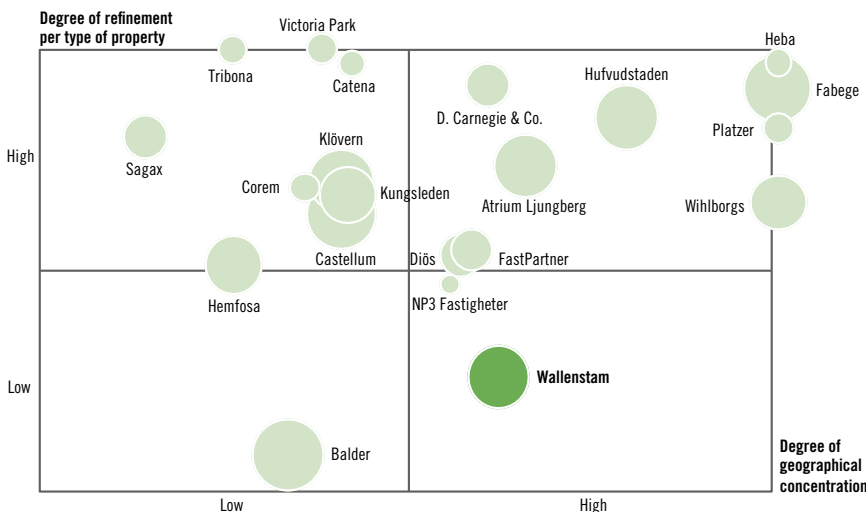
MARKET SHARES RENTAL APARTMENTS STOCKHOLM*



MARKET SHARES RENTAL APARTMENTS GOTHENBURG*



*The market share consists of the number of rental apartments in relation to the total number of rental apartments according to SCB.



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

Strong demand

Demand for our newly produced homes is enormous, both in respect of rental apartments and co-ops. For example, we not only note that prospective tenant registers on our website are filled quickly, but also that many people apply for our apartments via Bostadsförmedlingen in Stockholm and Boplats Gothenburg. The local market development is related to the level of new construction, demand and rent trends. The new production volume for premises in Gothenburg was relatively high during 2015 at 68,400 sq m (24,800), but this is expected to fall in the coming years, according to property consultancy JLL.

The prime rent, the highest rents in the finest locations, increased during 2015 in Gothenburg, and is now at a record high level of 2,800 SEK/sq m in the CBD and 2,600 SEK/sq m in the rest of the inner city. In view of the prevailing very high demand and shortage of premises, particularly in city centers, JLL forecasts continued rental growth for several years to come.

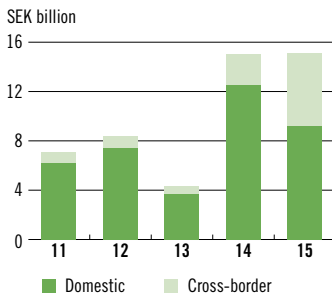
Transaction market trend

The property market is characterized by a high level of activity with greater demand than supply and rising prices as a consequence. According to property consultancy JLL, the overall transaction volume in 2015 of

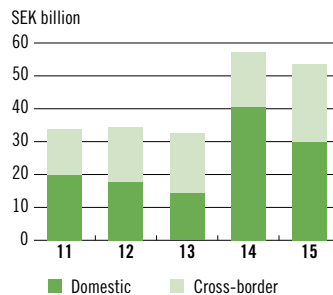
SEK 150.7 billion was on a par with the measured figure for 2014, which is slightly above the level noted before the financial crisis in 2008. The low interest rates and low return on other asset classes contributed to the large transaction volume. In Stockholm, the transaction volume amounted to SEK 53.4 billion, which corresponds to 35 percent of Sweden's full-year volume. The total volume in Gothenburg during the full-year 2015 was SEK 15.2 billion, which is at the same level as the record year 2014.

Many investors want to acquire volume rather than individual properties, and during the year portfolio premiums have been seen for the first time in several years.

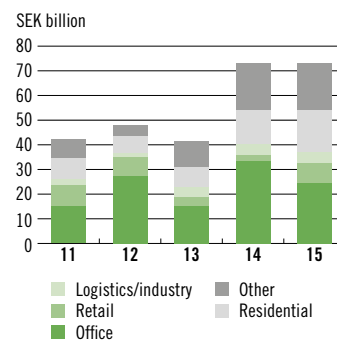
TRANSACTION VOLUME – GOTHENBURG



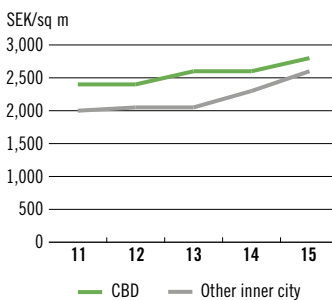
TRANSACTION VOLUME – STOCKHOLM



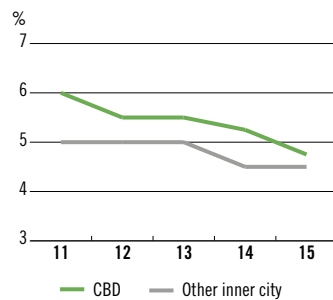
TRANSACTION VOLUME IN WALLENSTAM'S MARKETS PER SECTOR



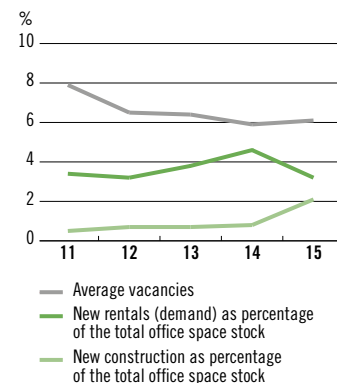
RENT LEVELS COMMERCIAL MARKET GOTHENBURG



YIELD REQUIREMENTS FOR OFFICE PROPERTIES IN GOTHENBURG



DEMAND/NEW PRODUCTION AND OFFICE VACANCY LEVELS GOTHENBURG



COMPETITION ANALYSIS COMMERCIAL MARKET, GOTHENBURG (Source: JLL)

Property company	Floor space, sq m	Market share, % *
Wallenstam	419,000	9.3
Vasakronan	418,000	9.3
Platzer	379,000	8.4
Balder Göteborg/Väst	271,000	6.0
Eklandia (Castellum)	230,000	5.1
Stena Fastigheter	156,000	3.5
Bygg-Göta	142,000	3.2
Other	2,485,000	55.2

* Market share is calculated on the basis of each property owner's floor space in relation to the total floor space in Gothenburg as assessed by Business Region Göteborg.



MATHIAS ARONSSON

Deputy CEO Wallenstam AB in charge of the Stockholm and Uppsala business area

“The housing market in the Stockholm region is characterized by a very large housing shortage. Growth is strong, which is contributing to large population inflows, and there is also a long-standing housing shortage, which still remains and that we are trying to catch up with through new construction. During the year, we sold newly constructed rental apartments and let hundreds of recently built rental apartments, and demand has been huge for both forms of tenure.”

“Uppsala has emerged as a very strong and interesting region and we are very happy to be able to operate here. We have worked in the region for some years but it was not until 2015 that we started developing construction projects. The same strong demand is evident here, and there are good opportunities to build very close to the city and in attractive sites in the city. I see that we have a long period ahead of us with substantial demand for housing in both Stockholm and Uppsala.”

“Wallenstam was one the first private companies in Stockholm to build rental apartments for its own management when we resumed construction operations in 2003. Now there are many more companies building, and it is essential that many players help to provide housing to try to meet the enormous demand. Meanwhile, we face long processes from concept to finished city district or property and we have been able to build up a solid project portfolio over the years so we can ensure a high rate of construction going forward.”

THOMAS DAHL

Deputy CEO Wallenstam AB in charge of the Gothenburg business area

“Gothenburg is currently experiencing a high level of industrial activity, with strong growth and belief in the future, something that is also noticeable in demand for our premises. With around 419,000 sq m of commercial floor space, we are one of the largest operators in the Gothenburg commercial premises market, with a market share of just over 9 percent. We have good office and retail premises in attractive, central locations and a strong occupancy rate of 95 percent.”

“The population of Gothenburg is increasing and housing production has been relatively low. In 2015, housing construction increased, although from low levels, and many large development projects are planned in the city and surrounding municipalities. Naturally, we want to contribute to future development and growth and we have a strong focus on new construction in the region with several major projects in progress and other projects we are looking forward to start construction of.”

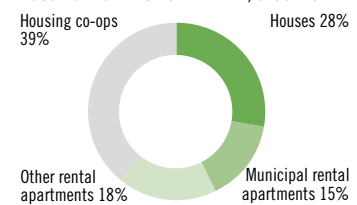
“There is a major housing shortage in Gothenburg, and a strong demand for our newly constructed apartments in the region. In Helsingborg, the housing market is more balanced and with our focus on building new apartments for our own management, we have chosen to leave the Helsingborg market through the gradual sale of our existing holdings to Willhem, a large and responsible property manager.”



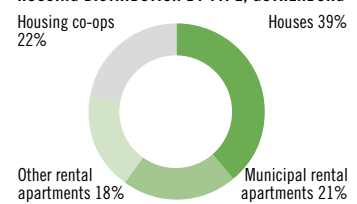
FACTS ABOUT GOTHENBURG, STOCKHOLM OCH UPPSALA (Source: JLL)

	GOTHENBURG		STOCKHOLM COUNTY		UPPSALA COUNTY	
	Outcome 2015	Trend 2016	Outcome 2015	Trend 2016	Outcome 2015	Trend 2016
Number of inhabitants	982,360	↗	2,231,439	↗	354,164	↗
Inward migration, no of inhabitants	6,955	↗	19,615	↗	3,790	→
Unemployment, %	5.8	↘	5.7	↘	6.5	↘
In employment, %	68.4	↗	73.5	↗	68.0	↗
Housing						
Rent level new build SEK/sq m/year	1,700–2,000	↗	1,800–2,300	↗	1,600–2,100	↗
Vacancy rate, %	0	→	0	→	0	→
Yield level, %	2.5–4.5	→	2.0–3.5	→	3.0–4.0	→
Number of apartment starts	3,179	↗	10,749	↗	2,299	↗
Rental market size, SEK billion	11.6	↗	23.6	↗	2.4	↗
Offices central location						
Rent level 'A' location SEK/sq m/year	2,000–2,800	↗				
Vacancy rate, %	3.1	→				
Yield level, %	4.50–5.25	↘				
Retail central location						
Rent level 'A' location SEK/sq m/year	4,000–10,000	→				
Vacancy rate, %	0–3	→				
Yield level, %	4.50–5.25	↘				
Total commercial market size (Gothenburg), sq m	3,300,000	→				

HOUSING DISTRIBUTION BY TYPE, STOCKHOLM



HOUSING DISTRIBUTION BY TYPE, GOTHENBURG



The energy market

The proportion of electricity generated by wind power in Sweden has increased significantly in recent years. It was 10 percent in 2015. During the year, 196 new wind turbines were installed (396), which meant there were 3,244 wind turbines (3,048) in total at year-end with overall output of 6,033 MW (5,425). In total, wind power generated 16.5 TWh (11.5) in Sweden during 2015.

Svensk NaturEnergi is Sweden's 15th largest electricity producer from among the Svensk Energi industry association's 380 members.

The Nordic electricity market is unified, and electricity trading takes place mostly via Nord Pool, the electricity exchange in Oslo. Grid fees and taxes are government regulated while the cost of the electricity itself is the part of the consumer price that is exposed to competition. Simplified, the price of electricity can be said to comprise two elements, the spot price and the price of renewable energy certificates.

Higher ambitions for renewable electricity

The Swedish Government has a goal that the proportion of renewable energy in the Swedish energy system should increase, and therefore the level of ambition is being raised in the Swedish-Norwegian renewable energy certificate system. A new target is being introduced, which means that production of renewable energy should increase by 30 TWh between 2002 and 2020. This previous goal in force for the corresponding period was 25 TWh. The Swedish Parliament approved the proposal during 2015.

Low electricity price

Many individual factors contribute to the historically low electricity price levels – a warm year in climate terms, low growth with low electricity consumption within e.g. industry as a consequence, and a low oil price which over time also exerts downward pressure on the price of electricity from wind power. The lower consumption together with a faster rate

of wind power construction than expected has also led to a surplus of renewable energy certificates.

Renewable energy certificates

A renewable energy certificate system was introduced in Sweden in 2003 to promote the development of renewable energy, such as wind, solar and hydroelectric power etc. It is a market-based support system structured so that renewable electricity producers receive a certificate for each MWh of electricity generated. Demand is regulated through a so-called quota duty, which means that it is obligatory for electricity suppliers and certain consumers to purchase a given quantity of certificates in relation to their electricity supply/consumption. The renewable energy certificate system is financed through a surcharge on the electricity price for consumers. In October 2015, the Swedish Parliament decided on adjustments to the quota curve, which means that quotas will increase in the coming years.



KARIN MIZGALSKI

CEO Svensk NaturEnergi AB

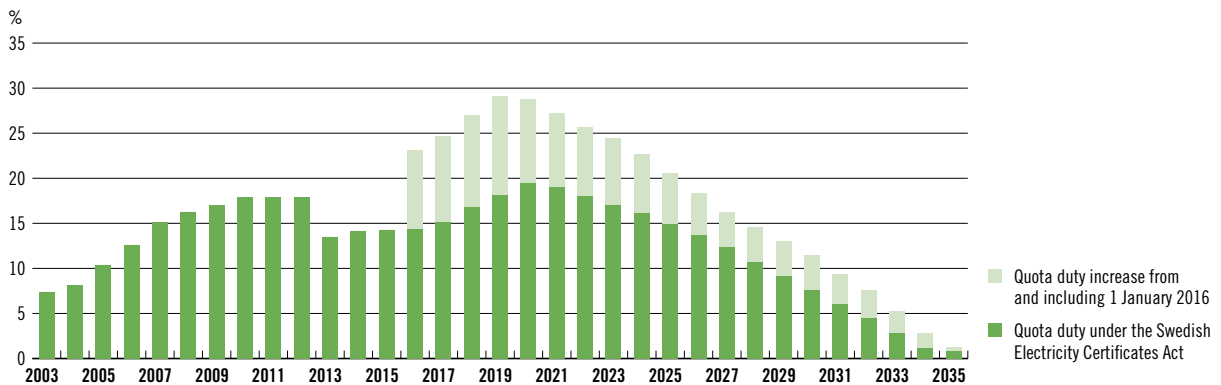
“We are both an electricity producer and an electricity trading company, which is not so common in the Swedish electricity market. This means that we have no intermediaries and, since we only produce renewable electricity, obtain renewable energy certificates. This benefits us as a property group and also gives us the opportunity to offer competitive prices to external customers. For example, we see strong demand from several property companies and other companies, which see the value of using renewable energy, but that are not able to produce renewable energy themselves.”

“Sweden has high ambitions for renewable energy production. With the current electricity prices it is difficult to justify a calculation for an investment in wind power. During the third quarter of 2015, the Swedish Tax Agency announced that in its view, the property tax rate for large-scale wind power operations should amount to 0.5 percent instead of 0.2 percent. Like other wind power investors, we have had to adjust overnight to this new higher tax rate that did not exist when the investment decision was taken. Svensk NaturEnergi has made a provision for a possible increase, which implies an expense for 2015 of SEK 4 million.”

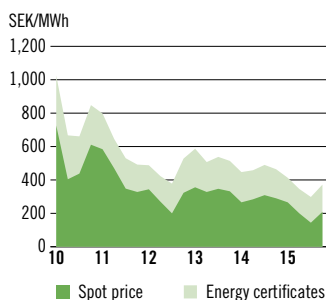
“The decision on the new quota curve is good news for us as a producer of 100 percent renewable energy, and will thus generate a substantial surplus of renewable energy certificates. The environment is a continually relevant issue, which is also very important for the Group, and it also means that we generate revenue for the company through electricity sales.”

“The low electricity prices are partly due to too much energy production at present. But the market in Sweden is facing decisions on closing down certain nuclear reactors, some as early as 2017, and the electricity surplus will not persist if the closures go ahead. In addition, new connections are being built and established, which in the longer term will enable export to continental Europe, and this is a development I firmly believe in. In Sweden, we have good potential to produce a surplus of renewable energy that we can export to other countries. This renewable energy would replace “non-renewable” electricity production in the rest of Europe, which would be very positive for the climate issue from a global perspective.”

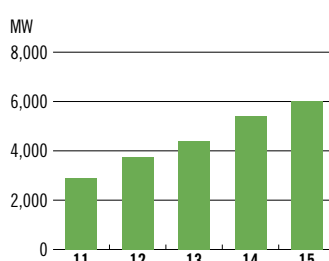
QUOTA DUTY INCREASE



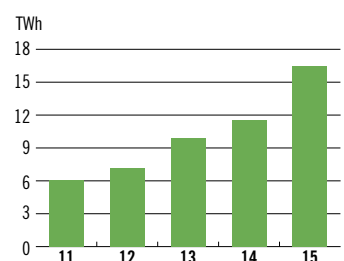
TOTAL ELECTRICITY SPOT PRICE AND ENERGY CERTIFICATES, PER QUARTER



INSTALLED EFFECT WIND POWER IN SWEDEN, MW



ANNUAL PRODUCTION WIND POWER IN SWEDEN





PROPERTY MANAGEMENT

At year-end, our 205 properties had a property value of about SEK 32 billion. Residential properties are concentrated in the growth regions of Stockholm and Gothenburg. The commercial properties are concentrated in Gothenburg's inner city.

Property holdings

Our property holdings consist of investment properties, which are held with the aim of generating rental income and/or appreciation in value, i.e. rental properties. Investment properties include properties under current management, property development projects for the company's own holdings that are under construction or conversion. Properties built for sale as co-ops are not considered investment properties.

We have a well-balanced combination of residential properties and commercial properties in good, attractive locations and built to good standards. Almost 30 percent of our residential

holdings were built 15 years ago or less. Our residential properties are mainly located in the metropolitan regions of Stockholm and Gothenburg where we manage around 3,900 and 3,200 apartments respectively. Apartment sizes correspond well to market demand. 66 percent of the apartments have 2-3 rooms and kitchen. Our typical apartment is a two room apartment and kitchen of 55 sq m.

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

The total area our property holdings amounts to about 1.1 million sq m.

Acquisitions and divestments

During the year, we sold properties with a floor space of around 54,000 sq m for about SEK 2.1 billion. The properties were sold at prices that

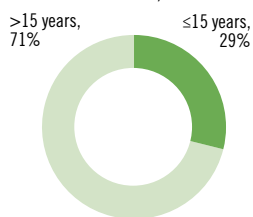
exceeded the latest valuation by an average of 11 percent. This represents an increase in value under our management of 65 percent compared to cost, which corresponds to an average annual increase in value of 6.5 percent. The divestments included a number of residential properties in Gothenburg and Stockholm, as well as our own construction project Kungsholmsporten, which was sold to AFA. This has meant a net reduction of the property holdings in terms of floor space, while also providing opportunities for future new construction to add homes to the market. In December, we signed agreements with Willhem on a gradual acquisition of our properties in Helsingborg during 2016-2017.

Several properties were also acquired during the year, including land and development rights for future new construction in Stockholm and Gothenburg, and rental properties on Kungsholmen in Stockholm.

“WE LOOK FORWARD TO OUR NEW CHALLENGE AS A BREWER, IN PREMISES WHERE THE GENUINE MILL ENVIRONMENT SUITS US PERFECTLY. TO BE ABLE TO BE INVOLVED AND CONTRIBUTE TO THE DEVELOPMENT OF BRUKSGATAN AND MÖLNLYCKE FABRIKER FEELS REALLY SUPER.”

LARS RIDELL
OLD BEEFEATER INN, MÖLNLYCKE

RESIDENTIAL PROPERTIES, AGE STRUCTURE

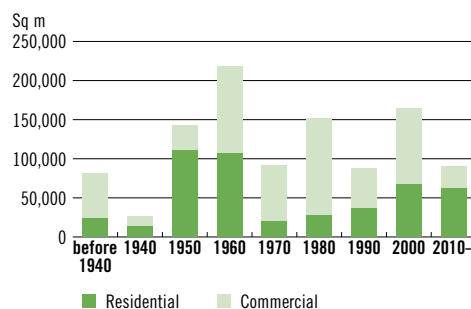


PROPORTION RESIDENTIAL FLOOR SPACE

44%

The proportion of residential floor space in our property holding is 44 percent.

PROPERTY HOLDING AGE STRUCTURE

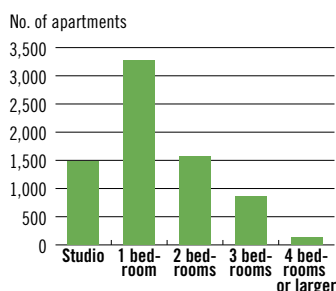


GEOGRAPHICAL DISTRIBUTION

34%

of the Group's floor space is found in the Stockholm region and 64 percent is in Gothenburg region.

DISTRIBUTION, APARTMENT HOLDING



PROPERTY HOLDINGS, SQ M, THOUSANDS

Type of premises	31 Dec 2015	31 Dec 2014	Change
Residential	469	494	-25
Office	227	210	17
Retail	112	105	7
Industry/warehouse	90	81	9
Education	35	35	0
Other	34	33	1
Garage	89	49	40
Total	1,056	1,007	49



COMPLETED INVESTMENT PROPERTIES DURING 2015

On Teatergatan, a street parallel to Avenyn in Gothenburg, 66 new, modern rental apartments were completed during 2015. The interior features details such as beautiful wooden floors, white walls with ceilings in various tones and carefully selected fittings in the kitchen and hall, creating a sense of timelessness and style awareness. With the continental and urban façade, where the metal patterns undulate like waves over the building, the bay windows provide light to the apartments and views in several directions and of the hustle and bustle of the street.

Svanhöjden's 129 rental apartments are beautifully located on a height close to Älta Centrum in Nacka. Elegant choice of material in the rooms such as oak parquet floors in combination with spacious and fully-tiled bathrooms equipped with washing machine, tumble dryer and towel dryer are standard.

In 2015, families also moved in to new homes in the entirely or partially completed projects Långängen in Kvillebäcken, Gothenburg, Segelflyget in Barkarbystaden, Järfälla and Följa Berg in Nacka.

Active letting

The occupancy rate in our properties is stable at 98 percent in terms of floor space. Our apartments are fully let and we notice strong demand for apartments in our regions. During the year, we worked intensively with showings and signing up new customers for our much sought after newly constructed apartments and the apartments in our existing holdings that became vacant during the year. The average relocation rate in the existing holdings during the year amounted to about 14 percent in Stockholm and 15 percent in Gothenburg. The majority of our vacant apartments are advertised and arranged via Bostadsförmedlingen in Stockholm and Boplat in Gothenburg, respectively.

The occupancy rate in our commercial properties amounted to 95 percent at year-end in terms of floor space. This can be compared to the occupancy rate for office premises

in Gothenburg of 94 percent (JLL). There should be some vacancy in the commercial holdings to effectively meet changing customer needs and also owing to vacated space in connection with reconstruction projects etc. The total rental value for unlet commercial space amounted to about SEK 61 million at year-end.

We have good knowledge of the local market and exercise great commitment in taking care of customer relationships, something that provides a good basis for successful letting operations. During the year, we signed about 230 new agreements comprising about 30,000 sq m.

Rental income

Rental income in 2015 amounted to SEK 1,549 million (1,566), a decrease of only SEK 17 million, despite large property sales. We have balanced the rental loss from the sales through rental income from our completed new construction projects, and

through new lets and renegotiations in the commercial holdings.

Leases for apartments and parking spaces run for three months with automatic renewal, and rents are generally renegotiated once a year. Rent rises for our apartments in 2015 amounted on average to 1.4 percent in Stockholm and 1.0 percent in Gothenburg.

The average lease term in our commercial holdings is about 2.8 years (2.7). Some 20 percent (17) of the contracts' rental value may be renegotiated during 2016 but a business assessment is made for every lease. Rental agreements above SEK 1 million constitute 66 percent of the Group's commercial rental income. Apart from rent increases through renegotiated commercial contracts, cost index escalations in running leases for our premises contributed to an increase in rental rates of about 0.8 percent.

LIFE BETWEEN BUILDINGS

During 2015, we focused strongly on the external environment, streets, courtyards and areas between buildings. Pleasant meeting places with and without businesses and services are an appreciated part of the streetscape. Some places are more well-known, such as the area around Artilleristallarna on Magasinsgatan in Gothenburg, while others are more concealed and unknown. We want to create lively places through good design and activities that attract people to visit them and live there. In May 2015, Wallenstam arranged a food market together with some of our commercial tenants on Magasinsgatan, where operators in the food industry were invited in to present and sell their goods. More than 1,000 visitors came to see each other, eat and shop. It was so highly regarded that we arranged a harvest market during the autumn in the same place.

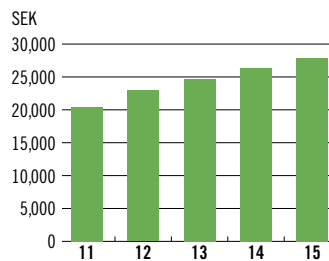


THE TEN LARGEST COMMERCIAL TENANTS

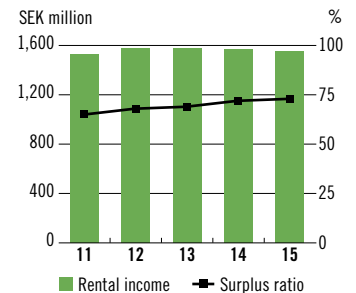
Tenant	Floor space, sq m
City of Gothenburg	21,232
SF Bio AB	14,316
Gothenburg Regional Archives	11,000
Migration Agency	8,936
University of Gothenburg	8,125
Swedish Social Insurance Agency	7,849
Sodexo AB	7,725
SCA Hygiene Products AB	7,600
Vittraskolorna AB	6,374
Folkuniversitetet	6,270
Total	99,427

At year-end, the rental value of our ten largest tenants corresponded to 9 percent of the total rental value or 16 percent of the rental value in the commercial holdings. The let area is equivalent to about 20 percent of the total floor space in the commercial holdings.

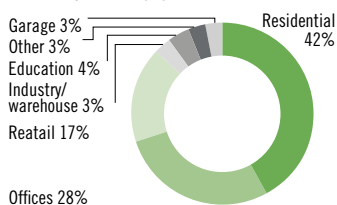
PROPERTY VALUE PER SQ M



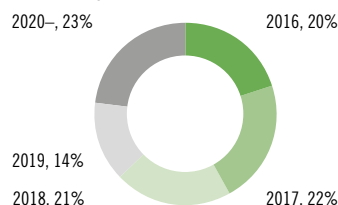
RENTAL INCOME AND SURPLUS RATIO



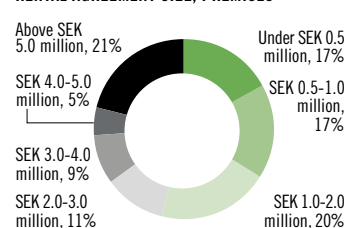
DISTRIBUTION OF RENTAL INCOME 2015 BY TYPE OF PREMISES



VALIDITY, RENTAL AGREEMENT PREMISES, RENTAL VALUE



RENTAL AGREEMENT SIZE, PREMISES





VERY NICE AND SECURE FOR OUR TENANTS

It is important that our customers feel secure and enjoy being in their areas. We make a number of efforts, on a day-to-day basis as part of the long-term management as well as selective measures. Repainting of public areas, new entrance doors and better illumination are some examples of improvements we make to the properties. As a step towards improving safety and security, we are collaborating with the Huskurage neighbourhood watch organization. They work proactively to prevent violence in close relationships through neighbourly cooperation.

We are also working hard to develop the external environment, where we are creating social areas as well as planting in courtyards and between buildings. The tenants have an influence over what changes are made, since action plans for each property are prepared based on responses from our customer surveys, among other things.

Management with customers in focus

We aim to continually improve in our role as a landlord and meet customer expectations in the best possible way. Our customers are offered different forms of added value through our social commitment, sponsorship and collaboration projects. One example in membership of the Wallenstam Drive project with favourable prices on rental cars and pool cars, something which benefits the environment and makes life easier for our tenants.

We meet our customers in various ways every day, through telephone calls, email and personal contacts. In order to take care of customer needs, wishes and viewpoints in a structured way, we carry out annual surveys among our tenants. The results give us valuable feedback about what our customers think of their apartment, premises or property and their area but also about our service and Wallenstam generally. The results are also broken down by district and sometimes even by property and form the basis of action plans for the operations for the years to come.

These measurements enable us to follow up our guiding principle that the proportion of tenants willing

to recommend Wallenstam should increase annually. In the latest survey conducted during the autumn of 2015, we noted that customer satisfaction is continually increasing and that a large proportion of customers are willing to recommend Wallenstam as a landlord to others. The area in which Wallenstam scores the highest marks from customers is the Service index, measuring personal treatment, service and accessibility. In February 2016, Wallenstam once again won the Kundkristallen (Customer Crystal) for the “biggest boost in the service index” category.

Development of our properties

Through the work on developing apartments, premises, properties and surrounding areas, we create value for our customers, visitors and for the company and our shareholders. Management and the day-to-day operations are conducted with sustainability in focus and according to developed plans, routines and processes.

We have placed more emphasis on improving refuse rooms, environmental stations and refuse handling, in line with our tenants' wishes. The efforts to improve public spaces in

and around properties in major parts of our holdings also continued. In 2015, we also reviewed and negotiated agreements with our contractors with a strong emphasis on keeping the properties clean and tidy, as well as more possibilities for tenants to make individual choices in their apartments.

Major renovation projects included continued improvements to Tuletorget in Sundbyberg and the balcony renovation of about 550 apartments in Älta. In Gothenburg, we completed the façade renovation and window replacements in our holdings on Dahlströmsgatan and the reconstruction of lifts in the Vita Björn residential area in Majorna.

In the commercial holdings in Gothenburg, we carried out major maintenance projects in several properties on Avenyn, Vallgatan and Kungsgatan in Gothenburg, where roofs, façades and windows were renovated. Energy saving projects have been carried out in several commercial properties, something that reduces the properties' operating costs while improving climate comfort for our tenants.

We are also strongly committed to the development of our commercial premises in order to create the best conditions for the different



ATTRACTIVE AVENYN

Kungsporsavenynen with its parallel and adjoining streets is a thoroughfare that Wallenstam has much very at heart. We want to make Avenyn into a meeting place that offers good shopping, attractive restaurants, inspiring workplaces, all forms of culture and safe housing. In collaboration with the City of Gothenburg, other property owners and the Avenyöreningen, we are working to give Avenyn the pulse and elegance that the area deserves.

At Götaplatsen, opposite the City Library (Stadsbiblioteket), we finished a very large reconstruction project in 2015 when SF Bio opened its new cinema featuring four auditoriums with quality films in focus. The pedestrian area around Götaplatsen already has a focus on art and culture, and the cinema is an excellent addition to the current mix. Zoning plan work is also in progress to allow an extension of the property's ground floor to create space for a restaurant and cafe.

In November 2015, we let the final premises in Kopparhuset on Avenyn – a property that we have renovated since 2013 and converted to an ultra-modern retail and office premises. The property is entirely CO₂-neutral and is supplied with geothermal energy and our own wind power. Several exclusive brands and successful businesses have chosen to establish here, including Nespresso, Tommy Hilfiger and Holmens Herr, as well as eWork, Kungsporsläkarna and Travel Service. In the same district, towards Teatergatan, residential tenants have moved into 66 apartments and we are actively working to inject life into the quarter through elegant retail premises accommodating a gallery, wine bar and bakery.

During the autumn of 2015, we started our next major project, Mid Avenue Valand. There will be offices and shops featuring brass façades towards both Avenyn 21 and Teatergatan 22, and 35 apartments and smaller stores towards Teatergatan 24–26, all with estimated occupation in 2017. In the next stage of the project at Avenyn 23, the famous Le Corbusier-inspired façade designed by Helge Zimdal will be preserved and renovated. Avenyn 25 and Kristinelundsgatan 10 will also undergo a façade renovation.

In parallel with the major projects, we are also developing and renovating several of our other properties on Avenyn. At Avenyn 32–34, we are replacing windows and renovating the façade in connection with our tenant Swedbank moving up a floor in the property and thereby making more retail space available. Even Avenyn 16 and 22 are being externally renovated – work that requires extra care and caution since the properties are listed buildings.

These overall efforts are helping to develop and strengthen Avenyn as Gothenburg's most fashionable street for all who visit, reside or work in the area.

businesses conducted in them. This includes adaptation of premises based on customer needs, improvement of the property and the surrounding area in order to create a pleasant working environment and active work to create the conditions for popular places and areas that provide customer potential for our commercial tenants. This occurs both on our own initiative and in conjunction with the city and joint action associations such as Avenyöreningen and Innerstaden Göteborg.

Value of rental properties

The market value of investment properties amounted to SEK 32,090 million (28,481) at year-end, and includes both completed properties in operation and rental properties under construction. Excluding new constructions in progress, this is equivalent to about 27,900 SEK/sq m (26,300).

The increase was mainly the result of our newly constructed properties and effective investments to refine and optimize the operation of the properties. Our own work on new construction and property development are important components of sustainable and profitable value growth.

During 2015, SEK 3,027 million (1,555) was invested in investment properties. Of this, SEK 1,270 million (42) related to acquisitions and SEK 1,757 million (1,513) related to work on new constructions, extensions and conversions.

To provide a view of the value creation achieved through our new construction of investment properties, they are reported separately in the income statement. This also includes the result from newly constructed rental apartments during the construction period until completion. Changes in value of newly constructed proper-

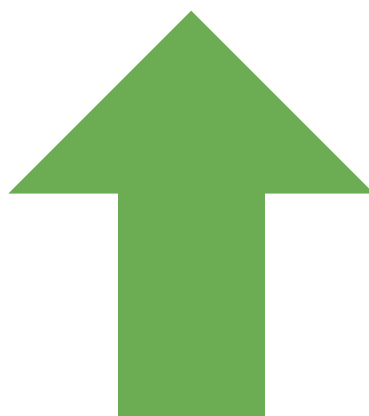
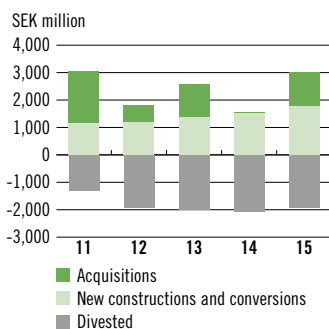
ties arising after they have been taken into operation are included in the unrealized changes in value that are recognized for the entire holdings.

CHANGES IN VALUE

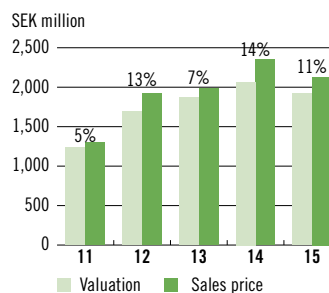
	SEK million
Change in value, existing properties	1,627
Change in value during the year, sold properties	157
Reconstruction projects	84
New construction	639
Unrealized change in value	2,507
Realized change in value, investment properties	204
Total changes in value investment properties	2,711

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

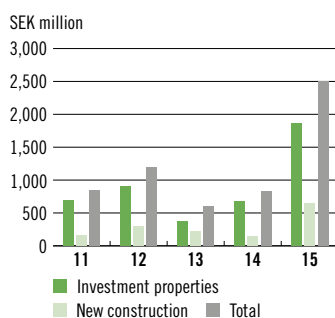
ACQUISITION, CONSTRUCTION AND SALES OF INVESTMENT PROPERTIES



VALUATION/SALES PRICE SOLD PROPERTIES



UNREALIZED CHANGES IN VALUE INVESTMENT PROPERTIES

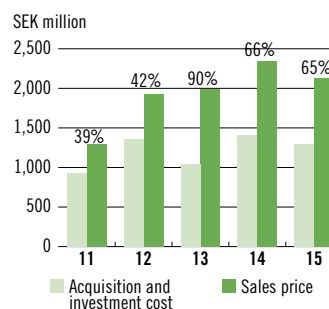


NEW CONSTRUCTION CREATES VALUE

25%

of unrealized changes in value come from our own work in new construction projects.

INVESTMENT/SALES PRICE SOLD PROPERTIES



VALUATION OF PROPERTIES

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. We must however emphasize that a property's fair value does not become a reality until the property is sold, for which reason a valuation is always an estimation. Properties that were sold and occupied after closing day but before report publication are valued at the sales price.

Every year we carry out a great number of valuations, some relate to our own property holdings and others are properties under consideration for acquisition. In evaluating the properties the following are taken into consideration:

- Analyses of completed and non-completed property transactions.
- Estimation of yield requirements in each market.
- Evaluation of each property's specific circumstances such as condition and location.
- Analysis of rent levels, contract lengths, vacancy and rental trends.
- Analysis of existing tenants.
- Credit market conditions.

Property values depend on market conditions, which change over time. We have used different yield requirements in our assessments of property values. The yield requirements reflect

market conditions and differ based on where a property is located, type of property, etc.

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

During 2015, there was strong demand for properties and prices increased while yield requirements decreased because of the internal valuations. The average yield requirement for our commercial properties amounted to 5.3 percent and to 3.5 percent for residential properties.

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

WALLENSTAM'S VALUATION MODEL

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

Reconstruction, new construction and land

Investment properties that undergo comprehensive reconstruction are measured at the value prior to reconstruction plus subsequent expenses incurred during the reconstruction project. The yield valuation model begins when the building is finished or when critical factors such as rent levels have been determined with reasonable certainty.

Newly constructed rental apartments are measured at fair value. As of 2014, this is determined as cost with the addition of a share of the calculated surplus value on the completion date in relation to the building's degree of completion, which in turn is based on incurred expenses.

New constructions of co-operative apartments are continually recognized at cost and profit/loss is recognized when each co-op apartment is completed, sold and handed over to the customer.

Land rights and development rights for zoned land are valued at market value.

REQUIRED YIELDS INVESTMENT PROPERTIES

Place	Property type	%
Stockholm	Residential	3.00–4.00
Stockholm	Commercial premises	4.75–6.00
Gothenburg	Residential	3.00–4.75
Gothenburg	Commercial premises	4.50–8.50

PROPERTY VALUE WITH OTHER YIELD REQUIREMENTS

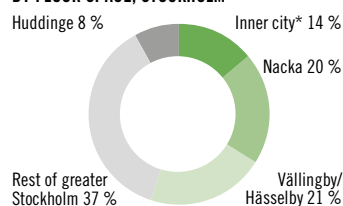
	SEK million
0.5 percentage points lower	36,040
0.25 percentage points lower	33,926
Our estimate	32,090
0.25 percentage points higher	30,478
0.5 percentage points higher	29,049

PROPERTY OVERVIEW

	Stockholm business area	Gothenburg business area	Total 2015	Comparison 2014
Residential				
Floor space, sq m thousands	244.4	224.3	468.7	493.8
Proportion of total floor space, %	67.8	32.2	44.4	49.0
Proportion of rent, %	77.0	27.3	41.6	44.0
Average rent, SEK/sq m	1,463	1,398	1,432	1,410
Kontor				
Floor space, sq m thousands	34.1	193.2	227.3	210.1
Proportion of total floor space, %	9.5	27.8	21.5	21.0
Proportion of rent, %	10.8	34.9	28.0	26.0
Average rent, SEK/sq m	1,475	2,076	1,986	1,990
Butik				
Floor space, sq m thousands	20.2	92.2	112.5	104.9
Proportion of total floor space, %	5.6	13.3	10.6	10.0
Proportion of rent, %	5.1	22.1	17.2	17.0
Average rent, SEK/sq m	1,173	2,752	2,469	2,580
Industri/lager				
Floor space, sq m thousands	16.1	73.9	90.0	80.5
Proportion of total floor space, %	4.5	10.6	8.5	8.0
Proportion of rent, %	1.8	3.7	3.2	3.0
Average rent, SEK/sq m	526	584	573	590
Utbildning				
Floor space, sq m thousands	2.4	32.8	35.2	35.4
Proportion of total floor space, %	0.7	4.7	3.3	4.0
Proportion of rent, %	1.0	5.1	3.9	4.0
Average rent, SEK/sq m	1,945	1,796	1,806	1,760
Övrigt*				
Floor space, sq m thousands	3.2	30.9	34.0	33.0
Proportion of total floor space, %	0.9	4.4	3.2	3.0
Proportion of rent, %	1.0	4.2	3.3	3.0
Average rent, SEK/sq m	1,445	1,660	1,639	1,450
Garage/p-platser				
Garage space, sq m thousands**	40.0	48.6	88.6	49.2
Proportion of total floor space, %	11.1	7.0	8.4	5.0
Proportion of rent, %	3.2	2.7	2.8	3.0
Total				
Floor space, sq m thousands	360	696	1,056	1,007
Average rent, SEK/sq m***	1,402	1,733	1,624	1,611

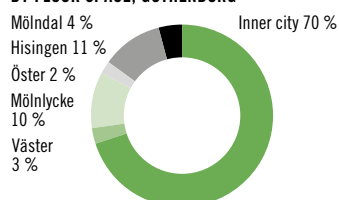
* Includes e.g. healthcare premises ** Heated garage space *** Garage not included

PROPERTY HOLDING, DISTRIBUTION
BY FLOOR SPACE, STOCKHOLM



* Incl. Hammarby Sjöstad

PROPERTY HOLDING, DISTRIBUTION
BY FLOOR SPACE, GOTHENBURG







VALUE-CREATING CONSTRUCTION

Urbanization is a strong trend globally and in Sweden. Metropolitan regions are growing and with that also the need for housing. In the current business plan, Wallenstam will start construction of 7,500 apartments. Through our new construction we will give more people the chance of their own home.

Strong demand for new construction

The growth rate in terms of both population and employment is high in the regions we operate in and there is an

extensive housing shortage. Demand for our new construction projects is enormous, something that is noted in our own tenant base for projects and in the number of applicants for every apartment.

Creating a city with a good mix

As both a construction company and a property management company, we offer a wealth of expertise in the development and densification of our cities with energy-efficient buildings and vibrant areas that people

want to live in, work in and visit. We are increasingly working with urban development of the entire area, where an entire district will be developed or where the existing buildings will be supplemented with new ones.

We take a holistic view to create a balance between homes and the provision of the services necessary if a district is to come alive and work together with the rest of the city. It is about such things as planning for nursery schools and other municipal services as well as for retail stores



Semrén & Månsson

EKERÖ CENTRUM, EKERÖ

Status: Zoning plan in progress
Number of apartments, all phases: approximately 450
Commercial: approximately 3,500 sq m

In Ekerö, we want to create a modern, attractive and urban center that will be adapted to the surroundings. There will be space for playing and meetings in green courtyards, and squares to enjoy all days of the year.

Apart from about 450 apartments, we will provide around 3,500 sq m of retail space and thereby help to develop Ekerö Centrum and create a more attractive area. A bus terminal solution will also be developed together with SL, which will adjoin the new buildings and planned stores.



and offices. By building mixed-use districts with different activities, the area enjoys the right conditions for a round-the-clock city pulse with meeting places and access to services for those who live and work in the district. Ensuring that everyday life will function for those who live and work in the area also poses a challenge during the construction period.

Kvillebäcken in Gothenburg is an example of how together with other developers, we can contribute to a living, environmentally sustainable district with 2,000 new homes. Popular Tuleorget in Sundbyberg is another example, where we built 180 new co-op apartments close to our existing rental apartment holdings, and concurrently we worked on modernizing the square into a pleasant meeting place with restaurants, a nursery school and other services and businesses.

Sustainable construction

Sustainable construction and development is something natural for us. Our new construction is continually

improved to become more energy efficient with solutions to reduce negative environmental impacts. [Read more about our sustainability work on page 24.](#)

High production rate

By having plans for many potential projects at the same time, we can

ensure a high rate in the number of ongoing projects, despite a lack of zoned building land and long planning processes.

Investments are primarily made in selected markets and in areas where we already do business, via new constructions or acquisition of properties with good development potential.



Belatchew Arkitekter

UPPSALA MUNICIPALITY

Start of construction, first project: 2014

Number of apartments: approximately 1,000, in the first phase

Uppsala is a strong growth locality with a large inflow of people, and is an exciting new market for Wallenstam where we are planning to build 1,000 apartments in the first phase. During 2015, we had three projects in progress and almost 400 apartments – Fjärilen in Rosendal (photo), Snickeriet in Östra Sala backe and Symfonin in Gränby – and more projects are on the way. In all our new construction projects, we want to provide elegant, well-planned apartments in various sizes for people to feel at home in, and contribute to a lively city district with meeting places, retail and services.

STALLBACKEN, MÖLNDAL

Start of construction, first phase: 2014

Number of apartments, all phases: approximately 550



Arkitekthuset Jönköping

In the first phase of Stallbacken, we will build 188 rental apartments of 1–3 rooms and kitchen, spread among six high-rises with underground garage. Residents and visitors will perceive a safe park feeling with a lot of greenery and a dominating avenue.

Most things you can wish to have for an active life are here. Stallbacken is located very close to public baths and sports grounds with proximity to golf courses, nature areas and lakes to swim in. Mölndal Centrum is just a few minutes away by bike with all possible services and excellent communications to central Gothenburg.

Wallenstam will build about 550 apartments in total in five phases in the area, which is being jointly developed with other developers. The first phase will be completed by year-end 2016/2017. Phase 2, 3 and 4 are planned to start during 2016.

During 2015, we acquired land and properties for SEK 1,270 million, including Norrviken Strand in Solentuna, where we estimate that about 2,000 apartments can be constructed, and the property Freden Större 11 in Sundbyberg.

In December 2015, we also obtained a land reservation to develop Ropsten in Stockholm. Taken together, we have a strong project portfolio with a mix of own land, land allocations and agreements with the majority of municipalities about planned construction.

We mainly build rental apartments, a form of housing that we safeguard

and that is needed in our society.

It is a flexible form of housing that does not require any investment or risk-taking on the part of the tenant. However, we adapt the form of tenure to what is demanded and what is possible in each individual project and therefore also build cooperative apartments. During 2015, SEK 1,757 million was invested in new construction and conversions of investment properties and SEK 145 million in cooperative apartment production. During the year, we completed 803 apartments, of which 246 were cooperative apartments.

Own land or leaseholder rights

Our ambition is to continue building regardless of the market conditions and we work intensively to find different opportunities for more housing in selected markets and generally in areas where we already operate. Building apartments in lofts or adding additional floors above an existing property are two ways of doing this. Demolishing a property that is in poor condition and building more homes on the same land is another. We are always looking for and evaluating ways to find undeveloped land that can be built on. We buy our own



Wingårdhs

ROPSTEN, STOCKHOLM

Status: Approaching zoning plan

Wallenstam has obtained a land reservation to develop the area close to Lidingö Bridge (Lidingöbron) in Ropsten. The land reservation gives us exclusivity to negotiate on land allocation agreements for the site. The district may involve at least 65,000 square metres featuring apartments, offices, retail space and parking.

The area is part of the Norra Djurgårdsstaden urban development area, where we are already building rental apartments in the Månspinnaren project. In the new project, we want to create a lively and pleasant city district with round-the-clock activity, by providing new homes, a lively retail center and a well-functioning public transport hub.

HALLONBERGEN, SUNDBYBERG

Status: Zoning plan in progress

Number of apartments, all phases:
approximately 950

Commercial: approximately 25,000 sq m

In Sundbyberg, just next to the Town Hall, we bought the property Freden Större 11 during the year, with the intention of converting it into a modern and pleasant district with strong international overtones. We want to create a mixed-used district with varied development and apartments that have mixed forms of tenure. This will include developed retail space and a lively city life with a neighbourhood feel. There should be natural meeting places for residents, visitors and people who have their workplace in the area.

The site's location, with nature areas, close to shopping and events in the Arena stadium and the good communications to the city – 12 minutes to T-Centralen subway station – offers great potential. Through the development, we will create a neighbourhood with an excellent quality of life, not only for those who will live and work here in the future, but also for all the people who live close by today.

The work is being conducted in close collaboration with the Municipality of Sundbyberg and in line with the vision work and public dialogue already initiated. The architects have developed an environment where food, experiences and activities are in focus. The impressive ramp connects the existing center and development with the central parts of the area. This thoroughfare brings together people, retail space and activities. The thoroughfare is intersected by what is known as "food street" where you can find cafés, restaurants and various meeting places.



Nyréns Arkitekter AB



FORSÅKER, MÖLNDAL

Status: Approaching zoning plan

Number of apartments, all phases:
approximately 500

In Forsåker, one of the largest urban development projects in the region, Wallenstam, together with five other players, is developing over 3,000 apartments and about 100,000 sq m of business space.

Forsåker is located quite close to Mölndal Centrum and has excellent communications to central Gothenburg. The area's long history of association with the paper industry and the Mölndalsån watercourse are two important parts of the new district's identity. Forsåker, with modern, new buildings in combination with preserved industrial properties, shall be attractive not only for those who live or work there, but also for visitors, and provide good conditions for commercial activity in the area.

land and we also seek land allocations from municipalities in the regions we work in. The latter case implies that the municipality either sells the land to us or lets it as a site leasehold right. This means the municipality owns the land and we pay an annual fee for use, known as ground rent. In Swedish law, such leasehold rights have no determined contractual term, but run indefinitely. The ground rent is unchanged during a certain period, normally for 10 years. Prior to a new period, either party may request

changes to the terms and conditions. To date no ground rents have been adjusted to any great extent and we see no reason why this might occur in the future. During the year, ground rent and lease fees constituted 3.1 percent of our total operating expenses.

Valuation of new construction projects

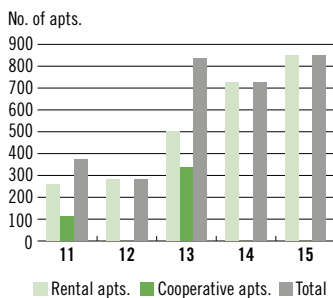
We show an average increase in value of 30–40 percent per invested krona.

New construction of rental properties is measured at fair value, which

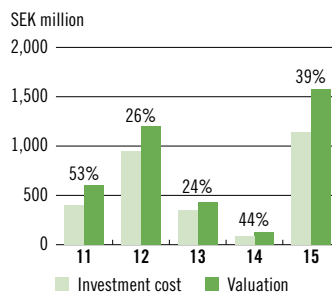
is determined as cost plus a share of the estimated surplus on the completion date in relation to the degree of completion of the construction. This in turn is based on expenses incurred.

New constructions of cooperative apartments are instead recognized at cost. Profit/loss is reported when each co-op unit is completed, sold and conveyed to the customer.

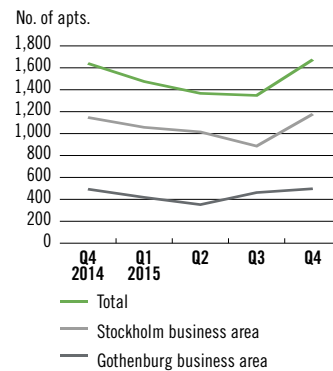
NUMBER OF APARTMENT STARTS



CHANGES IN VALUE, NEW CONSTRUCTION, INVESTMENT PROPERTIES



APARTMENTS, CONSTRUCTION IN PROGRESS



KALLEBÄCKS TERRASSER, GOTHENBURG

Status: Zoning plan in progress

Number of apartments, all phases: approximately 2,000

Commercial: approximately 20,000 sq m

In the leafy district of Kallebäck, with a wonderful location close to the center, nature and recreational areas, we acquired a property in 2013 just beside Lackarebäck hill. Here we want to create the conditions for relaxed urban life close to the pulse of the city and beautiful nature through several new blocks that will link up with the existing development. We are planning for various forms of housing, businesses and local services that will provide a basis for meeting places for both new and existing residents of the district.

Approximately 800 apartments are involved in one of the largest projects in the Jubilee initiative, a collaboration between several developers and the City of Gothenburg to build 7,000 apartments, in addition to the ordinary housing construction, that should be ready in 2021, when Gothenburg will celebrate 400 years.

ÄLTA VISION, NACKA

Status: Approaching zoning plan

Number of apartments, all phases: approximately 700



White Arkitekter

Älta is a popular residential area with proximity to nature, services and communications. Here we own both older and newly constructed properties and we want to create more climate-smart and modern apartments close to a lively center. New construction projects shall be adapted and built in harmony with existing buildings and environments.

In a collaborative effort between Nacka Municipality and Wallenstam, a dialogue with residents was conducted resulting in the vision “Even more Älta 2025”, which became the basis of a program for Älta. During 2015, Nacka Municipality adopted the program, which proposes a new retail zone, about 1,400 new apartments and development of the small town feeling that today’s Älta residents want more of. Wallenstam is part of these developments and together with the municipality is now starting planning of the first phase, where development around the square will comprise about 400–500 apartments in total and retail space in the ground floors, of which Wallenstam’s share is equivalent to about 300 apartments.

In the unique environment between a big city and nature, a new district will be developed. The Älta of tomorrow will be an even more pleasant place, characterized by security, activity and a community spirit, where people live and meet.

NORRVIKEN STRAND, SOLLENTUNA

Status: Approaching zoning plan

Number of apartments, all phases: approximately 2,000



White Arkitekter

In 2015, Wallenstam acquired two properties at Norrviken strand in Sollentuna Municipality. The properties are undeveloped and are located in a place of great natural beauty just adjacent to Norrviken.

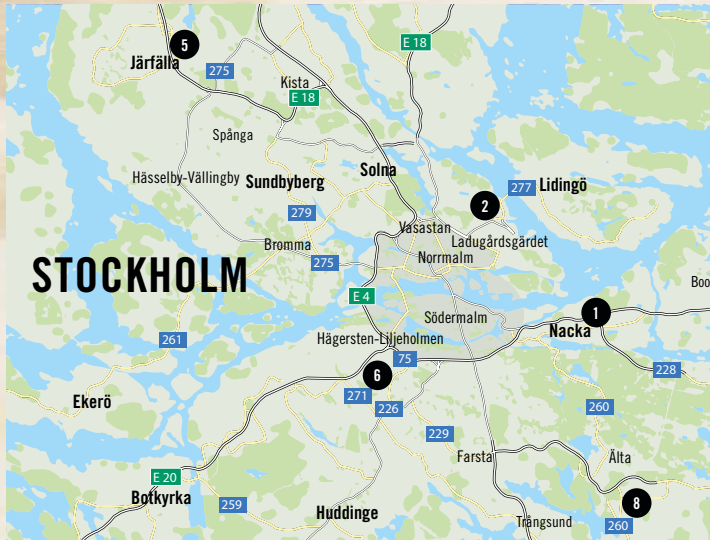
Here we want to create a new city district where contemporary architecture is combined with pristine natural environments. A lively place for curious people who want to live an active life regardless of age and background.

Norrviken Strand has fantastic potential for good urban development in a municipality with an attractive location, favourable business climate and good communications. Our ambition is to produce a zoning plan together with the municipality, which will enable the construction of about 2,000 apartments.

WE ARE BUILDING HERE

Our major efforts in acquiring land and land allocations for new construction have led to a large number of housing projects in progress and at the planning stage. During 2015, we started construction of 850 apartments in Stockholm, Gothenburg, Uppsala and Helsingborg.

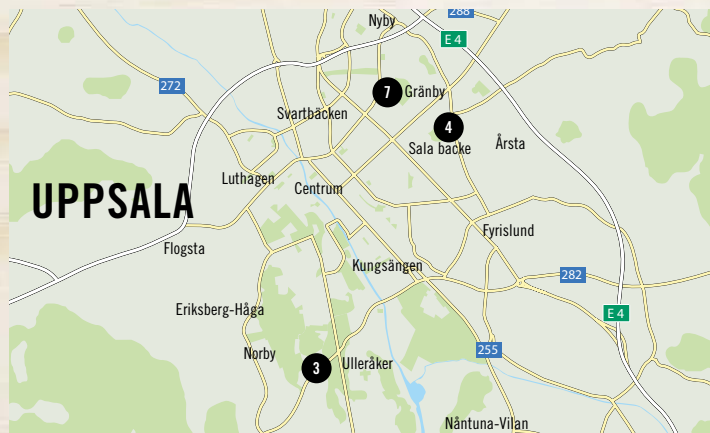
Our project portfolio consists of thousands of apartments in some 40 different projects. The start of construction for these projects depends on the planning process, which can take varying lengths of time. We are continually working on replenishing our project portfolio with new exciting projects.



NEW CONSTRUCTIONS IN PROGRESS, 31 DEC 2015

Stockholm business area

Project	No. of apts	Expected occupation
1. Följa Berg, Nacka	122	Q1 2016
2. Månspinnaren, Norra Djurgårdsstaden	121	Q1/Q2 2016
3. Fjärilen, Rosendal, Uppsala	145	2017
4. Snickeriet, Östra Sala backe, Uppsala	137	2017
5. Tavernan, Barkarbystaden, Järfälla*	205	2017/2018
6. Grönskan Solberga*	148	2017
7. Symfonin, Gränby, Uppsala*	116	2017
8. Trädgårdssporten, Tyresö*	184	2017
Total	1,178	



NEW CONSTRUCTIONS IN PROGRESS, 31 DEC 2015

Gothenburg business area

Project	No. of apts	Expected occupation
9. Vågmästaren, Kvillebäcken	112	Q1 2016
10. Stallbacken, Mölndal, etapp 1	188	2016/2017
11. Vildvinet, Helsingborg*, **	52	2016/2017
12. Stengläntan, Mariastaden, Helsingborg*, **	110	2017
13. Mid Avenue Valand*	35	2017
Total	497	

* Started during 2015. ** Not shown on map



PLANNED CONSTRUCTION STARTS

Stockholm business area

Project	Approx. no. of apts	Status
Orangeriet Solberga	170	Approaching start of construction
Bägersta byväg, Enskede	200	Zoning plan in progress
Ekerö Centrum	450	Zoning plan in progress
Hallonbergen, Sundbyberg	950	Zoning plan in progress
Järnet 7, Tyresö	220	Zoning plan in progress
Kvarngärdet, Uppsala	80	Zoning plan in progress
New York II, Gärdet (co-op)	80	Zoning plan in progress
Norra Djurgårdsstaden (student apts.)	200	Zoning plan in progress
Tre Vänner, Rosendal, Uppsala	150	Zoning plan in progress
Trollesundsvägen, Bandhagen (co-op)	160	Zoning plan in progress
Tyresö strand	280	Zoning plan in progress
Vista Bergsäng, Huddinge	210	Zoning plan in progress
Ädellövet, Farsta	180	Zoning plan in progress
Örnens väg, Haninge	300	Zoning plan in progress
Bandhagen Centrum	80	Approaching zoning plan
Eriksberg, Uppsala	250	Approaching zoning plan
Kvarnbergplan, Huddinge	160	Approaching zoning plan
Norrviken Strand, Sollentuna	2,000	Approaching zoning plan
Ropsten	450	Approaching zoning plan
Rosenlundsgatan, Södermalm	60	Approaching zoning plan
Älta Vision	700	Approaching zoning plan

Gothenburg business area

Project	Approx. no. of apts	Status
L17, Laröd, Helsingborg	20	Approaching start of construction
Stallbacken, Mölndal, phase 2-5	360	Approaching start of construction
Carlandersplatsen I	80	Adopted zoning plan
Carlandersplatsen II (co-op)	40	Adopted zoning plan
Ulfsparrégatan	80	Adopted zoning plan
Volrat Thamsgatan	40	Adopted zoning plan
Almedal	230	Zoning plan in progress
Aspen Strand, Lerum	200	Zoning plan in progress
Godhemsberget	150	Zoning plan in progress
Götaleden	150	Zoning plan in progress
Kallebäcks Terrasser	2,000	Zoning plan in progress
Mölnålsvägen 79	270	Zoning plan in progress
Mölnlycke Fabriker	600	Zoning plan in progress
Sten Stures Kröningar, Sten Sturegatan	110	Zoning plan in progress
Forsåker, Mölndal	500	Approaching zoning plan

PROJECT STATUS

The time required for each phase can vary.



PROJECT PROCESS

CONCEPT

A project begins life as a concept that is evaluated in a preliminary study. Depending on the conditions, for example if there is a zoning plan, if we have obtained a land allocation etc., this phase takes a varying length of time. When the conditions of the site are clear we produce a calculation. After that an investment decision is taken and the financing is secured.



CONSTRUCTION

Wallenstam has approximately SEK 2.7 billion of investment volume in progress. During the construction period, we follow our processes and quality requirements, which are based on market standards and our own experience from earlier projects.



LETTING/SALE

Rental properties after completion become part of our property management operations, while cooperative apartments are sold. A financial follow up is made, as well as an evaluation from a customer perspective, so that valuable experience can be used in future projects.



PLANNING

In the planning phase, the work on design, layout, projecting and costing becomes more advanced. When all of the drawings and supporting documents are ready, contracts are negotiated and awarded.





ENERGY PRODUCTION

Our renewable energy investments were made to increase the Group's control of its own electricity expenses and our climate impact. Our goal, which we achieved in 2013, was to become self-sufficient in renewable electricity, and today our subsidiary Svensk NaturEnergi supplies all of our properties with electricity.

The company's installed output is 139 MW (139), distributed among 64 wind turbines, positioned from Jämtland in the north to Skåne in the south. Svensk NaturEnergi shall, in the first place, supply Wallenstam's properties with renewable energy. Not only is our managed property less sensitive to changes in electricity prices, we are also able to provide ourselves and our customers with 100 percent renewable energy at good prices. This initiative has also had a positive effect on collaboration with the municipalities we operate in.

Operation and production

It was a very windy year in 2015, which in the areas where our wind farms are located, meant that there was 16 percent more wind than a normal year. Svensk NaturEnergi generated 415.3 GWh (321.2) during 2015.

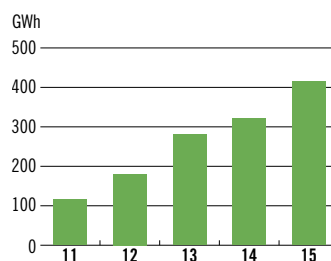
The quantity of energy generated by the turbines depends on how windy it is. In a normal year, turbines produce electricity during around 90 percent of the year's hours. When there is no wind, the wind turbines remain on standby. If the wind is sufficient – approximately 3 or 4 m/s – the turbines start automatically and deliver electricity to the grid. At wind speeds of 12–14 m/s, the turbines generate a maximum output.

We work intensively on boosting our turbine uptime, in other words, minimizing the time that turbines do not generate electricity due to disruptions or planned stoppages –

for example, by carrying out maintenance work at times when there is no wind. We have also focused strongly on calibrating turbines in order to generate as much energy as possible. By monitoring production we can see when a turbine does not produce the quantity of energy that it should and quickly correct possible faults.

This work had delivered the desired result – turbines are producing 4 percent more energy on average than what was promised by the wind turbine suppliers.

PRODUCED VOLUME, SVENSK NATURENERGI





Load balancing responsibility

As an electricity company we have load balancing responsibility. This means we must produce or purchase electricity in amounts equivalent to those our customers consume on an hour-by-hour basis. We ensure balance between supply and consumption through careful planning and monitoring of our own production and by buying electricity on the Nord Pool electricity futures market.

Electricity sales

The electricity that is not used in our properties generates revenues as we sell to tenants as well as “external customers”, at a variable and fixed price.

In 2015, we continued to work actively on developing and refining the processes and routines for sales and customer service, with personal contact with customers and good service in focus.

The remaining surplus electricity is sold on Nord Pool, and in order to safeguard revenues from variations in the spot price, the electricity price is hedged on the financial market. This takes place using financial instruments – electricity derivatives – with different maturities.

Transactions and projects

During the year, three hydroelectric plants were sold with the aim of refining our operations, which means that we now only produce electricity through wind power. Due to the currently low electricity price levels and how these are estimated to develop moving forward, we recognized an impairment loss during the year of SEK 250 million in respect of wind turbines. The depreciation period for our wind turbines is 25 years.

No investments were made in 2015, and we are not currently planning construction of any more wind turbines.

Green bonds

Svensk NaturEnergi’s renewable energy production also creates other financing opportunities for the company. In March, green bonds with a maturity of four years, were issued in order to optimize the capital structure and financing of Svensk NaturEnergi. The framework for green bonds is based on the “Green Bond Principles” – a series of optional guidelines that aim for transparency, openness and integrity in the green bond market.

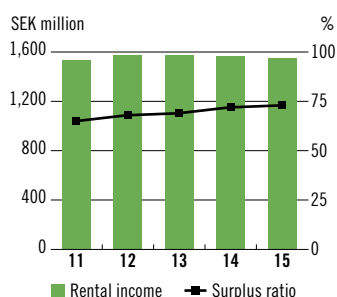
Read more at
www.svensknaturenergi.se.



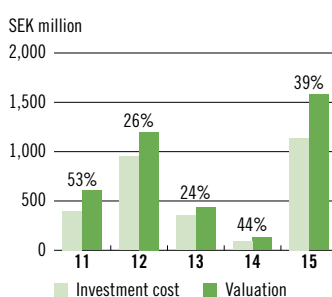
FIVE-YEAR SUMMARY

SEK million	2015	2014	2013	2012	2011
INCOME STATEMENT SUMMARY					
Rental income	1,549	1,566	1,578	1,576	1,532
Operating expenses	-419	-439	-483	-503	-529
Net operating income, properties	1,130	1,127	1,095	1,073	1,003
Management costs and administrative expenses	-188	-187	-199	-172	-163
Financial income	20	17	45	41	37
Financial expenses	-290	-365	-468	-488	-470
Income from property management	672	592	473	454	407
Income from natural energy management operations	-5	-25	-8	-34	-50
Capital gains, wind power assets	0	0	3	10	0
Capital loss hydroelectric power	-29	-	-	-	-
Profit from the sale of co-op apartments	211	226	4	8	22
Realized changes in value, investment properties including expenses	178	232	67	180	35
Profit before unrealized changes in value and impairment charges	1,027	1,025	539	618	414
Unrealized changes in value, investment properties	2,507	829	605	1 198	849
Unrealized changes in value, financial instruments	165	-854	328	-94	-337
Unrealized changes in value, synthetic options	-31	-20	-23	-20	-3
Impairment losses on non-current assets	-250	-350	-150	-100	0
Profit before tax	3,418	630	1,299	1,601	923
Taxes	-664	-45	-23	326	-187
Profit for the period, after tax	2,754	585	1,276	1,927	736
BALANCE SHEET SUMMARY					
Investment properties	32,090	28,481	28,079	27,680	26,296
Wind turbines incl. construction in progress	1,366	1,770	1,982	1,906	1,548
Financial derivative instruments	15	27	75	851	659
Other non-current assets	441	600	551	2	3
Work in progress, co-op apartments	32	601	970	-	-
Other current assets	662	278	780	774	461
Total assets	34,606	31,757	32,437	31,213	28,967
Equity	15,102	12,883	12,840	11,893	10,295
Provisions for deferred tax	2,716	2,063	2,014	2,006	2,327
Interest-bearing liabilities	15,153	15,078	16,704	16,042	15,293
Financial derivative instruments	861	1,047	248	501	437
Non-interest-bearing liabilities	774	686	631	771	615
Total equity and liabilities	34,606	31,757	32,437	31,213	28,967
STATEMENT OF CASH FLOWS IN SUMMARY					
Cash flow from operating activities	459	626	510	276	312
Cash flow from investing activities	120	1,053	-939	-639	-2,162
Cash flow from financing activities	-594	-2,007	619	471	1,286
Changes to liquid assets	-15	-328	190	108	-563
Available liquid assets	672	639	784	594	435

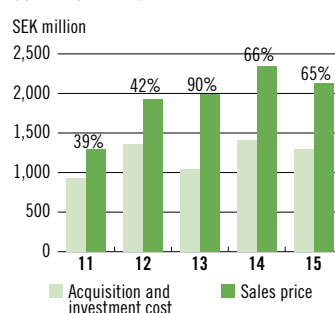
RENTAL INCOME AND SURPLUS RATIO



CHANGES IN VALUE, NEW CONSTRUCTION, INVESTMENT PROPERTIES



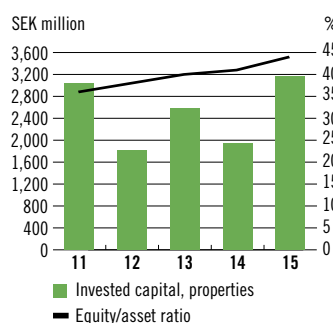
INVESTMENT/SALES PRICE SOLD PROPERTIES



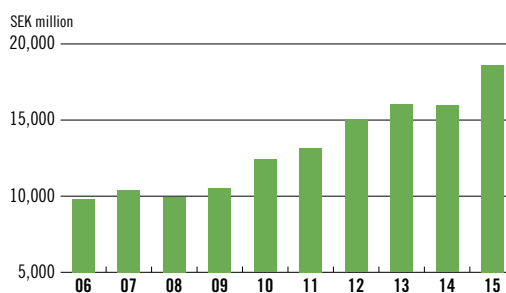
	2015	2014	2013	2012	2011
KEY RATIOS					
Rental income, SEK million	1,549	1,566	1,578	1,576	1,532
Net operating income, properties, SEK million	1,130	1,127	1,095	1,073	1,003
Surplus ratio, property management, %	73	72	69	68	65
Income from property management, SEK million	672	592	473	454	407
Income from natural energy management, SEK million	-5	-25	-8	-34	-50
Profit before unrealized changes in value, SEK million	1,027	1,025	539	618	414
Profit after tax, SEK million	2,754	585	1,276	1,927	736
Comprehensive income, SEK million	2,744	583	1,267	1,930	742
Return on equity, %	19.6	4.6	10.3	17.6	7.0
Return on total capital, %	11.2	3.2	5.7	7.0	5.0
Value of investment properties, SEK million	32,090	28,481	28,079	27,680	26,296
Work in progress, co-op apartments, net, SEK million	32	601	970	-	-
Yield, investment properties, %	4.0	4.4	4.3	4.6	4.6
Total yield, investment properties, %	13.1	8.6	7.0	10.5	8.7
Interest coverage ratio, realized, times	6.5	5.3	4.0	3.3	2.5
Interest coverage ratio, times	4.4	3.7	2.2	2.2	1.9
Loan-to-value ratio, %	45	49	54	54	55
Average interest rate on the closing day, %	2.22	2.56	3.10	3.51	3.92
Average fixed-interest term, months	39	43	38	34	33
Equity/assets ratio, %	44	41	40	38	36
Equity, SEK million	15,102	12,883	12,840	11,893	10,295
Net asset value, SEK million	18,630	15,964	16,027	15,027	13,708
Non-current net asset value (EPRA NAV), SEK million	19,290	16,760	16,162	15,419	14,139
Market capitalization, SEK million	23,120	22,049	16,533	13,648	10,922
Dividend, SEK million	376	337	212	206	200
Area, sq m (thousand)	1,056	1,007	1,104	1,161	1,221
Occupancy rate – lettable area, %	98	98	98	98	98
Number of employees	216	203	195	187	194
Shares outstanding at end of period, thousands	331,800	334,000	337,600	340,000	343,600
Shares outstanding, average, thousands	333,536	336,400	339,066	342,168	343,816
Per share data					
Profit after tax, SEK	8.3	1.7	3.8	5.7	2.2
P/E ratio, times	8.2	37.1	13.0	7.1	14.8
Cash flow from operating activities, SEK	1.4	1.9	1.5	0.8	0.9
Equity, SEK	45	39	38	35	30
Share price, SEK	68.00	64.85	48.63	39.68	31.75
Share price in relation to equity, %	148	168	128	114	106
Dividends, SEK	1.13	1.00	0.63	0.60	0.59

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.

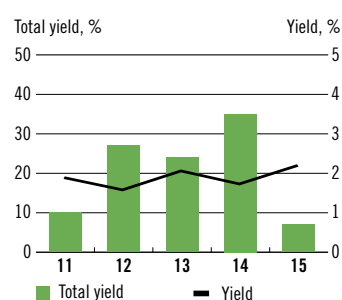
EQUITY/ASSET RATIO AND INVESTED CAPITAL, PROPERTIES



NET ASSET VALUE



DIVIDEND YIELD



HOW TO READ WALLENSTAM'S INCOME STATEMENT

Wallenstam's income statement is presented to reflect our various main areas: result from our property management operations, result from production and sales of electricity, result from sales of rental properties and change in value in our existing property holdings.

CONSOLIDATED INCOME STATEMENT

SEK million		2015	2014
Rental income			
Operating expenses			
Net operating income, properties			
Management costs and administration expenses			
Financial income			
Financial expenses			
Result from property management operations		672	592
Result from natural energy management operations	12	-5	-25
Capital gain/loss hydroelectric power	12	-29	0
Revenue, sales of co-op apartments		1,203	1,055
Expenses, sales of co-op apartments		-992	-829
Realized changes in value, investment properties		178	232
Profit before unrealized changes in value and impairment		1,027	1,025
Unrealized changes in value, investment properties		2,507	829
New construction		639	146
Other		1,868	683
Unrealized change in value, financial instruments	11	165	-854
Unrealized change in value, synthetic options	7	-31	-20
Impairment losses on non-current assets		-250	-350
Profit before tax		3,418	630
Current tax		-1	-1
Deferred tax		-663	-44
Net profit for the year after tax		2,754	585
Other comprehensive income			
<i>Items that may be reclassified to net profit for</i>			
Translation difference			
Tax pertaining to other comprehensive income			
Comprehensive income			
Distribution of net profit for the period			
Attributable to non-controlling interests			
Attributable to parent company shareholders			
Per-share data			
Profit after tax, SEK (there are no dilutive effects)		8.3	1.7
Dividend, SEK (proposed for 2015)		1.50	1.13
Average number of outstanding shares at year-end, thousands		333,536	336,400

The result from property management operations shows how large a share of rental income remains after deducting expenses for the properties' operation, management, administration and financing.

The result from sales of co-op apartment units is recognized when the customer has moved in and consists of compensation from the sale of the apartment less the cost and other selling expenses.

The result from natural energy management operations consists of revenue less expenses including depreciation, administration expenses and interest expenses attributable to our electricity trading and electricity generation.

The result from completed sales of investment properties in relation to the property's goodwill on consolidation in the quarterly report immediately before sale. On page 75, the sales result is also presented in relation to the consolidated cost, i.e. "traditional capital/gain loss".

Changes in value for all investment properties are recognized as "unrealized change in value, investment properties, other" apart from those which are under construction or have just been completed.

Wallenstams's financial derivative instruments are continually measured in relation to current market interest rates, resulting in changes in value recognized through profit or loss. As long as the derivative remains unrealized, the item does not affect cash flow or average interest as the latter includes the effects of interest derivative agreements in force.

The increase in value is gradually recognized during the construction of the property until the first year it is taken into operation. Change in value "new construction" recognizes the difference between cost of construction of a new rental apartment and the value it has on completion. Changes in value after the first year are recognized among "Other".

ADMINISTRATION REPORT

The Board of Directors and the Chief Executive Officer of Wallenstam AB (publ), corporate identity number 556072-1523, hereby submit the annual accounts and consolidated financial statements for 2015. Information in parenthesis refers to the preceding financial year.

THIS IS WALLENSTAM

Wallenstam was founded in 1944 and is today a property company that builds, develops and manages properties for sustainable living and enterprise, primarily in Stockholm and Gothenburg. Ownership is focused on residential properties in these two locations, and also on commercial properties in Gothenburg. Wallenstam also invests in green energy and has since the beginning of 2013 been self-sufficient in renewable energy, meeting both its own and its tenants' requirements on a monthly basis. The Wallenstam B share is quoted on Nasdaq Stockholm, Large Cap.

BUSINESS CONCEPT

Wallenstam's business concept is to develop, build, buy and sell properties in selected metropolitan regions that are sustainable for people and companies in the long term.

OPERATIONAL GOALS

Wallenstam conducts operations based on business plans, objectives and strategies. The current business plan extends from 2014 to 2018. The business plan's goal is:

- To achieve an average net asset value growth, excluding dividends and repurchases, of at least 10 percent per year during the period.

OPERATIONS AND ORGANIZATION

The Board of Directors has its registered office in Gothenburg, where the head office is also located on Kungssportsavenyen 2. In 2015, the average number of employees in the Group was 216 (203). Operations are conducted in three business areas: properties in the Gothenburg region, properties in the Stockholm region and renewable energy through Svensk NaturEnergi. The administrative support functions provide the business areas with skills and expertise in accounting, finance, IT, law, communications, customer service, HR and taxes. The two property business areas also include responsibility for letting and management of residential and commercial premises as well as planning and construction work. The Group's commercial properties are mainly found in Gothenburg where Wallenstam manages around 400,000 sq m of centrally located floor space with an occupancy rate of 95 percent.

The property holdings comprise a total of 1,056,387 sq m, distributed among approximately 200 properties, primarily in Stockholm and Gothenburg. In all, Wallenstam has around 7,300 apartments and 1,000 commercial tenants. The value of the investment properties amounts to around SEK 32 billion,

with residential properties representing about 44 percent of the lettable area, while the remainder consists of commercial properties and parking. The residential property holdings of 7,300 apartments are fully let. In addition to investment properties, Wallenstam has new co-op apartment projects under construction with a net value of SEK 32 million.

Svensk NaturEnergi's primary task is to ensure that Wallenstam generates sufficient energy from renewable sources to meet its own and its tenants' needs, calculated in kWh per month. At 31 December 2015, our installed output was 139 MW (139).

RESPONSIBLE ENTERPRISE

Wallenstam's sustainability efforts are based on a common Group policy and are reported according to the Global Reporting Initiative's Sustainability Reporting Guidelines (GRI G4). Our sustainability work focuses on:

- Taking active social responsibility,
- Helping to reduce energy consumption,
- Investing in renewable energy sources and energy-efficient construction,
- Continually improving the environmental status and performance of our properties, and
- Creating value through profitable growth.

As part of our active social responsibility, we work on security-enhancing measures for our tenants; we help with accommodation for young people and the homeless, we support organizations that provide free activities such as homework clubs and football training, and that work with drug problems and social exclusion, such as BRIS (Children's Rights in Society), Barn i Nöd (Swedish International Help for Children), Räddningsmissionen (the Rescue Mission in Gothenburg) and other charities.

Among the guiding principles in our current business plan is to reduce the carbon footprint in our property holdings by 15 percent per sq m by the end of 2018. By owning and operating wind farms, the Group conducts operations that both require permits and that have a reporting duty under the Swedish Environmental Code. Generating energy through wind power has an effect on nature and on communities depending on where the turbines are located. One advantage of wind power as an energy source is that Wallenstam is helping to reduce carbon dioxide emissions. Wind power is also a renewable form of energy, which means that we are not dependent on fossil fuels in our production. The Group holds all the permits required to conduct its existing operations.

IMPORTANT EVENTS DURING THE FINANCIAL YEAR

It was another eventful year for Wallenstam. We completed a number of good transactions and continued to grow our property holdings through new construction and conversions. During the year, we sold 18 investment properties for a total of SEK 2,129 million (2,349) at prices, which exceeded valuations

by 11 percent overall. The divested properties included eleven residential properties in Gothenburg as well as seven residential properties in Stockholm. The largest sale was of Kungsholm-porten, two properties that Wallenstam built in 2009–2012 at Essingeleden, Stockholm. Apart from the completed sales, agreements were signed on future sales through a gradual acquisition of our properties in Helsingborg. The buyer is Willhem, a strong and long-term rental management company. The agreement covers both existing and new properties that the buyer will take possession of after completion, which means that will take two or three years before the entire holdings are surrendered.

Acquisitions during the year consisted of five properties and six plots of land for a total of SEK 1,270 million (42).

The offensive investment rate in new construction is continuing. Investments focused on our own new construction – mainly rental apartments, but also co-op apartments. At year-end, around 1,700 apartments were under construction, of which 1,200 were in Stockholm and 500 in Gothenburg. During the year, overall investments in new construction and conversions of rental apartments and co-op apartments amounted to SEK 1,902 million (1,899).

Wallenstam looks after and builds rental properties first and foremost. The construction process is demanding and requires great care and planning if it is to be feasible from a financial perspective. One precondition is access to land on which to build properties. This is obtained through land allocations in cooperation with municipalities or through acquisitions. In total, we started construction of 850 rental apartments during the year and completed 557 in total. In 2015, we also completed the construction of new co-op apartment properties and we sold a total of 270 co-op apartments, all in Stockholm.

As of 31 December 2015, the business area Svensk NaturEnergi had 64 wind turbines in operation, with an overall installed output of 139 MW (139). During the year, three hydroelectric plants were sold with the aim of refining our operations, which means that we now only produce electricity through wind power. The price of electricity has been historically low, which not only affected earnings but also the assessment of the present value of the wind turbines. During fall 2015, the value of a number of wind turbines and projects was adjusted downwards by SEK 250 million (350) in total. A valuation is based on assumptions about the future and reflects an estimate of value at a particular point in time. The main influence is the current low electricity prices.

During the year, Wallenstam received an award for the Best IR website and for the Best Annual Report in the Listed Company of the Year competition, arranged by Kanton in conjunction with the Swedish Association of Share Investors.

GROUP RESULTS

The Group's rental income amounted to SEK 1,549 million, which was a slight decrease from the previous year when in-

come amounted to SEK 1,566 million. The change was mainly due to completed property sales during the year, which also reduced operating expenses for the same reason. Rental negotiations had a positive outcome. In addition, newly constructed rental properties were added, which was why the decrease in income was only SEK 17 million net despite the high level of sales. Apart from the effect of changes in the property holdings, operating expenses also decreased due to lower energy costs and more efficient operation of properties compared with the previous year. In total, operating expenses for the year were SEK 419 million (439), which was SEK 20 million lower than in 2014. Net operating income amounted to SEK 1,130 million (1,127). The surplus ratio continued to strengthen and amounted to 73 percent (72).

Income from property management operations amounted to SEK 672 million (592), an improvement of 14 percent compared to the previous year. The improvement was due to strong net operating income combined with lower interest expenses. The decrease in net financial items was a result of lower average mortgaging as well as a lower average interest rate. The average interest rate on the closing day was 2.22 percent, which represents a 0.34 percentage point reduction compared to 2.56 percent at 31 December 2014.

Investment properties were sold with a property value of SEK 2,129 million and co-op apartments for SEK 1,203 million. Income from these sales totaled SEK 389 million (458) after taking account of selling and administrative expenses. The change in value of investment properties was also positive and amounted to SEK 2,507 million (829). The positive change in value was a result of good value growth in the Group's newly constructed rental properties, strong demand for properties, well-conducted rent negotiations and efficiency improvements in property operation. Falling market interest rates are also contributing to increased demand for properties and low borrowing costs, but also contributed to the deficits that exist in the Group's interest rate derivatives portfolio.

Profit after tax for 2015 amounted to SEK 2,754 million (585), which corresponds to earnings per share of SEK 8.3 (1.7).

Rental income

The Group's rental income totaled SEK 1,549 million (1,566), of which SEK 1,105 million (1,100) consisted of rental income from Gothenburg and SEK 434 million (457) from Stockholm. Overall rental income was affected by finished projects, completed negotiations, new letting, property sales and acquisitions. Wallenstam's residential property holdings are fully let. This year's rent negotiations resulted in an average rise of 1.0 percent in Gothenburg, and 1.4 percent in Stockholm.

Apart from rent increases through renegotiated commercial contracts, cost index escalations in running leases for our premises contributed to an increase in rental rates of about 0.8 percent. We are experiencing stable demand for commercial

properties, especially in central locations where the majority of our holdings are situated. Rental rates are stable and the occupancy rate for commercial properties in terms of lettable area amounted to 95 percent on closing day.

Operating expenses and net operating income, investment properties

Operating expenses decreased by 5 percent and amounted to SEK 419 million (439). Efficient management, optimized energy consumption and changes in property holdings with newer buildings contributed to lower operating expenses as well as the milder weather. Net operating income increased to SEK 1,130 million (1,127). 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. The surplus ratio is 73 percent (72).

Management costs and administrative expenses

Management costs and administrative expenses mainly refer to personnel expenses and are distributed into SEK 188 million (187) for property management, SEK 32 million (35) for energy management and SEK 25 million (33) for property and co-op apartment transactions. Unrealized expenses for Wallenstam's synthetic options scheme are recognized as a line item in the income statement, and for 2015 amounted to SEK 31 million (20). The current synthetic options scheme runs from 1 October 2013 up to and including 31 May 2019. Important parameters include the share price, which on the closing day amounted to SEK 68.00, an exercise price of SEK 52.50 with a ceiling of SEK 80, anticipated share price volatility of 22 percent, the options' term up to and including 31 May 2019, expected dividend of SEK 1.25 and an annual risk-free interest rate of -0.09 percent. For more details, refer to Note 7.

Financial income and expenses

Financial income amounted to SEK 20 million (17) and financial expenses to SEK 323 million (403). The decrease in interest expenses during the year was due to our decision to amortize debt during the year as well as a lower average interest rate. Financial income consists of interest income and other financial income. Financial expenses are distributed into property management expenses of SEK 290 million (365) and natural energy management expenses of SEK 33 million (38).

Result 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. During 2015, a total of 415.3 GWh (321.2) was produced, which was an increase of 29 percent compared to 2014. This increased production is not reflected to the same extent in sales, since electricity prices are still lower than

the previous year. Revenues and expenses from the generation and sale of electricity and renewable energy certificates amounted to SEK 60 million (48) net. After deductions for interest as well as for management costs and administrative expenses of SEK 65 million (73) in total, the loss from natural energy management operations for the year was SEK -5 million (-25). Energy expenses for the year included wind turbine depreciation of SEK 94 million (91), which does not affect cash flow.

Result from sale of co-op apartments

During the year, construction was completed of new co-op apartment properties including Rikken in Gröndal Stockholm, Tyresö Trädgårdar and one of two buildings at Tuleorget in Sundbyberg. Revenues and expenses from the sale of co-op apartments are recognized when the apartment is handed over to the buyer and consist of compensation from the sale and the respective cost of the co-op apartment units sold. The expenses include selling and marketing expenses for co-op apartments, which are recognized as they arise. Profit for the year from the sale of co-op apartments amounted to SEK 211 million (226) net.

Change in value, investment properties

Realized changes in value, investment properties

The change in value of investment properties consists partly of unrealized changes in value and partly of profits realized through property sales. During the period, Wallenstam sold properties for a total of SEK 2,129 million (2,349). The sales were carried out at prices that on average exceeded the latest valuation by around 11 percent (14), which generated a realized profit for the Group of SEK 178 million (232) including selling expenses and internally distributed administration. In relation to the amount invested in the sold properties, which totaled SEK 1,293 million (1,413), Wallenstam will realize a profit in connection with the sales of SEK 836 million (936), or 65 percent (66). Since the divested properties were held for an average of almost 8 years, this corresponds to an average annual increase in value of 6.5 percent. The major part of this growth, SEK 632 million was recognized on an ongoing basis in the consolidated income statement throughout the holding period as a component of the item "Unrealized change in value, investment properties".

Unrealized changes in value, investment properties

The development in the value of properties during the year was positively affected by an increase in value generated by our own work in ongoing and completed conversions and new constructions of rental apartments, more efficient operation, completed negotiations, concluded sales and the market situation in the sector. The property market showed stable levels with high demand for properties where the price increase in the market is reflected in the valuation through lower yield requirements.

During summer 2015, a change in the yield requirement was

made for a number of properties, mainly involving commercial properties in Gothenburg inner city as well as newer residential properties. As presented in Note 17, the changed yield requirement during the year resulted in an increase in value of SEK 1,616 million. In addition to this, it is mainly value growth from our newly added properties and conversion projects that contributed, SEK 723 million in total. Our deliberate strategy of concentrating on attractive properties in popular locations with long-term value growth is also considered to be a factor. Total changes in value in Wallenstam's property holdings as of 31 December 2015 amounted to SEK 2,711 million (1,112), of which realized changes in value amounted to SEK 204 million (283) and unrealized changes in value amounted to SEK 2,507 million (829).

Unrealized change in value, financial derivative instruments

Wallenstam uses interest rate derivatives, which are a cost-effective and flexible way to extend credits with short fixed interest terms and obtain the desired interest maturity profile. If the contracted price deviates from the market price for derivatives, this difference in value is recognized in the balance sheet or in profit or loss.

In 2015, the deficit on the company's interest rate derivatives portfolio decreased to SEK 815 million (1,003), which impacted profit positively by SEK 189 million (cost 845). Apart from interest rate derivatives, profit was impacted by costs for electricity futures of SEK 24 million (7), a positive net effect on earnings of SEK 165 million (cost 854).

Impairment losses on non-current assets

As the energy market is expected to remain weak for some time, wind turbines were charged with an impairment loss totaling SEK 250 million (350) during the fourth quarter. The value of the wind turbines following the impairment loss reflects prevailing market conditions in the sector on closing day. It is mainly the falling electricity prices that are weighing on the valuation.

Taxes

Recognized tax for the year amounted to SEK 664 million (45) net, of which SEK 663 million (44) was deferred tax and SEK 1 million (1) was current tax. Tax on other comprehensive income was positive at SEK 3 million (0). Where properties were sold through the sale of shares in subsidiaries, the provisions for tax liabilities for the properties sold were reversed.

In addition to income tax expenses, the Group is also affected by other tax expenses, the largest of which are VAT expenses – for which our rights of deduction as a property company are limited – as well as taxes such as energy tax, property tax and stamp duty and personnel-related taxes and charges. Wallenstam's expenses for these taxes in 2015 amounted to around SEK 455 million (520); they are recognized under operating expenses within income from property management and investments in construction operations respectively.

Specification of taxes paid

SEK million	2015	2014
Income tax	1	1
VAT	328	392
Property tax, energy tax and stamp duty	84	86
Social security contributions for employees	42	41
Total taxes paid	455	520

WALLENSTAM'S BUSINESS AREAS

Gothenburg and Stockholm

All of the cities in which Wallenstam operates are characterized by strong demand for rental properties and low rates of construction. Only a small proportion of apartments become vacant in connection with relocations. Our property holdings in Gothenburg consist of just over 3,200 apartments and around 900 commercial customers that mainly rent office space and retail stores in inner city locations. The residential property holdings in Helsingborg of around 200 apartments are centrally located. In Stockholm, Wallenstam manages around 3,900 apartments and the major part of our new construction is currently in this region, including new construction projects in Uppsala.

Svensk NaturEnergi

Operations within Svensk NaturEnergi consist of both the generation of and trade in renewable energy. At the end of December, the installed output totaled 139 MW (139). During 2015, 415.3 GWh (321.2) was generated. Electricity is sold to Wallenstam tenants and to external customers at either fixed or variable prices.

CONSOLIDATED BALANCE SHEET

Investment properties

The estimated market value of properties amounts to SEK 32,090 million (28,481); refer also to Note 17. All Wallenstam's properties are valued quarterly by an internal valuation team. Property valuations are based on the following:

- An analysis of concluded and non-concluded property transactions.
- An evaluation of the yield requirements in each market.
- Evaluation of each property's specific circumstances such as condition and location.
- An analysis of rental rates, contract lengths, vacancy and rental trends.
- An analysis of existing tenants.
- Credit market conditions.

During the year, we invested SEK 3,027 million (1,555) in investment properties, of which acquisitions amounted to SEK 1,270 million (42), while new construction and conversions totaled SEK 1,757 million (1,513). By year-end 2015, we had started new construction of around 1,576 rental apartments under the current business plan, and a total of around 1,700 rental apartments were under construction. On closing day, new constructions in progress amounted to SEK 2.7 billion.

Co-op apartment construction projects

During the year, we invested SEK 145 million (386) in the construction of new co-op apartments. Wallenstam had new co-op apartments in progress amounting to SEK 32 million (601) on the closing day.

Svensk NaturEnergi

Wallenstam has 64 wind turbines distributed among 19 wind farms. During 2015, no new investments were made in wind power (SEK 229 million). In late 2015, the Group's minor hydroelectric power holdings were divested, whereupon all investments in the business area subsequently consist of wind power.

Net investments in wind power after depreciation and impairment losses amounted to SEK 1,366 million (1,770) at year-end. When preparing the annual accounts, an impairment loss totaling SEK 250 million (350) was made to the value of wind farms. If market conditions change, this impairment loss may be reversed.

Equity and net asset value

Shareholders' equity amounted to SEK 15,102 million (12,883), equivalent to SEK 45 per share (39). The equity/assets ratio was 44 percent (41). Shareholders' equity was affected by comprehensive income for the year, dividends and repurchases. Net asset value, which includes equity and deferred tax liability, totaled SEK 18,630 million (15,964). Additions for deferred tax liability are made to better reflect the net asset value as the effective tax rate is significantly lower than the nominal rate.

Net tax liability

The Group recognized a net tax liability of SEK 2,716 million (2,063), which consists of a deferred tax asset of SEK 824 million (1,018) and a deferred tax liability of SEK 3,540 million (3,081). The deferred tax asset mainly refers to the value of loss carryforwards in Group companies. Deferred tax liability mainly consists of differences between the carrying amounts and fiscal residual values of Group properties.

Interest-bearing liabilities

Wallenstam's loan portfolio amounts to SEK 15,153 million (15,078). The loans are primarily secured against traditional mortgage deeds in properties and collateral security in wind turbines. The loan-to-value ratio is 45 percent (49). Of the loan portfolio, 54 percent (53) has fixed interest terms longer than one year. The average remaining fixed interest term is 39 months (43). The average effective interest rate on 31 December 2015, was 2.22 percent (2.56). Of the interest-bearing liabilities, loans with capital tied up for long terms amounted to 11 percent (8) of the total portfolio.

Available liquid assets

Available liquid assets, including unutilized bank overdraft facilities, amounted to SEK 672 million (639) on closing day. In addition to this, there is an approved credit commitment,

credit facilities and a still unutilized building credit of SEK 1,215 million (887), and so total utilized facilities of SEK 1,887 million (792) are available.

OPPORTUNITIES AND RISKS

Wallenstam has defined risks and uncertainties in the following areas: operations, the external environment and financing. In accordance with IFRS, Management makes assumptions, estimates and assessments that affect the content of the financial statements. Actual outcomes may differ from these estimates and assessments, as described under accounting principles.

Operations

Operational risks are those related to our core activities, business development and property management. When we build new residential properties we do so in good locations where demand is high, which provide good rates of return and excellent value growth. Cash flow is strong, which combined with properties in prime locations, a high occupancy rate, excellent tenants and a good rental agreement structure in the commercial holdings means the risk of major future vacancies is considered to be low. Residential rental income is comparatively secure and predictable.

Heating is a major expense for property companies and is affected by seasonal effects such as the climate and weather conditions. We build and renovate with energy efficiency in focus and are self-sufficient in renewable energy, making us less sensitive to changes in electricity prices.

Our wind power production is weather dependent. In the case of electricity trading, supply and demand are the most important factors as they determine the price. Demand is mainly affected by market conditions, and weather temperature trends. We work proactively with cost control and do not envisage any risk of major declines in cash flow or in securing the relevant portion of our production and sales.

External

External risks are mainly those that lie outside the scope of our operations, such as changing market conditions. Property values are affected by our own property management activities and the general market climate. Small changes in the yield requirement can result in large changes in value. Wallenstam operates in areas where there are significant housing shortages. Commercial properties are chiefly located in central Gothenburg. A change of 0.25 percentage points in yield requirements is equivalent to approximately +/- SEK 5 per share. As of 31 December 2015, the estimated market value amounted to about SEK 32 billion. A change in value of +/- 10 percent is equivalent to a change in value of around SEK 3.2 billion and a change in net asset value of around SEK 9 per share. The structure of the property holdings, attractive locations and a high occupancy rate add up to a low overall risk profile.

Wallenstam is affected by political decisions linked to fiscal legislation or its interpretation such as the levels of company tax or property tax. A change in tax legislation or practice – resulting, for example, in changes to allowable tax deductions or rules on utilizing tax loss carryforwards – could change Wallenstam's future tax situation and thereby impact profits.

External risks in the Svensk NaturEnergi business area are primarily connected with political decisions and general market conditions, including supply and demand for electricity.

Financing

Financial risks refer to an inability to satisfy demand for the necessary amount of capital, which is an essential operational resource. Our finance policy regulates the company's actions on the credit market, loan portfolio structure and the distribution between the number of lenders. We work chiefly with conventional loans and mortgages secured against property.

BOARD WORK DURING THE YEAR

Wallenstam's Board of Directors is composed of five members. In 2015, the Board held seven recorded meetings in addition to day-to-day contacts. The Board's most important duty is to make decisions on strategic matters. In general, the Board handles issues of material importance for the Group. The main issues during the year, apart from those that are incumbent on the Board to deal with under the formal work plan of the Board, were strategic decisions for the company regarding investments in new construction, property transactions, financing and so forth. The Board's work is described in the corporate governance report, which is separate from the Administration Report.

GUIDELINES FOR DETERMINING SALARIES AND OTHER COMPENSATION FOR SENIOR EXECUTIVES

The Board of Directors of Wallenstam AB (publ) proposes that the following guidelines for determining salaries and other compensation for senior executives in the company shall apply to agreements entered into during the period between the 2016 AGM until the end of the 2017 AGM. The guidelines shall cover the CEO and other individuals in the company's management.

Fixed salary – Senior executives should be offered fixed salaries on prevailing market terms, which are based on the employee's area of responsibility and performance.

Pension benefits – Senior executives should be offered pensions on prevailing market terms, mainly in the form of premium-based pension agreements.

Non-monetary benefits – Senior executives should be offered customary non-monetary benefits that facilitate performance of the work. Additionally, benefits in the form of accommodation, including related expenses, may also be offered in individual cases.

Variable remuneration – In addition to fixed salaries, variable remuneration that rewards predetermined, measurable performance may also be offered.

Such variable remuneration should seek to promote the creation of long-term value within the Group. Furthermore, in connection with the conclusion of a published company business plan and to the extent the Board considers appropriate, the Board will have the right to decide on monetary compensation to the Chief Executive Officer and the Deputy Chief Executive Officers as remuneration for extraordinary work performed during the implementation of the business plan.

Variable remuneration should be paid in the form of salary and may not exceed the fixed remuneration for the position concerned for the current year. Payments under the above incentive programme are not pensionable.

Share-based payment – Senior executives may be offered incentives in the form of so-called synthetic options if such an offer is directed to all permanently employed personnel in the company.

Period of notice and termination benefits – A reciprocal period of notice of six months shall apply to senior executives. Termination benefits, including salary during the period of notice, may not exceed 24 monthly salary payments.

The Board retains the right to depart from the guidelines if there are particular reasons for this in an individual case.

PARENT COMPANY

The parent company's primary operations are the performance of Group-wide services, and in addition to this the parent company owns a small number of properties. Total sales for the year amounted to SEK 264 million (255), of which rental income constituted SEK 69 million (57). During the year, long-term market interest rates in particular have fallen, which has had a negative effect on the value of interest rate derivatives. The overall performance was positively affected by changes of SEK 189 million (negatively 845) in the value of financial interest rate derivative instruments. Profit/loss after tax amounted to SEK -210 million (-687), as did comprehensive income. The result for the period included dividends from subsidiaries of SEK 200 million (221). Investments in non-current assets during the period amounted to SEK 108 million (243). Parent company external loans amounted to SEK 8,883 million (7,689) on closing day. In 2015, the average number of employees in the Group was 212 (199).

THE WALLENSTAM SHARE

The share capital in Wallenstam AB consists of 34,500,000 A shares, which carry ten votes each, and 305,500,000 B shares, which carry one vote each. The Wallenstam B share is listed on Nasdaq Stockholm, Large Cap. The number of registered shares totaled 340,000,000 and the registered share capital is SEK 170,000,000, corresponding to a quota value of SEK 0.50 per share.

During 2015, the Wallenstam share price increased by 5 percent. The property indices OMX Stockholm Real Estate and OMX Stockholm PI increased by 24 percent and 7 percent respectively during the same period. At the end of the period,

the Wallenstam share price was SEK 68.00 (64.85) and the market capitalization was SEK 23,120 million (22,049) based on the number of registered shares. Equity per share amounted to SEK 45 (39). The highest price paid during the year was SEK 77.00 and the lowest was SEK 57.70. A total of 83.6 million (52.8) Wallenstam shares were traded on Nasdaq Stockholm at a total value of SEK 5,705 million (2,882). The average daily turnover totaled around 332,900 shares (212,400). Wallenstam has a mandate from the AGM to repurchase shares. During 2015, 2,220,000 shares were repurchased at an average price of SEK 68.16. The company holds 8,200,000 treasury shares, corresponding to 2.4 percent of the share capital, purchased at an average price of SEK 56.30 per share.

Events after the end of the reporting period

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

THE FUTURE

Wallenstam conducts its operations based on business plans; the current plan covers the years from 2014–2018. The plan involves an aggressive tempo in new construction with efficient management in focus, summarized in an overall target to achieve an average growth in net asset value, excluding dividends and repurchases, of at least 10 percent per year during the period. An ambitious new residential construction programme, an efficient construction process and well-chosen locations all contribute to good value growth. We will continue our aggressive tempo during 2016 and plan to invest the equivalent of SEK 2–3 billion, of which the majority relates to new construction. The chosen strategy of attractive property holdings concentrated in Stockholm and Gothenburg provides a stable foundation for future growth.

DIVIDEND POLICY

Recognized earnings should in the first instance be reinvested in the operations to enable continued development of the Group's core business and thus create increased growth in net asset value. The ambition is also for the operations to generate a stable level of dividends over the long term. However, the distributable amount should never exceed profit before unrealized changes in value and impairment losses after the standard tax rate. When determining the size of the dividend, consideration must also be given to the Group's investment requirements, its need to strengthen its balance sheet and position in general, and the Group's ability to develop further in the future while maintaining its financial strength and freedom of action. The Board of Directors will propose that the Annual General Meeting approve the following:

PROPOSED APPROPRIATION OF PROFIT

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

Profit brought forward	5 560 933 944
Net profit for the year	-209 589 290
SEK	5 351 344 654
Shareholder dividend SEK 1.50 per share	497 700 000
To be carried forward	4 853 644 654
SEK	5 351 344 654

The Board of Directors proposed appropriation of profit is that a dividend of SEK 1.50 per share be distributed. The number of shares entitled to a dividend may be lower by the time of the AGM due to an increase in the company's holding of repurchased shares.

STATEMENT BY THE BOARD OF DIRECTORS ON THE PROPOSED DISTRIBUTION OF PROFITS

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

The proposed dividend is in line with the dividend policy established by the Board in that the amount available for distribution does not exceed the profit before unrealized changes in value and impairment losses after the standard tax rate. When determining the size of the dividend, the Board also considered the Group's investment requirements, need to strengthen its balance sheet and position in general, and the ability of the Group to develop further in the future while maintaining its financial strength and freedom of action.

The proposed dividend to shareholders reduces the parent company's equity/assets ratio from 30 percent to 28 percent. The Group's equity/assets ratio will fall by 1 percentage point, from 44 to 43 percent, as a result of the proposed dividend. The equity/assets ratio is satisfactory considering that the company's and the Group's operations continue to be run profitably. It is expected that liquidity in the company and Group can be maintained at a similarly satisfactory level.

Derivative instruments and other financial instruments have been measured at fair value according to Chapter 4, Section 14 a of the Swedish Annual Accounts Act (1995:1554), which has resulted in a deficit after tax of SEK 600 million, which affected equity by the same amount. In the view of the Board, the proposed dividend will not prevent the company or any other Group companies from fulfilling their obligations in either the short or the long term, or from carrying out necessary investments. The proposed dividend can thus be justified with regard to the provisions of the Swedish Companies Act (2005:551), Chapter 17, Section 3, paragraphs 2–3 (the prudence rule).

CONSOLIDATED INCOME STATEMENT

SEK million	Note	2015	2014
Rental income	2, 5	1,549	1,566
Operating expenses	6	-419	-439
Net operating income, properties		1,130	1,127
Management costs and administration expenses	6, 7, 10	-188	-187
Financial income	11	20	17
Financial expenses	11	-290	-365
Result from property management operations		672	592
Result from natural energy management operations	12	-5	-25
Capital gain/loss hydroelectric power	12	-29	0
Revenue, sales of co-op apartments	13	1,203	1,055
Expenses, sales of co-op apartments	13	-992	-829
Realized changes in value, investment properties	14	178	232
Profit before unrealized changes in value and impairment losses		1,027	1,025
Unrealized changes in value, investment properties	14	2,507	829
New construction		639	146
Other		1,868	683
Unrealized change in value, financial instruments	11	165	-854
Unrealized change in value, synthetic options	7	-31	-20
Impairment losses on non-current assets	18	-250	-350
Profit before tax		3,418	630
Current tax	15	-1	-1
Deferred tax	15	-663	-44
Net profit for the year after tax		2,754	585
Other comprehensive income			
<i>Items that may be reclassified to net profit for the period</i>			
Translation difference		-13	-2
Tax pertaining to other comprehensive income	15	3	0
Comprehensive income		2,744	583
Distribution of net profit for the period			
Attributable to non-controlling interests		11	585
Attributable to parent company shareholders		2,743	0
Per-share data			
Profit after tax, SEK (there are no dilutive effects)		8.3	1.7
Dividend, SEK (proposed for 2015)		1.50	1.13
Average number of outstanding shares at year-end, thousands		333,536	336,400

COMMENTS ON GROUP RESULT

Rental income, operating expenses and net operating income, properties

Rental income was SEK 17 million lower than the previous year, mainly due to completed property transactions. Completed new construction and rent negotiations in 2015 contributed to increased income. Excluding effects from property transactions, rental income increased by 6 percent or SEK 88 million.

Operating expenses decreased by SEK 20 million or 5 percent. Efficient management, optimized energy consumption and changes in property holdings with newer buildings also contributed to reduced operating expenses. Net operating income increased to SEK 1,130 million (1,127). Excluding property transaction effects, net operating income was SEK 70 million or 7 percent better than the previous year.

Result from property management operations

Property management costs and administrative expenses were SEK 1 million higher than in the previous year. Net financial items for properties strengthened and was SEK 78 million lower overall than the previous year. The decrease in net financial items was a result of lower average debt combined with a lower average interest rate of 2.32 percent (2.82). Income from property management operations amounted to SEK 672 million (592), an improvement of 14 percent compared to the previous period.

Result from natural energy management operations

Profit or loss from natural energy management operations consists of revenues less expenses including depreciation, interest expenses and administrative expenses attributable to electricity trading and electricity generation. In 2015, electricity generated increased by 29 percent. As electricity prices were lower than the previous year, this increased production is not reflected to the same extent in sales. Revenues and expenses from the generation and sale of electricity and renewable energy certificates amounted to SEK 60 million (48) net, of which depre-

ciation amounted to SEK 94 million (91). After deductions for interest as well as for management costs and administrative expenses totaling SEK -65 million (-73), the loss from natural energy management operations for the year was SEK -5 million (-25). At year-end, the Group's minor hydroelectric power holdings were divested with a capital loss of SEK -29 million (0).

Result from co-op apartment production

The result from sales of co-op properties during the year mainly included the sale of apartments in the co-ops Prisman, Rikken and Tyresö Trädgårdar, our joint venture with Oscar Properties. Revenue and expenses from the sale of co-op apartments are recognized when the apartment is handed over to the buyer and consists of sales proceeds and the cost of the co-op apartments sold. The expenses include selling and marketing expenses for co-op apartments, which are recognized as they arise. Profit for the year from the sale of co-op apartments amounted to SEK 211 million (226) net.

Change in value, investment properties

Realized change in value, investment properties – As shown below, properties were sold for a total of SEK 2,129 million (2,349). In relation to the amount invested of SEK 1,293 million, Wallenstam will realize a profit of SEK 836 million or 65 percent through these sales. Since the divested properties were held for an average of 8 years, this corresponds to average annual value growth of 6.5 percent. The major part of this increase in value was recognized on an ongoing basis in the consolidated income statement throughout the holding period as a component of the item "Unrealized change in value, investment properties". The sales were completed at 11 percent (14) above the current valuation.

Unrealized change in value, investment properties was positive and totaled SEK 2,507 million (829) for the year. Newly constructed properties accounted for SEK 639 million (146) and other existing holdings for SEK 1,868 million (683). For

newly constructed property fully completed in 2015, the value growth in relation to investment amounted to 39 percent in total. A property is considered as newly constructed in the year it was completed. After one year in operation, it is classified as an existing investment property.

Value growth in the existing holdings was mainly generated by improved net operating income as a result of the year's rental negotiations, in which our deliberate strategy to concentrate on attractive properties in popular locations is judged to have contributed as well as more efficient property operation. High demand for properties also helped, since it lowers the market's yield requirement. Unrealized growth in value for existing properties is also affected by change in value due to contracts for sale.

Unrealized changes in value, financial instruments

Wallenstam uses interest rate derivatives to extend credits with a short fixed-interest terms and obtain desired interest maturity profiles as well as electricity and currency derivatives. If the contracted price deviates from the market price for derivatives, this difference in value is recognized in profit or loss. One of the benefits of falling interest rates is that new financing can be secured at lower interest levels, which has a positive effect on income from property management. Falling interest rates can also increase demand for properties on the market and thus have a positive effect on property values. The change in value of derivatives during the year was positive and amounted to SEK 165 million (-854).

Impairment losses on non-current assets

As a result of the continued fall in electricity prices and the assessment that the energy market will remain weak for a while, wind turbines have been charged with an impairment loss for the year totaling SEK 250 million (350). The value of wind turbines subsequently reflects prevailing market conditions in the industry on closing day.

REALIZED PROFIT FROM THE SALE OF INVESTMENT PROPERTIES

SEK million	2015	2014
Sales revenue	2,129	2,349
Cost and investments	-1,293	-1,413
Previously recognized change in value	-632	-653
Realized change in value, investment properties	204	283
Selling and administrative expenses	-26	-51
Realized change in value, investment properties incl. overheads	178	232

CONSOLIDATED BALANCE SHEET

SEK million	Note	31 DEC 2015	31 DEC 2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Capitalized expenses, computer software	16	14	7
Total intangible assets		14	7
Property, plant and equipment			
Investment properties	14, 17	32,090	28,481
Wind power and hydroelectric power	18	1,366	1,770
Equipment	19	49	50
Total property, plant and equipment		33,505	30,301
Financial assets			
Other investments held as fixed assets	3, 20	104	103
Non-current receivables	3, 20	274	440
Financial derivative instruments	3	-	27
Total financial assets		378	570
Total non-current assets		33,897	30,878
CURRENT ASSETS			
Intangible current assets	21	100	69
Work in progress, co-op apartments	22	32	601
Trade receivables	2, 3, 23	16	19
Other receivables	3, 24	408	19
Prepaid expenses and accrued income	3, 25	69	90
Financial derivative instruments	3	15	-
Participations	3, 26	28	25
Cash and cash equivalents	3, 27	41	56
Total current assets		709	879
TOTAL ASSETS		34,606	31,757
EQUITY AND LIABILITIES			
EQUITY			
	28		
Share capital		170	170
Other contributed capital		359	359
Other reserves		-24	-14
Profit brought forward		14,586	12,368
Non-controlling interests		12	0
Total equity		15,102	12,883
NON-CURRENT LIABILITIES			
Provisions for deferred tax	29	2,716	2,063
Other provisions	30	40	36
Interest-bearing liabilities	3	1,599	1,228
Financial derivative instruments	3	822	993
Other liabilities	3	77	54
Total non-current liabilities		5,254	4,374
CURRENT LIABILITIES			
Interest-bearing liabilities	3	13,554	13,850
Financial derivative instruments	3	39	54
Trade payables	3	166	152
Other liabilities	3	170	107
Accrued expenses and deferred income	31	321	337
Total current liabilities		14,250	14,500
TOTAL EQUITY AND LIABILITIES		34,606	31,757
PLEGGED ASSETS	32	14,225	15,185
CONTINGENT LIABILITIES	33	30	31

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

ASSETS

Investment properties

Investment properties are properties held with the objective of generating rental income or an increase in value or both; in other words, rental properties. If an investment is started in a new or existing investment property, the property is also recognized as an investment property during its construction or conversion phase. Changes in value from newly produced properties are recognized on a separate line, change in value new construction, during the construction period and when initially taken into operation and are subsequently classified as an existing investment property.

During the year, the property holdings changed as follows.

Change in investment properties	Book value, SEK million
Property holdings OB	28,481
+ Acquisitions	1,270
+ Construction	1,757
- Sales	-1,925
+ Unrealized change in value, net	2,507
Investment properties CB	32,090

During the year, SEK 3,027 million (1,555) was invested in investment properties, of which acquisitions amounted to SEK 1,270 million (42), and investment in new construction, extensions and conversions totaled SEK 1,757 million (1,513). Wallenstam determines the property value through internal valuations based on a cash flow model with individual assessment of each property. This assessment considers both future earning potential and market yield requirements. Changes in rent levels, occupancy rates and property operating expenses are included when assessing a property's future earning potential. Yield requirements differ between properties depending on the market and type of property. Analyses and comparisons are made using current price statistics for similar items of property. Wallenstam carries out a significant number of property transactions every year which provides for a good feel for the market. The estimated yield value is reduced by anticipated future investment requirements and two years' rent for vacant floor space. Land rights and development rights are measured at

market value.

Wind turbines

Wind turbines are recognized at cost less accumulated depreciation and any impairment losses. Depreciation is applied according to plan over the equipment's useful life, estimated at 25 years from the date of completion. The closing value after depreciation and impairment losses of the 64 wind turbines amounted to SEK 1,366 million (1,770). At year-end, the installed output amounted to 139 MW (139).

Work in progress, co-op apartments

Work in progress, co-op apartments includes the Group's investments in construction of co-op apartment projects. These are measured in the balance sheet at cost and recognized as an expense in the income statement when the customer takes possession of the apartment.

EQUITY AND LIABILITIES

Equity

Shareholders' equity amounted to SEK 15,102 million (12,883), equivalent to SEK 45 per share (39). The equity/assets ratio was 44 percent (41). Shareholders' equity was impacted by comprehensive income, dividends and repurchases.

Interest-bearing liabilities

Wallenstam's financing consists of conventional bank loans including overdraft facilities, commercial paper with a limit of SEK 2 billion and bonds totaling SEK 1,100 million. The loan-to-value ratio decreased from 49 percent to 45 percent in relation to the Group's investments in properties, ongoing co-op construction projects and wind power.

The loans are primarily secured against traditional mortgage deeds in properties and security in wind turbines. Of the loans, 54 percent (53) have fixed-interest terms longer than one year. The average remaining fixed-interest term is 39 months (43). The average effective interest rate on closing day, taking into account the effects of derivative contracts entered into, was 2.22 percent (2.56). Of the interest-bearing liabilities, loans with capital tied up for long terms are calculated to represent 11 percent (8) in the region of the total portfolio.

Financial derivative instruments

Wallenstam's financial derivative instruments consist mainly of interest rate derivatives and electricity derivatives. During the year, the change in value of entered into derivative instruments was positive due to a lower deficit for interest rate derivatives. The total closing recognized deficit from derivative instruments was SEK 846 million (1,020).

Provisions for deferred tax

A net deferred tax liability of SEK 2,716 million (2,063) million, was recognized in the balance sheet, which consists of a deferred liability of SEK 3,540 million (3,081) and a deferred tax asset of SEK 824 million (1,018). Deferred tax liabilities in the Group mainly relate to differences between the carrying amounts of properties and their fiscal values. The deferred tax asset is mainly attributable to tax loss carry-forwards that are expected to be utilized against future tax surpluses.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

— Attributable to the parent company shareholders —

SEK million	Share capital	Other contributed capital	Other reserves	Profit brought forward	Minority share	Total equity
Opening balance, 1 Jan 2014	170	359	-12	12,321	2	12,840
Net profit for the year	-	-	-	585	-	585
Other comprehensive income						
<i>Items that may be reclassified to net profit for the period</i>						
Translation difference	-	-	-2	-	-	-2
Tax attributable to other comprehensive income	-	-	0	-	-	0
Transactions with the company's owners						
Dividends to shareholders	-	-	-	-337	-	-337
Adjustment in equity	-	-	-	2	-2	0
Repurchase/sale of own shares (incl. expenses)	-	-	-	-204	-	-204
Closing balance, 31 Dec 2014	170	359	-14	12,368	0	12,883
Opening balance, 1 Jan 2015	170	359	-14	12,368	0	12,883
Net profit for the year	-	-	-	2,743	11	2,754
Other comprehensive income						
<i>Items that may be reclassified to net profit for the period</i>						
Translation difference	-	-	-13	-	-	-13
Tax attributable to other comprehensive income	-	-	3	-	-	3
Transactions with the company's owners						
Dividends to shareholders	-	-	-	-376	-	-376
Adjustment in equity	-	-	-	-	-	-
Repurchase/sale of own shares (incl. expenses)	-	-	-	-150	-	-150
Closing balance, 31 Dec 2015	170	359	-24	14,586	12	15,102

CLASSIFICATION OF EQUITY

Share capital

The item share capital includes the registered share capital of the parent company. Share capital consists of 34,500,000 A shares (quota value SEK 0.50) and 305,500,000 B shares (quota value SEK 0.50).

Other contributed capital

Other capital contributed includes the total amount from transactions that Wallenstam AB has had with its shareholders. The transactions that took place were share issues at a premium. The amount included in other contributed capital therefore corresponds wholly to capital received above the nominal amount of the issue.

OTHER RESERVES

Other reserves mainly consist of translation differences.

PROFIT BROUGHT FORWARD

Profit brought forward is equivalent to the total accumulated profits and losses generated in the Group, less dividends paid and repurchases of shares.

CAPITAL MANAGEMENT

Consolidated equity amounted to SEK 15,102 million (12,883) at year-end. The return on equity was 19.6 percent (4.6).

The Group's financial strategy is based on the creation of satisfactory financial conditions for operations and development which we achieve through value-creating operations. Net asset value and the equity/assets ratio are therefore important metrics in our capital management where the goal is that the equity/assets ratio should not be less than 30 percent and the realized interest coverage ratio on a rolling full-year basis should not be less than 2 times. At the end of 2015, the equity/assets ratio was 44 percent (41).

Wallenstam's dividend policy prescribes that recognized profit in the first instance be reinvested in the company for continued development of the property holdings and increased growth in value. However, the distributable amount must never exceed realized profit after the standard tax rate. The Board of Directors proposes a dividend for 2015 of SEK 1.50 per share (1.13). Calculated on 331,800,000 outstanding shares, the proposed dividend amounts to approximately SEK 498 million. Wallenstam conducts share repurchasing as a way to modify the company's capital structure. No changes to the Group's principles for capital management occurred during the year.

Wallenstam's goal has been to achieve an average rate of net asset value growth, excluding dividends and repurchases, of 10 percent per year in the period until the end of 2018. Net asset value includes equity and deferred tax liability. Deferred tax liability mainly refers to differences between carrying amounts and fiscal values of the Group's properties.

CONSOLIDATED STATEMENT OF CASH FLOW

SEK million	Note	2015	2014
Cash flow from operating activities			
Profit before unrealized changes in value*		1,027	1,025
Adjustment for items not included in the cash flow	34	-312	-417
Tax paid		-	-
Cash flow before change in working capital		715	608
Change in working capital			
Current receivables		-319	8
Current liabilities		63	10
Change in working capital		-256	18
Cash flow from operating activities		459	626
Cash flow from investing activities*			
Investments in properties		-3,266	-1,940
Acquisitions of equipment, wind turbines and intangible assets		-15	-241
Investments in financial assets		-13	-12
Divestment of properties, co-op shares and property, plant & equipment		3,414	3,246
Cash flow from investing activities		120	1,053
Cash flow from financing activities			
Raised interest-bearing liabilities		6,160	5,464
Amortization of interest-bearing liabilities		-6,229	-7,096
Dividend paid		-376	-337
Repurchase of own shares		-150	-204
Sales and amortization of financial assets		-	166
Cash flow from financing activities		-594	-2,007
Change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		56	384
Cash flow for the year		-15	-328
Cash and cash equivalents at the end of the year		41	56
Unutilized overdraft facility at year-end		631	583
Available liquid assets	27	672	639

* Interest paid and received are included of SEK -362 million (-479) and SEK 9 million (34) respectively, of which SEK 40 million (60) was capitalized as a non-current asset.

GROUP ACCOUNTING PRINCIPLES AND NOTES

NOTE 1. GROUP ACCOUNTING PRINCIPLES

GENERAL INFORMATION

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

The Group's operations are conducted through subsidiaries and its operations are described in the Administration Report. The annual accounts and consolidated financial statements for Wallenstam AB (publ) for the financial year ending 31 December 2015 were approved by the Board of Directors and the Chief Executive Officer on 11 March 2016 and will be presented to the Annual General Meeting (AGM) on 28 April 2016 for approval.

BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with EU-approved International Financial Reporting Standards (IFRS) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) as of 31 December 2015. In addition the Group applies the Swedish Financial Reporting Board's recommendation RFR 1, "Supplementary Accounting Rules for Groups".

The parent company applies the same accounting principles as the Group with the exceptions and additions described in the Swedish Financial Reporting Board's recommendation RFR 2, "Accounting for Legal Entities". This means that IFRS is applied with the exceptions described below in the section entitled "Parent company accounting principles" on page 110. The most important accounting principles applied by the Group are described below along with a summary of new and amended standards and interpretations that are expected to have an effect on the reporting.

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

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

Judgements made by company management when applying IFRS that have a significant impact on the financial statements and estimates made and that may lead to significant adjustments to the following year's financial statements are described in more detail below.

New and amended accounting principles

No new or amended standards were applied from 2015.

For information on new standards, refer to the final paragraph of the accounting principles section.

ASSESSMENTS AND ESTIMATES

In order to prepare the financial reporting in accordance with IFRS and generally accepted accounting principles, the company

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

Investment properties

Assessments and estimates in the field of investment property valuation may have a particularly significant impact on the Group's recognized earnings and position. Valuations of investment properties, which are internal, require assessments of and assumptions about, for example future cash flows and the determination of yield requirements (discount factor) for each individual property. Assessments made affect the carrying amount of the item "Investment properties" in the balance sheet, and the item "Unrealized change in value, investment properties" is recognized in the income statement. When a transaction is completed a cross-check is made of the assumptions made. Wallenstam also monitors relevant completed property transactions and carries out quarterly internal valuations of its entire property holdings. To reflect the uncertainty of assumptions, assessments and estimates made, a so-called valuation range of +/- 5 to 10 percent is specified. Information about uncertainties and about significant assumptions and assessments made for the internal valuation is presented in Note 17.

Asset acquisition versus business combination

Acquisitions may be classified as either business combinations or asset acquisitions. This is an assessment that must be made in each individual case. In cases where the primary purpose is to acquire a company's real estate and where the acquired property lacks a property management organization and administration or where this is of minor importance to the acquisition, the acquisition is classified as an asset acquisition. Other company acquisitions that therefore usually include an independent operation are classified as business combinations.

In the case of asset acquisitions, no deferred tax is recognized attributable to the acquisition of property, but instead any tax discount negotiated reduces the property's acquisition cost. This means that changes in value in subsequent valuations are affected by the tax discount. In the case of business combinations, the acquisition of a subsidiary is recognized according to the purchase method and deferred tax is recognized at the nominal applicable tax rate without discount. All transactions carried out during the year are considered asset acquisitions.

Wind power and hydroelectric power

Items of property, plant and equipment are depreciated over the period during which in the assessment of the company management they are expected to generate revenue, i.e. their useful life. If there is an indication that an asset has declined further in

NOTE 1. GROUP ACCOUNTING PRINCIPLES, CONT.

value, the asset's recoverable amount is calculated, which is the higher of the asset's fair value less selling expenses and its value in use. An impairment loss is recognized when the asset's recoverable amount is lower than its carrying amount. The recoverable amount is determined based on management estimates of e.g. future cash flow. Value in use is assessed from the starting point of expected future production, which is mainly dependent on the weather. In addition, anticipated price levels and demand levels are estimated in respect of electricity and renewable energy certificates. The useful life of a wind turbine is estimated to be 25 years, which is equivalent to the lease term and forms the basis of the investment calculation. Assumptions made with regard to impairment testing are described in Note 18.

Deferred tax

According to the accounting rules, deferred tax must be recognized at nominal value without discounting at the prevailing tax rate, currently 22 percent. Wallenstam mainly has three items where temporary differences occur that constitute a basis for recognition of deferred tax: properties, changes in value of derivative instruments and loss carryforwards. When measuring loss carryforwards an assessment is made of the probability that the loss can be utilized in the future. Confirmed losses which with a high degree of certainty can be used against future profits form the basis for calculating deferred tax assets. In the case of asset acquisitions, no deferred tax is recognized attributable to the acquisition.

Other items

Other items that include critical estimates include assessments made in connection with the realization of investment properties, which are mainly considered to be significant in respect of promissory notes. For these, an assessment is made of the amount that is expected to be received.

CONSOLIDATED FINANCIAL STATEMENTS

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

Consolidated financial statements are prepared according to the purchase method, which means that equity in subsidiaries at the time of acquisition is eliminated in its entirety, and are based on accounting information prepared for all Group companies as of 31 December 2015. Consolidated equity thus includes only the portion of a subsidiary's equity earned since the acquisition. Profit/loss from companies acquired or divested during the year are included in the consolidated financial statements at amounts corresponding to the holding period. An acquisition analysis is prepared in connection with the acquisition to determine the cost of the participations and the fair value of acquired assets and assumed liabilities and contingent liabilities. Internal transactions between Group companies and inter-company dealings including internal profits are eliminated when preparing the consolidated financial statements.

The Group's foreign operations are translated into the Group's functional currency (SEK) by translating balance sheets at the exchange rate on closing day (current rate method), except for equity, which is translated at the historical exchange rate at the

time of acquisition. Income and expense items are translated at the average exchange rate for the period. The translation differences that arise are recognized in other comprehensive income. Accumulated translation differences form part of the Group's equity among other reserves and are transferred and recognized as a component of capital gains or losses when a foreign subsidiary is divested. Financial assets and liabilities in foreign currency are translated at closing day exchange rate, at which time realized and unrealized exchange differences are recognized through profit or loss. Exchange gains/losses related to operations are recognized under operating income and operating expenses respectively. Financial exchange gains/losses are recognized as financial income and expenses.

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

Participations in associated companies

A company is recognized as an associated company when Wallenstam holds at least 20 percent of the votes and a maximum of 50 percent, or has control over operational and financial governance through other means. Associated companies are recognized in the consolidated financial statements according to the equity method.

Participations in associated companies are recognized in the balance sheet at cost adjusted for changes in the Group's share of the associated companies' net assets, less any reductions in fair value. In the case of transactions between Group companies and associated companies, the proportion of the unrealized gains and losses corresponding to the Group's participation is eliminated.

Segment reporting

Operating segments are reported in a manner that corresponds to the internal reporting to the chief operating decision-maker, Wallenstam's CEO. Operations are run and followed-up in the Group's three reporting business areas: properties in the Gothenburg region, properties in the Stockholm region and renewable energy through Svensk NaturEnergi.

The reporting principles applied in the segment information (Note 4) essentially correspond with the Group's accounting principles. For the Svensk NaturEnergi business area, however, derivative instruments are presented differently in the income statement and in the segment information, since in the internal reporting (which is reflected in the segment information) these instruments qualify for hedge accounting. An expense that is recognized under change in value, electricity derivatives in the consolidated income statement is not recovered and is therefore never recognized as an operating expense. In the segment information, however, changes in value are presented net and as an operating expense item, equivalent to the cash flow effect. For this reason, profit/loss from natural energy management operations is presented differently in the consolidated income statement and in the segment information. There is a corresponding difference in presentation for changes in the value of renewable energy certificates after initial recognition.

Statement of cash flows

The statement of cash flows shows changes in cash and cash equivalents and the Group's available liquid assets for the period. The statement of cash flows is prepared according to the indirect method, which involves adjustment of the operating profit/loss

NOTE 1. GROUP ACCOUNTING PRINCIPLES, CONT.

for transactions that do not give rise to incoming or outgoing payments during the period, broken down into the different operating segments:

- Operating activities: revenues and expenses included in operating profit/loss, interest received and paid, taxes paid and change in working capital.
- Investing activities: acquisitions of assets and other types of investments.
- Financing activities: raised and amortized loans, dividends, repurchase of shares and any new share issues.

Classification

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

INCOME STATEMENT AND BALANCE SHEET

Rental income

The Group recognizes income when the amount can be measured reliably and it is probable that future economic benefits will accrue to the Group. Rental agreements attributable to Wallenstam's investment properties are considered operating leases according to IAS 17. Income comprises the fair value of what will be received in the Group's operating activities. Recognized income refers mainly to rental income. Where applicable, rental income includes services provided by Wallenstam such as cable TV, electricity and heating. The income is recognized net less any rebates. Rental income is notified in advance, allocated to periods in accordance with rental agreements and recognized as income during the rental period concerned. Rent paid in advance is recognized as prepaid rental income.

Rebates provided in the case of infringements on rights of use, e.g. during conversions and/or in connection with occupation, are recognized in the period they concern. Compensation in connection with the early termination of rental agreements is immediately recognized as income if no obligations towards the tenant remain.

Operating expenses

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

Management costs and administrative expenses

Wallenstam's management costs and administrative expenses consist of the Group's administrative expenses such as expenses for personnel, offices, premises, consultants, marketing, depreciation of fixtures and fittings and expenses for the employees' synthetic options scheme, where this is a realized cost. Expenses are recognized in the period they concern. Remuneration to employees is recognized in line with performance of services.

Financial income

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

Financial expenses

Financial expenses refer to interest and other expenses arising in connection with borrowing and are recognized in the income statement in the period they concern. The cost of taking out mortgages is not considered a financial expense but is capitalized as a property investment. Financial expenses include interest expenses for interest rate derivative contracts, which are recognized in the income statement as an interest expense in the period they relate to. Net financial items are not affected by market valuations of concluded interest rate derivative contracts, which are instead recognized as changes in value under their own heading. Average interest for a reporting period comprises the corresponding actual interest to pay both as a result of agreed interest rates and as an effect of derivative contracts entered into. The financial expenses component that refers to major new construction, extensions or conversions is capitalized. The capitalized interest is calculated on the basis of the average weighted borrowing cost for the Group.

Result from natural energy management operations

Profit or loss from natural energy management operations consists of revenues less expenses including depreciation, administrative expenses and interest expenses attributable to electricity trading and electricity generation, which also includes profit or loss from renewable energy certificates. Sales revenue and expenses for electricity are recognized in the period delivery takes place to customers excluding value added tax and excise duties. Renewable energy certificates are initially measured at cost and are subsequently recognized on an ongoing basis at a remeasured amount consisting of the fair value at the time of remeasurement, identified as closing day spot price. All changes in value resulting from these remeasurements are recognized in the income statement as electricity revenues from natural energy management operations. Profit or loss from natural energy operations also includes revenues from the sale of surplus renewable energy certificates generated by Wallenstam's energy production. For further information and conditions regarding renewable energy certificates, see below under intangible current assets.

Result from sales of co-op apartments

Revenues from sales of co-op apartments refers to compensation from sales of co-op apartment projects and co-op apartment units. Newly constructed co-op apartments are recognized according to IFRIC 15, Agreements for the Construction of Real Estate. For Wallenstam, this means that IAS 18, Revenue, is applied. In the balance sheet, investments are recognized at book value on an ongoing basis in the line "Work in progress, co-op apartments". In conjunction with sale, the compensation received is recognized as revenue and the apartment's estimated share of production costs is recognized as an expense, or in the case of co-op apartment units acquired from an external party, the cost of the apartment. Revenue and expenses are recognized in the income statement when the purchaser takes possession of the property, while marketing expenses are recognized on an ongoing basis.

Realized changes in value, investment properties incl. overheads

Realized changes in value refer to gains or losses from sales of investment properties. A sale is recognized as realized on the date of taking possession unless this contravenes particular terms in the purchase agreement. This also applies in the case of sales of property via companies. In connection with sales of properties via companies, the transaction is recognized gross as regards property price and deferred tax. Gains or losses on the sale of property

NOTE 1. GROUP ACCOUNTING PRINCIPLES, CONT.

comprise the difference between the agreed purchase price and the estimated market value on the previous reporting date. Direct selling expenses and a share of internally distributed administration expenses are deducted.

Unrealized change in value, investment properties

Investment properties are valued on an ongoing basis in accordance with IAS 40 at estimated fair value. The valuation is internal and is made in conjunction with each quarterly financial statements. The difference between the valuation on closing day and the valuation on the immediately preceding reporting date is recognized as an unrealized change in value in the income statement. Properties that are contracted for sale with taking of possession after closing day are valued at selling price on reporting date with consideration of any remaining uncertainty.

Changes in value, derivative instruments

Wallenstam's financial derivative instruments consist mainly of interest rate derivatives and electricity derivatives but also currency futures contracts. Wallenstam uses interest rate derivatives to achieve a desired interest maturity profile. If the agreed interest rate deviates from the market interest rate, a surplus or deficit will arise for the interest rate derivatives. The difference in value that arises, which does not affect cash flow, is recognized through profit or loss. The changes in value may be realized or unrealized. Realized changes in value refer to settled interest rate derivative contracts and constitute the difference between the latest carrying amount and the determined price at redemption. Unrealized changes in value refer to the change in value that has arisen for Wallenstam's interest rate derivative contracts since the previous year, or compared to cost if the contracts were concluded during the year.

In order to determine fair value, market interest rates are used for each maturity as well as exchange rates and electricity prices, as if they were quoted on the market on closing day. Interest rate swaps are measured by discounting future cash flows to present value while instruments with an option component are measured at current repurchase price. Fair value is determined according to level 2 under IFRS 13. In order to secure electricity generation expenses and revenues from electricity sales and reduce the impact of market fluctuations, Wallenstam hedges parts of the electricity price in the financial market. Electricity derivatives are measured at market value based on market data and are classified at level 2. Currency derivatives, which are used to hedge cash flows in foreign currency, are also classified at level 2. Refer also to Notes 2 and 3 for details.

Income tax

Income taxes in the income statement consist of current tax and deferred tax.

Current tax refers to tax that must be paid in respect of the current year and is calculated according to the prevailing tax rate. This also includes any adjustments to current tax from previous periods. Deferred tax is calculated in accordance with the balance sheet method on the basis of the nominal amount of temporary differences between the carrying amounts and fiscal values of assets and liabilities, also see deferred tax below.

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

Change in value, synthetic options scheme

Refers to unrealized change in value of synthetic options scheme to employees, also see Employee benefits below.

Leases

Leases in which essentially all risks and benefits associated with ownership remain with the lessor are classified as operating leases. All current rental agreements attributable to Wallenstam's investment properties are considered operating leases from a reporting perspective. Such leases are recognized according to the principle for revenue recognition. Site leasehold agreements are also considered operating leases from a reporting perspective. Site leasehold rents are recognized as an expense in the period they relate to. There are also a small number of minor leases in which Wallenstam is the lessee. These leases are also operating leases and mainly relate to photocopiers and company cars. Payments made during the lease term are expensed in the income statement on a straight-line basis over the term of the lease.

Property, plant and equipment

Property, plant and equipment is recognized at cost less accumulated depreciation and impairment losses, except in the case of investment property, which is recognized at fair value in accordance with IAS 40, and works of art, which are recognized at cost with no deduction for depreciation. Depreciation is carried out on a straight-line basis over the estimated period of use. Assets covered by impairment testing under IAS 36 are Intangible assets, Wind turbines and Equipment. When there are indications that an asset has fallen in value, an assessment of the asset's carrying amount is carried out. In cases where the carrying amount exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognized in the income statement. Previous impairment losses are reversed if the conditions for the impairment loss no longer exist. The maximum amount of the reversal is the asset's cost less estimated depreciation according to plan up until closing day. Reversals are recognized in the income statement.

Investment properties

Investment properties refers to properties that are held with the objective of generating rental income or an increase in value or both.

Investment properties, which are initially measured at cost including expenditures directly attributable to the acquisition, are recognized at fair value according to IAS 40. Fair value corresponds to the estimated market value and is determined by an internal valuation model described in more detail in Note 17, where the assumptions that form the basis for the valuation are also described. The model is based on an evaluation of future payment streams with differentiated market-related yield requirements per property. This means that the market's yield requirement is set in relation to the net operating income of each property. The value of investment properties held on closing day is thus affected by changes in yield requirements, net operating income and investment requirements. The estimated market value of undeveloped land and land development rights is added to this. Changes in value are recognized in the income statement.

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

All of Wallenstam's properties are classified as investment

NOTE 1. GROUP ACCOUNTING PRINCIPLES, CONT.

properties apart from properties that are part of a co-op apartment project, which are recognized in the balance sheet as Work in progress, co-op apartments. If an investment begins in a new or existing investment property that is intended for continued use as an investment property within the Group, the property is also recognized as an investment property during its construction or conversion phase. During the construction phase of a rental property, fair value is deemed to correspond to the Group's investment on each closing day plus a share of the estimated surplus on completion date in relation to the degree of completion of the construction. The latter is based on costs incurred. Estimated market values for recently completed new investment properties are initially charged with a risk supplement on the yield requirement of 0.25 percentage points compared to an established investment property in the same location. This is done because of the uncertainty that exists regarding budgeted expenditures for final production expenses and operation. After a period in operation when the actual conditions are known, the yield requirement is tested again. In the case of conversions of investment properties that undergo a more large-scale conversion, the fair value during the conversion period is generally considered to equal the market value that the investment property had at the start of the project with the addition of subsequently made investments.

Additional expenditures are added to the carrying amount if it is probable that the future economic benefits associated with the asset will accrue to the Group. In the case of large new constructions and conversions, interest expenses are capitalized during the project period until the property is taken into use. Expenditures in respect of day-to-day maintenance and repairs are expensed in the period in which they arise. Valuations of investment properties require assumptions, estimates and assessments concerning future cash flows and the determination of yield requirements for each individual property. Information about uncertainties and assessments made during the internal valuation is provided in the section on assessments and estimates, and a description of the valuation model and a sensitivity analysis is presented in Note 17.

Wind power and hydroelectric power

Wind turbines and hydroelectric plants are recognized at cost less accumulated depreciation and any impairment losses. Depreciation is carried out according to plan at 4 percent of cost over the useful life. The plants' useful life, depreciation method and residual value are assessed on an ongoing basis according to the principles described above under "Assessments and estimates".

Equipment

Equipment is recognized at cost less accumulated depreciation and any impairment losses. Depreciation of the cost occurs according to plan over the equipment's useful life. Depreciation rates are 33 percent for computers, 10 percent for furniture and 20 percent for other equipment. The useful life of equipment, the depreciation method and residual value are assessed on a continuous basis. Works of art are not depreciated. Depreciation of equipment is included in the income statement item "Management costs and administrative expenses".

Intangible assets

Expenditure for software developed and adapted for the Group is recognized under intangible assets if it will provide probable economic benefits in future years. Capitalized expenditures for acquired software are amortized according to plan over the peri-

od of use by 20 percent of cost. The useful life of the assets, the depreciation method and residual value are assessed on a continuous basis. Amortization is included in the income statement item "Management costs and administrative expenses". Standard software and annual licences are carried as expenses.

Financial instruments

Financial instruments recognized in the balance sheet include:

- Financial assets and financial liabilities measured at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets
- Financial liabilities measured at amortized cost

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

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

A financial asset or liability is carried in the balance sheet when the company becomes party to a contract. Trade receivables are carried in the balance sheet when invoices are sent. A liability is recognized when the counterparty has performed and a contractual obligation exists to pay, even if an invoice has not been received. A financial asset (or part thereof) is derecognized when the contractual rights are realized, lapse or the company transfers essentially all risks and benefits associated with ownership. A financial liability (or part thereof) is derecognized when the obligation in the agreement is fulfilled or is otherwise extinguished. A financial asset and a financial liability are offset and recognized as a net amount in the balance sheet only where there is a legal right to offset the amounts and it is intended that the items will be settled by a net amount or that the asset will be realized and the liability settled simultaneously. Wallenstam recognizes its financial contracts at gross value for financial instruments such as interest rate swaps and currency futures contracts as no legally binding netting agreements exist. Wallenstam has not identified any embedded derivatives that are to be separated from their host contracts and recognized individually. In accordance with IFRS 13, the fair value of certain assets and liabilities must be disclosed even when they are not measured at fair value in the balance sheet. Wallenstam has loans with the major Swedish banks. According to Wallenstam's finance policy, an individual bank may at most account for 50 percent of the financing to safeguard the spread of risks in relation to financiers. Wallenstam's capital tied up at year-end 2015 was 9 months. Wallenstam has diversified property holdings with approximately equal proportions of residential and commercial space. Combined with the company's stable development over time, this means no immediate substantial changes in counterparty risk are anticipated, nor thus to the Wallenstam Group's borrowing costs. The fair value of the Group's credit liabilities is considered to essentially correspond to recognized liabilities.

The Group assesses on an ongoing basis whether there are objective grounds for recognizing impairment of a financial asset. When there is no write-down requirement, the size of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted by the original effective interest rate.

NOTE 1. GROUP ACCOUNTING PRINCIPLES, CONT.

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

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

Derivative instruments are recognized in the balance sheet on the date of contract at fair value, both initially and at subsequent remeasurement. The Group uses interest rate derivatives to reduce interest rate risk. Borrowing at variable interest rates is switched to fixed-interest loans through interest swap contracts. The Group recognizes interest rate derivatives as financial instruments at fair value through profit or loss. Electricity derivatives, currency futures used for electricity trading and renewable energy certificates are recognized in the same way.

Participations are recognized under current assets and consist of externally acquired shares in cooperative associations. These have been measured at fair value, where fair value consists of the estimated sales value. When co-op apartment units are sold, the income is recognized as "Revenue, sales of co-op apartments" and the sold unit's carrying amount as "Expenses, sales of co-op apartments".

Loans and receivables

This category includes rents and trade receivables, cash and cash equivalents, loans and other receivables. These are measured at amortized cost. Amortized cost is determined on the basis of the effective interest rate that was calculated on the date of acquisition. The anticipated duration of trade receivables is short, for which reason they are recognized at nominal amounts without discounts. Trade receivables and loans are recognized at the amounts expected to be received, i.e. less doubtful receivables. Cash and cash equivalents are recognized at nominal value. Trade receivables consist chiefly of rent receivables and trade receivables in respect of the sale of electricity. Other receivables consist principally of promissory notes related to property transactions.

Available-for-sale financial assets

Available-for-sale financial assets consist of non-derivative assets that are available for sale. Measurement is initially at fair value, usually cost. Fair value adjustment of these instruments is recognized in other comprehensive income in the income statement and in the balance sheet as other investments held as fixed assets. Dividends, interest income and impairment losses are recognized in the income statement.

Financial liabilities recognized at amortized cost

Loans from credit institutions and suppliers and other liabilities are measured at amortized cost. Wallenstam's liabilities consist primarily of liabilities to credit institutions and operating liabilities such as trade payables. Liabilities with a term of more than 12 months are recognized as non-current, others as current. The majority of Wallenstam's liabilities have a shorter maturity than 12 months and are recognized as current. Overdraft facilities refer to loans under current liabilities. Loans are raised in Swedish kronor

and recognized in the balance sheet on settlement day at fair value less transaction costs on initial recognition.

Intangible assets

Current intangible assets

Current intangible assets consist of renewable energy certificates, which according to IAS 38, are initially recognized at cost. Following an intangible asset's initial recognition it must be recognized on an ongoing basis at a remeasured value corresponding to fair value at the time of remeasurement. In its capacity as a generator of electricity from renewable energy sources, Wallenstam receives renewable energy certificates from the Swedish Energy Agency.

Renewable energy certificates are obtained free of charge as eligible electricity is generated. Certificates created are measured at fair value at the time of acquisition and are then remeasured at market value at closing day spot price. The price is set through bids from market players via Svensk Kraftmäkling (SKM). Purchased certificates are initially recognized at cost and are then remeasured quarterly. Wallenstam's energy production generates a surplus of renewable energy certificates. Renewable energy certificates created are recognized as revenue under "Loss from natural energy management operations". There is an obligation to deliver renewable energy certificates to the competent authority in the country concerned in connection with electricity sales. This obligation is recognized as an expense and a liability. The expense per certificate represents the latest carrying amount as determined by the remeasurement method for intellectual property rights.

Cash and cash equivalents

Wallenstam's cash and cash equivalents consist of cash and bank balances and investments in securities with a maturity of less than three months. These assets are considered to be immediately negotiable with negligible risk of changes in value, which means the carrying amount corresponds to fair value. Where appropriate, utilized overdraft facilities are recognized as borrowing among current liabilities.

Equity

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

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

Liabilities and financial liabilities

A liability is recognized when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not been received. A liability is derecognized when the agreement has been fulfilled or otherwise extinguished. The classification determines how the liability is measured, i.e. whether the liability is measured at fair value or at amortized cost. Financial liabilities

NOTE 1. GROUP ACCOUNTING PRINCIPLES, CONT.

are classified in the following categories:

- Financial liabilities measured at fair value through profit or loss. Group derivatives with negative fair value for which hedge accounting is not applied are recognized here. Their fair value has been set at level 2 according to IFRS 13. Changes in fair value are recognized in profit or loss.
- Other financial liabilities, loans from credit institutions and suppliers and other liabilities are measured at amortized cost. The majority of Wallenstam's liabilities have a shorter maturity than 12 months and are recognized as current.

For further information, see the Financial instruments section above.

Provisions

A provision is recognized when the Group has an existing legal or informal obligation as a result of prior events where it is probable that an outflow of resources will be required to settle the commitment and a reliable estimate of the amount can be made. The amount that is expected to be required to settle the obligation is recognized as a provision. Recognized provisions consist of those for deferred tax, pensions, termination benefits, warranty commitments in connection with conversion work in sold properties and, where appropriate, estimated amounts for risks in disputes. For wind turbines there are asset retirement obligations, which when applicable are recognized as a part of the wind turbine's cost or provision, respectively. Under IFRIC 21, property tax is entered as a liability in full when the obligation arises, which occurs on 1 January every year.

Provision for deferred tax

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

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

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

Employee benefits

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

Provisions for pensions

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

The Group has both defined benefit pension plans and defined contribution pension plans. A defined contribution pension plan is one where the company pays fixed premiums to an insurance company. A defined benefit pension plan is one that does not have defined contributions but which is instead based on the size of the pension benefits that an employee receives after retirement, usually based on one or more factors such as age, length of service and salary. Plans where the company's obligation is limited to the fees that company has undertaken to pay are classified as defined contribution plans. In such cases, the size of an employee's pension depends on the premiums the company pays to an insurance company and the return on capital the premiums generate. Consequently, the employee bears the actuarial risk (that the payments will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected payments). The company's obligations in respect of premiums for defined contribution plans are recognized as a consolidated expense as they are earned.

Wallenstam's pension commitments consist of defined contribution pension plans, where the company having no obligations other than to pay an annual premium during the period of employment. This means that after employment has been terminated, the employee is entitled to decide the period during which the earlier defined contribution payments and the return on these is taken out as pension. An exception exists in respect of the individuals covered by defined benefit ITP plans with ongoing payments to Alecta under ITP 2. According to UFR 10 of the Swedish Accounting Standards Council, the requirements to recognize an ITP 2 plan financed through insurance with Alecta as a defined benefit plan do not exist, and for this reason this plan is recognized as defined contribution according to IAS 19. Annual premiums for pensions with Alecta amounted to SEK 6.6 million (6.2). Alecta's surplus can be divided between the policyholders or the insured individuals. Alecta's surplus in the form of the latest provisional official consolidation level was 153 percent (144). The collective consolidation level is defined as the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions. The contributions are recognized as employee benefit expenses as they are earned.

Employee synthetic options scheme

Share-based payment is recognized according to IFRS 2. In September 2013, all permanently employed personnel were offered synthetic options. Synthetic options to employees are measured according to the Black & Scholes model on closing day. In the event of a maximum outcome based on the prevailing number of options issued and an achieved closing price of SEK 80 per share for least 5 days over a 30-day period, this will generate an expense for the company of around SEK 139 million. Because the probability has increased considerably that the scheme will enter into effect earlier than its final date (31 May 2019), the sold purchase option value, with a ceiling of SEK 80, is deemed to be SEK 0 million. Volatility is calculated as the estimated future volatility during the remaining term of the options. Changes in value are recognized under "Unrealized change in value, synthetic

NOTE 1. GROUP ACCOUNTING PRINCIPLES, CONT.

options". The company's expense for social security contributions on initially identified assessed benefit values is recognized when the option is subscribed for under "Management costs and administrative expenses". For further details see also Note 7.

Termination benefits

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

Pledged assets

Securities are pledged for the Group's obligations, mainly in the form of mortgage deeds for properties. Security for the financing of wind farms is provided by transfer of leases and pledging of shares in wind power companies. No security is provided for bonds or commercial paper programs. For commercial paper, there is a back-up facility equivalent to the outstanding commercial paper volume.

Contingent liabilities

A contingent liability refers to a possible commitment arising from past events and whose existence is only confirmed when one or more uncertain future events occur or when there is a commitment that is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required.

Changes in Swedish rules and regulations

Swedish Financial Reporting Board

Changes made in 2015 have not had any impact on Wallenstam's reporting.

Changes in accounting principles and disclosures

New and revised standards approved by the EU

No new or amended standards and new interpretations which entered into force in 2015 had any impact on Wallenstam's financial reporting.

New standards and amendments to standards which entered into force in 2015

The standards that became effective during 2015, and that may potentially affect Wallenstam's future financial reporting, are IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property.

IFRS 3 has been clarified regarding the scope exception from application to exclude the formation of the joint arrangement in the financial statements of the joint arrangement. IFRS 13 clarifies the scope exception for measuring the fair value of portfolios. The changes in IAS 40 have meant a clarification in the relationship between IAS 40 and IFRS 3, which in practice means that when a company makes the assessment that an acquired investment property is a business combination or an acquisition of an asset or group of assets, it should be based on the rules in IFRS 3 Business Combinations.

New standards and interpretations which enter into force in 2016

The following standards have been amended and the amendment will become effective from 2016;

- IAS 1 Presentation of Financial Statements (The concept of materiality)
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of acceptable methods of depreciation and amortization),
- IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - Recognition and Measurement of Biological Assets and Agricultural Produce,
- IAS 19 Employee Benefits (Defined benefit plans: employee contributions),
- IAS 27 Separate Financial statements (Equity method in separate financial statements),
- IFRS 11 Joint Arrangements (Acquisitions of shares in joint operations).

The future amendments in standards will impact Wallenstam's income statement and balance sheet to a limited extent, or not at all.

NOTE 2. FINANCING AND FINANCIAL RISKS

To optimize the terms of the loan portfolio, the Group's borrowing is generally guaranteed by the parent company. We mainly have conventional loans with mortgages secured against property. The financing of wind farms is mainly secured through the bond market. No collateral is provided for outstanding bond loans or the commercial paper program.

Interest-bearing liabilities, which mainly comprise conventional bank loans combined with interest rate derivatives, amounted to SEK 15,153 million (15,078), of which SEK 1,599 million (1,228) is non-current. The current portion includes a commercial paper program with a limit of SEK 2 billion (2).

At 31 December 2015, the commercial paper liability amounted to SEK 1,591 million (1,441). In addition to bank loans and the commercial paper program, Wallenstam has also borrowed capital on the bond market to partly finance the wind power companies. Wallenstam AB issued two bonds in June 2014 with a term of three years, maturity in 2017, of which one bond is for SEK 400 million with variable interest (STIBOR 3M + 110 points) and the other is for SEK 200 million with interest fixed at 2.125 percent. Wallenstam AB issued a Green bond of SEK 500 million in March 2015 with a term of four years, maturity in 2019, with variable interest (STIBOR 3M + 110 points). There are covenants associated with the bonds; see the financing risk section.

FINANCIAL RISK FACTORS

In addition to operational and external risks, through its operations Wallenstam is exposed to various financial risks such as interest rate risk, liquidity risk, currency risk and financing risk. These risks arise in the Group's reported financial instruments such as cash and cash equivalents, interest-bearing receivables, trade receivables, trade payables, borrowings and derivatives.

FINANCIAL RISK MANAGEMENT

Risk management is handled by the finance department in accordance with the finance policy that is reviewed annually and approved by the Board. The policy describes the purpose, organization and distribution of duties for financing activities, along with rules for financial risk management. The overall aims of the finance policy are based on its task of:

- Securing the Group's supply of capital in the short and long term.
- Adapting the financial strategy to the Group's operations to achieve an optimal capital structure.
- Working actively to achieve a low level of refinancing risk and high flexibility in respect of fixed-interest terms and collateral
- Achieving the best possible level of net financial items within a given risk framework.

NOTE 2. FINANCING AND FINANCIAL RISKS, CONT.

Wallenstam's financial operations are centralized in the parent company's finance department, which acts as an internal bank with responsibility for borrowing, cash management and financial risk management. Wallenstam strives to achieve a balance between a good return on equity and an acceptable level of risk. Our finance policy is determined by the Board of Directors and reviewed annually. It seeks to limit the company's financial risks, which mainly consist of interest rate risk, refinancing risk and liquidity risk. The finance department has instructions, systems and a division of duties that aim to achieve good internal control and operational follow-up. Major financing solutions must be approved by the Board of Directors; the Board is informed about financial matters at every Board meeting.

In accordance with IFRS 13, the fair value of certain assets and liabilities must be disclosed even when they are not measured at fair value in the balance sheet. Wallenstam has loans with the major Swedish banks. According to Wallenstam's finance policy, an individual bank may at most account for 50 percent of the financing to safeguard the spread of risks in relation to financiers. Wallenstam's capital tied up at year-end 2015 was around 9 months (7). Wallenstam has diversified property holdings with approximately equal proportions of residential and commercial space. Combined with the company's stable development over time, this means no immediate substantial changes in counterparty risk are anticipated, nor thus to the Wallenstam Group's borrowings costs. The fair value of the Group's credit liabilities is considered to essentially correspond to recognized liabilities.

LIQUIDITY RISK

A liquidity risk involves a situation where cash and cash equivalents for payment of commitments cannot be secured. Wallenstam prioritizes a low loan-to-value ratio, which provides greater freedom of action to fulfil approved investments and payment obligations. Liquidity forecasts are updated on an ongoing basis. Cash and short-term investments and unutilized credit are defined as cash and cash equivalents. The Group's liquidity risk is limited by aiming to hold liquidity corresponding to at least three months of known net payments at any given time.

As of 31 December 2015, the Group had long-term unutilized loan facilities of SEK 215 million (887) in the form of building credit, plus unutilized overdraft facilities amounting to SEK 631 million (583) and back-up for the commercial paper program of SEK 1,000 million (0), and cash amounting to SEK 41 million, in other words SEK 1,887 million in total. In view of the current interest rate level, positive cash flows from operating activities are used to amortize liabilities.

FINANCING RISK AND COVENANTS

Financing risk corresponds to difficulties in obtaining financing for operations at a given time. Wallenstam works actively to achieve low refinancing risk in relation to market pricing, i.e. the best possible net financial items within a given risk framework. The Group has long-term collaboration with the major Swedish business banks. The goal is to have financing from at least three of the major Swedish commercial banks and a loan portfolio with a spread of maturities and terms in relation to pricing. The Group should limit refinancing risk by always planning refinancing negotiations in advance. Wallenstam holds loan commitments for all major investments in order to minimize financing risk.

The Board of Directors sets the level of capital tied up in the loan portfolio on a continuous basis. Management makes forecasts on an ongoing basis regarding Group liquidity based on expected cash flows. The Group strives to achieve a loan portfolio with a spread of loan maturities and which allows for amortizations.

Where there are interest-bearing liabilities in the form of conventional bank loans, these are primarily secured against mortgages. The bonds have associated covenants stating that the Group's loan-to-value ratio must not exceed 75 percent, that the interest coverage ratio for a rolling 12-month period must not be less than 1.5 times and that the principle shareholder is unchanged. For commercial paper, Wallenstam has undertaken, at each given time, to have access to liquidity facilities that in terms of maturity and total nominal amount are at least equivalent to the outstanding commercial paper volume. Outstanding commercial paper on the closing day amounted to SEK 1,591 million and available liquidity facilities amounted to SEK 1,887 million. No collateral is provided for the bond loans or commercial paper programs.

Loan agreement maturity structure

	31 Dec 2015		31 Dec 2014	
	Amount, SEK million	Partic., %	Amount, SEK million	Partic., %
0-3 mths	2,437	16	4,799	32
3 mths-1 year	11,107	73	9,006	60
1-2 years	600	4	175	1
2-3 years	447	3	931	6
3-4 years	500	3	-	-
4-5 years	-	-	97	1
5-6 years	-	-	-	-
6-7 years	-	-	-	-
>7 years	62	0	70	-
	15,153	100	15,078	100

In addition to the above, there are other liabilities that also include trade payables, which usually have maturities of 30 days, and interest rate derivatives with a negative value of SEK 815 million (1,003).

INTEREST RATE RISK

Interest rate risk refers to how changes in interest rates will affect the Group's net financial items and the value of financial instruments as market rates change. Wallenstam's loan portfolio consists of loans of different terms from different lenders. A good balance between a long fixed-interest term providing stability and a short fixed-interest term that normally provides the lowest interest expense is important in achieving a stable interest expense trend. Based on its finance policy, Wallenstam actively manages fixed-interest terms to achieve good average interest rates over time.

The Group's average fixed-interest term should fall within the 24-48 month range. The Group aims for loan conversions to be evenly distributed over the year.

Interest rate derivatives are used to spread risk and with the aim of protecting the underlying portfolio. We use financial instruments (interest rate swaps) to limit interest risks in the loan portfolio and in order to have an influence on the fixed-interest terms in the loan portfolio in a flexible way. Borrowing usually occurs based on short fixed-interest terms, and interest rate swaps are used to achieve the desired fixed-interest profile. Thus derivative instruments are used for the purpose of reducing risk and should be linked to an underlying exposure. The Group currently has derivative instruments recognized in the category financial assets and liabilities measured at fair value through profit or loss. The corresponding interest paid is recognized under interest expenses and the net change in the value of outstanding derivative liabilities for the year is recognized as change in value, derivative instruments. Interest rate derivatives are measured by discounting future cash flows based on observable market interest rates.

The average interest rate on closing day, which takes into ac-

NOTE 2. FINANCING AND FINANCIAL RISKS, CONT.

count the effects of swaps entered into, was 2.22 percent (2.56). The average effective interest rate for the financial year was 2.32 percent (2.82) and the loan-to-value ratio on the closing day was 45 percent (49).

The average fixed-interest term was 39 months (43). With the distribution of fixed-interest terms in effect at the beginning of 2016, a change in the interest rate of one percentage point at the beginning of the year would affect Wallenstam's interest expense by around SEK 67 million (65), equivalent to around 9 percent (11) of Wallenstam's cash flow from operating activities before change in working capital.

Interest maturity structure

	31 Dec 2015		31 Dec 2014	
	Amount, SEK million	Average interest %	Amount, SEK million	Average interest %
0-3 mths*	6,100	1.58	6,135	2.39
3 mths-1 year	898	1.32	888	1.27
1-2 years	800	2.79	300	3.21
2-3 years	500	2.99	800	2.79
3-4 years	530	3.05	500	2.99
4-5 years	1,000	2.66	530	3.05
5-6 years	1,100	3.10	1,000	2.66
6-7 years	1,500	2.48	1,100	3.10
7-8 years	1,475	2.71	1,500	2.48
8-9 years	650	3.40	1,475	2.71
> 9 years	600	2.45	850	3.20
	15,153	2.22	15,078	2.56

*Loans with an interest maturity within three months have an average interest of 0.44 percent (1.16). 1.58 percent (2.39) includes the effects of swap agreements and fixed-interest loans with maturities within a three month period.

Weighted average interest rates on loans taking into account effects of derivatives amounted to:

Percent	2015	2014
Loans	2.32	2.82
Overdraft facilities	1.24	1.81

Interest expenses on liabilities to credit institutions is estimated to be in the region of SEK 355 million (461) for 2016.

CREDIT RISK

Wallenstam's credit risks can mainly be attributed to outstanding rent and trade receivables, promissory notes, cash and cash equivalents and financial derivatives. Losses from rents receivable, trade receivables and promissory notes occur when customers are declared bankrupt or are unable to fulfil their payment obligations for other reasons. The risks are limited as Wallenstam mainly works with established customers who have competitive operations and a documented ability to pay. In cases where a counterparty's ability to pay is considered uncertain, in accordance with its credit policy, Wallenstam will demand a bank guarantee, a surety or in the case of a new lease for commercial premises, rent in advance. Wallenstam has a large diversification of risks in its contract portfolio with about 1,800 commercial contracts and 12,000 residential and parking contracts.

The Group's exposure to credit risk from individual customers is limited considering the terms of rental agreements and the relative importance of customers.

Wallenstam's ten largest property tenants represent approximately 9 percent (9) of Wallenstam's assessed full-year value. Rental income is mainly based on agreements and fixed rental income, as turnover-based rent only occurs to a very limited extent.

The table below shows rental agreement terms and the size of commercial tenancy contracts together with residential agreements as a proportion of total contracts, and the significance of the revenues.

The maximum credit risk corresponds to the book value of promissory notes, trade receivables and other current receivables incl. accrued income, and amounts to SEK 708 million (618), with assets having been pledged for promissory notes of SEK 252 million (420).

Rental contract terms

	Number of contracts	SEK million, assessed full-year value	Total, %
2016	711	172	11
2017	471	182	11
2018	312	175	11
2019	170	116	7
2020-	124	192	12
Total commercial premises	1,788	837	52
Vacant property	375	61	4
Residential and parking	12,159	717	44
Total	14,322	1,615	100

Rental contract sizes

	Number of contracts	SEK million, assessed full-year value	Total, %
Above SEK 5 million	21	178	11
SEK 4.0-5.0 million	9	41	3
SEK 3.0-4.0 million	20	71	4
SEK 2.0-3.0 million	39	94	6
SEK 1.0-2.0 million	122	168	10
SEK 0.5-1.0 million	198	140	9
Under SEK 0.5 million	1,379	145	9
Total commercial premises	1,788	837	52
Vacant property	375	61	4
Residential and parking	12,159	717	44
Total	14,322	1,615	100

Promissory notes amounted to SEK 598 million (420), of which SEK 243 million (-) mature within three months, SEK 113 million (-) within 3-12 months, SEK 16 million (243) within 1-5 years and SEK 225 million (177) after five years. Other financial instruments such as trade receivables and current receivables are mainly due within three months after closing day.

OTHER FINANCIAL RISKS ELECTRICITY PRICE RISK

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

NOTE 2. FINANCING AND FINANCIAL RISKS, CONT.

CURRENCY RISK

Currency risk refers to the risk of an impact on the Group's earnings and financial position as a result of changed exchange rates. The Group holds no loans in foreign currency and is therefore not exposed to any currency risk in connection with borrowing. Wallenstam is exposed to currency risks both through changes in foreign exchange rates in future payment flows (transaction exposure) and in respect of remeasurements of net assets in foreign subsidiaries (translation exposure).

Upon purchase or sale of goods or services in foreign currency exceeding a value of SEK 10 million, at least 70 percent of the investment amount should be hedged in connection with the signing of contracts. Regarding ongoing hedging of electricity trading in EUR, outstanding hedges at any given time may amount to a maximum volume corresponding to a projected net annual flow of the Group's production and consumption.

TRANSACTION-RELATED CURRENCY EXPOSURE

The Group's transaction-related currency exposure arises partly when purchasing building components, and partly through trading on Nord Pool Spot and through Nasdaq OMX commodities, as these transactions take place in EUR. To minimize the financial impact of currency market fluctuations on its earnings, the Group uses futures contracts to hedge these flows in accordance with the currency policy adopted by the Board of Directors.

TRANSLATION EXPOSURE

The Wallenstam Group is subject to limited translation exposure from the consolidation of its Norwegian subsidiaries. These report their financial position in local currency, which is translated into Swedish kronor. This gives rise to a translation difference, since assets and liabilities are translated at closing day rate while items belonging to the income statement are translated at average rate for the year.

FINANCIAL DERIVATIVE INSTRUMENTS

Financial derivative instruments are recognized at fair value in accordance with IAS 39. In order to determine fair value, market interest rates are used for each maturity and exchange rates, as they were quoted on the market on closing day. Interest rate swaps are measured by discounting future cash flows to present value while instruments with an option component are measured at current repurchase price. On 31 December 2015, the market value of the interest rate, electricity and currency derivative portfolio amounted to SEK -846 million (-1,020) where fair value is determined according to level 2 under IFRS 13.

	31 Dec 2015		31 Dec 2014	
	Assets	Liabilities	Assets	Liabilities
Non-current derivative instruments				
Interest rate swap contracts	-	-809	27	-986
Electricity derivatives and futures contracts	-	-13	-	-7
Total	-	-822	27	-993
Current derivative instruments				
Interest rate swap contracts	15	-20	-	-44
Electricity derivatives and futures contracts	-	-19	-	-10
Total	15	-39	-	-54
Total derivative instruments	15	-861	27	-1,047

Maturity structure, financial derivative instruments

	31 Dec 2015	31 Dec 2014
0-3 mths	-6	-23
3 mths-1 year	-18	-31
1-5 years	-232	-173
>5 years	-590	-793
Total	-846	-1,020

The total change in value of derivatives during the year amounted to SEK 165 million (-854). All interest rate, currency and electricity derivatives are measured at fair value and recognized in the income statement.

Under the Group's energy policy, the hedged volume for electricity production should not exceed 70 percent of the Group's average electricity production for each month and the maturity of hedges may cover a period of up to five years. However, after approval by the CEO of Wallenstam AB, the hedged volume may amount to 100 percent. In addition, the hedged volume for Svensk NaturEnergi's electricity consumers should not exceed the maturity or volume of the underlying contracts that Svensk NaturEnergi AB as agreed with the Group's customers. The volume may not for any length of contract exceed the highest expected hourly consumption during each period.

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

A financial asset and a financial liability are offset and recognized as a net amount in the balance sheet only where there is a legal right to offset the amounts and it is intended that the items will be settled by a net amount or that the asset will be realized and the liability settled simultaneously. All of Wallenstam's contracts for financial instruments such as interest rate swaps and futures contracts are recognized at gross value, as no legally binding netting agreements exist. Wallenstam has not identified any embedded derivatives that are to be separated from their host contracts and recognized individually.

In connection with measurement of derivatives at fair value, no adjustment is made for counterparty risk in the form of Credit Value Adjustment (CVA) and Debt Value Adjustment (DVA).

INTEREST RATE SWAPS

The nominal amount of the Group's outstanding interest rate swaps as of 31 December 2015 amounted to SEK 8,255 million (8,355). On 31 December, the fixed swap interest rates payable to banks varied from 1.3850 – 4.6875 (0.3300 – 4.6875). The variable swap interest rates obtained from the banks correspond to STIBOR 3 M. The interest rate derivatives portfolio includes interest rate derivatives with an option component amounting to SEK 500 million (900). Upon maturity, these may, on the initiative of the lender, be converted to interest rate swaps in the interest rate range 1.49–2.50 percent (1.49–2.50).

Sensitivity analysis, cash flow, before tax*

SEK million	2015	2014
Change in loan interest rate of 1 percentage point (annual basis)	67	65
EUR/SEK 50 öre	0	1
Electricity price 5 öre	9	6

* After considering the outcome of derivative contracts entered into. The above corresponded to SEK 59 million (56) after tax in total.

NOTE 3. CLASSIFICATION OF FINANCIAL INSTRUMENTS

SEK million	Financial assets measured at fair value through profit or loss		Loans and receivables		Available-for-sale financial assets		Total		Income statement
	Fair value								
	151231	141231	151231	141231	151231	141231	151231	141231	
Financial assets									
Promissory notes	-	-	598	420	-	-	598	420	Interest income
Participations	28	25	-	-	-	-	28	25	Expenses, sales of co-op apartments
Other investments held as fixed assets	7	9	21	21	42	59	70	89	Net financial items, Other comprehensive income
Interest derivatives	15	27	-	-	-	-	15	27	Changes in value of derivatives
Trade receivables	-	-	16	19	-	-	16	19	Rental income
Other current receivables	-	-	94	38	-	-	94	38	-
Cash and cash equivalents	-	-	41	56	-	-	41	56	-
Total financial assets	50	61	770	554	42	59	862	674	

SEK million	Financial liabilities measured at fair value through profit or loss		Financial liabilities measured at amortized cost		Total		Income statement
	Fair value						
	151231	141231	151231	141231	151231	141231	
Financial liabilities							
Other non-current liabilities	75	43	2	11	77	54	Administrative expenses
Interest rate derivatives	829	1,030	-	-	829	1,030	Changes in value of derivatives
Electricity derivatives	32	17	-	-	32	17	Changes in value of derivatives
Interest-bearing liabilities	-	-	15,153	15,078	15,153	15,078	Interest expenses
Trade payables	-	-	166	152	166	152	Operation and administration
Accrued expenses	-	-	170	195	170	195	Operation and administration
Other current liabilities	-	-	170	107	170	107	Operation and administration
Total financial liabilities	936	1,090	15,661	15,543	16,597	16,633	

According to IFRS 13, a description must be given of how fair value is assessed for all financial instruments measured at fair value and how this value is classified in relation to three levels in a fair value hierarchy. The different levels of the hierarchy are defined as follows:

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

All derivative instruments measured at fair value in the balance sheet are attributable to Level 2 under IFRS 13. Holdings in listed companies measured at fair value are attributable to Level 1. Participations relating to externally acquired holdings in cooperative associations and holdings in unlisted companies are measured at fair value and are attributable to Level 3.

No change or transfer of any instruments between the different levels of the fair value hierarchy took place during 2015.

DESCRIPTION OF VALUATION TECHNIQUES, LEVELS 2 AND 3

Measurement of liabilities to credit institutions and derivative instruments classified within level 2 is based on information from the banks concerned. The same applies to held-to-maturity investments. For information concerning electricity derivatives, market information is obtained from Nord Pool and they are classified at level 2. Other liabilities are measured at amortized cost, which corresponds to nominal value with additions for additional or outgoing valuation items.

NOTE 4. SEGMENT INFORMATION

Wallenstam's properties are owned and managed by wholly-owned subsidiaries and are concentrated in the cities of Gothenburg and Stockholm. Wallenstam is also a producer and supplier of renewable energy through Svensk NaturEnergi.

Operations are conducted in the business areas Gothenburg region, Stockholm region and Svensk NaturEnergi. Administrative support function operations are reported under Other and intra-Group transactions are eliminated in the Eliminations column.

Operating segments are reported in a manner that corresponds to the internal reporting to the chief operating decision-maker, Wallenstam's CEO.

SEK million	2015						2014					
	Gothenburg region	Stockholm region	Svensk NaturEnergi	Other	Eliminations	Total	Gothenburg region	Stockholm region	Svensk NaturEnergi	Other	Eliminations	Total
Income statement												
Rental income	1,105	434	-	17	-7	1,549	1,100	457	-	17	-8	1,566
Operating expenses	-268	-142	-	-9	-	-419	-275	-155	-	-9	-	-439
Electricity income	-	-	258	-	-258	0	-	-	237	-	-237	-
Electricity expenses	-	-	-210	-	210	0	-	-	-194	-	194	-
Net operating income	837	292	48	8	-55	1,130	825	302	43	8	-51	1,127
Management costs and administrative expenses	-110	-75	-32	-10	39	-188	-112	-80	-35	-2	42	-187
Net financial items	-197	-21	-33	-52	33	-270	-218	-14	-38	-116	38	-348
Income from management operations	530	196	-17	-54	17	672	495	208	-30	-110	29	592
Result from natural energy management operations	-	-	-	-	-5	-5	-	-	-	-	-25	-25
Profit from sales of co-op apartments	8	206	-	-3	-	211	4	222	-	-	-	226
Capital gain/loss hydroelectric power assets	-	-	-29	-	-	-29	-	-	0	-	-	0
Realized change in value, investment properties	79	99	-	-	-	178	56	176	-	-	-	232
Profit before unrealized changes in value and impairment losses	617	501	-46	-57	12	1,027	555	606	-30	-110	4	1,025
Unrealized change in value, investment properties	1,357	1,147	-	3	-	2,507	664	165	-	-	-	829
Unrealized changes in value, financial instruments and renewable energy certificates	-	-	-12	189	-12	165	-	-	-3	-847	-4	-854
Unrealized changes in value, synthetic options	-	-	-	-31	-	-31	-	-	-	-20	-	-20
Impairment losses on non-current assets	-	-	-250	-	-	-250	-	-	-350	-	-	-350
Profit/loss before tax	1,974	1,648	-308	104	0	3,418	1,219	771	-383	-977	-	630
Balance sheet												
Investment properties	20,932	10,562	-	596	-	32,090	19,328	8,590	-	563	-	28,481
Wind turbines	-	-	1,366	-	-	1,366	-	-	1,770	-	-	1,770
Work in progress, co-op apartments	-	32	-	-	-	32	-	601	-	-	-	601
Undistributed assets	-	-	-	-	-	1,118	-	-	-	-	-	905
Total assets	20,932	10,594	1,366	596	0	34,606	19,328	9,191	1,770	563	-	31,757
Equity	-	-	-	-	-	15,102	-	-	-	-	-	12,883
Loans	9,558	1,756	1,203	2,636	-	15,153	8,014	1,497	1,280	4,287	-	15,078
Undistributed liabilities	-	-	-	-	-	4,351	-	-	-	-	-	3,796
Total equity and liabilities	9,558	1,756	1,203	2,636	0	34,606	8,014	1,497	1,280	4,287	-	31,757
Investments	833	1,069	-	-	-	1,902	895	1,004	250	-	-	2,149

NOTE 5. RENTAL INCOME

SEK million	2015	2014
Residential, parking	723	745
Commercial premises	826	821
Total rental income	1,549	1,566

Change in rental income between 2014 and 2015

Rental income according to income statement	1,566	1,578
Change in rental income, existing properties	32	39
New construction	55	32
Acquired properties	28	41
Sold properties	-132	-124
Rental income according to income statement	1,549	1,566
Adjustment to current full-year value		
Vacancies and vacated properties	72	63
Rental value, 31 December	1,621	1,629

The Group's rental income consists exclusively of income at agreed rental rates.

Also see Note 2, for further information regarding rental agreements.

NOTE 6. OPERATING, MANAGEMENT AND ADMINISTRATIVE EXPENSES

Operating expenses include expenses for e.g. electricity, water, heating, property maintenance, cleaning, repairs, site leasehold rents and property tax. Part of the operating expenses are passed on to tenants in the form of rent supplements.

SEK million	2015	2014
Operating expenses		
Fuel expenses	73	80
Other operating expenses	156	165
Maintenance costs	114	116
Site leasehold/rent	13	13
Property tax	63	65
Total	419	439
Operating expense SEK/sq m		
Fuel expenses	69	75
Other operating expenses	147	154
Maintenance costs	108	108
Site leasehold/rent	12	13
Property tax	60	61
Total	396	411
Management and administrative expenses		
Depreciation, equipment and capitalized software expenses	8	7
Marketing expenses	28	25
Other external services and expenses	24	24
Personnel expenses*	169	173
Cost of premises, rent for non-current assets, office supplies	36	31
Other expenses	11	15
Total	276	275
<i>*Includes cost of synthetic options scheme</i>	31	20

Due to the high occupancy rate, direct costs attributable to properties, which did not generate income, are only marginal.

NOTE 7. SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

SEK million	2015					2014				
	Basic salary	Benefits	Variable remuneration	Social security expenses	Pension expenses	Basic salary	Benefits	Variable remuneration	Social security expenses	Pension expenses
Chairman of the Board	0.7	-	-	0.2	-	0.7	-	-	0.2	-
Board members	0.6	-	-	0.2	-	0.6	-	-	0.2	-
Total directors' fees	1.3	-	-	0.4	-	1.3	-	-	0.4	-
CEO, parent company	4.3	0.6	-	2.2	1.7	4.3	0.5	1.0	2.6	1.6
Deputy CEOs, 3 persons (3)	7.6	0.4	-	2.9	2.6	9.2	0.6	3.0	5.0	3.2
Other senior executives 3 persons (3)	3.5	0.1	-	1.5	1.6	3.1	0.1	-	1.4	1.5
Other employees	104.0	3.2	-	36.3	14.7	100.2	3.4	-	33.1	13.6
Total	119.4	4.3	0.0	42.9	20.6	118.1	4.6	4.0	42.5	19.9

Remuneration

The CEO received a salary along with the use of a car and a residence, totaling SEK 4.9 million (5.8). No variable remuneration was paid for the 2015 financial year (SEK 1 million).

Senior executives are offered fixed salaries at market-related levels. In addition to fixed salary, variable remuneration may be offered. The principles for these are approved by the AGM. The salaries of the CEO and Deputy CEOs are determined by a remuneration committee, which consists of the Board's presiding committee. Remuneration to other senior executives is deter-

mined according to the Board's guidelines.

In accordance with the resolution passed by the AGM, the Board of Directors will receive fees of SEK 1,330,000 (1,290,000) for the period from April 2015 until the AGM in 2016, of which SEK 670,000 (650,000) is paid to the Chairman of the Board Christer Villard, SEK 240,000 (235,000) to Vice Chairman Ulrica Jansson Messing and SEK 140,000 (135,000) to each of the other Board members (Anders Bertsson, Agneta Wallenstam and Erik Åsbrink). No additional remuneration other than the fees approved by the AGM was paid to the Board.

NOTE 7. SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES, CONT.

Pensions and termination benefits

The company has taken out pension insurance for the CEO with an annual premium of 35 percent of the gross salary including car and housing benefit in addition to survivors' pension insurance equivalent to a premium expense of SEK 96,000 for 2015. The company has also taken out a life insurance policy to provide a survivor's pension in the event of death while in service. This obligation is provided by payment into a defined premium insurance policy for which the costs in 2015 amounted to SEK 73,000 in total.

If the CEO resigns his position, six months' notice must be given. Termination of the CEO's employment by the company is also subject to a period of notice of six months. On leaving the company the CEO, or his survivor in the event of his death, has the right to purchase his current company-owned accommodation for 1.33 times the taxable value at the time of sale.

At year-end 2015, the company had two Deputy CEOs, while there were three during the first half of 2015. Other senior executives consist of the CFO & IR Manager, the Director of Communications, Finance Director and Deputy CEOs, of whom there were three during the first half of 2015 and two during the second half of the year. Pensions for Deputy CEOs and other senior executives in accordance with the remuneration policy consist of defined contribution pensions. To fulfil pension benefits for other senior executives, the company has taken out pension insurance equivalent to 35 percent or 30 percent of gross salary. The period of notice for other senior executives is six months. With regard to the Deputy CEOs and other senior executives, 18 months' termination benefits will apply in the case of termination of employment by the company. Deputy CEOs with company-owned accommodation have the right to purchase said accommodation at the market value prevailing at the time of sale. In the event of absence due to illness, senior executives – like other employees – are entitled to 90 percent of fixed monthly salary for days 2–90 and 75 percent of fixed salary for days 91–365, less what can be obtained from Försäkringskassan, the Swedish Social Insurance Agency. The retirement age for the CEO is 65 and for the other senior executives it is 65–67 unless separate agreements are concluded.

SHARE-BASED PAYMENTS TO GROUP MANAGEMENT AND OTHER EMPLOYEES

Options scheme 2013–2019*

In September 2013, all permanently employed staff were offered synthetic options free of charge. The option scheme runs until 31 May 2019 and means that employees are able to share in the created value growth. 194 employees accepted the offer and each received 20,000–100,000 synthetic options. The CEO and Deputy CEOs received 100,000 synthetic options and other senior executives a total of 180,000. In 2015 a further 143,000 synthetic options were issued. The options are valued according to the Black & Scholes model. Important input data for the model includes the share price as of the closing day of SEK 68, an exercise price of SEK 52.50 with a ceiling of SEK 80, an anticipated share price volatility of 22 percent, the options' term up to and including 31 May 2019, an anticipated dividend of SEK 1.25 and an annual risk-free interest rate of -0.09 percent. Volatility is calculated as the estimated future volatility during the remainder of the options' term.

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 (23) and the purchased option value, with an exercise price of SEK 52.50, to be SEK -75 million (-66). In the event of a maximum outcome, which will occur if all the options are exercised and a price of SEK 80 per share is reached, the maximum cost to the company will be around SEK 250 million. The total number of synthetic options issued is 5,042,000 out of a maximum of 8,000,000. A maximum outcome based on the prevailing number of options issued, will generate an expense for the company of around SEK 139 million. Closing liabilities at year-end totaled SEK 75 million (43). Expenses for the year totaled SEK 31 million (20). The option holder has the right to demand settlement of the synthetic options on maturity date or if the closing price of the Wallenstam share exceeds SEK 80 for at least five days during a 30-day period.

*All information was restated in connection with the share split completed during 2015.

Synthetic options scheme costs

SEK million	2015	2014
CEO	0.6	0.4
Deputy CEOs, 3 persons (3)	1.8	1.2
Other senior executives 3 persons (2)	1.1	0.7
Other employees	27.8	18.2
Total	31.3	20.5

Pension insurance with Alecta

Pension insurance contributions for the year in Alecta in respect of ITP 2 totaled SEK 6.6 million (6.2). Alecta's surplus can be distributed to the policyholders and/or the insured. At year-end 2015, Alecta's surplus in the form of the collective consolidation level was 153 percent (143). Wallenstam's share of the total number of savings premiums for ITP 2 with Alecta was 0.03207 percent.

NOTE 8. AVERAGE NUMBER OF EMPLOYEES

2015		2014	
Average no. of employees	Of whom women	Average no. of employees	Of whom women
216	121	203	117

Board members and senior executives

	31 DEC 2015		31 DEC 2014	
	Number	Of whom women	Number	Of whom women
Board members	5	2	5	2
CEO, Deputy CEOs and senior executives	7	2	7	2

NOTE 9. RELATED PARTY DISCLOSURES

Related parties

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

Wallenstam has adopted procedures for defining related parties, for managing transactions and monitoring related party agreements.

Related parties are defined as:

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

As with all transactions, those with related parties must be carried out on commercial terms. Special attention must be paid to the guidelines pertaining to conflicts of interest during such transactions. In order to ensure that no extraneous factors are taken into consideration when entering into related-party agreements, two people must always approve the agreement on behalf of Wallenstam. Moreover, authorized individuals may not authorize expenditures for their own benefit. Prior to the preparation of the annual accounts, individual members of Wallenstam's Board of Directors and company management provide an assurance as to whether they or their close family have entered into any transactions during the financial year that can be considered related-party transactions with Wallenstam Group companies.

Transactions with related parties

The parent company performed administrative services for other Group companies. Income from these services is recognized as management revenue; see parent company Note 2. The parent company has expenses from other Group companies in respect of electricity, rental of premises, purchasing of restaurant services/food and PR totalling around SEK 23 million (22). The parent company manages loan procurements and interest rate derivatives on behalf of the subsidiaries.

Individuals and companies related to Board members rent apartments and are also electricity customers. In 2015, insurance services with annual fees of SEK 5.1 million were purchased from companies with board members who are also members of Wallenstam's Board of Directors or Group management. Contractual pension payments to Alecta also constitute a related-party transaction, as a Board member of Wallenstam is also a member of Alecta's board of directors. Architectural services were purchased for SEK 1.1 million from companies related to a former Deputy CEO that are also Svensk NaturEnergi electricity customers. In addition, a company related to one of Wallenstam's Board members, performed building contract services with a total contract value of SEK 221 million. This company has been a Svensk NaturEnergi electricity customer since the end of 2014. The CEO is a joint owner (50 percent) of Aranea Holding AB. Aranea Holding AB through subsidiaries, owns two wind turbines and 48 percent of the floorball equipment manufacturer, Renew Group Sweden AB. Electricity trading for wind turbines is handled by Svensk NaturEnergi AB. Aranea and Renew are tenants of Wallenstam with an annual rental value equivalent to SEK 0.5 million and SEK 3.4 million, respectively. Both are also electricity customers.

Wallenstam's involvement in environmental and social responsibility issues is described in more detail on pages 31-35 of the 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 pertains to the Rescue Mission in Gothenburg and Barn i Nöd (Swedish International Help for Children). During the year, Barn i Nöd received SEK 1.8 million in contributions and the Rescue Mission in Gothenburg SEK 2.5 million. Wallenstam also issued a general guarantee commitment for the Rescue Mission in Gothenburg of SEK 12.5 million. The Rescue Mission in Gothenburg rents premises from Wallenstam equivalent to rental income of about SEK 3.7 million annually. Both are also Svensk NaturEnergi electricity customers. All transactions take place on market-related terms. Apart from the transactions during the year, Wallenstam already owns 6.1 percent of Exeger Sweden AB where Wallenstam's Chairman is a board member.

NOTE 10. MANAGEMENT AND ADMINISTRATIVE EXPENSES

Management costs and administration expenses include the Group's administrative expenses such as personnel, office, premises and marketing expenses and the depreciation of equipment. These are broken down and presented in the income statement on three lines: property management operations, property transactions and natural energy management operations.

Management costs and administration expenses attributable to the Group's property management operations amounted to SEK 188 million (187). Management costs and administrative expenses attributable to natural energy operations amounted to SEK 32 million (35). Administration expenses attributable to property transactions are included in the item selling and administrative expenses, sales of investment properties and amounted to SEK 21 million (33) and in costs for sale of co-op apartments of SEK 4 million (0).

Wallenstam uses the services of Deloitte for audit.

SEK million	2015	2014
Audit assignment	1.0	0.9
Audited-related advice	-	0.1
Tax advice	-	0.1
Other assignments	-	0.1
Total	1.0	1.2

NOTE 11. FINANCIAL INCOME AND EXPENSES

SEK million	2015	2014
Financial income		
Interest income, current assets	19	16
Dividend	0	1
Other financial income	1	0
Total interest income	20	17
Financial expenses		
Interest expenses properties	-288	-362
Interest expenses energy	-33	-38
Other financial costs	-2	-3
Total interest expenses	-323	-403

During the year, SEK 40 million (60) in interest relating to investments in projects was capitalized. The average interest rate was used for capitalization, which amounted to 2.3 percent (2.8).

Net financial items including changes in value of financial derivative instruments amounted to SEK -138 million (-1,240); refer to Note 2.

NOTE 12. MANAGEMENT COSTS AND CAPITAL GAINS, NATURAL ENERGY

SEK million	2015	2014
Result from natural energy management operations		
Electricity income	304	280
Electricity expenses	-150	-141
Depreciation and amortization	-94	-91
Management costs and administrative expenses, natural energy	-32	-35
Financial expenses, natural energy	-33	-38
Total result from natural energy management operations	-5	-25
Result from sales of non-current assets	-29	0
Total capital gains, non-current assets	-29	0

NOTE 13. REVENUE AND EXPENSES, CO-OP APARTMENT SALES

SEK million	2015	2014
Revenue, sales of co-op apartments		
Revenue from sales of newly constructed co-op apartment units	1,096	965
Revenue from sales of acquired co-op apartment units	107	90
Total revenue, sales of co-op apartments	1,203	1,055
Expenses, sales of co-op apartments		
Cost of newly constructed co-op apartment units including selling expenses	-913	-758
Cost of acquired co-op apartment units including selling expenses	-79	-71
Total expenses, sales of co-op apartments	-992	-829
Profit from sales of co-op apartments	211	226

NOTE 14. CHANGE IN VALUE, INVESTMENT PROPERTIES

Changes in value of investment properties are recognized in the income statement broken down into Realized change in value, investment properties and Unrealized change in value, investment properties.

Realized change in value consists of the difference between the payment received less selling costs after completed property sales compared to the most recent valuation.

Unrealized change in value is based on the difference between the estimated fair value according to internal valuations and the latest preceding book value. Internal valuations are carried out quarterly. For further information on the valuation of investment properties, refer to Note 17.

Distribution of change in value, investment properties

SEK million	2015	2014
Sales revenue, sold properties	2,129	2,349
Selling expenses, sold properties	-1,921	-2,059
Investments in sold properties	-4	-7
Unrealized change in value, investment properties	2,507	829
Total change in value, investment properties	2,711	1,112
<i>Unrealized change in value, investment properties</i>		
Change in yield value	1,616	223
Capitalization of change in net operating income	278	428
Change in value due to contracted sales	157	63
Future investment requirements	-267	-31
Change in value, major completed conversions	84	-
New construction	639	146
Unrealized change in value, investment properties	2,507	829
Realized changes in value, investment properties	204	283
Total change in value, investment properties	2,711	1,112

During 2015, Wallenstam sold properties at a value that on average exceeded the valuation by 11 percent (14) after taking account of investments during the year.

NOTE 15. TAX EXPENSE/INCOME

The current tax rate for limited liability companies in Sweden is 22 percent (22). The tax in the income statement is split between two items, current tax and deferred tax. Current tax is calculated based on the company's taxable earnings, which differ from the recognized profit/loss. This is mainly due to the possibility to:

- utilize tax depreciation
- utilize tax deductions for certain conversions of properties, which is capitalized in the accounts
- utilize the Group's existing tax loss carryforwards
- sell properties in a tax-efficient manner

Current tax – i.e. taxes paid – that arises despite the Group's tax losses is due to the lack of tax-deductible Group contribution opportunities for certain subsidiaries.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities. The deferred tax asset mainly refers to the value of loss carryforwards in Group companies. The deferred tax liability refers to differences between carrying amounts and fiscal residual values for Group properties. Deferred tax assets and deferred tax liabilities are measured at nominal amounts in the balance sheet in accordance with the prevailing tax regulations and tax rates.

The total tax recognized in the income statement deviates from the nominal tax in cases where there are recognized income and expenses that are not taxable or deductible, or due to other tax-related adjustments, which are mainly related to the fact that disposal of subsidiaries is not taxable.

Tax recognized in the income statement

SEK million	2015	2014
Current tax	-1	-1
Deferred tax	-663	-44
Total tax	-664	-45

Difference between the Group's recognized tax and tax based on the applicable tax rate of 22 percent (22)

SEK million	2015	2014
Recognized profit before tax	3,418	630
Tax according to current tax rate	-752	-139
Tax effect of:		
Non-deductible expenses	-10	-8
Non-taxable income	0	0
Non-deductible impairment losses	-	0
Adjustment of tax, previous year	-7	-154
Reversed impairment losses	3	3
Non-taxable profit on sold properties	116	251
Acquisitions of companies	-12	2
Pension obligations secured via endowment insurance	1	1
Non-assessed deficit	-3	-2
Other items	0	1
Tax on profit for the year in the income statement	-664	-45

Tax items recognized in other comprehensive income

SEK million	2015	2014
Deferred tax attributable to:		
Changes in value, translation differences	3	0
Total tax items recognized in other comprehensive income	3	0

Distribution of deferred and current tax

SEK million	2015		2014	
	Basis current tax	Basis deferred tax	Basis current tax	Basis deferred tax
Profit before tax	3,418		630	
Tax deductible:				
Conversions	-301	301	-227	227
Depreciation	-229	229	-225	225
Additional depreciation	-172	172	-25	25
Impairment losses and reversals	99	-111	13	-26
Sale of properties	535	-1,063	352	-1,495
Unrealized change in value, properties	-2,507	2,507	-829	829
Unrealized change in value, financial derivative instruments	-165	165	854	-854
Realized change in value, financial derivative instruments	-8	8	-8	8
Remeasurement, renewable energy certificates	-7	7	5	-5
Other non-deductible expenses	45	-5	35	-5
Other consolidation adjustments	-16	16	-2	1
Acquisition of companies	-1	56	-	-11
Adjustment of tax, previous years	-	30	-	701
Current profit for tax purposes	691	2,312	573	-380
Change in tax loss carryforwards during the year	-686	686	-569	569
Taxable profit	5	2,998	4	189
Tax for the year	-1	-660	-1	-42
Non-assessed deficit	-	-3	-	-2
Tax for the year in the income statement	-1	-663	-1	-44

NOTE 16. INTANGIBLE ASSETS

Intangible assets refer to capitalized expenses for computer software.

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	36	33
Investments during the year	10	3
Sales/retirements during the year	-1	-
Closing accumulated acquisition cost	45	36
Opening amortization	-29	-26
Amortization for the year	0	-3
Sales/retirements during the year	-2	-
Closing accumulated amortization	-31	-29
Book value at year-end	14	7

NOTE 17. INVESTMENT PROPERTIES

SEK million	31 DEC 2015	31 DEC 2014
Carrying amount, 1 Jan	28,481	28,079
Acquisitions during the year	1,270	42
Reclassification from co-op due to acquisition	-	76
Construction during the year	1,757	1,513
Sales during the year	-1,925	-2,059
Unrealized changes in value	2,507	829
Carrying amount, 31 Dec	32,090	28,481

Capitalized interest during the year amounted to SEK 40 million (29). The average interest rate was about 2.3 percent (2.8).

NOTE 17. INVESTMENT PROPERTIES, CONT.

Tax assessment value

SEK million	31 DEC 2015	31 DEC 2014
Buildings	7,580	7,002
Land	3,430	3,279
Leasehold rights	1,955	2,649
Total tax assessment value	12,965	12,930

Investment commitments

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

SEK million	31 DEC 2015	31 DEC 2014
Investments	1,407	1,002

Valuation

Wallenstam recognizes investment properties at estimated market values. A complete valuation of each individual building is made by an internal valuation team in connection with interim and annual accounts. Valuations are performed according to a yield valuation, which means that the net operating income of each individual property is divided by the yield requirement for the property in question. Different yield requirements have been used for different markets and different types of property.

In valuing the properties, the following are considered, among other things:

- An analysis of concluded and non-concluded property transactions.
- An evaluation of the yield requirements in each market.
- An evaluation of each property's specific circumstances e.g. in term of condition and location.

NOTE 17. INVESTMENT PROPERTIES, CONT.

- Analysis of rent levels, contract lengths, vacancy and rental trends.
- An analysis of existing tenants.
- Credit market conditions.

At each valuation, the calculation is adjusted in cases where significant changes in the underlying factors have taken place, such as the yield requirement, rent level, occupancy rate, effects of contracted sales and completed conversions. The fair value of new construction of rental apartments is determined as cost plus a share of the calculated surplus value on the completion date in relation to the building's degree of completion, which is in turn based on incurred expenses.

Land rights and development rights for zoned land are valued at market value. Fair values attributable to level 2 for land and development rights have been calculated using comparisons of selling prices. Selling prices for comparable buildings in the immediate vicinity have been adjusted for differences in essential characteristics, such as the size of the property. The most significant input data for this valuation is the price per square metre.

According to IFRS 13, the fair value of investment properties is attributable to one of the levels 1, 2 or 3 of a fair value hierarchy. Wallenstam's view is that property valuations are at level 3 of the fair value hierarchy.

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

Wallenstam's valuation model

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

* The rental value is calculated on the basis of expected rent levels in 2016.

Net operating income

The improvement in net operating income is partly attributable to higher rents in comparable holdings and partly to lower operating expenses. Wallenstam's residential property holdings are fully let and the year's rent negotiations resulted in an average rise for 2015 of 1.0 percent in Gothenburg and 1.4 percent in Stockholm. Rent levels for Wallenstam's commercial premises in comparable holdings increased by around 0.8 percent compared to the previous year, mainly due to cost index escalations.

Basis for determining anticipated yield requirements.

Yield requirements differ between properties depending on the market and the type of property. Yield valuations are based on residential and commercial floor space, with different yield requirements for the respective lettable space. Analyses and comparisons are made with current price statistics for similar items of property. Wallenstam completes a significant number of property transactions every year which generates for a good feel for the market. When a transaction is completed a cross-check is made of the valuations made. Wallenstam also monitors property transactions completed in relevant areas. Properties that undergo comprehensive reconstruction are measured initially at the value prior to construction and then afterwards, taking into consideration expenses incurred in the reconstruction project, as this is considered to correspond to market value. When a building is completed or when critical factors such as rent levels and net operating income can be determined with reasonable certainty, fair value is calculated again according to the yield-based valuation model described above. Deductions are made from the yield value for estimated future investment requirements.

Yield requirement, investment properties

Location	Property type	31 DEC 2015, %	31 DEC 2014, %
Stockholm	Residential	3.00 - 4.00	3.25 - 4.25
Gothenburg	Residential	3.00 - 4.75	3.25 - 4.75
Gothenburg	Commercial premises	4.50 - 8.50	4.75 - 8.50

Assumptions per property category

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

Property type	Location	Average yield requirement
		31 DEC 2015, %
Residential	Gothenburg	3.4
Residential	Stockholm	3.6
Commercial premises		5.3
Average yield requirement residential		3.5
Average yield requirement commercial holdings		5.3

Sensitivity analysis

Fair value is an estimation of a probable selling price on the market at a given valuation date. However, the actual price can only be determined when a transaction is completed and paid for. To illustrate the uncertainty surrounding estimates of market value, a value range is often specified, usually +/- 5 to 10 percent. However, this may vary depending on such things as the market situation, the standard of the property and investment requirements. As of 31 December 2015, Wallenstam had investment properties valued at SEK 32,090 million (28 481); an uncertainty range of +/- 5-10 percent means their estimated fair value varies by +/- SEK 1.6 billion at +/- 5 percent and by +/- SEK 3.2 billion at +/- 10 percent. Furthermore, changes to yield requirements have a substantial effect on the valuation. A 0.25 percent adjustment in the yield requirement changes property values by around + SEK 1.6 billion and - SEK 1.8 billion respectively, which is equivalent to a net asset value of around SEK 5 per share (9 and -8 respectively).

Property values with other yield requirements

SEK million	31 DEC 2015	31 DEC 2014
0.5 percentage points lower	36,040	31,762
0.25 percentage points lower	33,926	30,015
Our estimate	32,090	28,481
0.25 percentage points higher	30,478	27,122
0.5 percentage points higher	29,049	25,908

A change in rental income of +/- 5 percent changes the value of the properties by about +/- SEK 1.9 billion (1.6).

Property values with changed rental income

SEK million	31 DEC 2015	31 DEC 2014
5 percentage points higher	33,970	30,110
Our estimate	32,090	28,481
5 percentage points lower	30,210	26,852

NOTE 18. WIND POWER AND HYDROELECTRIC POWER

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	2,632	2,425
Reclassification	-14	-1
Investments during the year	0	250
Sales during the year	-51	-42
Closing accumulated acquisition cost	2,567	2,632
Opening depreciation	-262	-193
Depreciation for the year	-95	-91
Sales during the year	6	22
Closing accumulated depreciation	-351	-262
Opening impairment losses	-600	-250
Impairment losses for the year	-250	-350
Closing accumulated impairment losses	-850	-600
Book value at year-end	1,366	1,770
Future investment commitments	27	29

An impairment test is based on a calculation of value in use. This value is based on cash flow forecasts for the useful life. Cash flows are affected by commercial factors such as market growth, competitiveness, prices, margins, cost trends, investment levels and tied up working capital. Additional assessment of such factors as the interest rate situation, borrowing costs, market risk, beta values and tax rates is performed in connection with discounting.

The production volume is based on the budget and was assessed in the impairment test as a normal year in accordance with the latest available statistics. The electricity price varies over time. As an input electricity price in the valuation model, an average price from five years of prices is calculated based on the outcome from four historic years and a future year with a forecast based on the Board's best estimate using current market data. On the measurement date, the relevant five-year period runs from 1 January 2012 until 31 December 2016. This price forms the basis for estimating cash flows for the period 2016-2020. In addition, an average annual growth rate of 2 percent was assumed for the period, which is also the assumption made for the period after 2020 until the expiry of the useful life.

The recoverable amount is equal to the value in use and amounted to SEK 1,366 million (1,770). During the year, invest-

ments in wind turbines were written down by a total of SEK 250 million (350). This is recognized in the income statement as an impairment loss on non-current assets and is primarily a result of low market prices for electricity and renewable energy certificates. Furthermore, the turbines concerned were acquired at times when both purchase prices and the currency (EUR) exchange rate were high, which affected cost values. The valuation was made by identifying the recoverable amount of wind turbines as corresponding to value in use with yield requirements before tax equivalent to 7.7 percent. Valuation took place per wind farm, which corresponds to the lowest cash-generating unit. Sensitivity analyses have been carried out. In all, 16 wind farms and three project were affected by the impairment losses.

Capitalized interest amounted to SEK 0 million (5).

NOTE 19. EQUIPMENT

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	82	71
Investments during the year	5	11
Sales/retirements during the year	-3	0
Reclassification, inventories	-2	-
Closing accumulated acquisition cost	82	82
Opening depreciation	-32	-27
Depreciation for the year	-5	-5
Sales/retirements during the year	3	0
Reclassification, inventories	1	-
Closing accumulated depreciation	-33	-32
Book value at year-end	49	50

NOTE 20. FINANCIAL ASSETS

Other investments held as fixed assets

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	103	101
Sales during the year	-14	-12
Investments during the year	13	12
Change in value for the year	-2	2
Reclassification	4	-
Book value at year-end	104	103

Other investments held as fixed assets consist of Exeger AB, SEK 22 million (22), Eolus Vind AB, SEK 7 million (9) and other participations SEK 20 million (37) and SEK 40 million (35) in K-insurance pledged for future commitments.

Non-current receivables

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	440	399
New receivables	82	177
Reclassified to current	-100	-
Amortizations	-148	-136
Book value at year-end	274	440

Non-current receivables consist mainly of promissory notes. The weighted average effective interest rate for interest-bearing non-current receivables was 2.79 percent (3.87). All non-current receivables follow payment plans. No write-down requirement is considered to exist for non-current receivables. There are no overdue non-current receivables.

Receivables from associated companies are included of SEK 21 million (21) in total.

NOTE 21. INTANGIBLE CURRENT ASSETS

SEK million	31 DEC 2015	31 DEC 2014
Renewable energy certificates		
Carrying amount, 1 Jan	69	58
Production during the year	64	57
Cancellations during the year due to own consumption	-5	-4
Acquisitions during the year	3	1
Sales during the year	-36	-40
Unrealized changes in value,	5	-3
Book value at year-end	100	69

Renewable energy certificates are measured at fair value corresponding to IFRS level 2.

NOTE 22. WORK IN PROGRESS, CO-OP APARTMENTS

SEK million	31 DEC 2015	31 DEC 2014
Carrying amount, 1 Jan	601	970
Construction	145	386
Cost, sold co-op apartments	-714	-679
Reclassification to investment property due to acquisition	-	-76
Total assets, co-op construction in progress	32	601

NOTE 23. TRADE RECEIVABLES

SEK million	31 DEC 2015	31 DEC 2014
Trade receivables	23	25
Less provision for depreciation of receivables	-7	-7
Book value at year-end	16	19

Provisions for doubtful receivables

SEK million	31 DEC 2015	31 DEC 2014
Provisions at beginning of the year	-7	-10
Verified losses	0	0
Provisions for probable losses	-7	-7
Reversed unutilized amount	7	10
Provisions at year-end	-7	-7

Trade receivables due more than two months amounted to SEK 7 million (7).

NOTE 24. OTHER RECEIVABLES

SEK million	31 DEC 2015	31 DEC 2014
Receivables relating to property transactions	0	2
Other	64	16
Promissory notes	344	1
Book value at year-end	408	19

Other receivables mainly consist of promissory notes and VAT receivables with the Swedish Tax Agency.

NOTE 25. PREPAID EXPENSES AND ACCRUED INCOME

SEK million	31 DEC 2015	31 DEC 2014
Prepaid insurance premiums	1	1
Prepaid operating expenses	14	15
Accrued income	16	16
Prepaid administrative expenses	11	15
Accrued insurance compensation	0	2
Prepaid expenses connected to transactions	6	33
Prepaid rental expenses	7	7
Accrued interest income	14	1
Book value at year-end	69	90

NOTE 26. PARTICIPATIONS

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	25	47
Investments during the year	43	69
Sales during the year	-40	-91
Book value at year-end	28	25

Participations consist of externally acquired holdings in cooperative associations.

NOTE 27. CASH AND CASH EQUIVALENTS

SEK million	31 DEC 2015	31 DEC 2014
Cash and cash equivalents	41	56
Approved amount	800	600
Utilized amount	-169	-17
Available amount, overdraft facilities.	631	583
Available liquid assets	672	639

In addition to this, a still unutilized building credit and credit facilities of SEK 1,215 million (887) is available.

NOTE 28. EQUITY

A specification of change in equity is provided in the statement of changes in equity, immediately after the balance sheet.

Number of shares	A shares	B shares	Total number	Of which, treasury shares	Outstanding shares	Quota value, SEK
Quantity 31 Dec 2014	34,500,000	305,500,000	340,000,000	6,000,000	334,000,000	0.50
Repurchases				2,200,000	-2,200,000	
Quantity 31 Dec 2015	34,500,000	305,500,000	340,000,000	8,200,000	331,800,000	0.50

The share capital in Wallenstam AB consists of 34,500,000 A shares, which carry ten votes each, and 305,500,000 B shares, which carry one vote each. On closing day, the number of repurchased B shares amounted to 8,200,000, representing 3.5 percent of the share capital. During 2015, a total of 2,200,000 shares were repurchased at an average price of SEK 68.16. The average rate for all treasury shares amounts to SEK 56.30.

The proposed dividend for the 2015 financial year is SEK 1.50 per share (1.13). A 2:1 share split was carried out on 26 May 2015.

Earnings per share

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

Specification of parameters used	2015	2014
Net profit for the year excluding participations attributable to non-controlling interests, SEK million	2,743	585
Average number of shares, thousands	333,536	336,400
Earnings per share, SEK	8.3	1.7

There are no dilution effects.

NOTE 29. DEFERRED TAX

SEK million	31 DEC 2015		31 DEC 2014	
	Basis Tax 22 %	Basis Tax 22 %	Basis Tax 22 %	Basis Tax 22 %
Deferred tax asset				
<i>Loss carryforwards</i>				
At beginning of year	3,528	776	4,891	1,076
Change in tax loss carryforwards during the year	-686	-151	-569	-125
Divested losses	-1	0	-2	0
Acquired losses	17	4	-	-
Non-measured loss	-12	-3	-11	-2
Adjustment of tax, previous years	3	1	-781	-172
At year-end as per balance sheet	2,849	627	3,528	776
<i>Interest rate derivatives</i>				
At beginning of year	1,003	221	158	35
Change in value for the year, unrealized	-189	-42	845	186
At year-end as per balance sheet	814	179	1,003	221
<i>Pension commitments incl. payroll tax</i>				
At beginning of year	37	8	32	7
Changes during the year	5	1	5	1
At year-end as per balance sheet	42	9	37	8
<i>Shareholding</i>				
At beginning of year	1	0	1	0
Changes during the year	1	0	0	0
At year-end as per balance sheet	2	0	1	0
<i>Other temporary differences</i>				
At beginning of year	60	13	250	55
Changes during the year	-20	-4	-20	-5
Adjustment of tax, previous years	-	-	-170	-37
At year-end as per balance sheet	40	9	60	13
At year-end as per balance sheet	3,747	824	4,629	1,018

Deferred tax assets include measured loss carryforwards totaling SEK 627 million (776), which basically corresponds to all of the Group's Swedish loss carryforwards.

SEK million	31 DEC 2015		31 DEC 2014	
	Basis Tax 22 %	Basis Tax 22 %	Basis Tax 22 %	Basis Tax 22 %
Deferred tax liability				
<i>Properties</i>				
At beginning of year	13,255	2,916	13,476	2,964
Conversions during the year	301	66	227	50
Depreciation for the year	230	51	228	50
Additional depreciation for the year	5	1	-	-
Impairment losses and reversals	20	4	-2	0
Change in value for the year	2,507	552	829	182
Reversals for the year, due to sales	-1,063	-234	-1,493	-328
Adjustment of tax, previous years	34	7	-	-
Other adjustments	-	-	1	0
Tax exempted due to assets acquisitions	57	12	-11	-2
At year-end as per balance sheet	15,346	3,375	13,255	2,916

NOTE 29. DEFERRED TAX, CONT.

SEK million	31 DEC 2015		31 DEC 2014	
	Basis Tax 22 %	Basis Tax 22 %	Basis Tax 22 %	Basis Tax 22 %
<i>Wind turbines</i>				
At beginning of year	751	165	1,015	222
Depreciation for the year	-1	0	-3	-1
Additional depreciation for the year	167	37	25	6
Impairment losses for the year	-120	-26	-43	-9
Changes in value of derivatives for the year, realized	8	2	8	2
Changes in value of derivatives for the year, unrealized	-24	-5	-9	-2
Reversals for the year, due to sales	-29	-6	-	-
Remeasurement, renewable energy certificates	7	2	-5	-1
Remeasurement of participations in in foreign subsidiaries	-10	-2	15	3
Other adjustments	0	0	-2	0
Adjustment of tax, previous years	-	-	-250	-55
At year-end as per balance sheet	749	165	751	165
Net deferred tax				
At beginning of year	9,377	2,063	9,159	2,014
Changes during the year	2,971	653	218	49
At year-end as per balance sheet	12,348	2,716	9,377	2,063

NOTE 30. OTHER PROVISIONS

SEK million	31 DEC	31 DEC
	2015	2014
Capital value of pension commitments	40	35
Other provisions	0	1
Book value at year-end	40	36

NOTE 31. ACCRUED EXPENSES AND PREPAID INCOME

SEK million	31 DEC	31 DEC
	2015	2014
Accrued salary costs	33	34
Accrued interest expenses	45	48
Accrued operating expenses	44	46
Accrued administrative expenses	28	44
Prepaid rental income	150	142
Accrued expenses co-op construction, aftermarket	21	-
Accrued expenses connected to property transactions	0	23
Book value at year-end	321	337

NOTE 32. PLEDGED ASSETS

SEK million	31 DEC	31 DEC
	2015	2014
Property mortgages in respect of property-linked loans	14,107	14,474
Pension commitments	40	35
Wind turbines	71	675
Blocked bank funds	7	1
Total pledged assets	14,225	15,185

NOTE 33. CONTINGENT LIABILITIES

There is responsibility for the reversal of VAT on investments in commercial premises relating to tenants liable for VAT when the premises are leased to a tenant not liable for VAT. It is not possible to determine the amount.

Other contingent liabilities refer to commitments in respect of investments in wind turbines amounting to SEK 27 million (29) and a loan guarantee of SEK 3 million (2) to Fastigo.

NOTE 34. STATEMENT OF CASH FLOWS

The statement of cash flows has been adjusted for items not affecting liquidity in order to show incoming and outgoing payments in operating activities. Operating activities have been adjusted to reflect changes in transitory items, deferred tax and depreciation. Adjustments have also been made for capital gains on the sale of assets as these do not affect liquidity.

Investing activities have been adjusted for investments not yet paid.

Financing activities have been adjusted to reflect vendor's mortgages in property transactions and changes in transitory items.

SEK million	2015	2014
Adjustment items, not affecting cash flow		
Capital gains, properties, co-op projects and apartments	-417	-492
Reversed impairment losses	-	-14
Realized profit from sales of other assets	30	0
Depreciation	102	97
Other adjustments	-27	-8
Total	-312	-417

NOTE 35. COMPANY ACQUISITIONS AND SALES

During the year Wallenstam acquired a number of properties converted into companies. All transactions for the year were assessed as being asset acquisitions. As in the previous year, a number of properties were divested in a similar manner. Disclosures regarding asset acquisitions and property sales are provided in Note 17.

NOTE 36. POST-BALANCE SHEET EVENTS

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

PARENT COMPANY INCOME STATEMENT

SEK million	Note	2015	2014
Management revenue	2	195	198
Management costs and administrative expenses	4, 5, 6, 7	-321	-323
Rental income		69	57
Operating expenses	8	-35	-34
Depreciation, properties	13	-18	-12
Operating profit/loss		-110	-114
Profit from participations in Group companies	9, 14	486	421
Interest income and similar profit/loss items	10	529	634
Interest expenses and similar profit/loss items	10	-652	-728
Unrealized change in value, derivative instruments		189	-845
Net financial items		552	-518
Profit/loss after financial items		442	-632
Appropriations			
Additional depreciation		-5	-
Group contributions		-614	-
Tax on profit for the year	11	-33	-55
Net profit for the year		-210	-687
Comprehensive income		-210	-687

PARENT COMPANY BALANCE SHEET

SEK million	Note	31 DEC 2015	31 DEC 2014
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12	14	7
Total intangible assets		14	7
Property, plant and equipment			
Investment properties	13	1,192	1,114
Equipment		11	13
Total property, plant and equipment		1,203	1,127
Financial assets			
Participations, subsidiaries	14, 15, 16	5,469	5,961
Receivables from Group companies	3, 14	11,771	11,335
Financial derivative instruments	3, 17	-	27
Other investments held as fixed assets	3, 14	55	70
Deferred tax asset	21	336	369
Other non-current receivables	3	1	4
Total financial assets		17,632	17,766
Total non-current assets		18,849	18,900
CURRENT ASSETS			
Inventories	3	1	-
Financial derivative instruments	3, 17	15	-
Others receivables	3	29	0
Trade receivables	3	1	-
Prepaid expenses and accrued income	3, 18	29	40
Cash and cash equivalents	3, 19	22	43
Total current assets		97	83
Total assets		18,946	18,983
EQUITY AND LIABILITIES			
RESTRICTED EQUITY			
Share capital	20	170	170
Statutory reserve		122	122
Total restricted equity		292	292
NON-RESTRICTED EQUITY			
Retained earnings		5,561	6,773
Net profit for the year		-210	-687
Total non-restricted equity		5,351	6,086
Total equity		5,643	6,378
UNTAXED RESERVES			
Additional depreciation		5	-
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	3, 22	1,196	600
Liabilities to Group companies	3	3,410	3,686
Provisions for pensions		40	35
Financial derivative instruments	3, 17	809	986
Other liabilities	3	75	46
Total non-current liabilities		5,530	5,353
CURRENT LIABILITIES			
Interest-bearing liabilities	3, 22	7,637	7,089
Financial derivative instruments	3, 17	20	44
Trade payables	3	21	24
Tax liabilities	3	1	-
Other liabilities	3	8	12
Accrued expenses and deferred income	3, 23	81	83
Total current liabilities		7,768	7,252
Total equity and liabilities		18,946	18,983
PLEGGED ASSETS	24	4,226	3,844
CONTINGENT LIABILITIES	25	6,678	7,602

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK million	Note 20	Restricted equity		Non-restricted equity	Total equity
		Share capital	Statutory reserve		
Opening balance, 1 Jan 2014		170	122	7,314	7,606
Net profit for the year		-	-	-687	-687
Transactions with the company's owners					
Dividend		-	-	-337	-337
Repurchase/sale of own shares (incl. expenses)		-	-	-204	-204
Closing balance, 31 Dec 2014		170	122	6,086	6,378
Opening balance, 1 Jan 2015		170	122	6,086	6,378
Net profit for the year		-	-	-210	-210
Transactions with the company's owners					
Dividend		-	-	-376	-376
Repurchase/sale of own shares (incl. expenses)		-	-	-150	-150
Closing balance, 31 Dec 2015		170	122	5,351	5,643

PARENT COMPANY STATEMENT OF CASH FLOWS

SEK million	Note	2015	2014
Cash flow from operating activities			
Operating profit		-110	-114
Adjustment for items not included in the cash flow	26	71	35
Dividends from subsidiaries		971	792
Interest payments and interest subsidies received		529	648
Interest paid		-652	-738
Cash flow before change in working capital		809	623
Change in working capital			
Current receivables		-29	176
Current liabilities		-6	-21
Change in working capital		116	155
Cash flow from operating activities		925	778
Cash flow from investing activities			
Acquired participations		7	2
Withdrawn/deposited shares		-93	-237
Sales of properties, equipment and intangible assets		-	0
Investments in properties, equipment and intangible assets		-15	-6
Cash flow from investing activities		-101	-241
Cash flow from financing activities			
Repurchase of own shares		-150	-204
Group contributions		-614	-
Dividend paid		-376	-337
Raised interest-bearing liabilities		4,858	3,799
Amortization of interest-bearing liabilities		-3,717	-4,122
Change in non-current receivables		17	-3
Change in liabilities to Group companies		-276	81
Change in receivables to Group companies		-436	-9
Cash flow from financing activities		-845	-795
Change in cash and cash equivalents		-21	-258
Cash and cash equivalents at the beginning of the year		43	301
Changes during the year		-21	-258
Cash and cash equivalents at the end of the year		22	43
Unutilized overdraft facility at year-end		631	583
Available liquid assets		653	626

PARENT COMPANY ACCOUNTING PRINCIPLES AND NOTES

NOTE 1. ACCOUNTING PRINCIPLES

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

Differences between the accounting principles of the parent company and the Group

RFR 2 states that a legal entity must apply the same IFRS/IAS as are applied in the consolidated financial statements as far as this is possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation. The recommendation states the exceptions from and additions to IFRS that should be made.

Differences between the Group and parent company accounting principles are described below. The accounting principles subsequently described for the parent company have been applied consistently for all periods presented in the parent company's financial statements.

Changes in Swedish regulations

Swedish Financial Reporting Board

RFR 2, Accounting for Legal Entities, has been adapted to changes made in IFRS. Revisions made in 2015 have had no impact on Wallenstam's reporting.

Classification and presentation

The parent company's income statement and balance sheet are presented according to layout prescribed by the Swedish Annual Accounts Act. The difference from IAS 1, Presentation of Financial Statements, which is applied to the presentation of the consolidated financial statements is mainly in the recognition of financial income and expenses, fixed assets (chiefly Investment properties), equity and the presentation of provisions on a separate line in the balance sheet.

Income

The parent company's net sales consist of management services for subsidiaries. This income is recognized in the period it relates to. In the case of subsidiaries that are limited partnerships in which the parent company is a partner, the parent company receives compensation for management services in the form of dividends.

Dividends

Dividends received from subsidiaries are recognized as revenue provided that they derive from income earned after the acquisition. Dividends which exceed this earned profit are treated as a repayment of the investment and reduce the carrying amount of the participation.

Investment properties

The parent company's investment properties are measured at cost less accumulated depreciation according to plan over their useful life and with necessary impairment charges. Depreciation according to plan is applied to properties at 2 percent.

Cost consists of the acquisition price, land registration costs and improvements that increase value. Interest arising during the production period of large constructions, extensions or conversions is not capitalized for tax reasons.

Only expenses that generate lasting increases in the value of properties are capitalized. Expenses for conversions of a maintenance nature are charged to earnings. The carrying amount of investment properties and equipment is tested for impairment when events or changed circumstances indicate that the carrying amount may not be recoverable. If such indications exist and if the carrying amount exceeds the expected recoverable amount, the assets are written down to the recoverable amount.

Participations in subsidiaries

Participations in subsidiaries are recognized in the parent company using the cost method.

In cases where the carrying amount of the participations exceeds the subsidiaries' fair value, an impairment loss is charged to the income statement. Where the grounds for a previous impairment charge no longer exist, the impairment loss is reversed.

Value transfers between subsidiaries may arise in connection with intra-group restructuring, whereupon an adjustment of the book value of shares in subsidiaries may be necessary. These transactions are recognized in the balance sheet in accordance with RR 1:00 item 38.

Financial instruments

According to RFR 2, parent companies that are covered by the consolidated financial statements must recognize certain financial instruments at fair value. Since Wallenstam does not apply hedge accounting in respect of interest rate derivatives, all changes in value are recognized directly among financial income and expenses in the income statement.

Group contributions and shareholder contributions

Wallenstam AB recognizes Group contributions paid and received as appropriations in the income statement.

Shareholders' contributions are recognized by the parent company (donor) as an increase in the book value of shares and by the subsidiary (recipient) as an increase in non-restricted equity. The value of shareholder contributions capitalized by the parent company is tested as described above under "Participations in subsidiaries".

Contingent liabilities

The parent company's financial guarantee contracts mainly consist of loan guarantees in favour of subsidiaries. Financial guarantees mean the company has a commitment to compensate the holder of a liability instrument for losses that the holder suffers as a result of a named debtor's failure to meet its obligations and/or payments according to the terms of agreement. Contingent liabilities in favor of subsidiaries are financial guarantee agreements and are recognized in accordance with RFR 2, Accounting for Legal Entities, i.e. they are not recognized as provisions but are instead disclosed.

Amended accounting principles

Apart from what is described on pages 80 and 87, the future amendment of IAS 38 will impact the parent company to the extent that capitalized development expenditure will be transferred to a restricted reserve from and including 2016.

NOTE 2. MANAGEMENT REVENUE

Parent company income consists mainly of payments for administrative and project management services performed for other Group companies. Income from Group companies amounted to SEK 194 million (194).

NOTE 3. FINANCIAL INSTRUMENTS

The primary task of the parent company is to perform services for the Group, one of which relates to work on the Group's external financing. As part of this, the parent company is responsible for borrowing including hedging interest rates through interest rate derivative contracts. All the financial circumstances described for the Group (refer to the Group's Note 2) also apply to the parent company, with the exception of electricity derivatives.

NOTE 3. FINANCIAL INSTRUMENTS, CONT.

SEK million	Financial assets measured at fair value through profit or loss		Loans and receivables		Available-for-sale financial assets		Total		Income statement
	Fair value		151231	141231	151231	141231	151231	141231	
	151231	141231							
Financial assets									
Participations in subsidiaries	-	-	-	-	5,469	5,961	5,469	5,961	Profit from participations in Group companies
Receivables from Group companies	-	-	11,771	11,335	-	-	11,771	11,335	Interest income
Other investments held as fixed assets	-	-	-	-	15	35	15	35	Net financial items, Other comprehensive income
Other non-current receivables	-	-	1	4	-	-	1	4	Net financial items
Interest rate derivatives	15	27	-	-	-	-	15	27	Changes in value of derivatives
Other current receivables	-	-	32	1	-	-	32	1	-
Cash and cash equivalents	-	-	22	43	-	-	22	43	-
Total financial assets	15	27	11,826	11,383	5,484	5,996	17,325	17,406	

SEK million	Financial liabilities measured at fair value through profit or loss		Financial liabilities measured at amortized cost		Total		Income statement
	Fair value		151231	141231	151231	141231	
	151231	141231					
Financial liabilities							
Other non-current liabilities	75	43	-	3	75	46	Administrative expenses
Liabilities to Group companies	-	-	3,410	3,686	3,410	3,686	Interest expenses
Interest rate derivatives	829	1,030	-	-	829	1,030	Changes in value of derivatives
Interest-bearing liabilities	-	-	8,833	7,689	8,833	7,689	Interest expenses
Trade payables	-	-	21	24	21	24	Operation and administration
Accrued expenses	-	-	73	75	73	75	Operation and administration
Other current liabilities	-	-	9	12	9	12	Operation and administration
Total financial liabilities	904	1,073	12,346	11,489	13,250	12,562	

According to IFRS 13, a description must be given of how fair value is assessed for all financial instruments measured at fair value and how this value is classified in relation to three levels in a fair value hierarchy. The different levels of the hierarchy are defined as follows:

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

All derivative instruments measured at fair value in the balance sheet are attributable to Level 2 under IFRS 13. Holdings in listed companies measured at fair value are attributable to Level 1. Participations relating to externally acquired holdings in housing cooperatives and holdings in unlisted companies are measured at fair value and are attributable to Level 3.

No change or transfer of any instruments between the different levels of the fair value hierarchy took place during 2015.

DESCRIPTION OF VALUATION TECHNIQUES, LEVELS 2 AND 3

Measurement of liabilities to credit institutions and derivative instruments classified within level 2 is based on information from the banks concerned. The same applies to held-to-maturity investments. Other liabilities are measured at amortized cost, which corresponds to nominal value with additions for additional or outgoing valuation items.

NOTE 4. SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

SEK million	Basic salary	Benefits	Variable remuneration	Social security expenses	Pension expenses
2015					
Chairman of the Board	0.7	-	-	0.2	-
Board members	0.6	-	-	0.2	-
Total directors' fees	1.3	-	-	0.4	-
CEO, parent company	4.3	0.6	-	2.2	1.7
Deputy CEOs, 3 persons	7.6	0.4	-	2.9	2.7
Other senior executives, 3 persons	3.5	0.1	-	1.5	1.6
Other employees	101.6	3.2	-	35.9	14.5
Total	117.0	4.3	-	42.5	20.5
2014					
Chairman of the Board	0.7	-	-	0.2	-
Board members	0.6	-	-	0.2	-
Total directors' fees	1.3	-	-	0.4	-
CEO, parent company	4.3	0.5	1.0	2.6	1.6
Deputy CEOs, 3 persons	9.2	0.6	3.0	5.0	3.2
Other senior executives, 3 persons	3.1	0.1	-	1.4	1.5
Other employees	98.0	3.4	-	32.8	13.5
Total	115.9	4.6	4.0	42.2	19.8

Refer to Note 7 for the Group for information on remuneration, pensions and termination benefits, and on remuneration for senior executives.

NOTE 5. AVERAGE NUMBER OF EMPLOYEES

	2015		2014	
	Average number of employees	Of whom, women	Average number of employees	Of whom, women
Number of employees	212	121	199	114

	31 DEC 2015		31 DEC 2014	
	Number	Of whom, women	Number	Of whom, women
Board members	5	2	5	2
CEO and senior executives	6	2	7	2

NOTE 6. RELATED-PARTY TRANSACTIONS

Transactions with related parties

The parent company performed administrative services for other Group companies. Income from these services is reported as management revenue; see Note 2. The parent company has expenses from other Group companies for electricity, rental of premises, purchasing of restaurant services/food and PR totalling around SEK 23 million (22). The parent company manages loan procurements and interest rate derivatives on behalf of the subsidiaries.

Individuals and companies related to Board members rent apartments and are also electricity customers. In 2015, insurance services with annual fees of SEK 5.1 million were purchased from companies with board members who are also members of Wallenstam's Board of Directors or Group management. Contractual pension payments to Alecta also constitute a related-party transaction, as a Board member of Wallenstam is also a member of Alecta's board of directors. Architectural services were purchased for SEK 1.1 million from companies related to a former deputy CEO. The CEO is a joint owner (50 percent) of Aranea Holding AB. Aranea Holding AB through subsidiaries, owns two wind turbines and 48 percent of the floorball equipment manufacturer, Renew Group Sweden AB. Aranea and Renew are tenants of Wallenstam with an annual rental value equivalent to SEK 0.5 million and SEK 3.4 million, respectively.

Wallenstam's involvement in environmental and social responsibility issues is described in more detail on pages 24-29 of the 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 pertains to the Rescue Mission in Gothenburg and Barn i Nöd (Swedish International Help for Children). During the year, Barn i Nöd received SEK 1.8 million in contributions and the Rescue Mission in Gothenburg SEK 2.5 million. Wallenstam also issued a general guarantee commitment for the Rescue Mission in Gothenburg of SEK 12.5 million. The Rescue Mission in Gothenburg rents premises from Wallenstam equivalent to rental income of about SEK 3.7 million annually. All transactions take place on market-related terms.

NOTE 7. MANAGEMENT AND ADMINISTRATIVE EXPENSES

Management costs and administration expenses amounted to SEK 321 million (323). Management costs and administration expenses include all the Group's administrative expenses, such as those for offices and commercial premises, personnel, marketing and auditing.

Expenses of SEK 31 million (20) for employee options schemes were charged to management costs and administration expenses.

Wallenstam has engaged Deloitte for the audit and the Group's expenses for auditing of property-related companies are handled by the parent company and subsequently distributed to the subsidiaries.

SEK million	2015	2014
Audit assignment	0.8	0.7
Audited-related advice	-	0
Tax advice	-	-
Other assignments	-	-
Total	0.8	0.7

NOTE 8. OPERATING EXPENSES

SEK million	2015	2014
Fuel expenses	2	2
Other operating expenses	7	7
Maintenance costs	20	20
Site leasehold/rent	0	0
Property tax	6	5
Total operating expenses	35	34

NOTE 9. PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

Profit/loss from participations in Group companies refers to profit/loss from subsidiaries of SEK 756 million (561). Profits from the sale of participations in subsidiaries amounted to SEK 15 million (10). Impairment losses of SEK 485 million (385) in respect of subsidiary participations were incurred during the year. Reversed impairment losses on participations in subsidiaries amounted to SEK 0 million (14). Dividends from subsidiaries totaled SEK 200 million (221).

NOTE 10. INTEREST INCOME/EXPENSES AND SIMILAR ITEMS

Interest income and similar items amounted to SEK 529 million (634), while interest expenses and similar items amounted to SEK 652 million (728). Financial income and expenses includes interest income from receivables from Group companies of SEK 528 million (629) and interest expenses from liabilities to Group companies of SEK 346 million (416).

NOTE 11. TAX ON PROFIT FOR THE YEAR

Tax recognized in the income statement

SEK million	2015	2014
Current tax	-	-
Deferred tax	-33	-55
Total tax on profit for the year	-33	-55
Recognized profit before tax	-177	-632
Tax according to current tax rate	39	139
Tax effect of:		
Non-deductible costs/non-taxable income	-117	-90
Adjustment of tax, previous year	0	-154
Dividend	44	49
Deferred tax due to disposal of limited partnership	-	0
Pension commitments secured via endowment insurance	1	1
Tax on profit for the year in the income statement	-33	-55

NOTE 11. TAX ON PROFIT FOR THE YEAR, CONT.

Distribution of deferred and current tax

SEK million	2015		2014	
	Basis current tax	Deferred tax	Basis current tax	Deferred tax
Profit before tax	-177		-632	-
Tax-deductible depreciation	1	-1	1	-1
Reversal of deduction for reduced value due to sold properties	35	-35	37	-37
Non-deductible costs/non-taxable income	341	189	1,254	-845
Dividend	-200	-	-221	-
Pension commitments secured via endowment insurance	-	-5	-	-5
Adjustment of tax, previous year	0	-	-	698
Deferred tax due to disposal of limited partnership	-	-	-	0
Current profit for tax purposes	0	148	439	-190
Utilization of tax loss carryforwards for the year	0	0	-439	439
Taxable profit	0	148	0	249
Tax on profit for the year in the income statement	0	-33	0	-55

NOTE 12. INTANGIBLE ASSETS

Intangible assets refer to capitalized expenses for computer software.

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	36	33
Investments during the year	10	3
Sales/retirements during the year	-1	-
Closing accumulated acquisition cost	45	36
Opening depreciation	-29	-26
Depreciation for the year	0	-3
Sales/retirements during the year	-2	-
Closing accumulated depreciation	-31	-29
Book value at year-end	14	7

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

Investment properties

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	944	711
Investments during the year	93	237
VAT on investments	3	-4
Retirements during the year	-4	-
Closing accumulated acquisition cost	1,036	944
Opening depreciation	-67	-55
Depreciation for the year	-14	-12
Reversed retirements for the year	-	-
Closing accumulated depreciation	-81	-67
Book value at year-end	955	877

NOTE 13. PROPERTY, PLANT AND EQUIPMENT, CONT.

Land

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	237	237
Closing accumulated acquisition cost	237	237
Book value at year-end	237	237
Book value at year-end	1,192	1,114

The fair value of investment properties amounts to SEK 2,023 million (1,833).

Equipment

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	44	41
Investments during the year	5	3
Sales/retirements during the year	-3	-
Reclassification, inventories	-2	-
Closing accumulated acquisition cost	44	44
Opening depreciation	-31	-26
Depreciation for the year	-5	-5
Sales/retirements during the year	2	-
Reclassification, inventories	1	-
Closing accumulated depreciation	-33	-31
Book value at year-end	11	13

NOTE 14. FINANCIAL ASSETS

Participations in subsidiaries

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	8,202	8,204
Withdrawal/deposit, equity	-7	-2
Sales	-	0
Acquisitions	-	-
Closing accumulated acquisition cost	8,195	8,202
Opening impairment losses	-2,241	-1,870
Sales during the year	-	0
Impairments during the year	-485	-385
Reversed impairment loss for the year	-	14
Closing accumulated impairment losses	-2,726	-2,241
Closing carrying amount	5,469	5,961

Receivables from Group companies

Receivables from Group companies are non-current and are anticipated to continue in order to manage liquidity flows in subsidiaries. The parent company has taken out interest swaps on behalf of Group companies.

Weighted average interest rates on receivables amounted to:

Percent	2015	2014
Receivables from subsidiaries	2.32	2.82

Other investments held as fixed assets

SEK million	31 DEC 2015	31 DEC 2014
Opening acquisition cost	70	61
Investments during the year	3	9
Sales during the year	-20	-2
Remeasurements for the year	2	2
Closing accumulated acquisition cost	55	70

NOTE 15. PARTICIPATIONS IN SUBSIDIARIES

The number of shares and the book values are specified for directly-owned companies; other Group companies are indirectly owned. (All shares that are directly or indirectly owned are included in Wallenstam's Annual Report, available at the Swedish Companies Registration Office.)

	Corporate identity number	Registered office	Participation, %	Number of shares	Book value, SEK million
Wallenstam Investment AB	556089-7000	Gothenburg	100%	2,000	2
Wallenstam Förvaltning AB	556692-0251	Gothenburg	100%	1,000	1
W Naturenergi AB	556618-8552	Gothenburg	100%	1,000	1,105
Wallenstam Stacken AB	556720-9910	Gothenburg	100%	100,000	1,246
KB Myran nr 193	916446-7905	Gothenburg	100%	1	0
KB Myran nr 510	969666-6818	Gothenburg	100%	1	0
KB Myran nr 347	969614-6381	Gothenburg	100%	1	0
KB Myran nr 325	916852-6961	Gothenburg	100%	1	13
KB Killingen 8 & 9	916447-4851	Gothenburg	100%	1	37
KB Myran nr 409	969637-6400	Gothenburg	100%	1	77
KB Myran nr 13	916442-2520	Gothenburg	100%	1	304
KB Myran nr 345	969614-9476	Gothenburg	100%	1	607
KB Myran nr 349	969614-9443	Gothenburg	100%	1	282
KB Myran nr 60	916443-3410	Gothenburg	100%	1	0
KB Myran nr 272	916775-5702	Gothenburg	100%	1	113
KB Myran nr 232	916774-6339	Gothenburg	100%	1	0
KB Gårda- Stampen	969646-4065	Gothenburg	100%	1	116
KB Myran nr 271	916775-5967	Gothenburg	100%	1	69
KB Myran nr 178	916614-5475	Gothenburg	100%	1	47
Helux Sibyllegatan 9 KB	969690-1710	Gothenburg	100%	1	0
Xuleh Rådmansbacken KB	969690-0878	Gothenburg	100%	1	0
Xuleh New York 1 KB	969690-0761	Gothenburg	100%	1	61
KB Myran nr 185	916564-2639	Gothenburg	100%	1	0
KB Myran nr 300	969605-7471	Gothenburg	100%	1	5
KB Myran nr 301	969605-7489	Gothenburg	100%	1	60
KB Myran nr 302	969605-7497	Gothenburg	100%	1	216
KB Myran nr 121	916444-2452	Gothenburg	100%	1	68
KB Myran nr 122	916444-2460	Gothenburg	100%	1	177
KB Myran nr 179	916614-5483	Gothenburg	100%	1	35
KB Myran nr 261	916644-2591	Gothenburg	100%	1	70
KB Myran nr 264	916644-2518	Gothenburg	100%	1	51
KB Myran nr 269	916644-2567	Gothenburg	100%	1	63
KB Myran nr 297	969605-7430	Gothenburg	100%	1	45
KB Myran nr 298	969605-7455	Gothenburg	100%	1	148
KB Myran nr 299	969605-7463	Gothenburg	100%	1	102
KB Myran nr 114	916444-2387	Gothenburg	100%	1	0
KB Myran nr 284	916775-5892	Gothenburg	100%	1	0
KB Myran nr 285	916775-5884	Gothenburg	100%	1	0
KB Myran nr 286	916775-5876	Gothenburg	100%	1	25
KB Myran nr 294	916775-5793	Gothenburg	100%	1	27
KB Myran nr 314	969605-7570	Gothenburg	100%	1	88
KB Ormingefast 11	969611-1336	Gothenburg	100%	1	0
KB Myran nr 262	916644-2575	Gothenburg	100%	1	0
KB Myran nr 265	916644-2526	Gothenburg	100%	1	0
KB Myran nr 266	916644-2534	Gothenburg	100%	1	0
KB Myran nr 318	916613-4750	Gothenburg	100%	1	34
KB Myran nr 367	969677-9181	Gothenburg	100%	1	11
KB Myran nr 280	916775-5942	Gothenburg	100%	1	40
KB Göteborg Lorensberg 53:5	969659-8755	Gothenburg	100%	1	45
KB Wallenstam Avenyn 1	969637-6681	Gothenburg	100%	1	80

5,469

During the year Wallenstam AB sold its participation in KB Myran 323. The company is a general partner in the above limited partnerships.

NOTE 16. PARTICIPATIONS IN OTHER GROUP COMPANIES

Refers to the parent company's participations as a limited partner in indirectly owned limited partnership companies. (All shares that are directly or indirectly owned are included in Wallenstam's annual report, available at the Swedish Companies Registration Office.)

NOTE 17. FINANCIAL DERIVATIVE INSTRUMENTS

SEK million	31 DEC 2015		31 DEC 2014	
	Assets	Liabilities	Assets	Liabilities
Non-current derivative instruments				
Interest rate swap contracts				
cash flow hedges	-	-809	27	-986
Total	-	-809	27	-986
Current derivative instruments				
Interest rate swap contracts				
cash flow hedges	15	-20	-	-44
Total	15	-20	-	-44
Total derivative instruments	15	-829	27	-1,030

SEK million	31 DEC 2015	31 DEC 2014
Maturity structure, financial derivative instruments		
0-3 mths	0	21
3 mths-1 year	5	23
1-5 years	219	163
>5 years	590	796
Total	814	1,003

NOTE 20. EQUITY

A specification of change in equity is provided in the Statement of changes in equity, immediately after the balance sheet.

Number of shares	A shares	B shares	Total number	Of which treasury shares	Outstanding shares	Quota value, SEK
Quantity 31 Dec 2014	34,500,000	305,500,000	340,000,000	6,000,000	334,000,000	0.50
Repurchases	-	-	-	2,200,000	-2,200,000	
Quantity 31 Dec 2015	34,500,000	305,500,000	340,000,000	8,200,000	331,800,000	0.50

The share capital in Wallenstam AB consists of 34,500,000 A shares, which carry ten votes each, and 305,500,000 B shares, which carry one vote each. On closing day, the number of repurchased shares amounted to 8,200,000. During 2015, a total of 2,200,000 shares were repurchased at an average price of SEK 68.16.

The proposed dividend for the 2015 financial year is SEK 1.50 per share (1.13). A 2:1 share split was carried out on 26 May 2015.

NOTE 21. DEFERRED TAX

SEK million	31 DEC 2015	31 DEC 2014
Deferred tax liability		
Differences booked/tax depreciation	-60	-68
Deferred tax asset		
Loss carryforwards	208	208
Pension commitments secured via endowment insurance	9	8
Temporary differences, Interest rate derivatives	179	221
Net deferred tax asset/liability	336	369

All tax losses run for unlimited periods.

NOTE 18. PREPAID EXPENSES AND ACCRUED INCOME

SEK million	31 DEC 2015	31 DEC 2014
Prepaid insurance premiums	0	-
Prepaid interest expenses	1	1
Prepaid operating expenses	0	0
Accrued income	28	39
Prepaid expenses and accrued income	29	40

SEK 14 million (12) of the accrued income relates to receivables from Group companies.

NOTE 19. CASH AND CASH EQUIVALENTS

SEK million	31 DEC 2015	31 DEC 2014
Cash and cash equivalents	22	43
Overdraft facilities/Approved amount	800	600
Overdraft facilities/Utilized portion	-169	-17
Available amount	631	583
Available liquid assets	653	626

NOTE 22. INTEREST-BEARING LIABILITIES

SEK million	31 DEC 2015	31 DEC 2014
Non-current loans		
Interest-bearing liabilities	1,196	600
Current loans		
Overdraft facilities	169	17
Interest-bearing liabilities	7,468	7,072
Total	8,833	7,689

NOTE 22. INTEREST-BEARING LIABILITIES, CONT.

	31 DEC 2015	31 DEC 2014
	Amount, SEK million	Amount, SEK million
Loan agreement maturity structure		
0–3 mths	2,344	2,535
3 mths–1 year	5,293	4,554
1–2 years	600	-
2–3 years	97	600
3–4 years	499	-
Total	8,833	7,689

Interest maturity structure	31 DEC 2015		31 DEC 2014	
	Amount, SEK million	Average interest, %	Amount, SEK million	Average interest, %
0–3 mths	-220	-30.26	-1,254	-4.11
3 mths–1 year	898	1.32	888	1.27
1–2 years	800	2.79	300	3.21
2–3 years	500	2.99	800	2.79
3–4 years	530	3.05	500	2.99
4–5 years	1,000	2.66	530	3.05
5–6 years	1,100	3.10	1,000	2.66
6–7 years	1,500	2.48	1,100	3.10
7–8 years	1,475	2.71	1,500	2.48
8–9 years	650	3.40	1,475	2.71
>9 years	600	2.45	850	3.20
Total	8,833	3.47	7,689	3.79

All of the Group's interest rate derivatives except those in respect of wind turbine financing are raised through banks by the parent company. The volume of the parent company's interest rate derivatives exceeds the volume of loans held by the parent company. Interest derivatives raised by the parent company on behalf of subsidiaries are attributed to the subsidiaries concerned and therefore form part of the inter-company transactions. The reason for this is that interest derivatives are not attributable to the parent company but to the financing of each respective subsidiary.

The unutilized overdraft facility amounts to SEK 631 million (583).

Weighted average interest rates on loans taking into account recognized derivatives amounted to:

Percent	2015	2014
Loans	3.7	3.7
Overdraft facilities	1.2	1.8

Recognized and fair values of other liabilities agree.

Liabilities to other Group companies

Liabilities to other Group companies are not intended to be amortized but rather are expected to run in order to manage subsidiary cash flow.

NOTE 23. ACCRUED EXPENSES AND PREPAID INCOME

SEK million	31 DEC 2015	31 DEC 2014
Accrued salary costs	33	34
Accrued interest expenses	35	34
Accrued operating expenses	1	1
Prepaid rental income	8	8
Accrued administrative expenses	4	6
Total accrued expenses and prepaid income	81	83

NOTE 24. PLEDGED ASSETS

SEK million	31 DEC 2015	31 DEC 2014
Property mortgages	1,197	1,195
Internal promissory notes and property mortgages	2,989	2,614
Pledged endowment insurance	40	35
Total pledged assets	4,226	3,844

NOTE 25. CONTINGENT LIABILITIES

Surety commitments for Group companies amounted to SEK 6,290 million (7,554) and to other companies SEK 353 million (0). Other contingent liabilities refer to complementary responsibility as general partner for the external liabilities of limited partnership companies, amounting to SEK 32 million (46), and for Fastigo, amounting to SEK 3 million (2).

NOTE 26. STATEMENT OF CASH FLOWS

The statement of cash flows has been adjusted for items not affecting liquidity in order to show the operations' incoming and outgoing payments. Operating activities have been adjusted to reflect changes in transitory items, deferred tax and depreciation.

SEK million	2015	2014
Adjustment items, not affecting cash flow		
Accrued unpaid rental income	0	1
Accrued unpaid operating expenses	0	1
Accrued unpaid management costs and administrative expenses	53	13
Depreciation/retirement	18	20
Total	71	35

NOTE 27. POST-BALANCE SHEET EVENTS

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

The income statements and balance sheets will be submitted to the Annual General Meeting on 26 April 2016.

The Board of Directors and the CEO affirm that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS as adopted by the EU and provide a true and fair view of the Group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the parent company's financial position and results of operations. The statutory administration report for the Group and the parent company provides a true and fair view of the development of the Group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies forming part of the Group.

Gothenburg, 10 March 2016

Wallenstam AB (publ)

Christer Villard
Chairman of the Board

Ulrica Jansson Messing
Vice Chairman

Anders Berntsson
Board member

Erik Åsbrink
Board member

Agneta Wallenstam
Board member

Hans Wallenstam
Chief Executive Officer

My audit report concerning these annual accounts and the consolidated financial statements was issued on 16 March 2016.

Signature on Swedish original

Harald Jagner
Authorized Public Accountant

AUDITOR'S REPORT

THIS AUDITOR'S REPORT IS A TRANSLATION OF THE SWEDISH LANGUAGE ORIGINAL. IN THE EVENTS OF ANY DIFFERENCES BETWEEN THIS TRANSLATION AND THE SWEDISH ORIGINAL THE LATTER SHALL PREVAIL.

**To the annual meeting of the shareholders of Wallenstam AB (publ)
Corporate identity number 556072-1523**

Report on the annual accounts and consolidated accounts

I have audited the annual accounts and consolidated accounts of Wallenstam AB (publ) for the financial year 2015-01-01 – 2015-12-31. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 67–115.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these annual accounts and consolidated accounts based on my audit. I conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual

Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

I therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Wallenstam AB (publ) for the financial year 2015-01-01 – 2015-12-31.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

My responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on my audit. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion on the Board of Directors' proposed appropriations of the company's profit or loss, I examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for my opinion concerning discharge from liability, in addition to my audit of the annual accounts and consolidated accounts, I examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. I also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Opinions

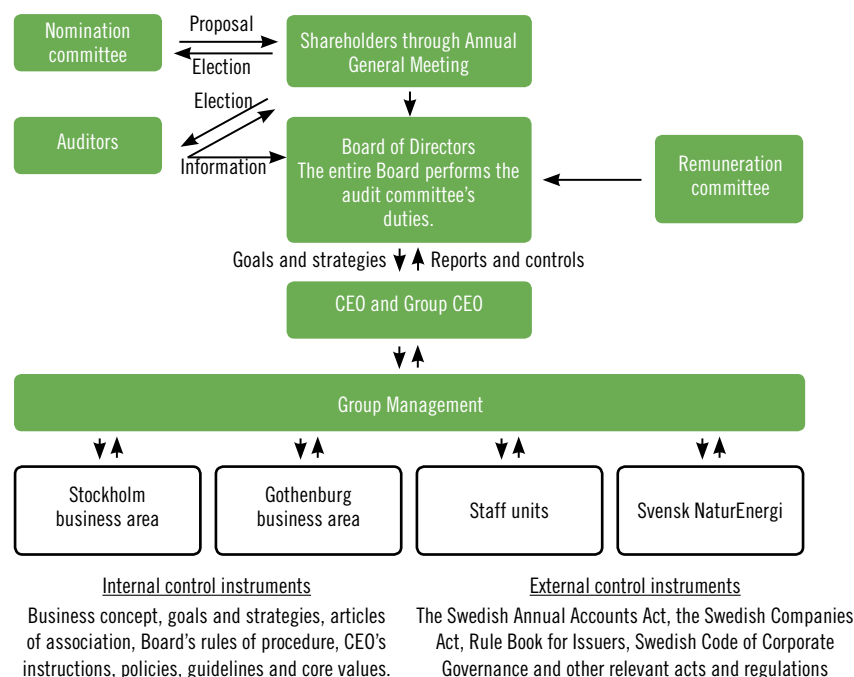
I recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg, March 16, 2016
Signature on Swedish original

Harald Jagner
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT 2015

WALLENSTAM'S CORPORATE GOVERNANCE STRUCTURE



PRINCIPLES OF CORPORATE GOVERNANCE

Wallenstam AB is a Swedish public company with its registered office in Gothenburg. The company's B shares are listed on Nasdaq Stockholm, Large Cap. The articles of association, the Board's rules of procedure, the Swedish Companies Act and other applicable legislation and regulations form the basis for control of the Group. Wallenstam also applies the Swedish Corporate Governance Code (the Code), which is administered by the Swedish Corporate Governance Board (see www.corporategovernanceboard.se). The Code is based on the principle comply or explain, which means a company may deviate from one or more provisions of the Code where this is justified, explained and the chosen solution described. Wallenstam deviated from the Code during 2015 as follows:

2.3 Composition of the Nomination Committee – The Code states that the Chief Executive Officer (CEO) or any other member of the company management shall not be a member of the nomination committee. Wallenstam does not follow this rule as the CEO Hans Wallenstam is a member of the nomination committee. The reason for the deviation is that the CEO Hans Wallenstam is also the principal shareholder in the company and thus is a member of the nomination committee in that capacity.

SHARES AND SHAREHOLDERS

The number of shareholders in Wallenstam amounted to 10,648 at year-end. Wallenstam's principal shareholder is Hans Wallenstam who, together with his family and companies, holds around 23 percent of the equity and 61 percent of the voting rights. Foreign share ownership amounted to 10 percent of equity and 5 percent of the voting rights. The ten largest shareholders together held the equivalent of around 56 percent of the equity and 78 percent of the voting rights.

As of 31 December 2015, Wallenstam's share capital amounted to SEK 170 million, distributed among 34,500,000 A shares (ten votes per share) and 305,500,000 B shares (one vote per share). There are no limits to how many votes each shareholder may cast at annual general meetings. The shares all bear equal rights to the company's assets and profits. However, repurchased shares have no dividend rights. Wallenstam's market capitalization at year-end amounted to SEK 23,120 million.

The dividend policy adopted by the Board of Directors states that the reported profit should primarily be reinvested in the operations to enable continued development of the Group's core business and thus create increased value growth. When determining the size of the dividend, consideration must also be given to the company's investment requirements, need to strengthen its balance sheet and position in general, and the ability of the Group to develop in the future while maintaining its financial strength and freedom of action. The amount available for distribution must never exceed profit before unrealized changes in value and impairment charges after the standard tax rate.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is Wallenstam's highest decision-making body. The AGM is held within six months of the end of the financial year. In accordance with Swedish companies legislation and Wallenstam's articles of association, shareholders exercise their voting rights at the AGM in order to take decisions.

The AGM elects the Chairman of the Board, the other Board members and the company's auditors. It is also tasked with adopting the balance sheets and income statements for the company and the Group, deciding on the appropriation of the company's profits, discharging the members of the Board and

the CEO from liability for the financial year and the appointment of a nomination committee.

Notice to attend the Annual General Meeting is given through the Official Swedish Gazette (Post- och Inrikes Tidningar) and on Wallenstam's website. It shall also be announced in Dagens Industri that notice has been given. The convening notice includes the agenda and the resolutions proposed by the Board of Directors and the nomination committee. Under the Swedish Companies Act, shareholders have the right to have a matter dealt with at the AGM if the Board is notified in time. Shareholders also have the opportunity to ask questions at the AGM.

A total of 278 shareholders attended or were represented at Wallenstam's AGM in Gothenburg on 28 April 2015, representing around 53 percent of the shares and about 76 percent of the total number of votes in the company. The Board of Directors, CEO, Group Management and the company's auditor were present.

The following resolutions were adopted by the AGM on 28 April 2015:

- adoption of the income statements and balance sheets of the Group and the parent company for 2014,
- a dividend of SEK 2.25 per share for the 2014 financial year,
- fees to the Board totaling SEK 1,330,000 of which SEK 670,000 to the Chairman of the Board, SEK 240,000 to the Vice Chairman and SEK 140,000 to each of the other Board members. Amounts include remuneration for committee work,
- discharge from liability of the CEO and Board of Directors,
- re-election of Board members Christer Villard, Agneta Wallenstam, Anders Berntsson, Erik Åsbrink and Ulrica Jansson Messing. Christer Villard was re-elected as Chairman of the Board,
- re-election of Harald Jagner as auditor and Pernilla Lihnell as deputy auditor, both from Deloitte AB,
- approval of guidelines for the remuneration of senior executives,
- resolution regarding a split of the company's shares (2:1 share split)
- resolution regarding amendment of the articles of association Section 6 (Composition of the Board), Section 9 (Notice) and Section 10 (Annual General Meeting),
- authorization for the Board to take decisions regarding the acquisition and assignment of the company's own shares, and
- resolution regarding nomination committee ahead of the AGM 2016.

Minutes and a presentation from the AGM are available at www.wallenstam.se/bolagsstyrning.

NOMINATION COMMITTEE

The nomination committee is tasked with preparing and making proposals to the AGM for the election of the Chairman and other members of the Board, election of the auditor, the chairman of the AGM, and questions relating to fees. The nomination committee is elected annually by the AGM until the date of the next AGM.

The nomination committee ahead of the AGM 2016 consists of:

- Dick Brenner (nomination committee chairman)
- Christer Villard (Chairman of the Board, Wallenstam AB)
- Hans Wallenstam (largest shareholder, Wallenstam AB)
- Lars-Åke Bokenberger (representing AMF)

The nomination committee held two recorded meetings ahead

of the 2014 AGM at which all of the matters that are incumbent on the committee to deal with under the Code were discussed. The nomination committee's proposals to the AGM are published in connection with the convening notice. The nomination committee also submits a reasoned opinion to the AGM regarding the proposed Board and a report on how the nomination committee carried out its work.

BOARD OF DIRECTORS

According to the Swedish Companies Act, the Board of Directors has overall responsibility for the Group's organization and administration, and otherwise to ensure that the control of accounting, management of funds and economic conditions in general are satisfactory. It is therefore incumbent on the Board to ensure that a functioning reporting system is in place and that the Board receives the necessary information regarding the company's position, profit/loss, financing and liquidity through periodical reporting. In addition to its responsibility for the company's organization and administration, the Board's most important task is to take decisions on strategic matters such as:

- approval of strategic plans,
- approval of policies,
- decisions on major acquisitions and divestments of properties and companies,
- decisions on major investments in construction and wind power,
- approval of business and profitability targets.

Composition of the board

According to the articles of association, Wallenstam's Board must comprise at least four and no more than eight members, with no deputies. There are no provisions in the articles of association concerning the appointment and removal of Board members or about changes to the articles of association. Board members are elected annually at the AGM for the period until the end of the next AGM.

During 2015, Wallenstam's Board comprised five members elected by the AGM and no deputies. Board members are presented on page 12. The CEO does not sit on the Board. The Board held its statutory meeting on 28 April 2015 and elected Ulrica Jansson Messing as Vice Chairman until the next AGM.

DUTIES OF THE BOARD

Name	Function	Elected	Attendance Board meetings	Attendance audit committee meetings	Attendance remuneration committee meetings	Independent*
Christer Villard	Chairman	1995	7/7	3/3	1/1	Yes
Ulrica Jansson Messing	Vice Chairman	2008	6/7	2/3	1/1	Yes
Anders Berntsson	Board member	1997	7/7	3/3		No
Erik Åsbrink	Board member	2000	5/7	2/3		Yes
Agneta Wallenstam	Board member	2010	7/7	3/3		No

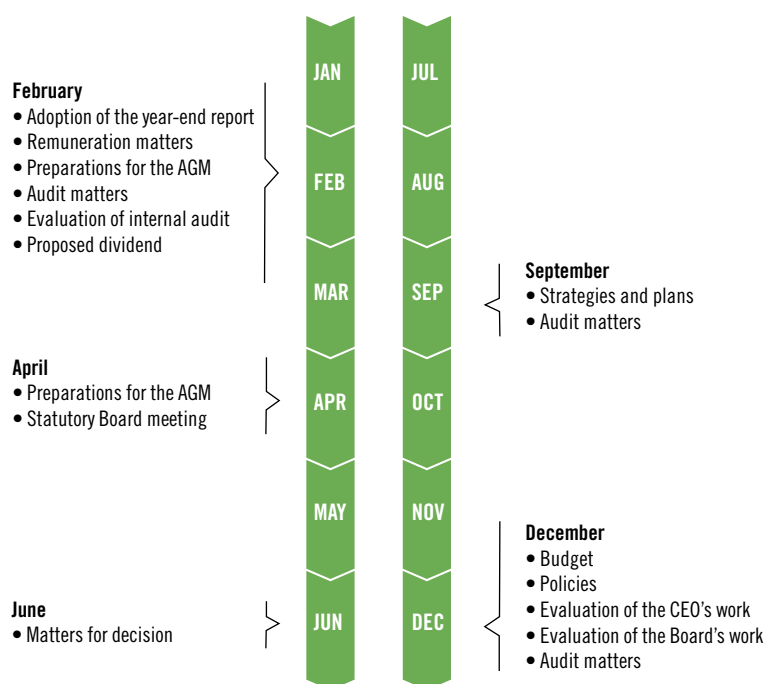
* Independent means independent in relation to the company, company management and to the company's major shareholders on the basis of the provisions of the Code.

The work of the board

The Board's work is governed by such things as the provisions of the Swedish Companies Act, the Code, and the rules of procedure adopted annually by the Board of Directors. The rules

ANNUAL PLANNING BY THE BOARD

Apart from standing items such as investment decisions and information from the CEO in the form of financial reports, market analysis etc.



of procedure provide a framework for resolutions regarding investments, financial reports and other matters for decision. The rules of procedure also govern the distribution of responsibilities between the Board of Directors and the CEO.

In the first place it is the responsibility of the Chairman of the Board, and in the second place that of the Vice Chairman, to effectively lead the Board's work. The Chairman follows the progress of the operations and is responsible for ensuring that other members continually receive the information necessary for the Board work to be carried out in accordance with Swedish Companies Act and the rules of procedure. In addition to leading the Board's work, the Chairman monitors the Group's day-to-day development through continual contacts with the CEO on strategic matters and represents the company on matters pertaining to its ownership structure.

During 2015, the Board held seven recorded meetings in addition to day-to-day contacts. The Board constitutes a quorum if more than half of its members are present. The Chairman must ensure that the Board convenes whenever necessary, bearing in mind that Board meetings should be held regularly, usually five times per year. The following matters are also considered at each of these meetings apart from those described in the chart above: information from the CEO regarding the market situation, a financial report, investment decisions and other matters of material importance for the company.

During 2015, the Board conducted an evaluation of the Board's work during the year. The evaluation was conducted with the assistance of an external consultant and consisted of a questionnaire where the result of the survey was initially analyzed and subsequently presented for the Board at the scheduled Board meeting in December 2015. The nomination committee has received the results of the evaluation and the presentation/analysis submitted to the Board by the consultant responsible.

Remuneration Committee

Within the Board there is a remuneration committee that comprises Chairman Christer Villard and Vice Chairman Ulrica Jansson Messing. The committee is tasked with preparing the Board's decisions on matters concerning remuneration principles, remuneration and other terms of employment for the company management. In addition, the remuneration committee should monitor and evaluate the application of guidelines for remuneration to senior executives that the AGM should adopt according to law, as well as current compensation structures and levels within the company. Where appropriate, the remuneration committee should also monitor and evaluate ongoing programs for variable remuneration to the company management as well programs concluded during the year. The remuneration committee held one recorded meeting during 2015 at which the above matters were dealt with.

Audit Committee

The Board of Directors has discussed the establishment of an audit committee but has chosen not to establish one. The Board as a whole therefore performs the tasks that are the duty of an audit committee under the Swedish Companies Act. In this way, the Board's expertise can be fully put to use and Board meetings are made more efficient. The duties of the audit committee include:

- reviewing, monitoring and assuring the quality of the financial reporting, internal controls and the Group's risk management,
- evaluating auditor performance, reviewing and supervising auditor impartiality and independence, and
- assisting the nomination committee with the preparation of proposals for auditors and their compensation.

During 2015, the Board met three times in its capacity as audit

committee to deal with the above matters. During the year, the Board met with the company's auditors without any member of the company's management being present.

CEO AND GROUP MANAGEMENT

The CEO is responsible for the company's day-to-day administration and leads the operations according to the Board's guidelines and instructions. The CEO reports to the Board and is responsible for preparing decision data prior to Board meetings, presenting matters for discussion and for justifying his proposals for actions and decisions. The CEO also keeps the Chairman continuously informed of the development and financial positions of the company and the Group. The CEO's work is evaluated regularly.

Wallenstam's CEO Hans Wallenstam is the company's largest shareholder. It is a great advantage for Wallenstam to have a CEO with a long-term interest in the company. Apart from continuity, it also means quick decisions, which has proved to be a competitive advantage on a number of occasions.

In his day-to-day work the CEO leads Group management. Wallenstam's Group Management includes the CEO, the Deputy CEO responsible for the Stockholm business area, the Deputy CEO responsible for the Gothenburg business area, the Finance Director, the Director of Communications and the company's CFO and IR Manager. Wallenstam's Group Management is presented on page 14. The CEO and other members of Group Management meet continuously in order to monitor developments and results in the business areas, update forecasts and plans, and to discuss strategic issues. Group Management reports to the CEO on a rolling monthly basis and also via quarterly in-depth reviews of the operations concerned. Investment reports are followed up on an ongoing basis.

Remuneration to the CEO and Group Management

Guidelines for salaries and other remuneration to the company's senior executives are decided by the AGM. The following guidelines, which apply to the CEO and other persons in company management, were adopted by the 2015 AGM:

- Senior executives should be offered fixed salaries which are market-related and based on the employee's area of responsibility and performance.
- Senior executives should be offered market-related pension benefits chiefly in the form of premium-based pension agreements.
- Senior executives should be offered customary non-monetary benefits such as cars, mobile phones and company healthcare, to facilitate the performance of their work. Additionally, benefits in the form of accommodation may also be offered in individual cases.
- In addition to fixed salary, variable remuneration that rewards measurable goal-oriented performance may also be offered. Such variable remuneration should aim to promote the creation of long-term value within the Group. Furthermore, in connection with the conclusion of a published company business plan and to the extent the Board considers appropriate, the Board will have the right to decide on monetary compensation to the Chief Executive Officer and the Deputy Chief Executive Officers as recompense for the extraordinary work performed during the implementation of the business plan. Variable remuneration should be paid in the form of salary and may not exceed the fixed remuneration for the executive

concerned for the year in question. Payments in respect of the incentive programme below are not pensionable.

- Senior executives may be offered incentives in the form of so-called synthetic options if such an offer is available to all permanent employees in the company.
- A reciprocal period of notice of six months shall apply to senior executives. Termination benefits, including salary during the period of notice, may not exceed 24 monthly salary payments.

The Board retains the right to deviate from the guidelines if there are particular reasons in an individual case.

EXTERNAL AUDITORS

Wallenstam's auditors are elected annually by the AGM. At the 2015 AGM, Harald Jagner and Pernilla Lihnell, both from Deloitte AB, were re-elected as auditor and deputy auditor respectively, until the end of the 2016 AGM.

The auditors examine the Board's and the CEO's administration of the company and the quality of the company's accounting. The auditors report the outcome of their examination to the shareholders through their audit report, which is presented at the AGM. Moreover, the auditors present detailed statements to the Board several times per year. In addition to the audit, Deloitte AB performs certain audit-related services for Wallenstam. These services mainly relate to accounting, tax and company law-related matters, and Wallenstam is of the opinion that the performance of these services does not jeopardize Deloitte AB's independence. Further information regarding remuneration to the auditors can be found in the Group's Note 10.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board has overall responsibility for ensuring that Wallenstam has a satisfactory system for internal control. The system is designed through collaboration between the Board, Group Management and company's personnel. Wallenstam's internal control system aims to ensure the achievement of the company's goals in the following areas:

- that the company has an efficient organization well suited to its purpose
- that the company has reliable financial reporting,
- that the company complies with applicable legislation and regulations.

The company uses the established COSO framework (Internal Control – Integrated Framework) in its work.

Control environment

Wallenstam's control environment is based on a clear division and distribution of responsibilities and duties between the Board and the CEO, and also within the company's operational activities. The Board's rules of procedure and CEO instructions aim to ensure such a distinct division of roles and responsibilities in order to facilitate the effective management of operational risks. Correspondingly, there are also decision-making and authorization procedures covering all of the Group's operations, among other things, aimed at ensuring good order and preventing or detecting irregularities/fraud (non-approved purchases, unauthorized use of the company's assets etc.) in time, which can have a significant impact on the company's financial reporting.

Policies adopted by the Board, such as the finance policy and the Code of Conduct, are also important for the internal control work. Group Management reports regularly to the Board on the basis of established procedures. There are also established guidelines for various managerial positions and other employees in order for them to understand and realize the importance of their respective roles in the maintenance of good internal control. All governing documents have been made accessible and made known to the personnel concerned. Guidelines for the financial reporting are updated in the event of changes in legal requirements, listing requirements and/or accounting standards.

Risk assessment and control activities

Wallenstam's Group Management carries out annual reviews and evaluations regarding the management of risks and errors in the financial reporting. The Board, in its capacity as audit committee, reviews the material risks with the company's auditors and also decides on necessary measures that need to be taken. Wallenstam's largest risks have been identified in the following areas:

- Acquisitions and divestments of properties/companies
- Valuation of properties
- Construction projects
- Finance
- Taxes
- IT security
- Reporting and communication

Particular attention has been paid to designing controls that prevent and detect shortcomings in the above areas. There are also controls for ensuring that the reporting occurs in accordance with applicable accounting rules and standards. Instructions, procedures and manuals are drawn up, updated and communicated to the individuals concerned on an ongoing basis to ensure that the information they receive is current. Employees undergo training to ensure the necessary competencies.

Information and communication

The guidelines on disclosure adopted by the company management govern internal information within Wallenstam as well as external communication. The company management is respon-

sible for informing the relevant employees about their responsibility for maintaining good internal control. This occurs through regular information meetings in each business area, among other ways. Employees are also kept informed via Wallenstam's Intranet of adopted policies, guidelines, instructions and manuals.

The PR and marketing department is responsible for the external information disclosure in respect of the financial reporting. This work is conducted in compliance with the principle of current and correct disclosure as described in Nasdaq Stockholm's rule book for issuers.

Follow-up of internal control

Group Management continually evaluates the internal control. This occurs through internal analyses and by reviewing the accounting department's work, among other ways. The Board subsequently receives Group Management's comments regarding the operations and the internal control. The Board's follow-up of the effectiveness of Group Management's work in this regard is therefore of particular importance for monitoring the internal control. Among other things, this work involves ensuring that action is taken in respect of the shortcomings and proposed measures resulting from both Group Management reports and the audit carried out by the company's auditor.

The Board reviews the interim and annual accounts prior to publication.

Internal audit

Wallenstam's Group Management continually reviews the procedures and documentation concerning the internal control system. Nothing has emerged to indicate that the control system is not working as intended. In the light of this, the Board has decided not to establish an internal audit function. This decision will be reviewed annually.

NON-COMPLIANCE

During 2015, no breaches of regulations or etiquette at the stock exchange where Wallenstam's shares are traded have taken place according to decisions by the exchange's disciplinary committee or pronouncements by the Swedish Securities Council.

This report does not form part of the formal annual report.

Gothenburg 10 March 2016

Christer Villard
Chairman of the Board

Ulrica Jansson Messing
Vice Chairman

Anders Berntsson
Board member

Erik Åsbrink
Board member

Agneta Wallenstam
Board member

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

THIS AUDITOR'S REPORT IS A TRANSLATION OF THE SWEDISH LANGUAGE ORIGINAL. IN THE EVENTS OF ANY DIFFERENCES BETWEEN THIS TRANSLATION AND THE SWEDISH ORIGINAL THE LATTER SHALL PREVAIL.

**TO THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF WALLENSTAM AB (PUBL),
CORPORATE IDENTITY NUMBER 556072-1523**

It is the Board of Directors who is responsible for the corporate governance statement for the year 2015-01-01-2015-12-31 included in the printed version of this document on pages 117-121 and that it has been prepared in accordance with the Annual Accounts Act.

I have read the corporate governance statement and based on that reading and my knowledge of the company and the group I believe that I have a sufficient basis for my opinions. This means that my statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In my opinion, the corporate governance statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Gothenburg, March 16, 2016

Signature on Swedish original

Harald Jagner
Authorized Public Accountant

LIST OF PROPERTIES IN STOCKHOLM

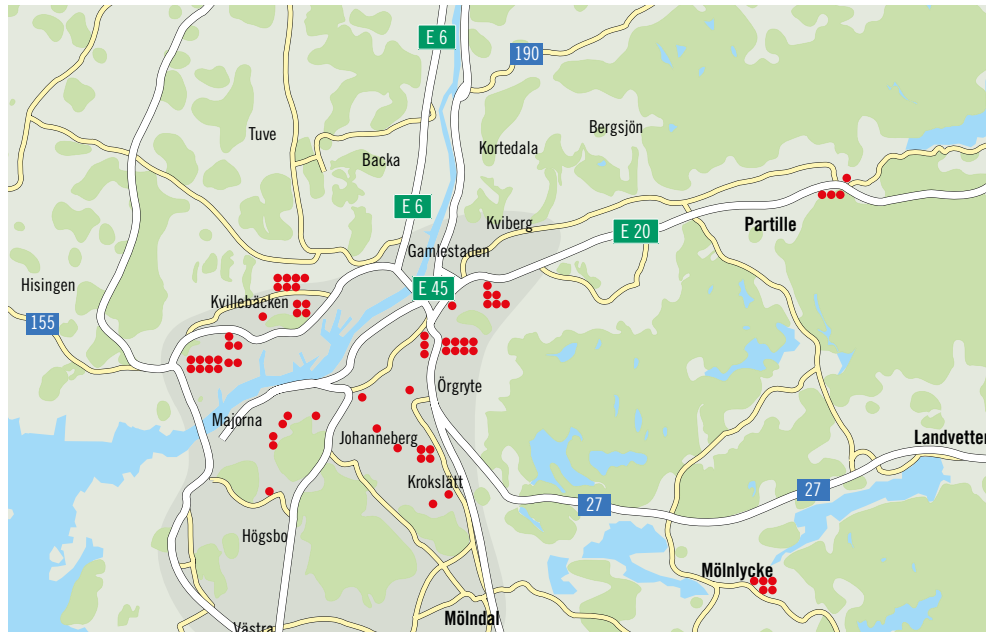
• = Residential properties • = Commercial properties

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehouse sq m	Edu- cation sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Lease- hold	No. of apts.
Barkarbystaden												
• Barkarby 2:28	Barkarbyvägen 42-52, 42A-42B, 44A-44C / Gripegatan 1-7 / Karlslundavägen 4-8, 8A / Stora torget 1-3, 1A-1B, 2, 2A-2B	2014	15,615		756	45		3,688	214	337,784		247
Blackeberg												
• Islänningen 1	Holbergsgatan 82-84	1951	2,548		196				2,744	32,751	2021	84
Gärdet												
• New York 1	Sandhamnsgatan 1	1943	2,212		260				2,472	62,737		40
Gröndal												
• Barlasten 3	Fågelsångsvägen 13-17	1929	719	191		21			931	12,977		16
• Galjonsbilden 28	Matrosbacken 15	1949	571						571	8,770		11
• Mastkorgen 7	Fregattvägen 4-8	1956	4,071			331		675	5,077	62,357		60
• Mastkorgen 9	Fågelsångsvägen 1	1956	546	52					598	8,402		11
Hammarby Sjöstad												
• Forsen 1	Båtbyggargatan 66-68 / Vävar Johans gata 12-18	2005	8,216					1,700	9,916	222,800	2014	135
• Skärgårdsbåten 2	Fendergatan 2-4	2009	3,380					750	4,130	99,387	2018	49
• Svallvägen 1	Fartygsgatan 12-18 / Rorgångargatan 22-28 / Vävar Johans gata 29-37	2007	11,734					2,675	14,409	331,200	2015	170
Haninge												
• Söderbyholm 3:518	Poseidons gränd 1-21, 3A-3B, 7A-7B, 11A / Poseidons torg 1A-1C, 2A-2C	2012	11,408	527	1,081	30		4,150	17,196	185,200		196
Högdalen												
• Brukslaven 2	Skebokvarnsvägen 163-171	1955	4,752			19		88	4,859	61,091	2014	81
• Nocktegllet 3	Sjösavägen 21-31	1953	2,569	88				156	2,813	35,254	2023	45
Huddinge												
• Kansliet 2	Kansligränd 1-5 / Lännavägen 4 / Rådsvägen 4, 4A-4E	2007	9,206			31			9,237	135,125		138
• Klinten 16	Chronas väg 3 / Gamla Södertäljevägen 139 / Klintvägen 5	1982	1,385	27		20		175	1,607	15,461		22
• Klinten 18	Gamla Södertäljevägen 135 / Klintvägen 9-11	1982	1,217	470		8			1,695	17,713		23
• Runan 1	Drakvägen 2 / Gymnasievägen 2 / Kvarnbergsplan 2-18	1960	10,291	275	1,313	36		300	12,215	140,143		194
• Udden 8	Fullerstorget 2-10, 17-19	1952	2,667	1,087	1,265	137			5,156	48,400		42
Kungsholmen												
• Morellrådet 12	Hantverkargatan 44, 44 A	1929	1,319	372	43				1,734	34,436		18
• Morellrådet 13	Hantverkargatan 46, 46 A	1929	1,119	309		68			1,496	28,239		23
• Morellrådet 6	Hantverkargatan 42 / Pilgatan 19 A-C	1929	2,019	232	270	116			2,637	50,708		31
• Smaragden 2	Bergsgatan 26	1929	1,078						1,078	24,600		17
Midsommarkransen												
• Violen 12	Erikslundsgatan 6 / Nioörtsvägen 36	1938/1987	1,053		296				1,349	20,509		16
• Violen 13	Nioörtsvägen 38	1938/1987	848		127				975	14,919		11
Räcksta												
• Hälslaget 2	Ullångergatan 5	1953	3,840	51		79		6	3,976	50,834	2022	71
• Hälslaget 3	Ullångergatan 7-19	1953	3,020	200		113			3,333	38,900	2022	49
• Hängmappen 1	Multrågatan 34-50	1953	4,033	238		78			4,349	54,373	2021	59
• Kontot 2	Multrågatan 27A-27E, 29	2007	5,009						5,009	78,200	2016	73
• Kortregistret 2	Multrågatan 88-106	1953	4,039	251		116			4,406	51,818	2021	67
• Kortregistret 3	Multrågatan 72-86	1953	3,347	137		166			3,650	42,956	2021	60
• Kortregistret 6	Multrågatan 52-70, 56A-56B	1953	3,904	29	812	36			4,781	54,373	2021	65
• Kulspetspennan 1	Nordingrågatan 2-20, 20A-20B	1953	5,481	36		197		700	6,414	70,918	2022	96
• Kundregistret 3	Multrågatan 108-126	1953	4,154	50		280		64	4,548	53,707	2015	70
• Kundregistret 4	Multrågatan 128	1953	2,933	31		67		0	3,031	37,840	2015	54
• Kundregistret 5	Multrågatan 130-156 / Ångermannagatan 123-125	1953	6,784	128	286	212		550	7,960	87,043	2015	108
• Kundregistret 6	Ångermannagatan 109-121	1953	2,803		64	156			3,023	37,035	2015	56
• Räknetabellen 2	Gudmundrågatan 1-3, 2-10 / Solleftegatan 15-17	1952/1993	3,739	325	268	119			4,451	49,432	2021	58
• Räknetabellen 3	Gudmundrågatan 12 / Långseleringen 5	1953		58	307	78	1,087		1,530		2021	
• Samlingspärmen 2	Multrågatan 31-39	1953	1,979	122	87	6			2,194	26,092	2021	35
• Skrivmaskinen 4	Multrågatan 6-32	1952	5,889	83		279		267	6,518	77,362	2021	107
• Skrivmaskinen 6	Gudmundrågatan 15-19	1952	1,324						1,324	17,400	2021	24
• Skrivmaskinen 8	Gudmundrågatan 1-9 / Multrågatan 2-4 / Solleftegatan 3-13	1952	5,530	145		324			5,999	69,447	2021	100

LIST OF PROPERTIES IN GOTHENBURG

• = Residential properties • = Commercial properties

Name of property	Address	Year of construction/conversion	Residential sq m	Office sq m	Retail sq m	Industry/warehouse sq m	Education sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.	Largest tenants
Aveny area													
• Johanneberg 15:26	Eklandagatan 27 / Volrat Thamskatan 2-4	1993		569					569	5,765			Enlarge
• Lorensberg 7:15	Geijersgatan 7, 7A-7B / Götaplatsen 9 / Viktor Rydbergsgatan 1, 1A-1B	1936/2000	3,804	124	1,908	10		577	6,423	147,400		60	SF Bio
• Lorensberg 15:3	Lennart Torstenssonsgatan 6-8	1929/1993					2,100		2,100				Göteborgs Universitet
• Lorensberg 43:1	Kungsporsavenyen 1 / Parkgatan 29 / Storgatan 30 / Teatergatan 2	1883	553	2,190	1,486			10	4,239	96,663		10	Advokatfirman Nordia Göteborg KB
• Lorensberg 44:2	Kungsporsavenyen 2 / Parkgatan 31 / Storgatan 32, 34A-34B / Södra vägen 1	1910/1995		4,682	782				5,464	117,403			Wallenstam AB (publ)
• Lorensberg 45:21	Kungsporsavenyen 4 / Storgatan 51	1940/2000	1,890	56	1,070				3,016	79,617		26	Morelli Restaurang
• Lorensberg 50:1	Götabergrsgatan 16 / Vasagatan 33	1934					4,600		4,600				Göteborgs Universitet
• Lorensberg 52:4	Kristinelundsgatan 10 / Kungsporsavenyen 21-25 / Teatergatan 22-26	1941	5,645	1,742	3,187	484		3,394	14,452	262,800		62	Avenyn Blommor KB
• Lorensberg 53:1	Kungsporsavenyen 16 / Vasagatan 43A	1896/1998		1,315	705			185	2,205	69,000			Nilson Group
• Lorensberg 53:2	Lorensbergsgatan 1 / Vasagatan 43B	1966		1,015	1,298				2,313	44,910			Thai Cuisine
• Lorensberg 53:5	Kristinelundsgatan 14 / Lorensbergsgatan 7	1920/1984	1,179		540				1,719	31,540		13	Göteborgs Natliv
• Lorensberg 53:6	Kristinelundsgatan 12 / Kungsporsavenyen 22	1929		753	574			403	1,730	39,984			Opalen Fastighets-Förvaltning AB
• Lorensberg 55:14	Engelbrektskatan 34AA-34AB, 34B-34C / Lorensbergsgatan 18-20 / Södra Vägen 29	1936/2000	5,325	359	1,176	213		617	7,690	157,405		71	
• Lorensberg 56:8	Engelbrektskatan 32 / Kungsporsavenyen 32-34 / Lorensbergsgatan 17-19	1962/1966	1,081	4,711	1,656	157		700	8,305	170,320		10	Svenska McDonalds
• Lorensberg 57:8	Engelbrektskatan 30 / Kungsporsavenyen 29-37 / Teatergatan 30-38	1962	3,227	5,600	4,460	385		320	13,992	339,889		27	Index
• Lorensberg 58:6	Chalmersgatan 26 / Engelbrektskatan 26-28 / Teatergatan 25	1929	1,565	4,172	402	55			6,194	113,800		14	Free lunch Design
• Vasastaden 3:1	Erik Dahlbergsgatan 1 / Karl Gustavsgatan 2 / Parkgatan 9-11, 10-12	1898/1980	1,578	879	196		2,444		5,097			15	Sjölns gymnasium AB
• Vasastaden 9:7	Bellmansgatan 13 / Vasagatan 14	1929/1990	2,079						2,079				
Gamelestad													
• Gamelestad 740:22	Marieholmngatan 60B-60C	1929/1969				389			389	15,630	2024		SITA Sverige
Gårda													
• Gårda 18:19	Drakegatan 7A-7B	1989		6,014		189		1,707	7,910	91,400			Cryptzone Group AB
• Gårda 18:22	Drakegatan 5	1989		3,457		101		1,250	4,808	50,200			Frösunda LSS i Väst AB
• Gårda 20:1	Fabriksgatan 15 / Gårdavägen 1	1986		4,343	93	129		204	4,769	61,800			Försäkringskassan, MSC Sweden
• Gårda 22:24	Fabriksgatan 26 / Vådursgatan 5	1989		5,105	820	434	2,471		8,830	47,600			Kunskapskolan
• Gårda 46:9	Södra Gubberogatan 4-8, 18-20	1936/1988		13,132		651		5,315	19,098	127,283			Frisk Service i GBG AB
Guldheden													
• Guldheden 5:5	Guldhedstorget 1, 1A-1B / Reutersgatan 1	1945	2,708		584	162		625	4,079	44,544		42	
Heden													
• Heden 24:13	Skånegatan 19 / Sten Sturegatan 34-36	1964	3,693	414	750	36		1,423	6,316	84,968		34	Axfood Sverige
• Heden 24:14	Skånegatan 21-23 / Sten Sturegatan 38-44	1962/1988	8,538	1,839	2,143	1,042		3,274	16,836	226,400		87	Netto Marknad Sverige
• Heden 37:4	Skånegatan 16B	2006			10,610				10,610		2026		SF Bio
Högsbo													
• Högsbo 5:7	A Odhners gata 6 / Olof Asklungs gata 25	1967/1998			2,098	1,165			3,263	13,627			B V H Car Record
• Högsbo 34:21	Gruvgatan 6-8 / J A Wettergrens gata 16	1989		4,698	269	258		4,672	9,897				GHP Spine Centre Göteborg
• Järnbrott 195:1	Högsbogatan 21-25	2009	6,838	81				1,000	7,919	97,668	2018	100	
Inom Vallgraven													
• Inom Vallgraven 6:1	Kungsporsplatsen 2	1929/2011		1,718	1,015				2,733	80,000			Fingerprint, Sandberg & Trygg
• Inom Vallgraven 15:1	Drottninggatan 24-26 / Korsgatan 2-6 / Södra Hamngatan 25	1809		1,820	1,290				3,110	58,400			Wiktor Ahlströms konditori
• Inom Vallgraven 16:24	Korsgatan 3	1885		1,121	225	94		382	1,822	29,200			Advokatfirman Credo AB
• Inom Vallgraven 16:25	Drottninggatan 22 / Korsgatan 5	1885		552	188	40			780	13,834			Sturm & Drang Reklambyrå
• Inom Vallgraven 16:6	Korsgatan 1 / Södra Hamngatan 17-23	1891		2,981	287	138	1,846		5,252	101,064			Nordens Teknikerinstitut
• Inom Vallgraven 17:13	Drottninggatan 8, 9-11	1929		2,616	29	97			2,742	54,800			Infotiv
• Inom Vallgraven 18:3	Korsgatan 11, 11B / Kyrkogatan 32	1929	845		711				1,556	33,000		18	Buttericks Leco



LAND Name

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Brämregården 62:1
Gårda 52:2
Gårda 52:3
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Gårda 52:11
Hjällsnäs 11:17
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Inom Vallgraven 32:14
Kalleback 3:3
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Stallbacken 5
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Stallbacken 9
Stallbacken 20
Startered 1:22
Ålvsborg 755:505

• = Residential properties

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehousing sq m	Edu- cation sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Lease- hold	No. of apts.	Largest tenants
• Inom Vallgraven 20:18	Korsgatan 14-18 / Kungsgatan 42-44 / Kyrkogatan 15-19	1810/1987		4,733	4,157		81		8,971	288,000			Advokatfirman Glimstedt Zara
• Inom Vallgraven 20:9	Kungsgatan 52 / Östra Hamngatan 39	1864/2008			1,767				1,767	85,400			Citat
• Inom Vallgraven 21:10	Kungsgatan 59 / Östra Hamngatan 41-43	1804/1998		1,568	503		8		2,079	68,000			DB Banklokaler
• Inom Vallgraven 21:11	Vallgatan 42 / Östra Hamngatan 45	1929		2,142	332				2,474	54,000			Rese-Konsulterna Göransson & Co
• Inom Vallgraven 23:4	Södra Larmgatan 10 / Vallgatan 15, 15A-15E	1929		1,245	527				1,772	27,400			Linderoths Mediaproduktion
• Inom Vallgraven 23:5	Södra Larmgatan 12 / Vallgatan 17, 17B	1929	223	522	1,154				1,899	32,015	4		MA Arkitekter
• Inom Vallgraven 23:6	Södra Larmgatan 14, 14A / Vallgatan 19, 19A-19B	1929	100	834	473	86		87	1,580	27,227	1		Stuk Kläder
• Inom Vallgraven 23:7	Södra Larmgatan 16 / Vallgatan 21, 21A-21D	1929	169	1,162	963	238			2,532	42,649	3		Hans Andersson Paper
• Inom Vallgraven 23:11	Korsgatan 17 / Södra Larmgatan 20-22 / Vallgatan 25-29, 25A-25B, 27A-27B	1929/2004		2,040	1,248		6		3,294	88,600			Dunross & Co
• Inom Vallgraven 25:1	Basargatan 10-12 / Kungstorget 10-14, 11-13	1929		3,150	2,492	54		6	5,702	174,144			H & M Hennes & Mauritz GBC, SF Bio
• Inom Vallgraven 26:8	Basargatan 4-8, 6A-6B, 5-7 / Grönsakstorget 3 / Kungstorget 1-3, 2 / Lilla Korsgatan 2 / Södra Larmgatan 11-15, 13C	1929/1998	3,252	9,286	6,179	218		1,071	20,006	397,600	38		Sophiahemmet Rehab Center
• Inom Vallgraven 27:1	Grönsakstorget 1 / Södra Larmgatan 7 / Västra Hamngatan 24-26	1929/2002		2,424	878	10			3,312	60,800			More Ventures Nordic
• Inom Vallgraven 32:1	Kaserntorget 6 / Vallgatan 1	1939		2,033	576	247			2,856	46,800			Artilleriet Interiors AB
• Inom Vallgraven 32:2	Vallgatan 3	1929/2008		133	440				573	9,020			Kaffelabbet MWJ
• Inom Vallgraven 32:8	Magasinsgatan 15 / Vallgatan 5	1814		441	257				698	9,532			Fe Sweden AB
• Inom Vallgraven 32:12	Magasinsgatan 19 / Södra Larmgatan 2	1929		370	1,785				2,155	30,400			Musik utan gränser
• Inom Vallgraven 32:13	Kaserntorget 8, 9	1929/2007		123	471				594	6,856			Protek Projektstyrning
• Inom Vallgraven 35:12	Kaserntorget 1, 2 / Kungsgatan 13	1956		1,857	52	56			1,965	39,400			IMPLENIA Construction GmbH
• Inom Vallgraven 53:15	Lilla Torget 2 / Otterhällegatan 1	1986		2,620		400			3,020	43,200			Feelgood Företagshälsövård
• Inom Vallgraven 55:1	Drottninggatan 2 / Ekelundsgatan 2 / Magasinsgatan 1 / Otterhällegatan 2	1850/2002		2,861	416	84			3,361	44,200			Frisk Service i GBG
• Inom Vallgraven 57:7	Kyrkogatan 12-16 / Västra Hamngatan 7A-7C	1907/2003		997		24		2,844	3,865				Länsstyrelsen
• Inom Vallgraven 60:8	Ekelundsgatan 1-3 / Otterhällegatan 4	1965		11,384	514	1,067		1,153	14,118	168,000			Eltel Networks Infranet
• Inom Vallgraven 60:9	Ekelundsgatan 5-7 / Otterhällegatan 6	1964		2,600	66	48		3,903	6,617	56,600	2018		Eltel Networks Infranet
• Inom Vallgraven 60:10	Ekelundsgatan 9-11 / Kungsgatan 20-22 / Käppslängare-liden 2 / Otterhällegatan 8	1964		4,573	1,357			1,224	7,154	88,200			Kitas utbildning Vittraskolorna
• Inom Vallgraven 64:31	Stora Badhusgatan 16	1949			127		1,542		1,669				
• Nordstaden 24:11	Kronhusgatan 16 / Östra Hamngatan 15	1929			266		3,930		4,196				
Johanneberg													
• Johanneberg 47:4	Örnehufvudgatan 7	1939/1986	1,904			42			1,946	39,252		31	
Järntorget													
• Masthugget 10:3	Första Långgatan 22	1960		2,141	164	99			2,404	23,373			TIBCO Software



• = Commercial properties

Name of property	Address	Year of construction/conversion	Residential sq m	Office sq m	Retail sq m	Industry/warehouse sq m	Education sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.	Largest tenants
• Masthugget 10:15	Andra Långgatan 13-19, 16-18	1957/1989		8,231	623	584	4,355	1,585	15,378	136,000			Framtidsgymnasiet i Göteborg BDO Göteborg
• Masthugget 10:20	Första Långgatan 24-26 / Värmlandsgatan 14	1962/1991		6,709	467	126			7,302	73,000			
• Pustervik 2:19	Lilla Pusterviksgatan 1-3 / Norra Allégatan 6 / Pusterviksgatan 11	1968/1994					4,300		4,300				Folkuniversitetet
Krokslätt													
• Illern 6	Krokslätt Parkgata 46A-46D	1944/1975	884			39		8	931	11,059		24	
• Krokslätt 9:15	Bomgatan 1 / Framnågatan 2 / Mölndalsvägen 47-51	2007	2,873						2,873	55,800		60	
• Krokslätt 21:1	Drivhusgatan 6A-6B / Milpålegatan 5 / Thorburnsgatan 12A-12D	1948/1994	2,517			64			2,581	30,324		47	
• Krokslätt 21:2	Drivhusgatan 4A-4C / Helmutsgatan 7A-7B	1950/1994	1,761			122			1,883	24,074		33	
• Krokslätt 21:3	Helmutsgatan 9 / Milpålegatan 3, 3A-3C	1950/1994	1,506			126			1,632	21,581		20	
Kvillebäcken													
• Brämaregården 42:11	Godemansgatan 2 / Hjalmar Brantingsgatan 5, 5A-5D	1942	782		266	75			1,123	9,137		14	
• Brämaregården 42:12	Hjalmar Brantingsgatan 7, 7A-7D / Lantmätaregatan 5	1979	821		221	70			1,112	9,420		15	
• Brämaregården 44:11	Hjalmar Brantingsgatan 9 / Lantmätaregatan 2-6	1979	2,792		291	122			3,205	32,792		39	
• Kvillebäcken 3:1	Gustaf Dahléngsgatan 10-14 / Långgängen 11, 11A / Solventilsgatan 20-22	2014	6,009		85			1,167	7,261	114,465		115	
• Kvillebäcken 5:6	Lantmätaregatan 12, 12A-12D, 14A-14C / Långgängen 19	1954	2,089	114	553				2,756	23,879		37	
• Kvillebäcken 73:1	Fjärdingsgatan 23-29 / Gustaf Dahléngsgatan 22-26	2013	6,280		108	3	594	2,336	9,321	131,462		108	Göteborgs Stad SDF Lundby
• Kvillebäcken 74:1	Gustaf Dahléngsgatan 7A-7F / Rundbäcksgatan 14	2013	5,124	78		2	800	2,268	8,272	110,454		98	Göteborgs Stad SDF Lundby
Kyrkbyn													
• Kyrkbyn 9:6	Estlandsgatan 1 / Prebendegatan 32A-32D / Östra Bräckevägen 52	1942/1975	652					54	706	6,484		16	
• Kyrkbyn 10:14	Estlandsgatan 4A-4D / Finlandsgatan 3 / Östra Bräckevägen 54	1942/1975	684			8			692	6,563		16	
• Kyrkbyn 10:15	Estlandsgatan 2A-2D / Finlandsgatan 1 / Vårbroddsgatan 1	1942/1975	658					47	705	6,450		16	
• Kyrkbyn 11:14	Finlandsgatan 4A-4D / Hullgatan 3 / Östra Bräckevägen 56	1942/1975	652						652	6,280		16	
• Kyrkbyn 13:14	Londongatan 4 / Tilburygatan 2A-2D / Vårbroddsgatan 7	1943/1984	766			50			816	7,275		14	
• Lindholmen 1:21	Polstjärnegatan 6	1955				11,147		1,350	12,497	27,230			Göteborgs Kommun Landsarkivet i Göteborg
• Lindholmen 5:1	Polstjärnegatan 8, 8A	1968			260	11,250			11,510	15,532			Göteborgs Kommun Landsarkivet i Göteborg
• Rambergsstaden 25:3	Enekullegatan 5A-5D	1943/1984	744			49			793	7,086		14	
• Rambergsstaden 28:1	Enekullegatan 4 / Håkansgatan 2 / Trekantsgatan 2, 2A-2D	1943	714		52	125			891	7,483		15	
• Rambergsstaden 28:2	Enekullegatan 2A-2D / Håkansgatan 4	1943	812			201			1,013	8,731		18	

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehouse sq m	Education sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.	Largest tenants
• Rambergsgården 32:2	Lantmannagatan 6 / Östra Keillersgatan 1A-1G	1945/1985	1,948						1,948	22,200		36	
• Sannegården 20:2	Bautastensgatan 11A-11C	1936	700			38			738	6,738		18	
• Sannegården 20:3	Bautastensgatan 9, 9A-9C	1939/1984	741		41	6			788	7,935		17	
• Sannegården 21:39	Biskopsgatan 2A-2D / Pilegårdsgatan 26 / Prebendegatan 9	1945/1983	612	50		50			712	5,899		11	
• Sannegården 21:41	Pilegårdsgatan 22A-22D / Prebendegatan 5	1942/1975	520			59			579	5,125		14	
• Sannegården 21:42	Pilegårdsgatan 20A-20D / Prebendegatan 3	1942/1975	538			20			558	5,417		14	
Källtorp													
• Bagaregården 27:1	Lilla Munkebäcksgatan 9A-9E	1939/1975	1,062			18			1,080	16,229		25	
• Källtorp 36:15	Stobéegatan 8A-8C	1935/1974	945		50				995	13,600		20	
• Källtorp 37:1	Björcksgatan 29 / Munkebäcksgatan 6	1930/1974	603		166				769	9,714		13	
• Källtorp 56:8	Björcksgatan 74 / Forsstenagatan 2A-2D	1936/1974	1,030						1,030	16,000		28	
• Källtorp 57:1	Qvidingsgatan 2A-2C	1936	576			65			641	8,107		14	
• Källtorp 57:2	Qvidingsgatan 4A-4B	1936	551			72			623	7,515		10	
Linnéstaden													
• Olivedal 3:12	Övre Djupedalsgatan 7, 7A-7D	1929	1,143			192			1,335	19,598		16	
Lunden & Olskroken													
• Gårda 64:1	Redbergsvägen 11, 11A-11B	1939	2,793	140	310	80			3,323	48,276		40	
• Gårda 67:29	Mäster Johansgatan 15-17	2006	3,725					80	3,805	70,572		53	
• Gårda 69:1	Gradmansplatsen 1 / Redbergsvägen 17, 17A-17B	1938	1,728		435				2,163	26,788		28	
• Gårda 69:24	Kobbarnas väg 8	1937	1,610						1,610	25,000		26	
• Gårda 70:8	Kobbarnas väg 15	1944/1985	1,573						1,573	23,400		25	
• Lunden 13:2	Karlagatan 7A-7C	1935/1976	628						628	9,454		16	
• Lunden 14:12	Karlagatan 1-3 / Mäster Johansgatan 14-16 / Wrangelsgatan 1	1974	4,434	47		43	517	1,469	6,510	67,147		63	
• Lunden 16:7	Karlagatan 4, 4A-4C	1939/1976	583	46	34				663	8,781		12	
• Olskroken 11:8	Övre Olskrokgatan 22, 22A-22B	1928/1979	1,640			60		30	1,730	23,331		24	
Majorna													
• Majorna 303:29	Amiralitetsgatan 2A-2B, 4-8 / Bangatan 21-39 / Djurgårdsgatan 26-40	1966	34,173	1,001	1,784	170		11,405	48,533	490,602		444	Axfood Sverige AB
• Majorna 332:6	Godhemsgatan 14A-14C / Paternostergatan 7	1933	854			70			924	11,565		18	
• Majorna 332:9	Godhemsgatan 8A-8B	1933	665			90			755	8,978		12	
• Majorna 350:1	Dahlströmsgatan 8-20, 20B-20C, 22-44, 44B, 46-52 / Kolumbusgatan 1-3 / Stenklevsgatan 5	1959	17,255	732	13	1,670		909	20,579	254,793		246	
Mölnådal													
• Uttern 12	Göteborgsvägen 119-121 / Sörgårdsgatan 1A-1F	1929	1,556		137	30			1,723	20,505		26	
Mölnådalsvägen													
• Krokslätt 20:6	Mölnådalsvägen 81	1932/2000		2,540		251	600		3,391	28,400			Schneider Electric
• Krokslätt 154:6	Ebbe Lieberthsgatan 6 / Fredriksdalsgatan 2 / Mölnådalsvägen 77-79 / Nordgårdsgatan 1-3	1986		3,438	3,044	3,024		1,463	10,969	74,800			Hermods
Mölnlycke													
• Hulebäck 1:23	Biblioteksgatan 9-15 / Centralvägen 14 / Ekdalavägen 3 / Gunnar Runfors gränd 2	1975/2004	2,751		4,972				7,723	87,000		46	
• Hulebäck 1:604	Centralvägen 13A-13D / Råda torg 7	1951	692		512	75		73	1,352	11,487		16	
• Hulebäck 4:90	Badhusgatan 14, 16A-16D / Biblioteksgatan 14A-14C, 16A-16D	2001	1,772	82	1,064				2,918	36,927		32	
• Hulebäck 4:92	Biblioteksgatan 4A-4E	2002		457	496				953	10,819			Kronans Droghandel Apotek
• Hulebäck 4:97	Biblioteksgatan 5 / Centralvägen 10-12 / Gunnar Runfors gränd 1-9 / Lennart Kvarnströms plats 2-8	1970/1987	1,339	1,112	640	17		74	3,182	38,221		20	Swedbank
• Hulebäck 4:164	Allén 2-6 / Biblioteksgatan 1A-1C / Centralvägen 8A-8E / Lennart Kvarnströms plats 1-13	2012	2,613		2,391			2,489	7,493	77,092		52	Index Sverige
• Hönekulla 1:157	Längenåsvägen 9A-9B, 11 / Rörsvägen 6	1915/1933	100		305			28	433	5,515		2	Du & Din Hund i Härryda
• Hönekulla 1:479	Hönekullavägen 7	1971		673	437	211		1,440	2,761	12,506			Rescue Mission
• Mölnlycke 1:1, 2:1	Fabriksvägen 1 / Längenåsvägen 2 / Mölnlycke fabriker 1-21, 2-4, 12-16, 20	1890/2001		8,388	520	28,033	900	5,655	43,496	114,803			SCA Hygiene Products
• Mölnlycke 1:159	Fabriksvägen 2	1890/1981		350					350	1,377			Sv Sjuhärad
• Pixbo 1:294, 1:20	Råдавägen 2	1966/1994					1,850		1,850				
Partille & Jonsered													
• Manered 5:3	Högshallsvägen 1A-1B, 3A-3B, 5A-5B / Jonseredsvägen 4	1949/1994	1,332			54			1,386	6,316		24	
• Stårtered 1:21	Bäckoriet 2 / Länsmansvägen 2A-2B, 4A-4B, 6A-6B, 8A-8B	1949/1994	2,176	134		33			2,343	20,302		40	

Name of property	Address	Year of construction/conversion	Residential sq m	Office sq m	Retail sq m	Industry/warehouse sq m	Education sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.	Largest tenants
• Stårtered 1:23	Stårteredsvägen 24A-24B, 26A-26B, 28A-28B, 30A-30B	1950/1994	2,164			94			2,258	18,809		40	
• Stårtered 1:28	Stårteredsvägen 25-31	2010	3,620						3,620	52,400		59	
Rambergstaden													
• Brämaregården 7:12	Jägaregatan 2A-2C / Neptunusgatan 13	1946	1,031			30			1,061	10,914		17	
• Brämaregården 15:17	Väderkvarnsgatan 11A-11C	1938/1991	1,012	50		10			1,072	11,709		17	
• Brämaregården 19:2	Jägaregatan 9A-9C / Tunnbindaregatan 1	1930/1975	1,032						1,032	10,296		19	
• Brämaregården 30:3	Ekebergsgatan 1-7 / Hallegatan 7 / Hisingsgatan 22, 22B, 24A-24B	1991	2,276						2,276	27,800		35	
Rosenlund													
• Inom Vallgraven 69:5	Rosenlundsgatan 6-8 / Rosenlundsplatsen 2	1974		12,432	3,750	1,712		2,606	20,500	208,000			Kronofogdemyndigheten
Stampen													
• Stampen 5:6	Polhemsplatsen 1 / Stampgatan 12-18	1988		7,462		84		4,604	12,150	139,000			Akademiska Hus
• Stampen 15:18	Friggagatan 25A	1936	1,418		205				1,623	26,965		26	
Önnered													
• Önnered 762:369	Önnereds brygga 1-17	1975		1,434	705	228		520	2,887	17,395	2024		Restaurang AB Bryggvägen 100
Total			208,845	191,817	90,834	72,899	32,849	78,209	675,453	8,257,048		3,191	

LIST OF PROPERTIES IN HELSINGBORG

• = Residential properties

Name of property	Address	Year of construction/conversion	Residential sq m	Office sq m	Retail sq m	Industry/warehouse sq m	Education sq m	Other sq m	Total sq m	Assessed value, SEK thousands	Leasehold	No. of apts.
Helsingborg centrum												
• Oscar II 11	Drottninggatan 17 / Roskildegatan 4-6	1928/1987	2,588	22	981	143		1,171	4,905	57,346		31
• På Ibb 21	Drottninggatan 72A-72B / Hålsövägen 1 / Pålsögatan 1	1961/1990	4,302	1,393	427	290			6,412	85,894		46
Tågaborg												
• Vildvinet 1	Erik Dahlbergs gata 34 / Flemminggatan 14 / Pålsögatan 21 / Tågagatan 47	1952/	8,581			588		140	9,309	93,288		130
Total			15,471	1,415	1,408	1,021		1,311	20,626	236,528		207

LAND
Name

Landån 5
Landån 6
Skåran 1

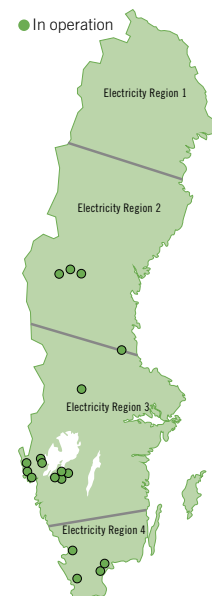
PROPERTY HOLDINGS

WALLENSTAM GROUP

	Residential sq m	Office sq m	Retail sq m	Industry/warehouse sq m	Education sq m	Other sq m	Garage sq m	Total sq m	Assessed value, SEK thousands	No. of apts.
Total Wallenstam Group	468,732	227,330	112,450	89,979	35,235	34,019	88,642	1,056,387	12,909,486	7,324

WIND POWER

Name	Location	No. of turbines	Output MW
Dan Carlsson	Rålanda, Uddevalla kommun, Bohuslän	2	4.0
Rose-Marie Gulleberg	Lyngby, Kristianstads kommun, Skåne	3	5.6
Bengt Carlsson	Gategården, Vara kommun, Västra Götaland	1	1.8
Birgitta Lidbeck	Västergården, Melleruds kommun, Dalsland	2	3.6
Ann-Marie Forsberg	Tängelsbol, Melleruds kommun, Dalsland	1	1.8
Anders Adlerborn	Köjkeberget, Vansbro kommun, Dalarna	2	4.0
Erika Söderström	Stentjärnåsen, Härjedalens kommun, Jämtland	5	10.0
Kaj Lamton	Rätans-Digerberget, Bergs kommun, Jämtland	5	11.5
Thomas Dahl	Vettåsen/Mårtensklack, Sandviken and Ockelbo kommun, Gästrikland	10	23.0
Carola Strandberg	Karstorp, Skara kommun, Västra Götaland	3	6.0
Bo Strandberg	Kilagården, Skara kommun, Västra Götaland	3	6.0
Susanne Börjeson	Järnunderöd, Munkedals kommun, Västra Götaland	3	6.0
Jeanette Wallén	Middagsberget, Bergs kommun, Jämtland	3	9.0
Lena Johanson	Södervidinge, Kävlinge kommun, Skåne	2	4.0
Benny Olsson	Gunnarby, Uddevalla kommun, Bohuslän	8	18.4
Rigmor Sköld	Tommared, Laholms kommun, Halland	6	13.8
Gun Karlsson	Nyckeltorp, Skara kommun, Västra Götaland	3	6.0
Louise Wingstrand	Furulund, Kristianstad kommun, Skåne	2	4.0
Total		64	138.5



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	No. of apts.
Gothenburg										
Stallbacken 20*		-	-	-	-	-	-	-	-	-
Stockholm										
Freden Större 11	Gesällvägen 1 / Rissneleden 2-2B, 4-18 / Östra Madenvägen 3-5, 9-17	1974	-	20,346	9,107	6,934	-	3,880	40,267	-
Kåbo 57:2*		-	-	-	-	-	-	-	-	-
Morellträdet 6	Hantverkargatan 42 / Pilgatan 19 A-C	1929	2,019	232	270	116	-	-	2,637	31
Morellträdet 12	Hantverkargatan 44, 44 A	1929	1,319	372	43	-	-	-	1,734	18
Morellträdet 13	Hantverkargatan 46, 46 A	1929	1,119	309	-	68	-	-	1,496	23
Smragden 2	Bergsgatan 26	1929	1,078	-	-	-	-	-	1,078	17
Rankan 3*		-	-	-	-	-	-	-	-	-
Rankan 4*		-	-	-	-	-	-	-	-	-
Tyresö Järnet 7*		-	-	-	-	-	-	-	-	-
Barkarby 2:44*		-	-	-	-	-	-	-	-	-
Total			5,535	21,259	9,420	7,118	-	3,880	47,212	89

* 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	No. of apts.
Gothenburg										
Gårda 69:3	Norra Gubberogatan 5	1939	1,684	-	-	-	-	-	1,684	28
Gårda 69:4	Norra Gubberogatan 7	1939	1,504	43	64	-	-	-	1,611	24
Gårda 69:5	Norra Gubberogatan 9	1939	1,687	-	-	-	-	-	1,687	28
Gårda 69:6	Norra Gubberogatan 11	1939	1,665	-	-	-	-	-	1,665	28
Gårda 69:15	Lagerströmsplatsen 4 / Norra Gubberogatan 23 B	1939	2,534	178	120	21	-	-	2,853	41
Torp 24:4	Anders Zornsgatan 21 A-E	1945/1986	1,870	16	-	63	-	35	1,984	30
Källtorp 37:10	Solrosgatan 6	1936/1978	916	-	-	-	-	-	916	21
Källtorp 47:23	Virginsgatan 12	1939	225	-	-	-	-	40	265	5
Källtorp 47:24	Virginsgatan 10	1939	180	-	-	-	-	-	180	4
Källtorp 47:25	Virginsgatan 8	1939	228	-	-	-	-	-	228	5
Masthugget 10:19	Värmlandsgatan 16 A-B	1962/2009	1,256	-	284	-	-	-	1,540	1
Stockholm										
Kontot 1	Multrågatan 19-25, 29 A	1958	11,479	39	124	-	-	-	11,642	144
Tabulatorn 3	Håsjögränd 2	1958	2,779	-	74	10	-	88	2,951	35
Glädjen 14	Franzénsgatan 10 / Hornsbergs Strand 19-25	2012	9,029	-	-	39	-	-	9,068	129
Förtjusingen 1	Franzengatan 14-18 / Hornsbergs Strand 27 A-C / Nordenflychtsvägen 76-78,	2011	9,896	-	240	68	-	-	10,204	138
Rödbetan 10	Ekedalsvägen 18 / Kvarnbergsvägen 72-74 / Sturevägen 29-31	1987	1,739	120	-	-	-	-	1,859	30
Paragrafen 7	Arrendatorsvägen 2 A-B, 4 A-B, 6 A-B	1949	2,970	269	-	-	-	10	3,249	54
Europa 10	Köpmangatan 2 / Köpmantorget 10	1929/1940	373	14	32	-	-	-	419	11
Total			52,014	679	938	201	-	173	54,005	774

COMPLETED NEW CONSTRUCTION, INVESTMENT PROPERTIES, 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	No. of apts.
Gothenburg										
Kvillebäcken 3:1	Gustaf Dahléngsgatan 10-14 / Långängan 11 / Solventilsgatan 20-22	2014	6,009	-	85	-	-	1,167	7,261	115
Lorensberg 57:8	Teatergatan 30-38	2015	3,901	-	329	-	-	-	4,230	66
Stockholm										
Barkarby 2:28	Barkarbyvägen 42-52, 42 A-B, 44 A-C / Gripengatan 1-7 / Karlslundavägen 4-8, 8A / Stora torget 1-3, 1 A-B, 2, 2 A-B	2014	15,615	-	756	-	-	3,733	20,104	247
Älta 10:62	Oxelbacken 1-3	2015	7,509	-	-	-	-	2,554	10,063	129
Total			33,034	-	1,170	-	-	7,454	41,658	557

COMPLETED NEW CONSTRUCTION, CO-OPS, 2015

Project	Completed, quarter	Residential sq m	Commercial space sq m	Total sq m	No. of apts.
Stockholm					
Tuletornen, Sundbyberg	Q1	5,172	677	5,849	90
Riggen, Gröndal	Q4	2,595	58	2,653	42
Tyresö Trädgårdar, Tyresö, stage 1*	Q4	8,507	-	8,507	114
Total		16,274	735	17,009	246

* Jointly owned with Oscar Properties AB

WALLENSTAM'S SUSTAINABILITY REPORTING

Wallenstam's sustainability reporting follows the financial year and is published annually as a part of the annual report. The latest sustainability report was published on 27 March 2015. As from the 2015 financial year, we apply Global Reporting Initiative's (GRI), G4 Core level.

This report describes how the Wallenstam Group has worked with sustainability issues during 2015. Wallenstam has defined the scope of the sustainability reporting as the areas referred to in the GRI index. A table is provided on the following pages of what GRI indicators are reported and

where information about the GRI indicators is found in Wallenstam's reporting. This report has not been reviewed by an external party. The contact person with regard to the reporting and its content is Director of Communications Elisabeth Vansvik, elisabeth.vansvik@wallenstam.se.

GRI DATA

Information is provided below on the GRI indicators that are not reported elsewhere in the annual report.

G4-10: THE NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, EMPLOYMENT TYPE, GENDER AND REGION

The average number of employees in 2015 amounted to 216. All of the Group's employees are permanent employees, with the exception of one person who is a probationary employee and eleven people who are employed on a temporary basis, for example in the form of work as a substitute. 18 people work part time, of whom 17 are permanent employees and one temporary employee. Wallenstam had no significant variation in the number of employees during the year.

G4-14: WHETHER AND HOW THE PRECAUTIONARY APPROACH OR PRINCIPLES IS ADDRESSED IN THE ORGANIZATION

In many instances, Wallenstam acts in accordance with the precautionary approach, even though we do not use it as a concept in governance and strategies. For example, the precautionary approach is used in our work on identifying, analyzing and following up risks.

G4-16: MEMBERSHIP IN ASSOCIATIONS AND/OR NATIONAL/INTERNATIONAL ADVOCACY ORGANIZATIONS.

Representatives of Wallenstam are represented in the governing bodies of Avenyöreningen, Fastighetsägarna Göteborg r.a regionen, Nordisk Byggdag and Barn i Nöd, among other organizations.

G4-20,21: DISCLOSURE OF EACH MATERIAL ASPECT'S IMPACT INSIDE AND OUTSIDE THE ORGANIZATION

GRI aspect	Boundaries
Economic performance	Own operations
Energy	Own operations and sold energy
Water	Own operations and customers
Air emissions	Own operations and customers
Compliance with environmental laws and regulations	Own operations
Non-discrimination	Own operations
Anti-corruption	Own operations
Compliance with laws and regulations	Own operations
Product labelling	Own operations and supply chain

G4-EN3: ENERGY USE WITHIN THE ORGANIZATION

	MWh
Total energy use, non-renewable	78,362
Total energy use, renewable	59,991
Total electricity	47,950
Total heating	89,620
Total cooling	783
Sold electricity	381,046
Own electricity production from renewable sources	
Wind power	415,300

Data refers to 2015.

G4-EN6: DECREASE IN ENERGY USE

	MWh
Total reduction	6,827
Reduction electricity	-514
Reduction heating	7,432
Reduction cooling	-91

The data refers to 2015, the decrease is calculated from the base year 2014.

G4-EN8: WATER USE IN OUR PROPERTIES

The water use in our properties, exclusively municipal water, amounted to 1,027,435 m³ in 2015.

G4-EN15: DIRECT GREENHOUSE GAS EMISSIONS

Total CO₂ emissions during 2015 amounted to 153 tons.*

G4-EN16: INDIRECT GREENHOUSE GAS EMISSIONS

Total CO₂ emissions during 2015 amounted to 3,914 tons.*

G4-EN19: REDUCTION OF GREENHOUSE GAS EMISSIONS

Total reduction of CO₂ emissions during 2015 amounted to 448 tons.*

*All data relating to CO₂ in this summary is based on inputs from suppliers, which are reported according to prevailing accounting standards. As data for actual impacts was not available during preparation of this reporting, the heating data is based on estimated values based on emission factors in 2014. The data refers to 2015, the decrease is calculated from the base year 2014.

G4-EN29: COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

During 2015, no significant fines were imposed on Wallenstam for breaches of applicable laws and regulations.

G4-HR3: NON-DISCRIMINATION

No incidents of discrimination were reported in 2015.

G4-S08: COMPLIANCE WITH LAWS AND REGULATIONS

During 2015, no significant fines were imposed on Wallenstam for breaches of applicable laws and regulations.

GRI INDEX

INDICATOR	DESCRIPTION	PAGE	COMMENTS
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Organizational profile			
G4-3	Organization's name	Back page	
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G4-5	Location of headquarters	67	
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G4-8	Markets	Tab, 38–43	
G4-9	Organization's size	67, 74–77	
G4-10	Number of employees distributed according to employment contract, employment type gender and region	35, 131	Wallenstam reports the number of employees according to the guidelines. Personnel on hire are not reported, as Wallenstam uses temporary personnel to a minor extent.
G4-11	Total number of employees covered by collective agreements	35	
G4-12	Organization's supply chain	24–25, 28–30, 36	
G4-13	Material changes during the reporting period		No material changes during the financial year.
G4-14	Whether and how the precautionary approach or principle is addressed in the organization	131	
G4-15	External economic, environmental and social principles and charters that the organization has endorsed or subscribes to	24–28	
G4-16	Membership of associations and/or national/international advocacy organizations	94–95, 131	
Material aspects and boundaries			
G4-17	List over all units included in the consolidated financial statements	112	All units are covered by the GRI reporting.
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G4-19	List of identified material aspects	25, 132	
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G4-27	Important areas raised via communication with stakeholders	25	
Report profile			
G4-28	Reporting period	131	
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Non-discrimination			
G4-DMA	Governance disclosures	24, 28, 36	
G4-HR3	Non-discrimination	131	
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G4-DMA	Governance disclosures	24, 28, 36	
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G4-DMA	Governance disclosures	24	
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WELCOME TO THE AGM

Wallenstam AB (publ), co. reg. no. 556072-1523, cordially invites its shareholders to attend the AGM on Tuesday 26 April 2016 at 16:00 at the Elite Park Avenue Hotel, Kungssportsavenyen 36–38 in Gothenburg.

The venue opens for registration at 15:00. Light refreshments will be served before the AGM.

REGISTRATION

Shareholders wishing to participate in the AGM must register as shareholders no later than Wednesday, 20 April 2016 in the shareholders ledger administered by Euroclear Sweden AB, and also register their intention with the company to participate in the AGM no later than 16:00 on 20 April 2016. Upon registration, shareholders must provide their name (company), personal ID number (company registration number), address and telephone number as well as the name and personal ID number of any agent and the number of any accompanying assistants (no more than two).

Registration may take place in the following ways:

- by telephone on +46 31-743 95 91
- by mail to Wallenstam AB (publ)
FAO: Louise Wingstrand, SE 401 84 Gothenburg,
SWEDEN
- on Wallenstam's website at wallenstam.se/arsstamma

There are proxy forms available on the Wallenstam website at wallenstam.se/arsstamma for shareholders wishing to be represented by an agent.

Shareholders who have their shares registered with nominees must re-register their shares in their own name for the right to participate in the AGM. Re-registration, which may be temporary, must be executed at Euroclear Sweden AB no later than Wednesday, 20 April 2016. Shareholders should request their nominees to take care of re-registration in good time before this date.

The AGM considers the matters which it must address according to the Articles of Association as well as additional matters described in the notice to attend.

The Board of Directors proposes Thursday, 28 April 2016 as the record date for dividends. If the AGM adopts the proposal, dividend distribution is anticipated to take place from Euroclear Sweden AB on Tuesday, 3 May 2016.

GLOSSARY

Required rates of return

The yield an owner demands for an investment with due consideration for how risky the investment is.

Load balancing responsibility

Means we must produce or purchase electricity in amounts equivalent to those used by our electricity customers. The same amount of electricity must be supplied every hour as used at any point of consumption.

CBD

Central Business District, the most central, attractive shopping and office locations.

Covenant

A contract between a lender and a borrower where the borrower guarantees to fulfil certain key ratios, such as a given equity/assets ratio, as a condition of the loan.

CSR

Corporate Social Responsibility, a term for a concept according to which a company voluntarily integrates economic, social and environmental aspects into its operation and into its contacts with stakeholders.

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.

Renewable energy certificates

The renewable energy certificate system is based on the provision of certificates to the producers of renewable electricity. Each MWh (megawatt hour) equals one certificate. The sale of certificates is intended to provide producers with revenue in addition to the revenue from electricity sales.

Renewable energy

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

GRI

Global Reporting Initiative, a framework for recording and reporting sustainability information. GRI provides guidelines for the content of sustainability reports, how they should be prepared and the indicators that should be reported.

IFRS fair value categories

According to IFRS, fair value measurement is classified in relation to three different value categories: Examples of input data in level two are prices for similar assets or liabilities quoted on active markets, prices quoted for identical or similar assets or liabilities that are not active and input data other than quoted prices observable for the asset or liability such as interest rates and yield curves observable at normal specified intervals. An example of level three input data is data for the asset or liability that is not based on observable market data.

kWh

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

kWh, monthly requirement

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

MW

Abbreviation for megawatt, one million Watts. A Watt is a unit of power.

Nord Pool

The Nordic electricity exchange.

PCB

An industrial chemical with many different areas of application; it is used in transformers, heat exchangers, jointing compounds in houses, and in paint. The use of PCBs has been forbidden in Sweden since the 1970s.

Prime Rent

The highest basic rents in the best properties in various areas.

Spot market

A market where trade in goods for immediate delivery takes place.

Synthetic options scheme

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

Swap agreement

Swaps are financial instruments that entail an exchange of cash flow between two parties on an underlying nominal amount. An interest rate swap is an example of an agreement where an operator lending at fixed interest rates (e.g. fixed for five years) may wish to swap the interest flow with another operator lending at variable rates.

Vacancy rate

Unlet floor space in relation to total floor space.

Volatility

A measurement of how much a price of something varies over a given period.

Heating consumption, degree-day correction

Consumption is adjusted during a normal year with regard to temperature, wind and precipitation.

Heating consumption, time correction

If a reading is not taken at the end of each month, consumption is converted to annual consumption.

Condominium in apartment block

A tenure arrangement that is usual in other European countries. A condominium apartment can be compared to a vertical terrace of houses. The occupant enjoys direct ownership and may independently transfer, mortgage or rent out the apartment.

For additional clarifications, refer to wallenstam.se

DEFINITIONS

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 twelve-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 in relation to the Group's investments in properties, ongoing co-op construction projects and wind power at the end of the period.

Market capitalization

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

Operating surplus

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

Yield, investment properties

The operating surplus for the latest rolling twelve-month period as a percentage of the weighted average carrying amount of investment properties excluding projects in progress.

Total return, investment properties

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

Property values – carrying amounts

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

Income from management operations

Operating surplus less management costs, administration expenses and net financial income/expense.

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.

Non-current net asset value (EPRA NAV)

Equity with add-back 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 twelve-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 twelve-month basis.

Return on total capital

Profit before tax less interest expenses in relation to average capital employed, calculated on the latest rolling twelve-month period.

Interest coverage ratio

Gains or losses before unrealized changes in value and impairment charges with add-back of net financial income/expense for the latest rolling twelve-month period in relation to the net financial income/expense for the latest rolling twelve-month period.

Interest coverage ratio, realized

Gains or losses before unrealized changes in value and impairment charges with add-back of net financial income/expense excluding realized changes in the value of investment properties with additions for conventional gains or losses from the sale of investment properties for the latest rolling twelve-month

period in relation to the net financial income/expense for the latest rolling twelve-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.

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 profit

Realized profit excluding profit from property sales.

Surplus ratio

Operating surplus as a percentage of rental income.

For additional definitions, refer to wallenstam.se

CALENDAR

Annual General Meeting	26 April 2016
Interim report I	26 April 2016
Interim report II	3 August 2016
Interim report III	8 November 2016

Information regarding Wallenstam's business operations, financial reporting and press releases can be found at wallenstam.se

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The artists impressions on pages 56-59

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URBANIZE MORE!

Cities are growing, distances between suburbs and city centers are shrinking, old areas are being redeveloped and new areas are being built.

At Wallenstam, we have worked for 70 years with expansion, densification and management with the aim of creating areas where people want to reside, work and live their lives.

Perhaps our most important contribution to contemporary urban development is our goal to build 7,500 new, environmentally sustainable homes, over the period 2014 to 2018.

Here you can read about our progress in 2015.

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