

WALLENSTAM

INTERIM REPORT

JANUARY 1–JUNE 30, 2016

JANUARY 1–JUNE 30, 2016

- Income from property management increased by 9 percent and amounted to SEK 350 million (322).
- Unrealized changes in the value of investment properties amounted to SEK 1,615 million (1,711), of which new construction of rental apartments represented SEK 561 million (302).
- Unrealized changes in the value of derivative instruments amounted to SEK -366 million (160).
- Profit after tax amounted to SEK 1,325 million (1,981), equivalent to SEK 4.0 (5.9) per share.
- Rental income amounted to SEK 789 million (771).
- Properties were sold with a value of SEK 730 million (1,756), resulting in realized changes in value of SEK 113 million (133), which was 18 percent above the latest valuation.
- Acquisitions of properties totaled SEK 133 million (955) and investments in properties amounted to SEK 1,080 million (972).
- The growth rate in net asset value, excluding dividends and repurchases, on a rolling full-year basis was just over 15 percent.
- We had around 1,700 apartments under construction on the closing day.

APRIL 1–JUNE 30, 2016

- Income from property management increased by 8 percent and amounted to SEK 184 million (171).
- Unrealized changes in the value of investment properties amounted to SEK 1,215 million (1,537), of which new construction of rental apartments represented SEK 276 million (182).
- Unrealized changes in the value of derivative instruments amounted to SEK -155 million (298).
- Profit after tax amounted to SEK 1,043 million (1,823), equivalent to SEK 3.2 (5.5) per share.
- Rental income amounted to SEK 397 million (390).

Comparisons in brackets refer to the corresponding period of the previous year unless otherwise stated.

“The result for the first half of 2016 showed excellent figures and reflected the fact that the operations are performing very well and are continually generating value. Compared to the year-earlier period, rental income increased despite completed divestments, as did net operating income, mainly due to the successful entry of our new construction projects into our management operations. Income from property management increased by 9 percent and one third of the increase in property value, SEK 561 million, was generated through our own new construction work.”

“We are halfway in the business plan in which our goal is to achieve an average rate of net asset value growth, excluding dividends and repurchases, of at least 10 percent per year. When we decided on the goal for the business plan it was set at a challenging level, and a target that also becomes a little tougher each year during the period. Now when I sum up the first 2.5 years and see that the average net asset value growth in relation to our goal is more than 13 percent, I feel very proud about what we have achieved so far. Now we will work hard through our effective construction and management organization to create more value, generate strong income from property management and good net asset value growth in the next phase of our business plan.”

HANS WALLENSTAM, CEO

THIS IS WALLENSTAM

• No. of properties: around 200 • Investment property value: SEK 34 billion • Market capitalization 30 June 2016: SEK 23 billion
• Occupancy rate, lettable area: 98% • Lettable area: 1.1 million sq m • No. of apts. under construction: around 1,700 • No. of wind turbines: 64

BUSINESS PLAN 2018

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

Guiding principles

- To start production of 7,500 apartments until the end of 2018, i.e. an average of 1,500 apartments per year.
- To reduce the carbon load in the property holdings by 15 percent per sq m by the end of 2018.
- The proportion of customers willing to recommend Wallenstam should increase yearly.

Assumptions

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

BUSINESS CONCEPT

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

STRATEGIES AND ASSET-CREATING FACTORS

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

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

positive development of both income and the business over time.

WALLENSTAM TODAY

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

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

Our residential properties are mainly located in Stockholm and Gothenburg, while our commercial properties are concentrated to inner city locations in Gothenburg. In all, Wallenstam has just over 7,500 apartments and 1,000 commercial tenants. Wallenstam is self-sufficient in renewable energy through Svensk NaturEnergi.

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

Stockholm

The majority of our residential holdings are in Stockholm, where we have around 4,000 apartments. At present, the major part of our new construction also takes place in the Stockholm region, including Uppsala. The Stockholm business area had just over 1,100 apartments under construction on the closing day.

Gothenburg

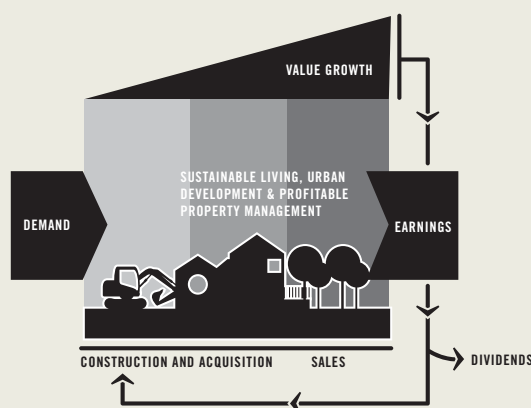
Our property holdings in Gothenburg consist of around 3,300 apartments and around 900 commercial tenants that rent office and retail premises, mostly in inner city locations. We manage around 200 apartments in Helsingborg. The Gothenburg business area had about 600 apartments under construction on the closing day.

Svensk NaturEnergi

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

Business Process

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



CONTENTS

| | |
|---|----|
| Comments by the CEO | 3 |
| Interim report, January 1–June 30, 2016 | 4 |
| Consolidated statement of comprehensive income | 15 |
| Consolidated statement of financial position, Condensed | 16 |
| Consolidated statement of changes in equity | 17 |
| Consolidated statement of cash flows | 17 |
| Segments report | 18 |
| Key ratios | 19 |
| Definitions | 21 |

SCHEDULE

| | | |
|----|-----------------------------|-------------------|
| 3 | Interim report Q3, 2016 | November 8, 2016 |
| 4 | Year-end report, 2016 | February 22, 2017 |
| 15 | Interim report Q1, 2017 | April 26, 2017 |
| 16 | Annual General Meeting 2017 | April 26, 2017 |
| 17 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 21 | | |

This interim report was prepared in accordance with IAS 34. The accounting principles remain unchanged compared to the 2015 Annual Report. The Parent Company's accounting principles comply with the Swedish Annual Accounts Act and RFR2. From and including this interim report, ESMA's guidelines relating to Alternative performance measures are applied. This Interim report is a translation of the original report in Swedish. It has not been reviewed by the company's auditors.

For information regarding accounting principles, please visit www.wallenstam.se/en_ir. For definitions, etc., please refer to the last page of the report or visit: www.wallenstam.se/glossary.

For further information, please contact:
Susann Linde, CFO and IR Director
tel: +46 705 17 11 34
e-mail: susann.linde@wallenstam.se

Please follow us on Twitter, LinkedIn, Instagram and Facebook.

COMMENTS BY THE CEO



Halfway in the business plan

We are halfway in the business plan in which our goal is to achieve an average rate of net asset value growth, excluding dividends and repurchases, of at least 10 percent per year. When we decided on the goal for the business plan it was set at a challenging level, and a target that also becomes a little tougher each year during the period. Now when I sum up the first 2.5 years and see that the average net asset value growth in relation to our goal is more than 13 percent, I feel very proud about what we have achieved so far.

Net asset value describes the Group's total value – value that grows through profitable new construction projects, an efficient property management and letting organization, value-creating investments and successful business operations. The result for the first half of 2016 showed excellent figures and reflected the fact that the operations are performing very well and are continually generating value. Compared to the year-earlier period, rental income increased despite completed divestments, as did net operating income, mainly due to the successful entry of our new construction projects into our management operations. Income from property management increased by 9 percent and one third of the increase in property value, SEK 561 million, was generated through our own new construction work.

Potential risks

Right now, it is a fantastic time for real estate and property investments. In Sweden, our growth rate is amongst the highest in Europe while we have zero interest rates. In times like these, it is important to identify the risks that can arise.

I would like to discuss three current risk areas and how Wallenstam is equipped to meet them: the uncertain cooperative apartment prices at present, a possible fall in property values and the financial turbulence.

Development of cooperative apartment prices

A sharp slowdown is being noted in the cooperative apartment market in connection with the introduction of the amortization requirement on June 1, 2016. We will see in August-September whether this slack demand is temporary or the start of a sluggish market that is continuing to decline.

A possible more protracted fall in cooperative apartment prices does not worry me from a company perspective. If anything, Wallenstam as a producer of rental apartments can benefit from lower cooperative apartment prices, since demand for rental apartments will then be stronger. The few cooperative apartment projects, which we have in our project portfolio, can be easily converted to rental apartment production if necessary. If demand for cooperative apartments falls, then construction of cooperative apartments may also decrease. This can lead to increased competition between contractors and in turn result in lower construction costs for us.

Development in the value of properties

The property market is still very hot. In the prevailing zero interest environment, many players are seeking returns on their investments. It can be problematic if the price of risk becomes too low. At some

stage there will be a turnaround in the market, and when this happens, the location of properties will be extremely important for the value. In turbulent times, all that matters is location, location, location!

For Wallenstam, it is important that the underlying properties are good and found in the right locations, both in terms of the place and where in the city the buildings are situated. Our holdings are concentrated towards commercial premises, mainly offices, in city centers and residential properties in attractive locations in the strongest growth areas in Sweden: Stockholm, Uppsala and Gothenburg. Right now it is also nice to be able to pursue value creation through project and urban development instead of needing to buy properties at a high risk with a low yield, which is happening in the market today.

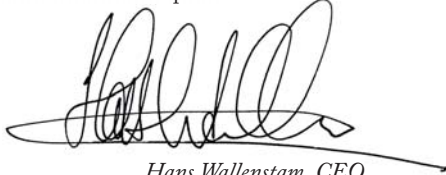
Financing situation

There is a very high level of financial turbulence in Europe and throughout the world. Interest rates are still extremely low, essentially non-existent, and nothing suggests they will rise. In the short term, the low interest rates are naturally positive, but the question, which I and many others are asking, is how a society can function without interest for a longer period of time – for example, how will financing occur in the future?

In such a situation, a high equity/assets ratio and low loan-to-value ratio will be even more important, and not least, to have strong financiers as partners. Wallenstam's strong balance sheet and good relationships with solid lenders provide a stable operating basis and I feel confident about the financing of our future projects.

Positioned for further value growth

Based on the above line of reasoning, I can confirm that, as a company, we are well-equipped for the future and that we have many bright years ahead of us. Now we will work hard through our effective construction and management organization to create more value, generate strong income from property management and good net asset value growth in the next phase of our business plan.



Hans Wallenstam, CEO

INTERIM REPORT

JANUARY 1–JUNE 30, 2016

SECOND QUARTER APRIL 1–JUNE 30

Important events

During the period, the project Månspinaren with 121 rental apartments in Norra Djurgårdsstaden, Stockholm, was completed. Construction started of 82 rental apartments in Stallbacken Punkt 3 in Mölndal, and constitutes the third phase in the urban development project Stallbacken, where we will build about 550 apartments in total. In addition, construction started of 17 terraced houses with a right of ownership in Helsingborg.

During the quarter, Wallenstam issued green bonds for SEK 400 million with a maturity of two years, with the aim of refinancing wind turbines in the subsidiary Svensk NaturEnergi, which produces electricity through wind power. The bonds were admitted to trading on Nasdaq Stockholm at the end of June.

On June 1, the property Oskar II 11 was vacated, as part of the agreement concluded with Willhem in December 2015 on a gradual acquisition by the company of Wallenstam's properties in Helsingborg.

During the quarter, Wallenstam also carried out a number of smaller property transactions apart from those mentioned above, where five properties were sold and vacated, including one in the form of land.

Performance during the quarter

Income from property management amounted to SEK 184 million (171), which was 8 percent better than the year-earlier period. Rental income increased despite the negative impact of sales on the comparison. Excluding acquisitions and divestments, revenue increased by SEK 22 million, which is equivalent to growth during the quarter of just over 6 percent. This growth is the result of additional recently constructed apartment buildings as well as completed rent negotiations. Operating expenses decreased, mainly on account of the completed property transactions. Net operating income increased by SEK 8 million or 3 percent, mainly due to more efficient property holdings as a result of our recently constructed properties.

Interest expenses totaled SEK 73 million (82), which was SEK 9 million lower than the previous year. On the closing

day, interest-bearing liabilities amounted to SEK 15.9 billion, which was SEK 1.1 billion higher than the same date in 2015. The average interest rate during the quarter was 2.04 percent (2.34).

Income from natural energy management operations amounted to SEK -27 million (-10). Electricity generation was lower compared to the previous year. Sales increased significantly but revenue did not rise at the same rate due to a continued fall in electricity prices.

The total profit from property and cooperative apartment sales after expenses amounted to SEK 93 million (171) during the quarter.

Unrealized changes in the value of properties were positive and amounted to SEK 1,215 million (1,537). New production of rental apartments made a contribution of SEK 276 million (182). In the existing property holdings, the main impact came from the change in the yield requirement and capitalization of net operating income. In all, unrealized changes in value in the existing property holdings amounted to SEK 939 million (1,355).

The quarter was negatively affected by the trend in respect of derivatives. The change in the value of derivatives during the quarter was SEK -155 million (298). Change in value from interest rate derivatives, amounting to SEK -162 million during the quarter does not affect cash flow, except in connection with realization or the average interest rate, which includes the result from the derivative contracts realized during the period. Measurement of the synthetic options scheme, which tracks the movement in price of the Wallenstam share, generated revenue of SEK 3 million during the quarter.

Profit after tax for the second quarter of 2016 amounted to SEK 1,043 million (1,823), which corresponds to earnings per share of SEK 3.2 (5.5).

JANUARY 1–JUNE 30

Performance in brief

Rental income increased by just over 2 percent and amounted to SEK 789 million (771). Net operating income for properties amounted to SEK 577 million (560) during the period. Income from property management increased by SEK

28 million or 9 percent and amounted to SEK 350 million (322). Completed sales of properties and cooperative apartments resulted in a total gain of SEK 109 million (246). Profit before unrealized changes in value amounted to SEK 414 million (566).

Unrealized changes in the value of properties were positive and amounted to SEK 1,615 million (1,711) for the interim period. The change in the value of financial derivatives was -366 million (160) during the period. The expense for unrealized changes in value in the synthetic options scheme amounted to SEK 0 million (5). Profit before tax amounted to SEK 1,663 million (2,432) and profit after tax amounted to SEK 1,325 million (1,981), which corresponds to earnings per share of SEK 4.0 (5.9). The performance is commented on in more detail below.

Rental income

Consolidated rental income for the period amounted to SEK 789 million (771), which was a net increase of SEK 18 million or just over 2 percent compared to the year-earlier period. The impact from completed property transactions resulted in lower revenue on a comparative basis. Excluding income from acquired and divested properties, rental income increased by SEK 46 million, which corresponds to growth of just over 6 percent. This growth is mainly the result of additional recently constructed apartment buildings as well as completed rent negotiations.

Wallenstam's residential property holdings are fully let. This year's rent negotiations have resulted in an average rise of 0.9 percent for apartments in Stockholm. No rent control occurred for apartments in Gothenburg due to a breakdown in rent negotiations between the Swedish Union of Tenants, Western Sweden Region and the Swedish Property Federation. Rental rates for Wallenstam's commercial premises, which are located in Gothenburg, rose by 2.1 percent overall in comparable holdings, as a result of completed new lets and renegotiations as well as index agreements. We are experiencing strong, stable demand for premises and especially in central locations where our commercial properties are situated. Our occupancy rate for commercial properties in terms of lettable area amounted to 94 percent on the closing day.

Operating expenses & net operating income

Operating expenses for the period were in line with the previous year and amounted to SEK 212 million (211). Net operating income increased by 3 percent and amounted to SEK 577 million (560).

Excluding the effects of acquired and divested properties, net operating income during the period was just over 7 percent better than the year-earlier period, of which additional new production accounted for about two thirds of this growth. The growth in net operating income in comparable holdings of almost 3 percent was mainly the result of more efficient properties. 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. Colder weather had a comparatively negative impact of SEK 3 million on operating expenses in 2016.

Management costs & administrative expenses

Management costs and administrative expenses refer mainly to personnel expenses and are distributed among property management, SEK 100 million (97), energy management, SEK 15 million (17) and transactions, properties and cooperative apartments, SEK 11 million (13) in total. In addition, there are expenses for the synthetic options scheme to employees. Unrealized expenses for the synthetic options scheme are recognized as a line item in the income statement and amounted to SEK 0 million (5) in the interim period. A maximum outcome based on the prevailing number of options issued and an achieved share price of SEK 80 per share,

will generate an expense for the company of around SEK 139 million, of which SEK 76 million was expensed to date. Because the probability has increased that the scheme will enter into effect earlier than its final date (May 31, 2019), we consider the sold purchase option value, with a ceiling of SEK 80, to be SEK 0 million (0) and the purchased option value, with an exercise price of SEK 52.50, to be a liability of SEK 75 million (48).

Financial income & expenses

Financial income amounted to SEK 5 million (8) and financial expenses totaled SEK 147 million (166), of which SEK 132 million (149) related to property operations and SEK 15 million (17) to natural energy operations.

The average interest rate for the period amounted to 2.10 percent (2.41). The average interest rate on the closing day was 2.07 percent (2.33). Total financial expenses decreased by SEK 19 million, due to a lower average interest rate. The average debt for the first half of 2016 was SEK 0.2 billion higher than the year-earlier period. Capitalized interest amounted to SEK 25 million (22).

Income from natural energy management operations

Income from natural energy management operations consists of revenue less expenses including depreciation, administrative expenses and interest expenses attributable to electricity trading and electricity generation. Income from management operations is also affected by remeasurement effects relating to renewable energy certificates. Income from natural energy management operations amounted to SEK -45 million (-2) for the period and included

wind turbine depreciation of SEK 48 million (47), which does not affect cash flow.

During the first half of 2016, 159 GWh (214) of electricity was produced. The supplied volume amounted to 183 GWh (163). The performance during the period was primarily impacted by lower production than the previous year, which was a very good year for wind, but also by a lower electricity price, and not least, renewable energy certificates. The half-year was charged with a non-recurring adjustment in the form of an expense of SEK 3 million for property tax on wind turbines relating to prior periods, due to the change in property tax from 0.2 percent to 0.5 percent.

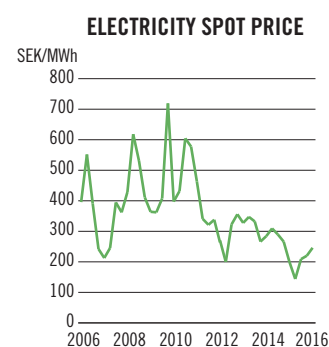
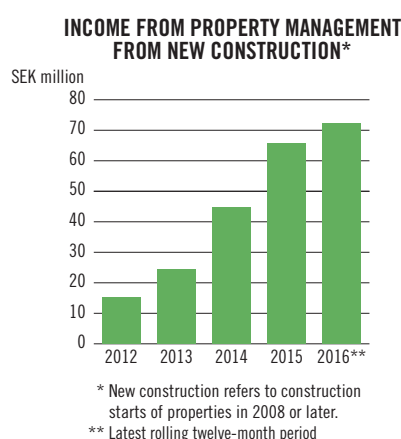
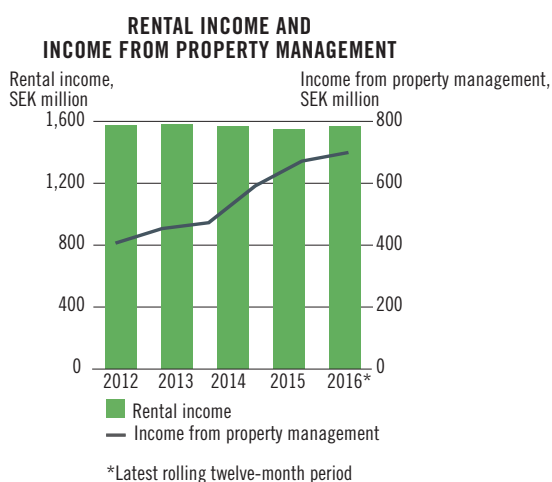
Income from cooperative apartment sales

Revenue from the sale of cooperative apartments refers to remuneration from the sale of cooperative apartment units. The cost of the sold cooperative apartment units is recognized as an expense. The expenses also include selling and marketing expenses for co-op apartments, which are recognized on an ongoing basis, i.e. as they arise. Cost and revenue are recognized when a property is transferred to the purchaser.

Profit for the period from the sale of cooperative apartments amounted to SEK 7 million (124) net and mainly included sales of a small number of individual apartments.

Realized changes in value, investment properties

During the first half of 2016, Wallenstam sold properties with a total value of SEK 730 million (1,756). The sales were carried out at prices, which exceeded the latest valuation by about 18 (8) percent.



The sales result in relation to the sums invested amounted to SEK 326 million (711), of which SEK 213 million (578) was recognized in the previous year's consolidated income statement as an unrealized change in value. For a specification of the sold properties, see page 9.

The Swedish transaction market

The Swedish transaction market continued to show a stable transaction volume during the second quarter of 2016. According to the property consultant JLL, the total transaction volume amounted to SEK 65.4 billion, which represented an increase of 132 percent compared to the previous quarter and an increase of 62 percent compared to the year-earlier period. The total transaction volume in Sweden during the first half of 2016 amounted to SEK 93.7 billion.

The transaction volume during the second quarter largely consisted of office properties, which is the normal pattern. Office properties were sold equivalent to 45 percent of the total transaction volume. After that, residential properties were the second strongest segment, accounting for 26 percent of the total transaction volume.

In Stockholm, properties were sold with a value of SEK 9.9 billion during the second quarter, this was a decrease of 12 percent and a decrease of 26 percent compared to the year-earlier period. The relatively low volume during the quarter compared to the previous quarter, among other things, was due to the fact that some portfolio transactions with diversified holdings were not counted in the total volume for Stockholm, including Norrporten and Aberdeen's residential portfolio. In Stockholm, most investments were made in the "other properties" segment including land and projects, totaling SEK 3.9 billion, which was equivalent to 39 percent of the total transaction volume in Stockholm.

Seven properties in total were sold in

the Gothenburg transaction market with a value of SEK 3.6 billion during the second quarter, equivalent to an increase of 116 percent compared to the previous quarter but a decrease of 23 percent compared to the year-earlier period. Office properties accounted for by far the largest proportion of the transaction volume in the Gothenburg market, as three office properties were sold with a value of about SEK 2 billion.

Unrealized changes in value, investment properties

The development in the value of properties during the first half of 2016 was positively affected by an increase in value generated by our own work in ongoing and completed new constructions of rental apartments, improved cash flow and the market situation in the sector. The property market is characterized by a continued high level of activity and strong demand with rising prices as a consequence.

Unrealized changes in the value of investment properties during the period amounted to SEK 1,615 million in total (1,711), of which the increase in value from new construction accounted for SEK 561 million (302). This means that 34 percent of the increase in value during the period was generated by our own work. The change in value from new construction projects during the first half of 2016 was positively impacted by a non-recurring effect of just over SEK 100 million due to the fact that from 2016 we are gradually recognizing a larger proportion of the estimated surplus during the construction phase. The increase in value in investment properties, which were in operation for one year or more, amounted to SEK 1,054 million (1,409).

Unrealized changes in value, financial instruments

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

A historically low repo rate, -0.5 percent, and financial turbulence around the world are helping to keep down short and longer-term market rates of interest. On the closing day, the 10-year swap rate amounted to 0.72 percent, compared to 1.605 percent at the start of the year. As both 3-month STIBOR and longer-term interest rates have fallen considerably since year-end and are now reaching new lows, the development in the value of interest rate derivatives was negative during the first half of 2016, SEK -369 million (167) in total.

In order to secure electricity generation expenses and revenue from electricity sales, the Group hedges parts of the electricity price in the financial market. There was a positive change in the value of electricity derivatives of SEK 3 million (-9). Changes in the value of other financial instruments amounted to SEK -1 million (2) on the closing day.

The change in value of derivatives only affects cash flow when they are realized. The change in value of interest rate derivatives does not affect the average interest rate, which instead includes the result of the swaps realized during the period.

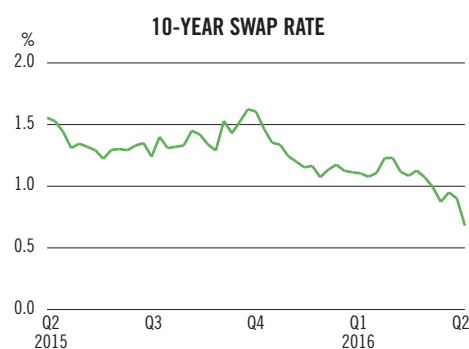
Taxes

The recognized tax expense for the period, which consists in its entirety of deferred tax, amounted to SEK 338 million (451) net.

The Group's largest tax expenditures consist primarily of VAT expenses – for which we have a limited right of deduction as a property company – and such items as property and energy taxes, stamp duty and personnel-related taxes and charges. These other taxes, which amounted to around SEK 455 million (520) for the full-year 2015, are recognized among operating expenses within income from property management and investments in the construction operation

CHANGES IN VALUE OF INVESTMENT PROPERTIES

| SEK million | Jan-Jun 2016 | Jan-Jun 2015 |
|---|--------------|--------------|
| Changes in value of investment properties in operation | 1,054 | 1,409 |
| Changes in value of new rental apartment construction in progress | 561 | 302 |
| Realized changes in value, investment properties | 113 | 133 |
| Total changes in value, investment properties | 1,728 | 1,844 |



OUR PROPERTIES

Developments during the period

During the period, we invested SEK 1,075 million (1,777) in investment properties and SEK 138 million (150) in cooperative apartment construction, for a total of SEK 1,213 million (1,927).

New construction projects in progress involve about 1,700 apartments. The total value of rental and cooperative apartment projects in progress amounted to about SEK 3.0 billion (2.5) on the closing day.

Investment properties

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

Unrealized changes in value have affected the value of investment properties positively by SEK 1,615 million (1,711) in

total, of which about one third came from new construction of rental apartments and the remainder from properties that have been in operation for one year or more.

The average yield requirement for residential buildings, excluding projects, land and building rights was 3.4 percent (3.5) and for the commercial holdings it was 5.2 percent (5.3). The approved value of investment properties was SEK 34,176 million (30,347) at the end of the period.

Cooperative apartment projects

New production of properties that are constructed for the purpose of sales as cooperative apartment properties are recognized in the balance sheet as Work in progress, co-op apartments. The book value of Work in progress, co-op apartments amounted to SEK 170 million (460) at the end of the period and mainly includes

the project Orangeriet in Solberga with 170 cooperative apartments, which will be completed by year-end 2017/2018.

Our market

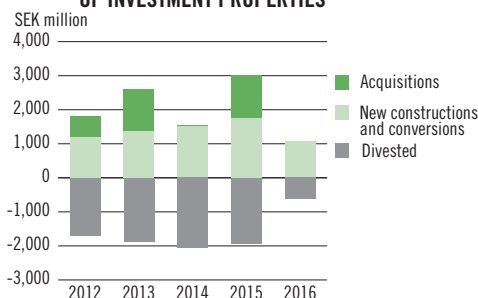
The cities in which we do business are characterized by strong demand for housing and low rates of rental apartment construction. Only a minor proportion of our apartments become available for rent due to relocation, and demand for finished, newly built rental apartments is high.

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

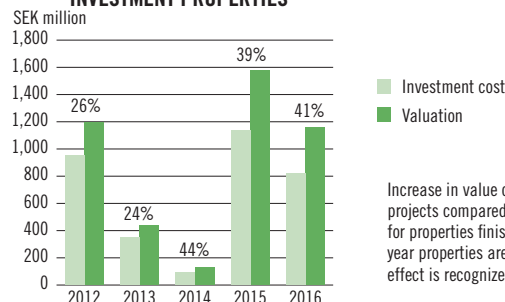
CHANGES IN PROPERTY HOLDINGS, INVESTMENT PROPERTIES

| | Book value, SEK million |
|--|----------------------------|
| Property holdings, 1 January 2016 | 32,090 |
| + Acquisitions | 15 |
| + Construction | 1,060 |
| + Reclassification, Co-ops | 13 |
| - Sales | -617 |
| + Unrealized changes in value, net | 1,615 |
| Property holdings, 30 June 2016 | 34,176 |

ACQUISITION, CONSTRUCTION AND SALES OF INVESTMENT PROPERTIES



GROWTH IN VALUE, NEW CONSTRUCTION INVESTMENT PROPERTIES



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

Valuation

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

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

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

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

New construction rental properties are measured at fair value, which is determined as cost plus the estimated surplus on the completion date in relation to the degree of completion of the construction. This is in turn based on expenses incurred. Previously, a share of the estimated surplus was gradually recognized in relation to the degree of completion but from 2016 the entire estimated surplus is taken as the starting position.

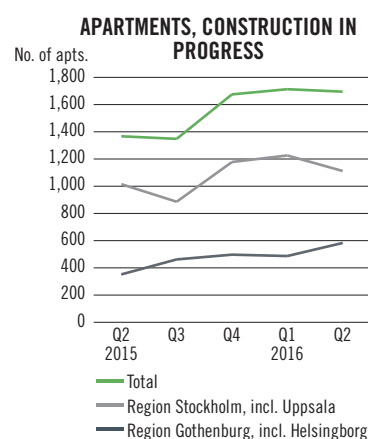
Land rights and building rights for zoned land are measured at market value.

Newly constructed cooperative apartments are recognized according to IFRIC 15, Agreements for the Construction of

Real Estate. For Wallenstam, this means that IAS 18 Revenues, is applied when recognizing these property projects. In short, this means that ongoing recognition takes place at cost and that a profit/loss is recognized when the cooperative unit is completed, sold and handed over to the customer

NEW CONSTRUCTION IN PROGRESS 30 JUNE 2016

| Project | No. of apts. | Expected occupation |
|---|-----------------|------------------------|
| Stockholm | | |
| Conversion of commercial premises to apartments | 7 | Q3 2016 |
| Tavernan, Barkarbystaden, Järfälla | 205 | 2017/2018 |
| Grönskan Solberga | 148 | 2017 |
| Trädgårdsporten, Tyresö | 184 | 2017 |
| Orangeriet Solberga (co-op) | 170 | 2018 |
| Uppsala | | |
| Fjärilen, Rosendal | 145 | 2017 |
| Snickeriet, Östra Sala backe | 137 | 2017 |
| Symfonin, Gränby | 116 | 2017 |
| Gothenburg | | |
| Stallbacken Punkt1, Mölndal | 188 | 2016/2017 |
| Mid Avenue Valand | 35 | 2017 |
| Stallbacken Nivå2, Mölndal | 88 | 2017 |
| Stallbacken Punkt3, Mölndal | 82 | 2017 |
| Helsingborg | | |
| Vildvinet 1 | 52 | Q4 2016 |
| Conversion of commercial premises to apartments | 11 | Q4 2016 |
| L17 | 17 | 2017 |
| Stengläntan, Mariastaden | 110 | 2017 |
| Total | 1,695 | |



CHANGE, CONSTRUCTION IN PROGRESS

| | No. of apts. |
|--|--------------|
| New construction in progress, 31 Mar 2015 | 1,713 |
| - Completed | -124 |
| + Started | +106 |
| New construction in progress, 30 Jun 2016 | 1,695 |

PROPERTY HOLDING STRUCTURE AS OF 30 JUNE 2016

| Lettable area, sq m | Residential | Office | Retail | Industry/ warehousing | Education | Garage | Other | Total | Distribution, place |
|----------------------------------|----------------|----------------|----------------|--------------------------|---------------|---------------|---------------|------------------|------------------------|
| Stockholm | 248,916 | 33,135 | 20,124 | 15,595 | 3,201 | 43,441 | 3,102 | 367,514 | 34% |
| Gothenburg | 214,849 | 191,677 | 91,091 | 72,819 | 32,849 | 51,520 | 28,693 | 683,498 | 64% |
| Helsingborg | 12,883 | 1,393 | 427 | 878 | - | 140 | - | 15,721 | 2% |
| Total | 476,648 | 226,205 | 111,642 | 89,292 | 36,050 | 95,101 | 31,795 | 1,066,733 | 100% |
| Distribution by type of premises | 45% | 21% | 11% | 8% | 3% | 9% | 3% | 100% | |

COMPLETED NEW CONSTRUCTION, INVESTMENT PROPERTIES, 2016

| 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. |
|---|---|--|---------------------|----------------|----------------|----------------------------------|-------------------|---------------|---------------|--------------------|
| Stockholm | | | | | | | | | | |
| Sicklaön 368:2 | Fyrspannsvägen 3A-3B, 5A-5C / Jacobsdalsvägen 2A / Lokomobilvägen 3-5 | 2015 | 7,561 | - | - | - | - | 1,694 | 9,255 | 122 |
| Domarudden 1 | Grythundsgatan 3 / Jaktgatan 38-40 | 2016 | - | - | - | - | 815 | - | 815 | - |
| Stora Sjöfallet 3 | Grythundsgatan 5-11 / Husarviks- gatan 16A / Jaktgatan 37-41 | 2016 | 6,626 | - | 229 | - | - | 1,772 | 8,627 | 121 |
| Gothenburg | | | | | | | | | | |
| Brämregården 62:1 | Fjärdingsgatan 3-9 / Gustaf Dahléns- gatan 4-8, 6A / Långängen 14-16 | 2016 | 5,857 | - | 257 | - | - | 1,250 | 7,364 | 112 |
| Converted commercial premises to apartments in existing holdings, change | | - | 147 | -140 | - | -80 | - | - | -73 | 3 |
| Helsingborg | | | | | | | | | | |
| Converted commercial premises to apartments in existing holdings, change | | - | 244 | - | 43 | - | - | -253 | 34 | 3 |
| Total | | | 20,435 | -140 | 529 | -80 | 815 | 4,463 | 26,022 | 361 |

PROPERTY ACQUISITIONS, 2016

| 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. |
|--|---------|--|---------------------|----------------|----------------|----------------------------------|-------------------|---------------|---------------|-----------------|
| Stockholm | | | | | | | | | | |
| Gränby 9:6, Uppsala* (approx. 7,600 sq m. above-ground GFA [gross floor area]) | | - | - | - | - | - | - | - | - | - |
| Seglarskon 1* (approx. 6,000 sq m. above-ground GFA [gross floor area]) | | - | - | - | - | - | - | - | - | - |
| Seglarskon 2* (approx. 6,100 sq m. above-ground GFA [gross floor area]) | | - | - | - | - | - | - | - | - | - |
| Total | | | - | - | - | - | - | - | - | - |

* Land for housing production

PROPERTY SALES, 2016

| 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. |
|---|---------------------------------------|--|---------------------|----------------|----------------|----------------------------------|-------------------|---------------|---------------|-----------------|
| Stockholm | | | | | | | | | | |
| Smaragden 2 | Bergsgatan 26 | 1929 | 1,078 | - | - | - | - | - | 1,078 | 17 |
| Morellträdet 12 | Hantverkargatan 44, 44A | 1929 | 1,319 | 372 | 43 | - | - | - | 1,734 | 18 |
| Morellträdet 13 | Hantverkargatan 46, 46A | 1929 | 1,119 | 309 | - | 68 | - | - | 1,496 | 23 |
| Morellträdet 6 | Hantverkargatan 42 / Pilgatan 19A-C | 1929 | 2,019 | 232 | 270 | 116 | - | - | 2,637 | 31 |
| Kundregistret 3 | Multrågatan 108-126 | 1953 | 4,154 | 50 | - | 280 | - | 64 | 4,548 | 70 |
| Gothenburg | | | | | | | | | | |
| Härryda Solsten 1:126** (approx. 18,000 sq m) | | - | - | - | - | - | - | - | - | - |
| Helsingborg | | | | | | | | | | |
| Oskar II 11 | Drottninggatan 17 / Roskildegatan 4-6 | 1928/1987 | 2,832 | 22 | 1,024 | 143 | - | 918 | 4,939 | 34 |
| Total | | | 12,521 | 985 | 1,337 | 607 | - | 982 | 16,432 | 193 |

** Land

WIND POWER

Wallenstam has 64 wind turbines in operation divided among 19 wind farms. The installed output amounted to 139 MW (139).

Wind turbines are measured at cost less depreciation and impairment charges. Depreciation for the period amounted to SEK 48 million (47).

As of June 30, 2016, consolidated net investments in finished turbines amounted to SEK 1,328 million (1,721).

Since June, Svensk NaturEnergi has entrusted its load balancing responsibility and spot market trading to an external supplier. In brief, the load balancing responsibility involves financial and time planning to ensure that generated and consumed electrical energy are matched as far as possible through own production and electricity trading. In addition, the co-operation includes financial trading for Svensk NaturEnergi's sales and production.

FINANCING

Equity

Shareholders' equity, including non-controlling interests (minority) amounted to SEK 15,816 million (14,488), equivalent to SEK 48 per share (43). The equity/assets ratio was 43 percent (43). Equity includes a deficit value on derivatives of SEK 1,200 million (856). This deficit, adjusted for tax, will be gradually reversed during the remaining derivative contract periods.

Interest-bearing liabilities

Interest-bearing liabilities consist of conventional bank loans and commercial paper with a limit of SEK 4 billion, and bonds. On the closing day, the outstan-

ding commercial paper volume amounted to SEK 2,165 million. Bonds comprise a total of SEK 1,500 million, of which SEK 900 million are in the form of green bonds, including SEK 400 million issued in May 2016. These bonds for SEK 400 million run for two years and mature in May 2018 with a floating coupon of 3M STIBOR +95 points, and are unsecured. The bonds are listed on Nasdaq Stockholm.

On the closing day, Wallenstam's total interest-bearing liabilities amounted to SEK 15,855 million (14,751). The loan-to-value ratio calculated as interest-bearing liabilities less cash and cash equivalents in relation to the Group's investments in properties, housing co-op constructions in progress and wind power amounted to 44 percent (45). The average remaining fixed-interest term is 40 months (44). Of the loan portfolio, 49 percent (56) of the loans have fixed terms longer than one year.

On the closing day, the average interest rate amounted to 2.07 percent (2.33).

Financing of the loan portfolio is mainly secured by mortgage deeds for properties. No sureties are pledged for bonds or the commercial paper program. The Group has underlying credit commitments for the outstanding volume of commercial paper programmes at each date.

Derivative instruments

Wallenstam's financial derivative instruments consist mainly of interest rate derivatives and to a lesser extent of electricity derivatives. On the closing day, Wallenstam had a net indebtedness in respect of derivative instruments of SEK 1,200 million, compared to SEK 846 million at December 31, 2015. Of these, interest rate

derivatives accounted for SEK 1,182 million (814) and electricity derivatives for SEK 18 million (31).

Interest rate derivatives are used to obtain a desired interest maturity profile in a flexible, cost effective way. They are measured through discounting future cash flows at present value based on observable market interest rates and are classified at level 2.

Instruments with an option feature are measured at the current repurchase price. The arising deficit values for interest rate derivatives, which reflect how the Group's hedged interest rates relate to the market rate of interest on the closing day, are recognized as a liability in the balance sheet. When derivatives are realized, the arising effect is recognized as part of interest expenses whereupon the equivalent reversed effect arises as an unrealized change in value of interest rate derivatives.

Electricity derivatives are used to mitigate the effect of market fluctuations by hedging income from future electricity sales and electricity production. These are measured at market value on the closing day. As we do not apply hedge accounting for electricity derivatives, no reversal effect arises in unrealized changes in value in connection with realization.

Available liquid assets

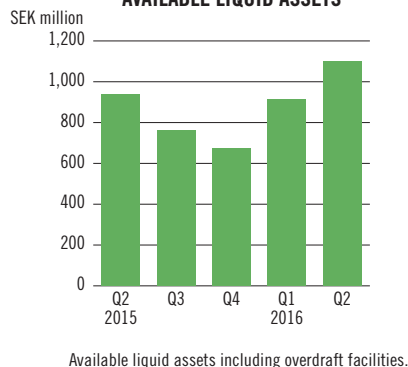
Available liquid assets, including bank overdraft facilities, amounted to SEK 1,099 million (939). Approved overdraft facilities amounted to SEK 800 million (800). There is also an approved credit commitment and credit facilities of SEK 2,186 million (375), and therefore total unutilized facilities amounted to SEK 2,986 million (1,175).

FIXED TERMS, AVERAGE INTEREST RATES, 30 JUN 2016

| Interest maturity structure | Amount, SEK million | Average interest rate, % | Proportion, % |
|-----------------------------|---------------------|--------------------------|---------------|
| 0-3 mths | 5,396 | 1.86 * | 41.4 |
| 3 mths-1 year | 2,704 | 0.83 | 5.5 |
| 1-2 years | 200 | 1.63 | 3.3 |
| 2-3 years | 230 | 3.50 | 3.9 |
| 3-4 years | 400 | 2.68 | 0.8 |
| 4-5 years | 1,000 | 2.87 | 8.5 |
| 5-6 years | 1,600 | 2.60 | 7.8 |
| 6-7 years | 1,675 | 2.65 | 14.2 |
| 7-8 years | 1,150 | 3.20 | 8.1 |
| 8-9 years | 400 | 2.40 | 1.3 |
| > 9 years | 1,100 | 2.07 | 5.2 |
| Total | 15,855 | 2.07 | 100 |

* Variable interest loans with an interest maturity within three months have an average interest rate of 0.46%. 1.86% includes the effect of swap agreements that mature within the three-month period.

AVAILABLE LIQUID ASSETS



THE WALLENSTAM SHARE*

The Wallenstam B share is quoted on Nasdaq Stockholm, Large Cap. During 2016, the Wallenstam share price has increased by 1 percent. The property indices OMX Stockholm Real Estate and OMX Stockholm PI rose by 2 percent and fell by 7 percent, respectively, during the same period.

At the end of the period, the Wallenstam share price was SEK 68.55 compared to SEK 68.00 at year-end 2015/2016. The

market capitalization was SEK 23,307 million (23,120) based on the total number of registered A and B shares. Equity per share amounted to SEK 48 (45).

Wallenstam has a mandate from the Annual General Meeting (AGM) to repurchase shares. During 2016, 1,800,000 shares were repurchased up to and including the closing day. On the closing day, the company held a total of 10,000,000 treasury shares, repurchased at an average price of SEK 58.44 per share.

Dividend

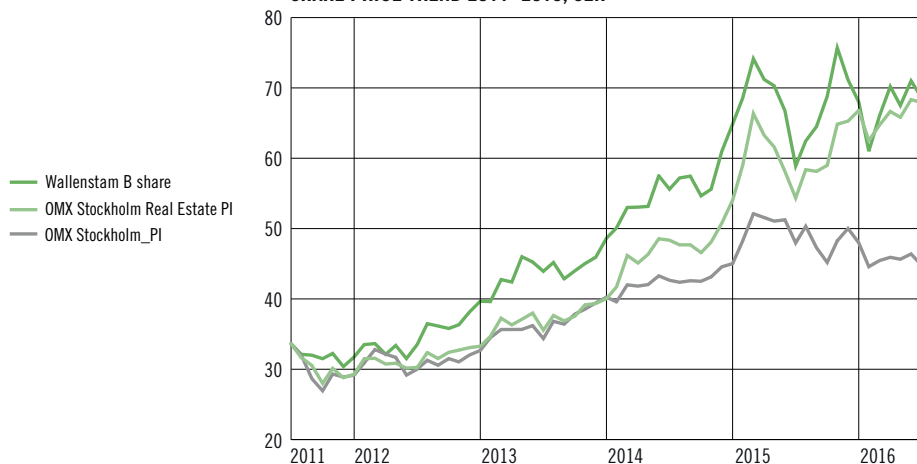
The AGM resolved on a dividend of SEK 1.50 per share (1.13). In total, SEK 497 million (376) was disbursed to the shareholders in May.

Turnover

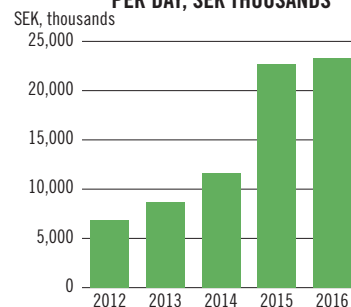
During 2016, the Wallenstam share had an average daily turnover of about SEK 23.3 million (22.7).

*Comparisons in brackets refer to amounts as of 31 December 2015.

SHARE PRICE TREND 2011–2016, SEK



AVERAGE SHARE TURNOVER PER DAY, SEK THOUSANDS



SHAREHOLDINGS, 30 JUNE 2016

| | A shares | B shares | Equity, % | Votes, % |
|--|-------------------|--------------------|---------------|---------------|
| Hans Wallenstam, and family, and company | 34,500,000 | 45,731,000 | 23.60 | 61.00 |
| AMF – Insurance and funds | | 25,627,184 | 7.54 | 4.00 |
| Agneta Wallenstam | | 21,004,000 | 6.18 | 3.28 |
| Anders Berntsson and family, and company | | 19,300,000 | 5.68 | 3.01 |
| Henric Wiman and family | | 12,112,328 | 3.56 | 1.89 |
| Bengt Norman and company | | 8,400,000 | 2.47 | 1.31 |
| Monica and Jonas Brandström | | 7,076,171 | 2.08 | 1.10 |
| Christian Wallenstam | | 5,700,000 | 1.68 | 0.89 |
| David Wallenstam | | 5,440,000 | 1.60 | 0.85 |
| The estate of Ulla Wallenstam | | 4,800,000 | 1.41 | 0.75 |
| Other owners | | 140,309,317 | 41.27 | 21.91 |
| Total number of shares | 34,500,000 | 295,500,000 | | |
| Repurchased shares** | | 10,000,000 | 2.93 | |
| Registered shares | 34,500,000 | 305,500,000 | | |
| Total registered shares | | 340,000,000 | 100.00 | 100.00 |
| Total outstanding shares | | 330,000,000 | | |

The proportion of institutional ownership amounted to around 13 percent of equity and around 7 percent of votes. Foreign ownership amounted to around 10 percent of equity and around 5 percent of the votes.

Source: Euroclear Sweden AB

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

GOAL FOLLOW-UP

Goal – Net asset value growth

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

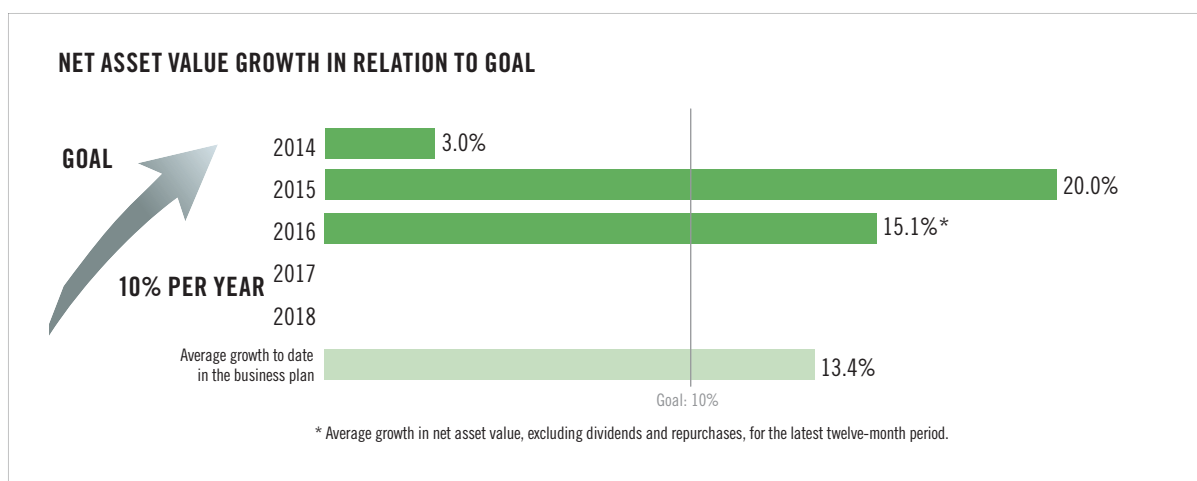
Estimated net asset value growth in relation to the Group's goal is based on a rolling 12-month development and amounted to 15.1 percent for the period. So far in the business plan, in which we have now reached the halfway point,

the average annual net asset value growth amounts to 13.4 percent.

Net asset value

Net asset value describes the Group's total value and includes equity and deferred tax liability and amounted to SEK 19,703 million (17,792) on the closing day. Deferred tax liability refers mainly to differences between carrying amounts and residual values for tax purposes in Group properties. A net deferred tax liability of

SEK 3,062 million (2,480) is recognized in the balance sheet, which consists of a deferred tax asset of SEK 837 million (824) and a deferred tax liability of SEK 3,899 million (3,304). The non-current net asset value (EPRA NAV), which in addition to reversal of deferred tax liabilities also considers unrealized changes in the value of derivatives, amounted to SEK 20,639 million (18,460).

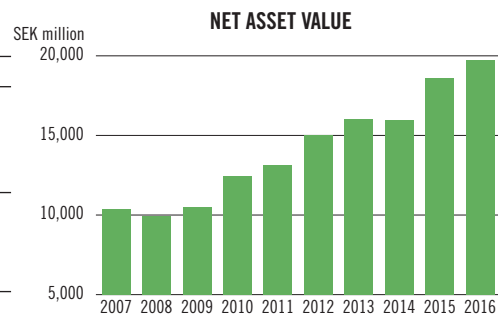


NET ASSET VALUE

| SEK million | 30 jun 2016 | 30 jun 2015 |
|---|---------------|---------------|
| Equity as per balance sheet | 15,804 | 14,488 |
| Deferred tax liability as per balance sheet | 3,899 | 3,304 |
| Consolidated net asset value | 19,703 | 17,792 |
| Derivatives as per balance sheet, net excl. tax | 936 | 668 |
| Non-current net asset value (EPRA NAV) | 20,639 | 18,460 |

NET ASSET VALUE GROWTH, GOAL FOLLOW-UP 1 JUL 2015–30 JUN 2016

| SEK million | |
|---|---------------|
| Net asset value, 1 Jul 2015 | 17,792 |
| Change in net asset value for the period | 1,911 |
| Consolidated net asset value | 19,703 |
| Reversal of dividend and repurchases for the period | 770 |
| Net asset value, goal measurement | 20,473 |
| | 15.1% |



OTHER INFORMATION

Opportunities & risks

Wallenstam's opportunities and risks, and how we manage them, are presented in the 2015 Annual Report on pages 30–33. No significant changes have taken place since then.

Sensitivity analysis

As of June 30, 2016, the estimated market value of the properties amounted to around SEK 34 billion. A change in value of plus/minus 10 percent is thus equivalent to about SEK 3 billion. A general change of plus/minus 0.25 percentage points in property yield requirements is equivalent to about SEK -1.8 billion or SEK +2.0 billion.

Transactions with related parties

Wallenstam's related parties consist chiefly of Group companies. Board members, company management and their families and the companies they control are also related parties. Transactions with related parties mainly consist of administrative fees and the renting of premises between Group companies. Individuals related to Board members rent apartments and are also electricity customers. Insurance services are purchased from companies where members of Wallenstam's Board of Directors and Group Management are Board members, for a total equivalent to about SEK 5 million in annual charges. Wallenstam leases land for about SEK 0.2 million per year, from a company in which

one of the company's directors is also a Board member of Wallenstam. In addition, a company to which one of Wallenstam's Board members is related, performed building contract services with a total contract value of SEK 192 million. This company is an electricity customer of Svensk NaturEnergi. 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 Group are tenants of Wallenstam with an annual rental value equivalent to SEK 0.5 million and SEK 3.2 million, respectively. Both are also electricity customers. During the second quarter 2016, Renew Group received non-recurring compensation and a rent rebate of SEK 1.2 million in total as a result of Wallenstam's premature termination of an earlier lease and relocation to alternative premises. In addition to this, Aranea has acquired a small area of land in Mölnlycke for a price of SEK 8 million for production of business premises for Renew Group.

Wallenstam's involvement in environmental and social responsibility issues is described in more detail on pages 26–29 of the 2015 Annual Report. As part of its social responsibility work, the Wallenstam Group not only contributes financially but also gives its time in the form of e.g. board work. As a result of such board positions, related party status arises in the case of the Rescue Mission in Gothenburg and Barn i Nöd (Swedish International Help for Children). During the year, the Rescue Mission in Gothenburg received SEK 2.5 million in contributions. 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 organizations are Svensk NaturEnergi electricity customers.

All transactions take place on market-related terms.

Parent company

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

INCOME STATEMENT, PARENT COMPANY

| SEK million | Jan-Jun 2016 | Jan-Jun 2015 | Jan-Dec 2015 |
|--|-----------------|-----------------|-----------------|
| Revenue | 176 | 167 | 264 |
| Expenses | -203 | -171 | -374 |
| Net financial items | 629 | 515 | 363 |
| Changes in value of derivative instruments | -368 | 167 | 189 |
| Profit/loss before tax | 234 | 678 | 442 |
| Group contributions | - | - | -619 |
| Taxes | 59 | -107 | -33 |
| Profit/loss after tax | 293 | 571 | -210 |
| Comprehensive income | 293 | 571 | -210 |

BALANCE SHEET, PARENT COMPANY

| SEK million | 30 Jun 2016 | 30 Jun 2015 | 31 Dec 2015 |
|---------------------------------------|----------------|----------------|----------------|
| Assets | | | |
| Properties | 1,255 | 1,153 | 1,192 |
| Participations in Group companies | 5,400 | 5,961 | 5,469 |
| Financial derivative instruments | 8 | 23 | 15 |
| Receivables from Group companies | 12,869 | 12,846 | 11,771 |
| Other assets | 514 | 425 | 477 |
| Cash and cash equivalents | 246 | 101 | 22 |
| Total assets | 20,292 | 20,509 | 18,946 |
| Equity and liabilities | | | |
| Equity | 5,317 | 6,573 | 5,643 |
| Interest-bearing external liabilities | 9,306 | 8,533 | 8,833 |
| Liabilities to Group companies | 4,232 | 4,326 | 3,410 |
| Financial derivative instruments | 1,189 | 859 | 829 |
| Other liabilities | 248 | 218 | 231 |
| Total equity and liabilities | 20,292 | 20,509 | 18,946 |
| Pledged assets | 4,269 | 3,156 | 4,226 |
| Contingent liabilities | 6,620 | 6,272 | 6,678 |

Total sales for the period amounted to SEK 176 million (167), of which rental income constituted SEK 39 million (33).

The performance was affected by changes of SEK -368 million (167) in the value of financial interest derivative instruments. Profit after tax amounted to SEK 293 million (571), as did comprehensive income.

Investments in non-current assets during the period amounted to SEK 121

THE TEN LARGEST COMMERCIAL TENANTS

| Tenant | Floor space, sq m |
|------------------------------|----------------------|
| City of Gothenburg Stad | 21,232 |
| SF Bio AB | 14,316 |
| Gothenburg Regional Archives | 11,000 |
| Migration Agency | 8,936 |
| University of Gothenburg | 8,125 |
| Sodexo AB | 7,725 |
| SCA Hygiene Products AB | 7,600 |
| Vittraskolorna AB | 6,374 |
| Folkuniversitetet | 6,270 |
| Frisk Service i Göteborg AB | 6,212 |
| Total | 97,790 |

Total commercial floor space is approximately 495,000 sq m.

million (52). Parent company external loans amounted to SEK 9,306 million (8,533) on the closing day.

Annual General Meeting 2016

The Annual General Meeting (AGM) of Wallenstam AB (publ) on April 26, 2016, passed resolutions on the following matters, among others:

- The AGM adopted the annual accounts for 2015 and approved the Board's proposal for dividend for the 2015 financial year of SEK 1.50 per share.
- The AGM granted the Board of Directors and the Chief Executive Officer discharge from liability and in accordance with the proposal of the nomination committee re-elected Christer Villard as Chairman of the Board of Directors and also re-elected Ulrica Jansson Messing, Agneta Wallenstam and Anders Berntsson as Board members. Karin Mattsson Weijber was newly elected as a Board member. Fees to be paid to the Board of Directors were approved of SEK 1,330,000 in total, of which SEK 670,000 to the Chairman of the Board, SEK 240,000 to the Vice Chairman and SEK 140,000 to each of the other Board members. The fees include compensation for committee work.
- Dick Brenner (chairman), Christer Villard, Lars-Åke Bokenberger and Hans Wallenstam were re-elected as members of the nomination committee until the end of the 2017 AGM. It was also resolved that the nomination committee would be entrusted with the task of preparing proposals for the appointment of the nomination committee for the 2017 AGM.
- The AGM resolved on re-election of the auditor Harald Jagner as the company's auditor and the re-election of Pernilla Lihnell as the company's deputy auditor, both from Deloitte AB, until the end of the 2017 AGM.
- The AGM approved guidelines for remuneration to senior executives.
- The AGM authorised the Board until the next AGM, on one or more occasions, to take decisions regarding the purchase of the company's B shares on Nasdaq Stockholm, such that the company's maximum holding at any one time does

not exceed 10 percent of all shares in the company. The acquisition must take place within the registered price range at the time (in other words the spread between the highest purchase price and lowest selling price).

- The AGM also authorised the Board of Directors until the next AGM – with or without preferential rights for the shareholders – to take decisions regarding the assignment of the company's own shares by means other than through Nasdaq Stockholm. Assignment may take place against cash payment, against compensation by means other than cash or through the cancellation of debt by share assignment in exchange for a claim against the company. The Board's decision regarding assignment must be executed within the time period determined by the Board. The number of company shares assigned may not exceed the number of shares held by the company at the time of assignment.

Events after the end of the reporting period

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEK million | Note | Jan-Jun 2016 | Jan-Jun 2015 | Apr-Jun 2016 | Apr-Jun 2015 | Jul-Jun 2015/2016 | Jan-Dec 2015 |
|--|------|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| Rental income | | 789 | 771 | 397 | 390 | 1,567 | 1,549 |
| Operating expenses | | -212 | -211 | -98 | -99 | -420 | -419 |
| Net operating income, properties | | 577 | 560 | 299 | 291 | 1,147 | 1,130 |
| Management costs and administrative expenses | | -100 | -97 | -53 | -51 | -191 | -188 |
| Financial income | | 5 | 8 | 4 | 4 | 17 | 20 |
| Financial expenses | | -132 | -149 | -66 | -73 | -273 | -290 |
| Income from property management | | 350 | 322 | 184 | 171 | 700 | 672 |
| Income from natural energy management operations | 1 | -45 | -2 | -27 | -10 | -48 | -5 |
| Capital loss hydroelectric power | | - | - | - | - | -29 | -29 |
| Revenue, co-op apartment sales | | 53 | 530 | 27 | 149 | 726 | 1,203 |
| Expenses, co-op apartment sales | | -46 | -406 | -29 | -105 | -632 | -992 |
| Realized changes in value, investment properties including expenses | 2 | 102 | 122 | 95 | 127 | 158 | 178 |
| Profit before unrealized changes in value and impairment charges | | 414 | 566 | 249 | 332 | 875 | 1,027 |
| Unrealized changes in value, investment properties | | 1,615 | 1,711 | 1,215 | 1,537 | 2,411 | 2,507 |
| <i>New construction</i> | | 561 | 302 | 276 | 182 | 898 | 639 |
| <i>Other</i> | | 1,054 | 1,409 | 939 | 1,355 | 1,513 | 1,868 |
| Unrealized changes in value, financial instruments | | -366 | 160 | -155 | 298 | -361 | 165 |
| Unrealized changes in value, synthetic options | | 0 | -5 | 3 | 43 | -26 | -31 |
| Impairment losses on non-current assets | | - | - | - | - | -250 | -250 |
| Profit before tax | | 1,663 | 2,432 | 1,312 | 2,210 | 2,649 | 3,418 |
| Taxes | | -338 | -451 | -269 | -387 | -551 | -664 |
| Profit for the period, after tax | | 1,325 | 1,981 | 1,043 | 1,823 | 2,098 | 2,754 |
| <i>Other comprehensive income, items that may be transferred to profit/loss for the period</i> | | | | | | | |
| Translation difference | | 8 | -1 | 5 | -1 | -4 | -13 |
| Tax attributable to other comprehensive income | | 0 | - | 0 | - | 3 | 3 |
| Comprehensive income | | 1,333 | 1,980 | 1,048 | 1,822 | 2,097 | 2,744 |
| <i>Distribution of profit/loss for the period</i> | | | | | | | |
| Profit for the period attributable to parent company shareholders | | 1,325 | 1,982 | 1,043 | 1,824 | 2,086 | 2,743 |
| Profit/loss for the period attributable to non-controlling interests | | - | -1 | - | -1 | 12 | 11 |
| Average number of outstanding shares, thousands | | 330,990 | 334,000 | 330,513 | 334,000 | 332,031 | 333,536 |
| Profit after tax, SEK per share; dilution does not occur | | 4.0 | 5.9 | 3.2 | 5.5 | 6.3 | 8.3 |

NOTE 1 – Income from natural energy management operations

| SEK million | Jan-Jun 2016 | Jan-Jun 2015 | Apr-Jun 2016 | Apr-Jun 2015 | Jul-Jun 2015/2016 | Jan-Dec 2015 |
|--|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| Electricity revenue | 130 | 173 | 44 | 58 | 261 | 304 |
| Electricity expenses | -97 | -94 | -32 | -28 | -153 | -150 |
| Depreciation | -48 | -47 | -24 | -23 | -95 | -94 |
| Management costs and administrative expenses, natural energy | -15 | -17 | -8 | -8 | -30 | -32 |
| Financial expenses, natural energy | -15 | -17 | -7 | -9 | -31 | -33 |
| Income from natural energy management operations | -45 | -2 | -27 | -10 | -48 | -5 |

NOTE 2 – Realized profit from the sale of investment properties

| SEK million | Jan-Jun 2016 | Jan-Jun 2015 | Apr-Jun 2016 | Apr-Jun 2015 | Jul-Jun 2015/2016 | Jan-Dec 2015 |
|--|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| Sales revenue | 730 | 1,756 | 659 | 1,756 | 1,103 | 2,129 |
| Cost and investments | -404 | -1,045 | -359 | -1,044 | -652 | -1,293 |
| Previously recognized changes in value | -213 | -578 | -200 | -579 | -267 | -632 |
| Realized changes in value, investment properties | 113 | 133 | 100 | 133 | 184 | 204 |
| Sales and administrative expenses | -11 | -11 | -5 | -6 | -26 | -26 |
| Realized changes in value, investment properties including expenses | 102 | 122 | 95 | 127 | 158 | 178 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED

| SEK million | 30 Jun 2016 | 30 Jun 2015 | 31 Dec 2015 |
|--|---------------|---------------|---------------|
| Assets | | | |
| <i>Non-current assets</i> | | | |
| Investment properties | 34,176 | 30,347 | 32,090 |
| Wind turbines incl. construction in progress | 1,328 | 1,721 | 1,366 |
| Financial assets | 354 | 128 | 378 |
| Financial derivative instruments | - | 23 | - |
| Other non-current assets | 64 | 60 | 63 |
| Total non-current assets | 35,922 | 32,279 | 33,897 |
| <i>Current assets</i> | | | |
| Work in progress, co-op apartments | 170 | 460 | 32 |
| Financial derivative instruments | 8 | - | 15 |
| Other current assets | 272 | 757 | 621 |
| Cash and cash equivalents | 326 | 140 | 41 |
| Total current assets | 776 | 1,357 | 709 |
| Total assets | 36,698 | 33,636 | 34,606 |
| Equity and liabilities | | | |
| <i>Equity</i> | | | |
| Equity | 15,804 | 14,489 | 15,090 |
| Equity attributable to non-controlling interests | 12 | -1 | 12 |
| Total equity | 15,816 | 14,488 | 15,102 |
| <i>Non-current liabilities</i> | | | |
| Provisions for deferred tax | 3,062 | 2,480 | 2,716 |
| Other provisions | 61 | 41 | 40 |
| Interest-bearing liabilities | 1,420 | 1,646 | 1,599 |
| Financial derivative instruments | 1,183 | 862 | 822 |
| Other non-current liabilities | 76 | 320 | 77 |
| Total non-current liabilities | 5,802 | 5,349 | 5,254 |
| <i>Current liabilities</i> | | | |
| Interest-bearing liabilities | 14,435 | 13,105 | 13,554 |
| Financial derivative instruments | 25 | 17 | 39 |
| Other current liabilities | 620 | 677 | 657 |
| Total current liabilities | 15,080 | 13,799 | 14,250 |
| Total equity and liabilities | 36,698 | 33,636 | 34,606 |
| Pledged assets | 14,715 | 13,098 | 14,225 |
| Contingent liabilities | 73 | 30 | 30 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEK million | Equity attributable to parent company shareholders | | | | | Total equity |
|--|--|---------------------------|----------------|------------------------|---------------------------|---------------|
| | Share capital | Other capital contributed | Other reserves | Profit brought forward | Non-controlling interests | |
| Opening equity, 1 Jan 2015 | 170 | 359 | -14 | 12,368 | 0 | 12,883 |
| Profit/loss for the period | - | - | - | 1,982 | -1 | 1,981 |
| Other comprehensive income | - | - | -1 | - | - | -1 |
| Tax attributable to other comprehensive income | - | - | - | - | - | - |
| <i>Transactions with shareholders</i> | | | | | | |
| Dividends | - | - | - | -376 | - | -376 |
| Repurchase of own shares | - | - | - | - | - | - |
| Closing equity, 30 Jun 2015 | 170 | 359 | -15 | 13,975 | -1 | 14,488 |
| Opening equity, 1 Jan 2016 | 170 | 359 | -24 | 14,586 | 12 | 15,102 |
| Profit/loss for the period | - | - | - | 1,325 | - | 1,325 |
| Other comprehensive income | - | - | 8 | - | - | 8 |
| Tax attributable to other comprehensive income | - | - | 0 | - | - | 0 |
| <i>Transactions with shareholders</i> | | | | | | |
| Dividends | - | - | - | -497 | - | -497 |
| Repurchase of own shares | - | - | - | -123 | - | -123 |
| Closing equity, 30 Jun 2016 | 170 | 359 | -16 | 15,291 | 12 | 15,816 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| SEK million | Jan-Jun 2016 | Jan-Jun 2015 | Apr-Jun 2016 | Apr-Jun 2015 | Jul-Jun 2015/2016 | Jan-Dec 2015 |
|---|--------------|--------------|--------------|---------------|-------------------|--------------|
| Profit before unrealized changes in value and impairment losses* | 414 | 566 | 249 | 332 | 875 | 1,027 |
| Adjustment for items not included in cash flow | -70 | -242 | -85 | -213 | -140 | -312 |
| Taxes paid | 0 | -1 | 0 | -1 | 1 | 0 |
| Cash flow before change in working capital | 344 | 323 | 164 | 118 | 736 | 715 |
| Change in working capital | -11 | 31 | -55 | 37 | -298 | -256 |
| Cash flow from operating activities | 333 | 354 | 109 | 155 | 438 | 459 |
| <i>Investments/divestments</i> | | | | | | |
| Investments in properties, co-op projects and individual co-op apartments | -1,243 | -1,927 | -585 | -712 | -2,582 | -3,266 |
| Investments in wind turbines, intangible assets & property, plant and equipment | -8 | -7 | -5 | -3 | -16 | -15 |
| Investments in financial assets | -3 | -3 | 0 | 0 | -13 | -13 |
| Divestment of properties, co-op shares & property, plant and equipment | 770 | 2,090 | 669 | 1,677 | 2,094 | 3,414 |
| Cash flow from investing activities | -484 | 153 | 79 | 962 | -517 | 120 |
| <i>Financing</i> | | | | | | |
| Loans raised | 3,542 | 4,311 | 1,994 | 2,481 | 5,391 | 6,160 |
| Amortization of loans | -2,840 | -4,379 | -1,494 | -3,150 | -4,690 | -6,229 |
| Dividends paid | -497 | -376 | -497 | -376 | -497 | -376 |
| Repurchase of own shares | -123 | 0 | -69 | 0 | -273 | -150 |
| Divestment and amortization of financial assets | 354 | 21 | 12 | 21 | 333 | - |
| Cash flow from financing activities | 436 | -423 | -54 | -1,024 | 264 | -594 |
| Changes to liquid assets | 285 | 84 | 134 | 93 | 185 | -15 |
| Cash and cash equivalents at beginning of the period | 41 | 56 | 192 | 47 | 140 | 56 |
| Cash flow for the period | 285 | 84 | 134 | 93 | 185 | -15 |
| Cash and cash equivalents at the end of the period | 326 | 140 | 326 | 140 | 326 | 41 |
| Unutilized overdraft facilities at the end of the period | 800 | 800 | 800 | 800 | 800 | 631 |
| Blocked bank balances | -27 | -1 | -27 | -1 | -27 | -7 |
| Available liquid assets | 1,099 | 939 | 1,099 | 939 | 1,099 | 665 |

*Includes interest paid and interest received of SEK 173 million (190) and SEK 3 million (0) respectively, of which SEK 25 million (22) was capitalized as a non-current asset.

SEGMENTS REPORT

| 2016 SEK million | Gothenburg Jan-Mar | Stockholm Jan-Mar | Svensk NaturEnergi Jan-Mar | Other Jan-Mar | Elimination Jan-Mar | Total Jan-Mar |
|--|-----------------------|----------------------|-------------------------------|------------------|------------------------|------------------|
| Income statement | | | | | | |
| Rental income | 556 | 228 | - | 9 | -4 | 789 |
| Operating expenses | -135 | -73 | - | -4 | - | -212 |
| Electricity revenue | - | - | 122 | - | -122 | - |
| Electricity expenses | - | - | -129 | - | 129 | - |
| Net operating income | 421 | 155 | -7 | 5 | 3 | 577 |
| Management costs and administrative expenses | -56 | -41 | -15 | -7 | 19 | -100 |
| Net financial items | -93 | -2 | -15 | -32 | 15 | -127 |
| Income from management operations | 272 | 112 | -37 | -34 | 37 | 350 |
| Income from natural energy management operations | - | - | - | - | -45 | -45 |
| Profit from the sale of co-op apartments | 2 | 3 | - | 2 | - | 7 |
| Realized changes in value, investment properties | -7 | 109 | - | - | - | 102 |
| Profit/loss before unrealized changes in value and impairment charges | 267 | 224 | -37 | -32 | -8 | 414 |
| Unrealized changes in value, investment properties | 856 | 789 | - | -30 | - | 1,615 |
| Unrealized changes in value, financial instruments and renewable energy certificates | - | - | -5 | -369 | 8 | -366 |
| Unrealized changes in value, synthetic options | - | - | - | - | - | - |
| Profit/loss before tax | 1,123 | 1,013 | -42 | -431 | - | 1,663 |
| Balance sheet | | | | | | |
| Investment properties | 22,444 | 11,140 | - | 592 | - | 34,176 |
| Wind turbines | - | - | 1,328 | - | - | 1,328 |
| Work in progress, co-op apartments | - | 170 | - | - | - | 170 |
| Unapportioned assets | - | - | - | - | - | 1,024 |
| Total assets | 22,444 | 11,310 | 1,328 | 592 | - | 36,698 |
| Equity | - | - | - | - | - | 15,816 |
| Loans | 9,549 | 1,430 | 1,433 | 3,443 | - | 15,855 |
| Unapportioned liabilities | - | - | - | - | - | 5,027 |
| Total equity and liabilities | 9,549 | 1,430 | 1,433 | 3,443 | - | 36,698 |

| 2015 SEK million | Gothenburg Jan-Mar | Stockholm Jan-Mar | Svensk NaturEnergi Jan-Mar | Other Jan-Mar | Elimination Jan-Mar | Total Jan-Mar |
|--|-----------------------|----------------------|-------------------------------|------------------|------------------------|------------------|
| Income statement | | | | | | |
| Rental income | 548 | 219 | - | 8 | -4 | 771 |
| Net operating income | 412 | 149 | 34 | 3 | -38 | 560 |
| Electricity revenue | - | - | 156 | - | -156 | - |
| Income from property management operations | 251 | 91 | - | -19 | -1 | 322 |
| Income from natural energy management operations | - | - | - | - | -2 | -2 |
| Profit/loss from sales of properties, apartments and wind turbines | 19 | 229 | - | -2 | - | 246 |
| Profit/loss before unrealized changes in value and impairment charges | 270 | 320 | - | -21 | -3 | 566 |
| Profit/loss from changes in value and impairment charges | 943 | 744 | -11 | 188 | 3 | 1,866 |
| Profit/loss before tax | 1,213 | 1,064 | -11 | 167 | - | 2,432 |
| Balance sheet | | | | | | |
| Investment properties | 20,615 | 9,144 | - | 588 | - | 30,347 |
| Wind turbines | - | - | 1,721 | - | - | 1,721 |
| Work in progress, co-op apartments | - | 460 | - | - | - | 460 |
| Unapportioned assets | - | - | - | - | - | 1,108 |
| Total assets | 20,615 | 9,604 | 1,721 | 588 | - | 33,636 |
| Equity | - | - | - | - | - | 14,488 |
| Loans | 9,718 | 1,528 | 1,225 | 2,280 | - | 14,751 |
| Unapportioned liabilities | - | - | - | - | - | 4,397 |
| Total equity and liabilities | 9,718 | 1,528 | 1,225 | 2,280 | - | 33,636 |

Non-controlling interests, included in the Group's consolidated accounts, can be found in the Elimination column.

KEY RATIOS – MULTI-YEAR SUMMARY

| | 30 Jun 2016 | 31 Mar 2016 | 31 Dec 2015 | 30 Sep 2015 | 30 Jun 2015 | 31 Mar 2015 | 31 Dec 2014 | 30 Sep 2014 | 30 Jun 2014 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Accumulated during period | | | | | | | | | |
| Rental income, SEK million | 789 | 393 | 1,549 | 1,159 | 771 | 382 | 1,566 | 1,186 | 793 |
| Net operating income, properties, SEK million | 577 | 279 | 1,130 | 854 | 560 | 270 | 1,127 | 872 | 574 |
| Surplus ratio, property management, % | 73 | 71 | 73 | 74 | 73 | 71 | 72 | 74 | 72 |
| Income from property management, SEK million | 350 | 167 | 672 | 512 | 322 | 150 | 592 | 464 | 289 |
| Income from natural energy management, SEK million | -45 | -18 | -5 | -3 | -2 | 8 | -25 | -21 | -5 |
| Profit before unrealized changes in value, SEK million | 414 | 166 | 1,027 | 799 | 566 | 232 | 1,025 | 705 | 396 |
| Profit after tax, SEK million | 1,325 | 282 | 2,754 | 2,167 | 1,981 | 159 | 585 | 187 | 354 |
| Return on equity, % | 13.9 | 19.8 | 19.6 | 19.0 | 16.8 | 4.4 | 4.6 | 4.3 | 8.1 |
| Return on total capital, % | 8.5 | 11.3 | 11.2 | 10.3 | 9.3 | 3.4 | 3.2 | 3.1 | 4.2 |
| Value of investment properties, SEK million | 34,176 | 32,956 | 32,090 | 31,046 | 30,347 | 29,705 | 28,481 | 28,461 | 28,515 |
| Work in progress, co-op apartments, net, SEK million | 170 | 154 | 32 | 207 | 460 | 467 | 601 | 799 | 1,022 |
| Yield, investment properties, % | 3.9 | 3.9 | 4.0 | 4.0 | 4.2 | 4.2 | 4.3 | 4.4 | 4.4 |
| Total yield, investment properties, % | 12.7 | 14.2 | 13.7 | 13.1 | 13.3 | 8.4 | 8.6 | 8.6 | 8.5 |
| Interest coverage ratio, realized, times | 5.0 | 6.5 | 6.5 | 7.2 | 7.4 | 4.8 | 5.3 | 4.5 | 5.2 |
| Interest coverage ratio, times | 4.0 | 4.3 | 4.4 | 4.5 | 4.5 | 3.8 | 3.7 | 3.1 | 2.7 |
| Loan-to-value ratio, % | 44 | 44 | 45 | 45 | 45 | 49 | 48 | 51 | 52 |
| Average interest rate on the closing day, % | 2.07 | 2.15 | 2.22 | 2.27 | 2.33 | 2.36 | 2.56 | 2.61 | 2.79 |
| Average fixed-interest term, months | 40 | 40 | 39 | 42 | 44 | 41 | 43 | 41 | 40 |
| Equity/assets ratio, % | 43 | 43 | 44 | 43 | 43 | 40 | 41 | 39 | 39 |
| Equity, SEK million | 15,816 | 15,333 | 15,102 | 14,605 | 14,488 | 13,044 | 12,883 | 12,604 | 12,814 |
| Net asset value, SEK million | 19,703 | 18,962 | 18,630 | 17,937 | 17,792 | 16,160 | 15,964 | 15,709 | 15,978 |
| Non-current net asset value (EPRA NAV), SEK million | 20,639 | 19,781 | 19,290 | 18,704 | 18,460 | 17,061 | 16,760 | 16,303 | 16,443 |
| Market capitalization, SEK million | 23,307 | 23,868 | 23,120 | 23,392 | 20,026 | 24,208 | 22,049 | 18,581 | 18,904 |
| Dividend, SEK million | 497 | - | 376 | 376 | 376 | - | 337 | 337 | 337 |
| Repurchase of shares, SEK million | 123 | 54 | 150 | 64 | - | - | 204 | 92 | 46 |
| Area, sq m (thousand) | 1,067 | 1,073 | 1,056 | 1,044 | 1,037 | 1,053 | 1,007 | 1,032 | 1,066 |
| Occupancy rate – lettable area, % | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 |
| Number of employees | 220 | 216 | 216 | 214 | 210 | 205 | 203 | 204 | 201 |
| Shares outstanding, average, thousands | 330,990 | 331,467 | 333,536 | 333,847 | 334,000 | 334,000 | 336,400 | 336,826 | 337,076 |
| Shares outstanding at end of period, thousands | 330,000 | 331,000 | 331,800 | 333,040 | 334,000 | 334,000 | 334,000 | 335,880 | 336,706 |
| Per share data | | | | | | | | | |
| Profit after tax, SEK | 4.0 | 0.9 | 8.3 | 6.5 | 5.9 | 0.5 | 1.7 | 0.6 | 1.1 |
| P/E ratio, times | 10.9 | 8.1 | 8.2 | 8.9 | 8.9 | 41.9 | 37.1 | 33.1 | 18.2 |
| Cash flow from operating activities, SEK | 1.0 | 0.7 | 1.4 | 1.7 | 1.1 | 0.6 | 1.9 | 1.5 | 1.1 |
| Equity, SEK | 48 | 46 | 45 | 44 | 43 | 39 | 39 | 38 | 38 |
| Share price, SEK | 68.55 | 70.20 | 68.00 | 68.80 | 58.90 | 71.20 | 64.85 | 54.65 | 55.60 |
| Share price in relation to equity, % | 143 | 153 | 148 | 156 | 137 | 183 | 168 | 146 | 146 |
| Dividends, SEK | 1.50 | - | 1.13 | 1.13 | 1.13 | - | 1.00 | 1.00 | 1.00 |

QUARTERLY OVERVIEW

| | Apr-Jun 2016 | Jan-Mar 2016 | Oct-Dec 2015 | Jul-Sep 2015 | Apr-Jun 2015 | Jan-Mar 2015 | Oct-Dec 2014 | Jul-Sep 2014 | Apr-Jun 2014 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Rental income, SEK million | 397 | 393 | 390 | 387 | 390 | 382 | 380 | 393 | 394 |
| Net operating income, properties, SEK million | 299 | 279 | 276 | 293 | 291 | 270 | 256 | 298 | 294 |
| Surplus ratio, property management, % | 75 | 71 | 71 | 76 | 74 | 71 | 67 | 76 | 75 |
| Income from property management, SEK million | 184 | 167 | 160 | 190 | 171 | 150 | 129 | 173 | 150 |
| Return on equity, % | 13.9 | 19.8 | 19.6 | 19.0 | 16.8 | 4.4 | 4.6 | 4.3 | 8.1 |
| Earnings per share after tax, SEK | 3.2 | 0.9 | 1.8 | 0.6 | 5.5 | 0.5 | 1.2 | -0.5 | 0.5 |
| Cash flow per share from operating activities, SEK | 0.3 | 0.7 | -0.3 | 0.7 | 0.5 | 0.6 | 0.0 | 0.4 | 0.6 |
| Equity per share, SEK | 48 | 46 | 45 | 44 | 43 | 39 | 39 | 38 | 38 |
| Share price, SEK | 68.55 | 70.20 | 68.00 | 68.80 | 58.90 | 71.20 | 64.85 | 54.65 | 55.60 |

Earnings-based key ratios are calculated on the average number of outstanding shares; yield figures are calculated on rolling twelve-month profit or loss. The relevant key ratios have been restated for the 2:1 share split, which was carried out during the second quarter of 2015.

REPORT SIGNATURES

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

Gothenburg, August 3, 2016

Christer Villard
Chairman of the Board

Karin Mattsson Weijber
Board member

Ulrica Jansson Messing
Deputy Chairman of the Board

Agneta Wallenstam
Board member

Anders Berntsson
Board member

Hans Wallenstam
CEO

DEFINITIONS

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

The number of shares

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

Loan-to-value ratio

Interest-bearing liabilities less cash and cash equivalents in relation to the Group's investments in properties, housing co-op constructions in progress and wind power at the end of the period.

Market capitalization

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

Net operating income

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

Yield, investment properties

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

Total yield, investment properties

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

Rental value*

Rental income and the estimated market rent for vacant space.

Cash flow per share

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

Cash flow from operating activities per share

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

Non-current net asset value (EPRA NAV)

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

Average number of employees

The 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.

Unrealized changes in value, New construction: The increase in value is gradually recognized during the construction of the property until the first year it is taken into operation. Unrealized change in value, new construction recognizes the difference between the cost of construction of a new rental apartment and the value it has on completion.

Unrealized changes in value, Other: Refers to changes in the value of investment properties, which have been in operation for one year or more.

P/E ratio

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

Projects in progress

Land and development properties with new construction/total conversion in progress.

Realized changes in value, investment properties

Gains or losses from investment property sales during the period less the estimated market value of the properties at the previous reporting period.

Earnings per share after tax

Profit after tax in relation to the average number of outstanding shares, in accordance with IFRS.

Return on equity

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

Return on total capital

Profit before tax with the addition of interest expenses in relation to average total capital employed, calculated on the latest rolling 12-month period.

Interest coverage ratio

Profit or loss before unrealized changes in value and impairment charges with reversal of net financial items for the latest rolling 12-month period in relation to net financial items for the latest rolling 12-month period.

Interest coverage ratio, realized

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

Average interest

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

Equity/assets ratio

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

Net asset value

Equity with the addition of deferred tax liabilities.

Occupancy rate – lettable area

Let floor space in relation to total floor space.

Surplus ratio

Net operating income as a percentage of rental income.

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

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

**Average carrying amounts of investment properties excluding projects in progress:

| SEK million | 30 Jun 2016 | 31 Mar 2016 | 31 Dec 2015 | 30 Sep 2015 | 30 Jun 2015 | 31 Mar 2015 | 31 Dec 2014 | 30 Sep 2014 | 30 Jun 2014 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Carrying amount, investment properties | 34,176 | 32,956 | 32,090 | 31,046 | 30,347 | 29,705 | 28,841 | 28,461 | 28,515 |
| Projects in progress, investment properties | -2,799 | -2,794 | -2,648 | -2,501 | -2,099 | -2,426 | -2,200 | -2,001 | -2,230 |
| Weighted average value, investment properties | 29,555 | 28,735 | 28,031 | 27,435 | 26,982 | 26,382 | 25,992 | 25,769 | 25,551 |

This information is information that Wallenstam is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 08:00 CET on August 3, 2016.

For further information, please contact:

Susann Linde, CFO in charge of IR Wallenstam AB (publ), tel: +46 31 20 00 00 or +46 705 17 11 34

Elisabeth Vansvik, Communications Director Wallenstam AB (publ), tel: +46 31 20 00 00 or +46 705 17 11 38

Wallenstam 

WALLENSTAM AB (publ), co reg.no.556072-1523
SE-401 84 Gothenburg, Street address: Kungsporsavenyen 2
Telephone +46 31 20 00 00, Fax +46 31 10 02 00, www.wallenstam.se