

WALLENSTAM INTERIM REPORT

1 JANUARY–30 SEPTEMBER 2015

1 JANUARY–30 SEPTEMBER 2015

- Income from property management amounted to SEK 512 million (464), an increase of 10 percent.
- Properties were sold with a value of SEK 1,850 million (1,280). This resulted in realized changes in value of SEK 144 million (152), which is 9 percent over the latest valuation.
- Unrealized changes in the value of investment properties amounted to SEK 1,880 million (498), of which new construction represented SEK 435 million (85).
- Changes in the value of derivative instruments amounted to SEK 30 million (-595).
- Profit after tax amounted to SEK 2,167 million (187), equivalent to SEK 6.5 (0.6) per share.
- Rental income for the interim period amounted to SEK 1,159 million (1,186).
- Acquisitions and investments in properties totalled SEK 2,561 million (1,328).
- The growth rate in net asset value, excluding dividends and repurchases, on a rolling full-year basis was 17.7 percent.
- During the period, construction started on approximately 370 apartments. We had around 1,300 apartments under construction on the closing day.

1 JULY–30 SEPTEMBER 2015

- Income from property management amounted to SEK 190 million (173).
- Unrealized changes in the value of investment properties amounted to SEK 169 million (105), of which new construction represented SEK 133 million (17).
- Changes in the value of derivative instruments amounted to SEK -130 million (-168).
- Profit after tax amounted to SEK 185 million (-167), equivalent to SEK 0.6 (-0.5) per share.
- Rental income for the third quarter amounted to SEK 387 million (393).

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

“

“We are generating considerable surplus value through our work on building apartments. We are also creating value through conversions and effective management. Almost 80 percent of the increase in value during the quarter came from our new construction projects.”

“Happily, we reported net asset value growth on a rolling full-year basis of 17.7 percent during the period, a fantastic performance that is above our goal of an average net asset value growth of 10 percent per year.”

“The result shows that the operations are continuing to perform very strongly. Income from property management during the period amounted to SEK 512 million, an increase of 10 percent. We have a strong financial position with a low loan-to-value ratio of 44 percent, and a high equity/assets ratio of 43 percent. We feel very satisfied with the result and performance to date!”

HANS WALLENSTAM, CEO

Wallenstam 

THIS IS WALLENSTAM

- No. of properties: around 220 • Investment property value: SEK 31 billion • Market capitalization 30 September 2015: SEK 23 billion
- Occupancy rate, lettable area: 98% • Lettable area: 1.0 million sq m • No. of apartments under construction: just over 1 300 • No. of wind turbines: 64

BUSINESS PLAN 2018

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

Guiding principles

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

Assumptions

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

BUSINESS CONCEPT

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

STRATEGIES AND ASSET-CREATING FACTORS

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

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

CONTENTS

- Comments by the CEO
- Interim report, 1 January–30 September 2015
- Consolidated statement of comprehensive income
- Consolidated statement of financial position, condensed
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Segments report
- Key ratios
- Definitions and glossary

WALLENSTAM TODAY

Wallenstam was founded in 1944 and its head office is located in Gothenburg. The company's 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 7,400 apartments and 1,000 commercial tenants. Wallenstam is self-sufficient in renewable energy through Svensk NaturEnergi.

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

Gothenburg

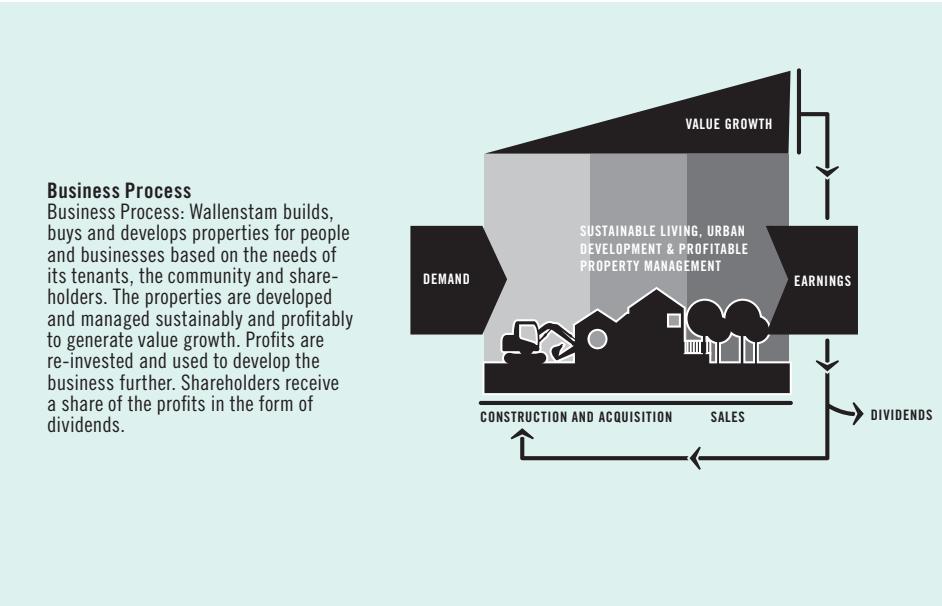
Our property holdings in Gothenburg consist of around 3,300 apartments and around 900 commercial tenants who rent office and retail premises, mostly in inner city locations. We manage around 200 apartments in Helsingborg.

Stockholm

The majority of our residential properties are in Stockholm, where we have around 3,900 apartments. At present, the major part of our new construction is also in progress in the Stockholm region, including Uppsala.

Svensk NaturEnergi

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



SCHEDULE

- 3 Year-end report, 2015 24 February, 2016
- 4 Publication of the Annual Report Week commencing 4 April 2016
- 14 Interim report Q1, 2016 26 April, 2016
- 15 Annual General Meeting 2016 26 April, 2016
- 16 Interim report Q2, 2016 3 August, 2016
- 17 Interim report Q3, 2016 8 November, 2016
- 18
- 20 Please follow us on Twitter, LinkedIn, Instagram and Facebook.

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

This Interim report is a translation of the original report in Swedish, which has 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

COMMENTS BY THE CEO

Value-creating business model

We are generating considerable surplus value through our work on building apartments. We are also creating value through conversions and effective management. Almost 80 percent of the increase in value during the quarter came from our new construction projects. Our new construction projects are going as planned and we are also continuing to focus on getting projects started as quickly as possible and on replenishing our project portfolio going forward.

There is huge demand and relatively few apartments are being produced – we want to contribute whatever we can and to start projects as quickly as possible.

Satisfied with the performance

Happily, we reported net asset value growth on a rolling full-year basis of 17.7 percent during the period, a fantastic performance that is above our goal of an average net asset value growth of 10 percent per year.

The result shows that the operations are continuing to perform very strongly. Income from property management during the period amounted to SEK 512 million, an increase of 10 percent. We have a strong financial position with a low loan-to-value ratio of 44 percent, and a high equity/assets ratio of 43 percent. We feel very satisfied with the result and performance to date!

Continued strong demand

With residential properties in attractive locations in the growth markets Gothenburg and Stockholm, and commercial

holdings in Gothenburg inner city, we have excellent exposure. We carry out regular valuations of each property, where location and type of property are key parameters. There is strong demand in the property market with many players who want to invest. We get numerous inquiries about the sale of properties, particularly from housing cooperatives that want to convert their buildings. At present, large volume is in demand rather than individual items of property, something which means that as a seller, you can get better paid for an entire property portfolio than if you would sell the properties separately.

Demand to rent is insatiable in our new construction projects. Sales of our completed cooperative apartment projects are going brilliantly and all apartments are sold. The apartments are being taken into possession gradually and this will continue during the next quarter. We report the result of the sale when the buyer has taken possession of his/her cooperative apartment.

Positive collaboration with municipalities

I feel confident and also very satisfied to have strong finances as support for our investment programme with an investment plan of SEK 2-3 billion per year.

We have a number of interesting projects under way in the Stockholm region and many more that will start during the coming years. It is exciting to collaborate with the municipalities on the land allocations we have obtained and thereby create more apartments. Gothenburg also has major building plans and views us as

part of these plans, for example in its 4th Centenary initiative where 7,000 apartments will be built in the city by 2021, apart from the goals already set for construction in the municipality. Our project in Kallebäck is one of the leading projects in this initiative.

Sustainability in several dimensions

I am proud that we supply all of our properties with renewable energy under our own management. We also have the capacity to cover the energy needs of the properties that we are planning to build in future projects. The apartments we produce are energy-efficient and the installation of individual electricity and water metering helps to promote less consumption.

We also make efforts to contribute to society, particularly in light of the refugee catastrophe that the world is currently experiencing. We are doing this in several ways, for example through collaboration, involvement and financial support to various youth activities and relief organisations.

The biggest contribution that we as a company can make, is nevertheless to create more apartments for both established and newly arrived residents. We are producing apartments, usually rental apartments, to make it possible for more people to obtain their own apartment. We are developing secure areas that people want to live in, work in and visit.

Outlook

Our starting position is fantastic. We have a product with a seemingly endless demand, a strong financial position and a production method in our new construction projects that enables us to produce apartments cost effectively. We are involved in many exciting urban development projects.

The future looks bright for Wallenstam as a company.



A handwritten signature in black ink, appearing to read "Hans Wallenstam".

Hans Wallenstam, CEO

INTERIM REPORT

1 JANUARY–30 SEPTEMBER 2015

THIRD QUARTER 1 JULY–30 SEPTEMBER

Important events

During the period, the municipal executive board in Lerum, gave the go-ahead to start zoning plan work in the Aspen Strand project, where the municipality together with Wallenstam, Skanska and HSB are planning approximately 550 apartments.

In September, Nacka Municipality approved a programme for Älta. The programme proposes a new retail zone, approximately 1,400 new apartments and development of the small-town atmosphere that today's Älta residents want to have more of. Wallenstam is involved in the development and together with the municipality is starting to plan the first phase of the project. The development around the square will include approximately 400-500 apartments in total with retail areas on the ground floors. Wallenstam's share of the project is approximately 300 apartments.

In September, construction also started of 110 apartments in the Stengläntan area in Mariastaden, Helsingborg. Apart from the apartments, the area will also contain an ICA store of 1,800 square metres and other neighbourhood services such as a pharmacy and gym.

During the period, Wallenstam sold a property in Gothenburg to one of the housing cooperatives formed by the tenants, and also purchased a property in Tyresö, Stockholm. The acquired property consists of land and was taken into possession on 30 September.

Performance during the quarter

Income from property management was 10 percent better than the same period of the previous year. Comparatively, rental income decreased, which was the result of the completed property sales. Excluding acquisitions and divestments, revenue increased by SEK 25 million, which is equivalent to growth during the quarter of just over 7 percent. This growth is the result of additional recently constructed apartment buildings as well as complet-

ed rent negotiations. Operating expenses were also lower, mainly on account of the completed property transactions. Net operating income during the quarter in comparable holdings was 1.3 percent better overall than the corresponding quarter in 2014.

Interest expenses totalled SEK 78 million (98), which was SEK 20 million lower than the previous year. Low interest rate levels contributed but also the fact that we opted to make large amortization payments, which reduced our borrowing considerably. On the closing day, 30 September 2015, interest-bearing liabilities amounted to SEK 14.8 billion, which was SEK 1.3 billion lower than the same date in 2014. The average interest rate during the quarter was 2.26 percent (2.68).

Income from natural energy management operations amounted to SEK -1 million (-15). Sales increased significantly but revenue did not rise at the same rate due to low electricity prices.

The total profit from property and cooperative apartment sales after expenses amounted to SEK 43 million (151) during the quarter.

Unrealized changes in the value of properties were positive and amounted to SEK 169 million (105). New production of rental apartments accounted for most of the change, almost 80 percent, and made a contribution of SEK 133 million (17).

The change in the value of financial derivatives was SEK -130 million (-168) during the quarter. The change in value from interest derivatives, that amounted to SEK -116 million (-171) during the quarter, neither affects cash flow nor average interest as it includes the effects of entered into derivative contracts. Unrealised changes in value of electricity futures amounted to SEK -13 million (4) and for other financial instruments amounted to SEK -1 million (-2).

Measurement of the synthetic options scheme, that tracks the movement in price of the Wallenstam share, generated an expense of SEK 30 million during the quarter.

Profit after tax for the second quarter

of 2015 amounted to SEK 185 million (-167), which corresponds to earnings per share of SEK 0.6 (-0.5).

1 JANUARY–30 SEPTEMBER

Performance in brief

Net operating income for properties amounted to SEK 854 million (872) for the interim period. Income from property management increased by 10 percent and amounted to SEK 512 million (464). Completed sales of properties and cooperative apartments resulted in a total gain of SEK 290 million (262). Profit before unrealized changes in value amounted to SEK 799 million (705).

Unrealized changes in the value of properties were positive and amounted to SEK 1,880 million (498) during the interim period.

The change in value of financial derivatives resulted in a positive change in value during the period of SEK 30 million (-595). Expenses for an unrealized change in value in the synthetic options scheme amounted to 35 million (6).

Profit before tax amounted to SEK 2,674 million (252) and profit after tax amounted to SEK 2,167 million (187), which corresponds to earnings per share of SEK 6.5 (0.6). The performance is commented on in more detail below.

Rental income

Consolidated rental income for the period amounted to SEK 1,159 million (1,186), which is a net decrease of SEK 27 million compared to the year-earlier period – an effect of the completed property transactions. Excluding income from acquired and divested properties, rental income increased by about SEK 61 million, which corresponds to growth of 5.6 percent. This growth is the result of additional recently constructed apartment buildings as well as completed rent negotiations. Of this rental income, SEK 825 million (826) was derived from the Gothenburg region, and SEK 326 million (353) from the Stockholm region.

Wallenstam's residential property holdings are fully let. This year's rent negotia-

tions have resulted in an average rise of 1.0 percent in Gothenburg, and 1.4 percent in Stockholm. Rent levels for Wallenstam's commercial premises, which are located in Gothenburg have risen by around 0.8 per cent in comparable holdings, chiefly as a result of cost index escalations. We are experiencing strong, stable demand for premises especially in central locations where the majority of our commercial properties are situated. Our occupancy rate for commercial properties in terms of lettable area amounted to 95 percent on the closing day.

Operating expenses & net operating income

Operating expenses for the period amounted to SEK 305 million (314). Net operating income amounted to SEK 854 million (872). The lower costs are mainly a result of the completed property divestments. Excluding the effects of acquired and divested properties, net operating income this year is 5.3 percent better than the year-earlier period, of which additional new production accounted for 4.2 percent. Efficient management, optimized energy consumption and changes in property holdings with newer buildings also contributed positively.

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

THE TEN LARGEST COMMERCIAL TENANTS

| Tenant | Floor space, sq m |
|--|-------------------|
| City of Gothenburg | 21,013 |
| SF Bio AB | 14,316 |
| Gothenburg Regional Archives | 11,000 |
| University of Gothenburg | 8,125 |
| Swedish Social Insurance Agency | 7,849 |
| SCA Hygiene Products AB | 7,600 |
| Vittraskolorna AB | 6,374 |
| Folkuniversitetet | 6,270 |
| County Administrative Board of Västra Götaland | 4,747 |
| Renew Group Sweden AB | 5,434 |
| Total | 92,728 |

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

Management costs & administrative expenses

Management costs and administrative expenses refer mainly to personnel expenses and are distributed among property management, SEK 135 million (136); energy management, SEK 23 million (25) and transactions, properties and cooperative apartments of SEK 19 million (25) in total.

In addition, there are expenses for the synthetic options scheme to employees. Unrealized expenses for the synthetic options scheme are recognized as a line item in the income statement. A maximum outcome based on the prevailing number of options issued and an achieved share price of SEK 80 per share, will generate an expense for the company of around SEK 139 million, of which SEK 79 million was expensed to date. 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 (-13) and the purchased option value, with an exercise price of SEK 52.50, to be SEK 79 million (42). The expense for the interim period amounted to 35 million (6).

Financial income & expenses

Financial income amounted to SEK 13 million (16) and financial expenses totalled SEK 245 million (314), of which SEK 220 million (288) related to property operations and SEK 25 million (26) to natural energy operations.

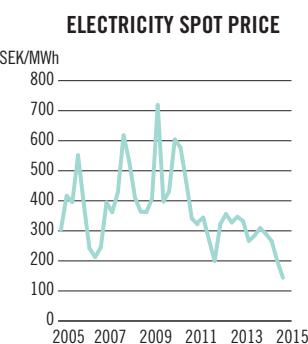
Total financial expenses decreased by SEK 69 million, of which SEK 26 million was a result of reduced average debt, as we decided to amortize loans. Capitalized interest amounted to SEK 35 million (49).

The average interest rate for the period, which considers the effects of entered into derivative contracts, amounted to 2.36 percent (2.84). The average interest rate on the closing day was 2.27 percent (2.61).

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 electricity certificates and derivatives.

Income from natural energy management operations amounted to SEK -3 million (-21) for the interim period and includes wind turbine depreciation of SEK 71 million (67), which does not affect cash flow. During the first three quarters of 2015, 293 GWh (212) of electricity was produced, which was an increase of 38 percent compared to the same period in 2014. This increased production is not reflected to the same extent in sales, since electricity prices were lower than the previous year.



Income from cooperative apartment sales

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

Profit for the period from the sale of cooperative apartments amounted SEK 162 million net (142). This mainly includes the sale of apartments in the Rigen and Tyresö Trädgårdar co-ops, our joint ventures with Oscar Properties.

Realized changes in value, investment properties

During the first half of 2015, Wallenstam sold properties with a total value of SEK 1,850 million (1,280). The sales were carried out at prices that exceeded the latest valuation by about 9 percent on average.

The sales result in relation to the sums invested amounted to SEK 727 million (510), of which SEK 583 million (358) was recognized in the previous year's consolidated income statement as an unrealized change in value. As we owned the divested properties for an average of 8 years, the sales result is equivalent to an average annual increase in value of 6.3 percent. For a specification of the sold properties, see page 9.

The Swedish transaction market

The total transaction volume in Sweden amounted to SEK 32.9 billion for the

third quarter of 2015, which is an increase of 10 percent compared to the year-earlier period. The transaction volume was a decrease of 14 percent compared to the previous quarter when we saw strong property sales in Sweden, according to property consultant JLL.

JLL anticipates a continued liquid transaction market while the volume in Sweden reached almost SEK 100 billion during the first three quarters. The full-year volume for 2015 may be a record if the final quarter is as strong as the previous year. The market is characterized by larger portfolio transactions where many investors are seeking to acquire volume. Portfolio premiums have been seen for the first time in many years.

Unrealized changes in value, investment properties

The development in the value of properties during the interim period was affected positively by an increase in value generated by our own work in ongoing and completed new constructions of rental apartments, concluded negotiations and the market situation in the sector. The property market is characterized by a continued high level of activity with greater demand than supply with rising prices as a consequence. The increase in prices in the market is reflected in the valuation through lower yield requirements during the year. See more on page 7.

Investment properties in operation accounted for unrealized changes in value of SEK 1,445 million (413) including value generated through conversion projects of SEK 84 million in total. Increase in value from new construction of rental

apartments accounted for SEK 435 million (85), which after consideration of conversion projects, means that 30 percent of the increase in value during the year was generated by our own work.

In all, unrealized changes in value in Wallenstam's property holdings amounted to SEK 1,880 million (498).

Unrealized changes in value, financial instruments

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

The value of interest rate derivatives, that has developed negatively for quite a long time, is positive for the year and has changed by SEK 51 m in total (-592).

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

In order to secure electricity generation expenses and revenue from electricity sales, the Group hedges parts of the electricity price on the financial market. The value of electricity derivatives changed by SEK -22 million (-2), primarily a result of low market prices for electricity. Also included are changes in the value of other financial holdings of SEK 1 million (-1).

Taxes

Recognized tax for the period amounted to SEK -507 million net (-65), of which deferred tax amounted to SEK -505 million (0) and current tax amounted to SEK -2 million (1).

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

CHANGES IN VALUE OF INVESTMENT PROPERTIES

| SEK million | JAN-SEP 2015 | JAN-SEP 2014 |
|---|-----------------|-----------------|
| Changes in value of investment properties in operation | 1,445 | 413 |
| Changes in value of new rental apartment construction in progress | 435 | 85 |
| Realized changes in value, investment properties | 144 | 152 |
| Total changes in value, investment properties | 2,024 | 650 |

OUR PROPERTIES

Developments during the period

During the period, we invested SEK 2,389 million (1,009) in investment properties and SEK 172 million (319) in cooperative apartment construction, for a total of SEK 2,561 million (1,328).

New construction projects in progress involve just over 1,300 apartments. Total investments in rental and cooperative apartment projects in progress amounted to around SEK 2.7 billion (2.8) on the closing day.

Investment properties

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

Unrealized changes in value affected investment property values positively by a total of SEK 1,880 million (498), of which SEK 435 million (85) was from value

growth in rental apartment constructions in progress, and SEK 1,445 million (413) from investment properties in operation. The average yield requirement for residential buildings is 3.5 percent (3.8) and for the commercial holdings, 5.4 percent (5.4). The approved value of investment properties was SEK 31,046 million (28,461) at the end of the period.

Cooperative apartment projects

New production of properties that are constructed for the purpose of sales as cooperative apartment properties are recognized in the balance sheet as Work in progress, co-op apartments. Major cooperative apartment projects now under construction include Rigen in Gröndal and Tyresö Trädgårdar, which are both essentially completed and occupation is in progress. Combined, these projects comprise 156 apartments, of which just over half had been handed over to the purchas-

er on the closing day. As contracts of sale have also been signed for the remaining apartments, all are expected to be taken into possession during the fourth quarter of 2015. The book value of Work in progress, cooperative apartments amounted to SEK 207 million (812) at the end of the period.

Our market

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

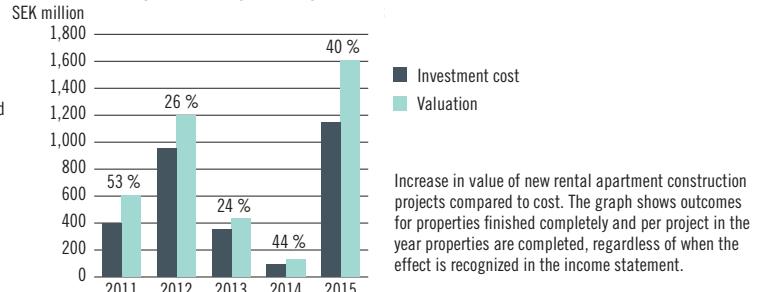
We build mainly rental apartments, but also cooperative apartments, primarily because the land available for rental apartment construction is limited.

CHANGES IN PROPERTY HOLDINGS, INVESTMENT PROPERTIES

| | Book value, SEK million | Sq m |
|---|----------------------------|------------------|
| Property holdings, 1 January 2015 | 28,481 | 1,006,980 |
| + Acquisitions | 1,233 | 44,156 |
| + Construction | 1,156 | 40,761 |
| - Sales | -1,704 | -47,835 |
| + Unrealized changes in value, net | 1,880 | - |
| Property holdings, 30 September 2015 | 31,046 | 1,044,062 |



GROWTH IN VALUE, NEW CONSTRUCTION INVESTMENT PROPERTIES



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. We must, however, 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 its yield requirement (refer to the valuation method in the annual report).

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 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. During the first year in operation, the estimated market value of a new

construction is charged with a risk mark-up equivalent to 0.25 percentage points compared to an established investment property in a similar location.

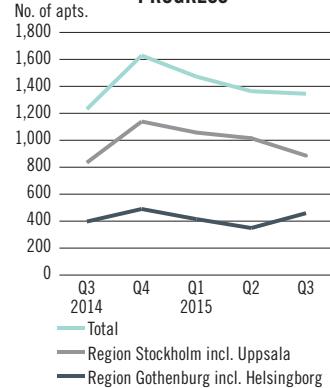
Newly constructed cooperative apartments are recognized according to IFRIC 15, Agreements for the Construction of Real Estate. For Wallenstam, this means that IAS 18 Revenues, is applied when recognizing these property projects. In short, this means that ongoing recognition takes place at cost and that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

NEW CONSTRUCTION IN PROGRESS, 30 SEPTEMBER 2015

| Project | Sq m | No. of apts. | Expected occupation |
|--|---------------|--------------|---------------------|
| Stockholm | | | |
| Riggen, Gröndal (co-op) | 2,600 | 42 | * |
| Tyresö Trädgårdar, Tyresö, Stage 1 (co-op) | 8,500 | 114 | * |
| Följa Berg, Nacka | 7,470 | 122 | 2016 |
| Månsprinnaren, Norra Djurgårdsstaden | 6,850 | 121 | 2016 |
| Tavernan, Barkarbystaden, Järfälla | 12,130 | 205 | 2017/2018 |
| Uppsala | | | |
| Fjärilen, Rosendal | 8,400 | 145 | 2016 |
| Snickeriet, Östra Sala backe | 7,050 | 137 | 2016 |
| Gothenburg | | | |
| Vågnästaren, Kvillebäcken | 6,200 | 112 | 2016 |
| Åby Stallbacken, Mölndal, Stage 1 | 10,000 | 185 | 2016/2017 |
| Helsingborg | | | |
| Vildvinet 1 | 2,600 | 52 | 2016 |
| Stengläntan, Mariastaden | 6,300 | 110 | 2017 |
| Total | 78,100 | 1,345 | |

*Gradual occupation has started

APARTMENTS, CONSTRUCTION IN PROGRESS



CHANGE, CONSTRUCTION IN PROGRESS

| | No. of apts. |
|--|--------------|
| New construction in progress, 30 Jun 2015 | 1,364 |
| - Completed | -129 |
| + Started | +110 |
| New construction in progress, 30 Sep 2015 | 1,345 |

PROPERTY HOLDING STRUCTURE AS OF 30 SEPTEMBER 2015

| Lettable area, sq m | Residential | Office | Retail | Industry/ warehousing | Education | Other | Total | Distribution, place |
|----------------------------------|----------------|----------------|----------------|--------------------------|---------------|----------------|------------------|------------------------|
| Stockholm | 244,694 | 34,271 | 20,215 | 17,650 | 2,386 | 20,644 | 339,860 | 33 % |
| Gothenburg | 212,708 | 194,576 | 92,882 | 69,699 | 32,849 | 80,781 | 683,495 | 65 % |
| Helsingborg | 15,471 | 1,415 | 1,408 | 932 | 170 | 1,311 | 20,707 | 2 % |
| Total | 472,873 | 230,262 | 114,505 | 88,281 | 35,405 | 102,736 | 1,044,062 | 100 % |
| Distribution by type of premises | 45 % | 22 % | 11 % | 9 % | 3 % | 10 % | 100 % | |

PROPERTY ACQUISITIONS, 2015

| Name of property | Address | Year of construction/ conversion | Residential sq m | Office sq m | Retail sq m | Industry/ warehousing sq m | Education sq m | Other sq m | Total sq m | No. of apts. |
|-------------------|--|-------------------------------------|---------------------|----------------|----------------|----------------------------------|-------------------|---------------|---------------|-----------------|
| Gothenburg | | | | | | | | | | |
| Stallbacken 20* | | - | - | - | - | - | - | - | - | - |
| Stockholm | | | | | | | | | | |
| Freden Större 11 | Gesällvägen 1 / Rissneleden 2-2 B, 4-18 / Östra Madenvägen 3-5, 9-17 | 1974 | - | 20,191 | 9,107 | 7,913 | - | - | 37,211 | - |
| Barlasten 3* | | - | - | - | - | - | - | - | - | - |
| Kåbo 57:2* | | - | - | - | - | - | - | - | - | - |
| Morellträdet 6 | Hantverkargatan 42 / Pilgatan 19 A-C | 1929 | 2,019 | 232 | 270 | 116 | - | - | 2,637 | 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 |
| Smaragden 2 | Bergsgatan 26 | 1929 | 1,078 | - | - | - | - | - | 1,078 | 17 |
| Rankan 3* | | - | - | - | - | - | - | - | - | - |
| Rankan 4* | | - | - | - | - | - | - | - | - | - |
| Tyresö Järnet 7* | | - | - | - | - | - | - | - | - | - |
| Total | | | 5,535 | 21,104 | 9,420 | 8,097 | - | - | 44,156 | 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 69:5 | 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 23B | 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 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 |
| 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 | Franzéngatan 10 / Hornsbergs strand 19-25 | 2012 | 9,029 | - | - | 39 | - | - | 9,068 | 129 |
| Förtjusningen 1 | Franzéngatan 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 | 167 | - | 112 | - | - | 3,249 | 54 |
| Total | | | 46,281 | 520 | 558 | 313 | - | 163 | 47,835 | 671 |

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 Dalénsgatan 10-14 / Långängen 11 / Solventilsgatan 20-22 | 2015 | 6,009 | - | 90 | - | - | 1,167 | 7,266 | 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, 8 A / Stora torget 1-3, 1 A-B, 2, 2 A-B | 2015 | 15,610 | - | 756 | - | - | 3,733 | 20,099 | 247 |
| Älta 10:62 | Oxelbacken 1-3 | 2015 | 7,509 | - | - | - | - | 2,554 | 10,063 | 129 |
| Other changes, existing properties, change in net floor space | | 2015 | 481 | - | - | - | - | -1,378 | -897 | |
| Total | | | 33,510 | - | 1,175 | - | - | 6,076 | 40,761 | 557 |

WIND POWER AND HYDROELECTRIC POWER

Wallenstam has three hydroelectric plants in operation and 64 wind turbines divided among 19 wind farms. At the end of September, our installed output amounted to 139 MW (138).

No wind power investments were made during the period (198).

Wind turbines and hydroelectric plants are measured at cost less depreciation and impairment charges. Depreciation for the year amounted to SEK 71 million (67). As of 30 September 2015, consolidated net investments in finished turbines and projects in progress, totalled SEK 1,688 million (1,774).

FINANCING

Equity

Shareholders' equity amounted to SEK 14,605 million (12,604), equivalent to SEK 44 per share (38). The equity/assets ratio was 43 percent (39). Equity includes a deficit value on derivatives of SEK 983 million (761). The deficit value, adjusted for tax, will be gradually reversed during the remaining derivative contract periods.

Interest-bearing liabilities

Interest-bearing liabilities consist of conventional bank loans and commercial paper with a limit of SEK 2 billion, and bonds. Bonds comprise a total of SEK 1,100 million, of which SEK 500 million

are in the form of green bonds. The bonds are listed on Nasdaq Stockholm.

On the closing day, Wallenstam's interest-bearing liabilities amounted to SEK 14,843 million (16,143), which corresponds to a loan-to-value ratio of 44 percent (50). The average liability for the interim period is about SEK 1.4 billion lower than the year-earlier period, which is a result of the fact that we amortized our loans during the year. The average remaining fixed-interest term is 42 months (41). Of the loan portfolio, 56 percent (49) of the loans have fixed terms longer than one year.

On the closing day, the average interest rate amounted to 2.27 per cent (2.61).

Financing is secured chiefly by mortgage deeds for properties. No sureties are pledged for bonds.

Derivative instruments

Wallenstam's financial derivative instruments consist mainly of interest derivatives and to a lesser extent of electricity derivatives. On the closing day, Wallenstam had a net indebtedness in respect of derivative instruments of SEK 983 million compared to SEK 1,020 million at year-end 2014. Of this, interest derivatives accounted for SEK 952 million (749) and electricity derivatives for SEK 32 million (12).

Interest derivatives are used to obtain a desired interest maturity profile in a flexible, cost effective way. They are measured

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

The value of interest derivatives has developed negatively for quite a long time due to falling market interest rates. The arising deficit values, which reflect how the Group's hedged interest rates relate to the market rate of interest on the closing day, are recognized as a liability in the balance sheet. During the year, the value of interest rate derivatives fluctuated sharply. The change in value during the year was positive and amounted to SEK 51 million (-592). Unrealized changes in value of interest derivatives do not affect cash flow, but do affect the income statement.

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

Available liquid assets

Available liquid assets, including bank overdraft facilities, amounted to SEK 761 million (789). Approved overdraft facilities amounted to SEK 800 million (400). There is also an approved credit commitment of SEK 1,275 million, and therefore total unutilised facilities amounted to SEK 2,036 million.

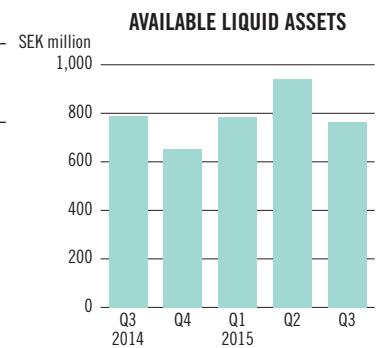
WIND POWER AND HYDROELECTRIC POWER

| | Number of farms | Number of turbines | Installed output, MW |
|----------------------|-----------------|--------------------|----------------------|
| Wind turbines | 19 | 64 | 138.5 |
| Hydroelectric plants | - | 3 | 0.8 |
| Total | 19 | 67 | 139.3 |

FIXED TERMS, AVERAGE INTEREST RATES, 30 SEP 2015

| Interest maturity structure | Amount, SEK million | Average interest rate, % | Proportion, % |
|-----------------------------|---------------------|--------------------------|---------------|
| 0–3 mths | 5,302 | 1.80* | 35.7 |
| 3 mths–1 year | 1,286 | 0.84 | 8.7 |
| 1–2 years | 600 | 2.89 | 4.0 |
| 2–3 years | 500 | 2.58 | 3.4 |
| 3–4 years | 630 | 3.37 | 4.2 |
| 4–5 years | 900 | 2.40 | 6.1 |
| 5–6 years | 1,300 | 3.26 | 8.8 |
| 6–7 years | 1,400 | 2.52 | 9.4 |
| 7–8 years | 1,475 | 2.54 | 9.9 |
| 8–9 years | 850 | 3.35 | 5.7 |
| > 9 years | 600 | 2.45 | 4.0 |
| Total | 14,843 | 2.27 | 100.00 |

* Variable interest loans with an interest maturity within three months have an average interest rate of 0.53 %. 1.80 % includes the effect of swap agreements and fixed-interest loans that mature within the three-month period.



Available liquid assets including overdraft facilities.

THE WALLENSTAM SHARE*

The Wallenstam B share is quoted on Nasdaq Stockholm, Large Cap. During 2015, the Wallenstam share price has increased by 6 percent. The property indices OMX Stockholm Real Estate and OMX Stockholm PI rose by 9 percent and 0.5 percent respectively during the same period.

At the end of the period, the Wallenstam share price was SEK 68.80 compared to SEK 64.85 at year-end 2014/2015. The market capitalisation was SEK 23,392 million (22,049) based on the number of registered shares. Equity per share amounted to SEK 44 (39).

During the period, 77.4 million Wallenstam shares were traded, which can be compared to 57.9 million during the same period of the previous year. Wallenstam has a mandate from the AGM to repurchase shares. During 2015, 960,000 shares were repurchased up to and including the closing day at an average price of SEK 66.15 per share. On the closing day, the company held 6,960,000 treasury shares.

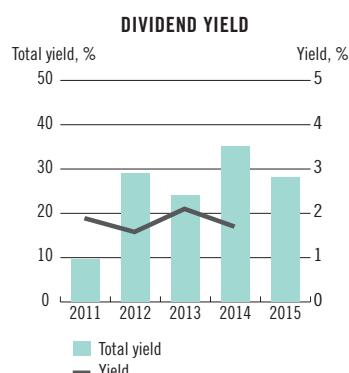
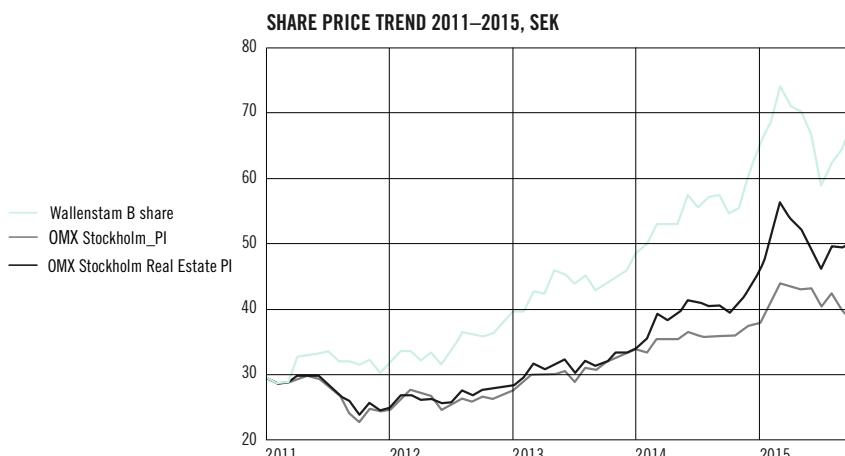
Share yield

The most recent dividend paid amounted to SEK 2.25 per share, before split. The total yield per share, calculated as the share price performance during the previous twelve months including dividends paid in relation to the share price at the beginning of the period, amounted to 28 percent (35).

P/E ratio

The P/E ratio is 8.9. Excluding the impact of derivative instruments, the adjusted P/E ratio is 8.4.

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



SHAREHOLDINGS, 30 SEPTEMBER 2015

| | A shares | B shares | Equity, % | Votes, % |
|--|-------------------|--------------------|---------------|---------------|
| Hans Wallenstam, and family, and company | 34,500,000 | 46,226,800 | 23.74 | 60.79 |
| AMF – Insurance and funds | | 27,987,409 | 8.23 | 4.35 |
| Agneta Wallenstam and family | | 21,004,000 | 6.18 | 3.26 |
| Anders Berntsson and family, and company | | 19,300,000 | 5.68 | 3.00 |
| Henric Wiman and family | | 12,112,328 | 3.56 | 1.88 |
| Bengt Norman and company | | 8,450,000 | 2.49 | 1.31 |
| Monica and Jonas Brandström | | 7,491,626 | 2.20 | 1.16 |
| Christian Wallenstam | | 5,900,000 | 1.74 | 0.92 |
| David Wallenstam | | 5,440,000 | 1.60 | 0.85 |
| CBNY-Norges Bank | | 4,883,179 | 1.44 | 0.76 |
| Other owners | | 139,744,658 | 41.09 | 21.72 |
| Total number of shares | 34,500,000 | 298,540,000 | | |
| Repurchased shares** | | 6,960,000 | 2.05 | |
| Registered shares | 34,500,000 | 305,500,000 | | |
| Total registered shares | | 340,000,000 | 100.00 | 100.00 |
| Total outstanding shares | | 333,040,000 | | |

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 twelve-month trend and amounted to 17.7 percent for the period.

Excluding the period's changes in the value of financial derivatives, the corresponding change was 18.8 percent for the latest twelve-month period.

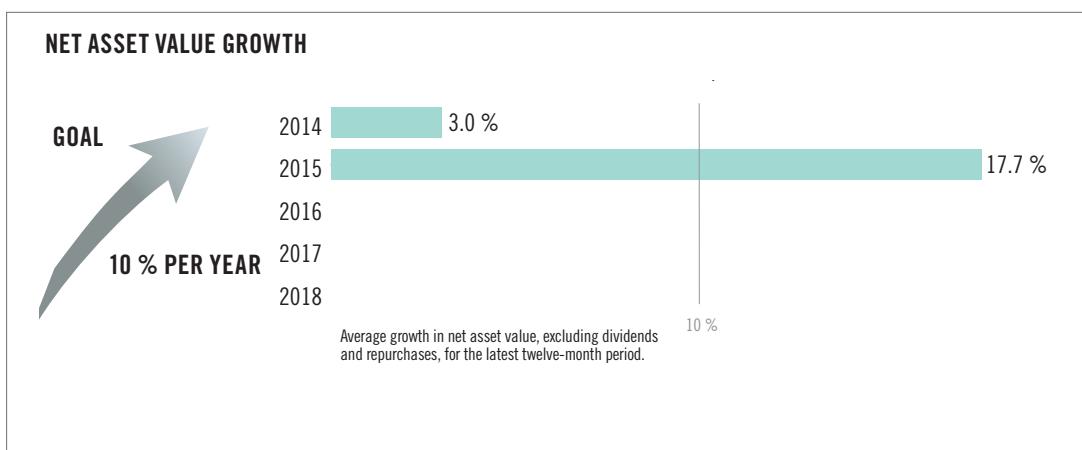
Net asset value

The Group's net asset value amounted to SEK 17,937 million (15,709) 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.

A net tax liability of SEK 2,531 million (2,087) is recognized in the balance sheet, which consists of a deferred tax asset of SEK 807 million (1,018) and a deferred

tax liability of SEK 3,338 million (3,105).

The non-current net asset value (EPRA NAV), which in addition to reversal of deferred tax liabilities also considers unrealized changes in the value of derivatives, amounted to SEK 18,704 million (16,303).



NET ASSET VALUE GROWTH 1 OCT 2014–30 SEP 2015

| | SEK million |
|---|----------------------|
| Net asset value, 1 Oct 2014 | 15,709 |
| Change in net asset value for the period | 2,228 |
| Reversal of dividend and repurchases for the period | 552 |
| Rolling net asset value | 18,489 17.7 % |

NET ASSET VALUE

| SEK million | 2015 30 SEP | 2014 30 SEP |
|---|----------------|----------------|
| Equity as per balance sheet | 14,599 | 12,604 |
| Deferred tax liability as per balance sheet | 3,338 | 3,105 |
| Consolidated net asset value | 17,937 | 15,709 |
| Derivatives as per balance sheet, net excl. tax | 767 | 594 |
| Non-current net asset value (EPRA NAV) | 18,704 | 16,303 |

OTHER INFORMATION

Opportunities & risks

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

Sensitivity analysis

As of 30 September 2015, the estimated market value of the properties amounted to around SEK 31 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 around SEK -1.5 billion or SEK +1.8 billion.

Transactions with related parties

Wallenstam's related parties consist chiefly of Group companies. Board members, company management and their families and the companies they control are also related parties. Transactions with related parties mainly consist of administrative fees and the renting of premises between Group companies. Individuals related to Board members rent apartments and are also electricity customers. A company within the New Wave Group rents commercial space corresponding to a total of SEK 5.7 million in annual revenue. Insurance services are purchased from companies where members of Wallenstam's Board of Directors and Group Management are Board members, for a total equivalent to about SEK 4.4 million in annual charges.

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

with a total contract value of SEK 264 million. This company has been a Svensk NaturEnergi electricity customer since the end of 2014.

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

During the year, Barn i Nöd received SEK 0.1 million in contributions and the Rescue Mission in Gothenburg received SEK 2.5 million. The Rescue Mission in Gothenburg rents premises from Wallenstam equivalent to rental income of about SEK 4.1 million annually. Both are also Svensk NaturEnergi electricity customers.

All transactions take place on market-related terms.

Parent company

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

INCOME STATEMENT, PARENT COMPANY

| SEK million | JAN-SEP | JAN-SEP | JAN-DEC |
|--|------------|-------------|-------------|
| | 2015 | 2014 | 2014 |
| Revenue | 247 | 243 | 255 |
| Expenses | -271 | -254 | -369 |
| Net financial items | 584 | 292 | 327 |
| Changes in value of derivative instruments | 51 | -592 | -845 |
| Profit/loss before tax | 611 | -311 | -632 |
| Group contributions | - | - | - |
| Taxes | -99 | -89 | -55 |
| Profit/loss after tax | 512 | -400 | -687 |
| Comprehensive income | 512 | -400 | -687 |

BALANCE SHEET, PARENT COMPANY

| SEK million | 30 SEP | 30 SEP | 31 DEC |
|---------------------------------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2014 |
| Assets | | | |
| Properties | 1,175 | 1,077 | 1,114 |
| Participations in Group companies | 5,961 | 5,947 | 5,961 |
| Financial derivative instruments | 19 | 28 | 27 |
| Receivables from Group companies | 13,218 | 12,309 | 11,335 |
| Other assets | 418 | 631 | 503 |
| Cash and cash equivalents | 6 | 312 | 43 |
| Total assets | 20,797 | 20,304 | 18,983 |
| Equity and liabilities | | | |
| Equity | 6,451 | 6,777 | 6,378 |
| Interest-bearing external liabilities | 8,483 | 8,314 | 7,689 |
| Liabilities to Group companies | 4,642 | 4,235 | 3,686 |
| Financial derivative instruments | 971 | 777 | 1,030 |
| Other liabilities | 250 | 201 | 200 |
| Total equity and liabilities | 20,797 | 20,304 | 18,983 |
| Pledged assets | 3,155 | 3,754 | 3,844 |
| Contingent liabilities | 6,668 | 7,876 | 7,602 |

Total sales for the period amounted to SEK 247 million (243), of which rental income constituted SEK 51 million (43).

The performance was affected positively by changes of SEK 51 million (-592) in the value of financial interest derivative instruments.

Profit after tax amounted to SEK 512 million (-400), as did comprehensive income. Investments in non-current assets during the period amounted to SEK 88 million (196). Parent company external loans amounted to SEK 8,483 million (8,314) on the closing day.

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-SEP 2015 | JAN-SEP 2014 | JUL-SEP 2015 | JUL-SEP 2014 | OCT-SEP 2014/2015 | JAN-DEC 2014 |
|--|------|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| Rental income | | 1,159 | 1,186 | 387 | 393 | 1,539 | 1,566 |
| Operating expenses | | -305 | -314 | -94 | -95 | -430 | -439 |
| Net operating income, properties | | 854 | 872 | 293 | 298 | 1,109 | 1,127 |
| Management costs and administrative expenses | | -135 | -136 | -38 | -38 | -186 | -187 |
| Financial income | | 13 | 16 | 5 | 3 | 14 | 17 |
| Financial expenses | | -220 | -288 | -70 | -90 | -297 | -365 |
| Income from property management | | 512 | 464 | 190 | 173 | 640 | 592 |
| Income from natural energy management operations | 1 | -3 | -21 | -1 | -15 | -7 | -25 |
| Revenue, co-op apartment sales | | 874 | 723 | 344 | 467 | 1,206 | 1,055 |
| Expenses, co-op apartment sales | | -712 | -581 | -307 | -362 | -960 | -829 |
| Realized changes in value, investment properties including expenses | 2 | 128 | 120 | 6 | 46 | 240 | 232 |
| Profit before unrealized changes in value and impairment charges | | 799 | 705 | 232 | 309 | 1,119 | 1,025 |
| Unrealized changes in value, investment properties | | 1,880 | 498 | 169 | 105 | 2,211 | 829 |
| New construction | | 435 | 85 | 133 | 17 | 496 | 146 |
| Other | | 1,445 | 413 | 36 | 88 | 1,715 | 683 |
| Unrealized changes in value, financial instruments | | 30 | -595 | -130 | -168 | -229 | -854 |
| Unrealized changes in value, synthetic options | | -35 | -6 | -30 | 3 | -49 | -20 |
| Impairment losses on non-current assets | | - | -350 | - | -350 | - | -350 |
| Profit before tax | | 2,674 | 252 | 241 | -101 | 3,052 | 630 |
| Taxes | | -507 | -65 | -56 | -66 | -487 | -45 |
| Profit for the period, after tax | | 2,167 | 187 | 185 | -167 | 2,565 | 585 |
| <i>Other comprehensive income, items that may be transferred to profit/loss for the period</i> | | | | | | | |
| Translation difference | | -8 | 8 | -7 | 4 | -18 | -2 |
| Tax attributable to other comprehensive income | | 2 | -2 | 2 | -1 | 4 | 0 |
| Comprehensive income | | 2,161 | 193 | 180 | -164 | 2,551 | 583 |
| <i>Distribution of profit/loss for the period</i> | | | | | | | |
| Profit for the period attributable to parent company shareholders | | 2,162 | 187 | 179 | -167 | 2,560 | 585 |
| Profit/loss for the period attributable to non-controlling interests | | 5 | 0 | 6 | 0 | 5 | - |
| Average number of outstanding shares, thousands | | 333,847 | 336,826 | 333,540 | 336,330 | 334,165 | 336,400 |
| Profit after tax, SEK per share; dilution does not occur | | 6.5 | 0.6 | 0.6 | -0.5 | 7.7 | 1.7 |

NOTE 1 – Income from natural energy management operations

| SEK million | JAN-SEP 2015 | JAN-SEP 2014 | JUL-SEP 2015 | JUL-SEP 2014 | OCT-SEP 2014/2015 | JAN-DEC 2014 |
|--|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| Electricity revenue | 232 | 211 | 59 | 53 | 301 | 280 |
| Electricity expenses | -116 | -114 | -22 | -29 | -143 | -141 |
| Depreciation | -71 | -67 | -24 | -24 | -95 | -91 |
| Management costs and administrative expenses, natural energy | -23 | -25 | -6 | -7 | -33 | -35 |
| Financial expenses, natural energy | -25 | -26 | -8 | -8 | -37 | -38 |
| Income from natural energy management operations | -3 | -21 | -1 | -15 | -7 | -25 |

NOTE 2 – Realized profit from the sale of investment properties

| SEK million | JAN-SEP 2015 | JAN-SEP 2014 | JUL-SEP 2015 | JUL-SEP 2014 | OCT-SEP 2014/2015 | JAN-DEC 2014 |
|--|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| Sales revenue | 1,850 | 1,280 | 94 | 509 | 2,919 | 2,349 |
| Cost and investments | -1,123 | -770 | -78 | -395 | -1,766 | -1,413 |
| Previously recognized changes in value | -583 | -358 | -5 | -60 | -878 | -653 |
| Realized changes in value, investment properties | 144 | 152 | 11 | 54 | 275 | 283 |
| Sales and administrative expenses | -16 | -32 | -5 | -8 | -35 | -51 |
| Realized changes in value, investment properties including expenses | 128 | 120 | 6 | 46 | 240 | 232 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED

| SEK million | 30 SEP 2015 | 30 SEP 2014 | 31 DEC 2014 |
|---|---------------|---------------|---------------|
| Assets | | | |
| <i>Non-current assets</i> | | | |
| Investment properties | 31,046 | 28,461 | 28,481 |
| Wind turbines and hydroelectric plants incl. new construction in progress | 1,688 | 1,774 | 1,770 |
| Financial assets | 364 | 602 | 543 |
| Financial derivative instruments | 20 | 28 | 27 |
| Other non-current assets | 61 | 56 | 57 |
| Total non-current assets | 33,179 | 30,921 | 30,878 |
| <i>Current assets</i> | | | |
| Work in progress, co-op apartments | 207 | 812 | 601 |
| Other current assets | 379 | 320 | 222 |
| Cash and cash equivalents | 18 | 389 | 56 |
| Total current assets | 604 | 1,521 | 879 |
| Total assets | 33,783 | 32,442 | 31,757 |
| Equity and liabilities | | | |
| <i>Equity</i> | | | |
| | 14,605 | 12,604 | 12,883 |
| <i>Non-current liabilities</i> | | | |
| Provisions for deferred tax | 2,531 | 2,087 | 2,063 |
| Other provisions | 39 | 35 | 36 |
| Interest-bearing liabilities | 1,602 | 961 | 1,228 |
| Financial derivative instruments | 982 | 759 | 993 |
| Other non-current liabilities | 94 | 46 | 54 |
| Total non-current liabilities | 5,248 | 3,888 | 4,374 |
| <i>Current liabilities</i> | | | |
| Interest-bearing liabilities | 13,241 | 15,182 | 13,850 |
| Financial derivative instruments | 21 | 30 | 54 |
| Other current liabilities | 668 | 738 | 596 |
| Total current liabilities | 13,930 | 15,950 | 14,500 |
| Total equity and liabilities | 33,783 | 32,442 | 31,757 |
| Pledged assets | | | |
| | 13,851 | 15,792 | 15,185 |
| Contingent liabilities | 29 | 3 | 31 |
| Equity attributable to non-controlling interests | 5 | 2 | 0 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEK million | Equity attributable to parent company shareholders | | | | | Non-controlling interests | Total equity |
|--|--|---------------------------|----------------|------------------------|----------|---------------------------|--------------|
| | Share capital | Other capital contributed | Other reserves | Profit brought forward | | | |
| Opening equity, 1 Jan 2014 | 170 | 359 | -12 | 12,321 | 2 | 12,840 | |
| Profit/loss for the period | - | - | - | 187 | - | | 187 |
| Other comprehensive income | - | - | 8 | - | - | | 8 |
| Tax attributable to other comprehensive income | - | - | -2 | - | - | | -2 |
| <i>Transactions with shareholders</i> | | | | | | | |
| Dividends | - | - | - | -337 | - | | -337 |
| Repurchase of own shares | - | - | - | -92 | - | | -92 |
| Closing equity, 30 Sep 2014 | 170 | 359 | -6 | 12,079 | 2 | 12,604 | |
| Opening equity, 1 Jan 2015 | 170 | 359 | -14 | 12,368 | 0 | 12,883 | |
| Profit/loss for the period | - | - | - | 2,162 | 5 | | 2,167 |
| Other comprehensive income | - | - | -8 | - | - | | -8 |
| Tax attributable to other comprehensive income | - | - | 2 | - | - | | 2 |
| <i>Transactions with shareholders</i> | | | | | | | |
| Dividends | - | - | - | -376 | - | | -376 |
| Repurchase of own shares | - | - | - | -63 | - | | -63 |
| Closing equity, 30 Sep 2015 | 170 | 359 | -20 | 14,091 | 5 | 14,605 | |

CONSOLIDATED STATEMENT OF CASH FLOWS

| SEK million | JAN-SEP 2015 | JAN-SEP 2014 | JUL-SEP 2015 | OCT-SEP 2014 | JUL-JUN 2014/2015 | JAN-DEC 2014 |
|---|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| | | | | | | |
| Profit before unrealized changes in value | 799 | 705 | 234 | 309 | 1,119 | 1,025 |
| Adjustment for items not included in cash flow | -251 | -219 | -9 | -139 | -449 | -417 |
| Taxes paid | -2 | - | -1 | - | -2 | - |
| Cash flow before change in working capital | 546 | 486 | 224 | 170 | 668 | 608 |
| Change in working capital | 26 | 129 | -6 | 83 | -85 | 18 |
| Cash flow from operating activities | 572 | 615 | 218 | 253 | 583 | 626 |
| <i>Investments/divestments</i> | | | | | | |
| Investments in properties | -2,561 | -1,334 | -634 | -410 | -3,167 | -1,940 |
| Investments in wind turbines, intangible assets & property, plant and equipment | -9 | -207 | -2 | -9 | -43 | -241 |
| Investments in financial assets | -3 | -12 | - | -2 | -3 | -12 |
| Divestment of properties, co-op shares & property, plant and equipment | 2,645 | 1,732 | 555 | 816 | 4,159 | 3,246 |
| Cash flow from investing activities | 72 | 179 | -81 | 395 | 946 | 1,053 |
| <i>Financing</i> | | | | | | |
| Loans raised | 4,772 | 4,841 | 461 | 1,319 | 5,395 | 5,464 |
| Amortization of loans | -5,135 | -5,402 | -756 | -1,954 | -6,829 | -7,096 |
| Dividends paid | -376 | -337 | - | - | -376 | -337 |
| Repurchase of own shares | -63 | -92 | -63 | -46 | -175 | -204 |
| Divestment and amortization of financial assets | 120 | 201 | 99 | - | 85 | 166 |
| Cash flow from financing activities | -682 | -789 | -259 | -681 | -1,900 | -2,007 |
| Changes to liquid assets | -38 | 5 | -122 | -33 | -371 | -328 |
| Cash and cash equivalents at beginning of the period | 56 | 384 | 140 | 422 | 389 | 384 |
| Cash flow for the period | -38 | 5 | -122 | -33 | -371 | -328 |
| Cash and cash equivalents at the end of the period | 18 | 389 | 18 | 389 | 18 | 56 |
| Unutilized overdraft facilities at the end of the period | 743 | 400 | 734 | 400 | 743 | 583 |
| Available liquid assets | 761 | 789 | 761 | 789 | 761 | 639 |

SEGMENTS REPORT

| 2015 SEK million | Gothenburg JAN-SEP 2015 | Stockholm JAN-SEP 2015 | Svensk NaturEnergi JAN-SEP 2015 | Other JAN-SEP 2015 | Elimination JAN-SEP 2015 | Total JAN-SEP 2015 |
|--|-------------------------------|------------------------------|---------------------------------------|--------------------------|--------------------------------|--------------------------|
| Income statement | | | | | | |
| Rental income | 825 | 326 | - | 13 | -5 | 1,159 |
| Operating expenses | -197 | -100 | - | -8 | - | -305 |
| Electricity revenue | - | - | 195 | - | -195 | - |
| Electricity expenses | - | - | -162 | - | 162 | - |
| Net operating income | 628 | 226 | 33 | 5 | -38 | 854 |
| Management costs and administrative expenses | -79 | -55 | -23 | -6 | 28 | -135 |
| Net financial items | -150 | -22 | -25 | -35 | 25 | -207 |
| Income from management operations | 399 | 149 | -15 | -36 | 15 | 512 |
| Income from natural energy management operations | - | - | - | - | -3 | -3 |
| Profit from the sale of co-op apartments | 3 | 161 | - | -2 | - | 162 |
| Realized changes in value, investment properties | 24 | 104 | - | - | - | 128 |
| Profit/loss before unrealized changes in value and impairment charges | 426 | 414 | -15 | -38 | 12 | 799 |
| Unrealized changes in value, investment properties | 993 | 863 | - | 24 | - | 1,880 |
| Unrealized changes in value, financial instruments and renewable energy certificates | 1 | - | -10 | 51 | -12 | 30 |
| Unrealized changes in value, synthetic options | - | - | - | -35 | - | -35 |
| Profit/loss before tax | 1,420 | 1,277 | -25 | 2 | - | 2,674 |
| Balance sheet | | | | | | |
| Investment properties | 20,469 | 9,989 | - | 588 | - | 31,046 |
| Wind turbines | - | - | 1,688 | - | - | 1,688 |
| Work in progress, co-op apartments | - | 207 | - | - | - | 207 |
| Unapportioned assets | - | - | - | - | - | 842 |
| Total assets | 20,469 | 10,196 | 1,688 | 588 | - | 33,783 |
| Equity | - | - | - | - | - | 14,605 |
| Loans | 9,643 | 1,445 | 1,224 | 2,531 | - | 14,843 |
| Unapportioned liabilities | - | - | - | - | - | 4,335 |
| Total equity and liabilities | 9,643 | 1,445 | 1,224 | 2,531 | - | 33,783 |

| 2014 SEK million | Gothenburg JAN-SEP 2014 | Stockholm JAN-SEP 2014 | Svensk NaturEnergi JAN-SEP 2014 | Other JAN-SEP 2014 | Elimination JAN-SEP 2014 | Total JAN-SEP 2014 |
|--|-------------------------------|------------------------------|---------------------------------------|--------------------------|--------------------------------|--------------------------|
| Income statement | | | | | | |
| Rental income | 826 | 353 | - | 12 | -5 | 1,186 |
| Net operating income | 633 | 240 | - | 4 | -5 | 872 |
| Electricity revenue | - | - | 175 | - | -175 | - |
| Income from property management operations | 390 | 157 | - | -84 | 1 | 464 |
| Income from natural energy management operations | - | - | - | - | -21 | -21 |
| Profit/loss from sales of properties, apartments and wind turbines | -14 | 276 | - | - | - | 262 |
| Profit/loss before unrealized changes in value and impairment charges | 376 | 433 | -29 | -84 | 9 | 705 |
| Profit/loss from changes in value and impairment charges | 424 | 74 | -343 | -599 | -9 | -453 |
| Profit/loss before tax | 800 | 507 | -372 | -683 | - | 252 |
| Balance sheet | | | | | | |
| Investment properties | 19,537 | 8,378 | - | 546 | - | 28,461 |
| Wind turbines | - | - | 1,774 | - | - | 1,774 |
| Work in progress, co-op apartments | - | 812 | - | - | - | 812 |
| Unapportioned assets | - | - | - | - | - | 1,395 |
| Total assets | 19,537 | 9,190 | 1,774 | 546 | - | 32,442 |
| Equity | - | - | - | - | - | 12,604 |
| Loans | 8,627 | 1,913 | 1,293 | 4,310 | - | 16,143 |
| Unapportioned liabilities | - | - | - | - | - | 3,695 |
| Total equity and liabilities | 8,627 | 1,913 | 1,293 | 4,310 | - | 32,442 |

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

KEY RATIOS – MULTI-YEAR SUMMARY

| | 30 SEP 2015 | 30 JUN 2015 | 31 MAR 2015 | 31 DEC 2014 | 30 SEP 2014 | 30 JUN 2014 | 31 MAR 2014 | 31 DEC 2013 | 30 SEP 2013 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Accumulated during period | | | | | | | | | |
| Rental income, SEK million | 1,159 | 771 | 382 | 1,566 | 1,186 | 793 | 399 | 1,578 | 1,190 |
| Net operating income, properties, SEK million | 854 | 560 | 270 | 1,127 | 872 | 574 | 279 | 1,095 | 829 |
| Surplus ratio, property management, % | 74 | 73 | 71 | 72 | 74 | 72 | 70 | 69 | 70 |
| Income from property management, SEK million | 512 | 322 | 150 | 592 | 464 | 289 | 138 | 473 | 370 |
| Income from natural energy management, SEK million | -3 | -2 | 8 | -25 | -21 | -5 | 12 | -8 | -16 |
| Profit before unrealized changes in value, SEK million | 799 | 566 | 232 | 1,025 | 705 | 396 | 225 | 539 | 415 |
| Profit after tax, SEK million | 2,167 | 1,981 | 159 | 585 | 187 | 354 | 177 | 1,276 | 912 |
| Comprehensive income, SEK million | 2,161 | 1,980 | 161 | 583 | 193 | 357 | 179 | 1,267 | 906 |
| Return on equity, % | 19.0 | 16.8 | 4.4 | 4.6 | 4.3 | 8.1 | 9.3 | 10.3 | 17.3 |
| Return on total capital, % | 10.3 | 9.3 | 3.4 | 3.2 | 3.1 | 4.2 | 4.8 | 5.7 | 7.4 |
| Value of investment properties, SEK million | 31,046 | 30,347 | 29,705 | 28,481 | 28,461 | 28,515 | 27,880 | 28,079 | 27,329 |
| Work in progress, co-op apartments, net, SEK million | 207 | 460 | 467 | 601 | 799 | 1,022 | 1,044 | 970 | 843 |
| Yield, investment properties, % | 4.0 | 4.2 | 4.3 | 4.4 | 4.5 | 4.5 | 4.4 | 4.3 | 4.3 |
| Total yield, investment properties, % | 13.9 | 14.8 | 9.5 | 8.6 | 8.6 | 8.5 | 7.3 | 7.0 | 9.0 |
| Interest coverage ratio, realized, times | 7.2 | 7.4 | 4.8 | 5.3 | 4.5 | 5.2 | 4.9 | 4.0 | 3.4 |
| Interest coverage ratio, times | 4.5 | 4.5 | 3.8 | 3.7 | 3.1 | 2.7 | 2.5 | 2.2 | 2.0 |
| Loan-to-value ratio, % | 44 | 44 | 48 | 48 | 50 | 51 | 50 | 51 | 51 |
| Average interest rate on the closing day, % | 2.27 | 2.33 | 2.36 | 2.56 | 2.61 | 2.79 | 2.94 | 3.10 | 3.30 |
| Average fixed-interest term, months | 42 | 44 | 41 | 43 | 41 | 40 | 41 | 38 | 40 |
| Equity/assets ratio, % | 43 | 43 | 40 | 41 | 39 | 39 | 40 | 40 | 40 |
| Equity, SEK million | 14,605 | 14,488 | 13,044 | 12,883 | 12,604 | 12,814 | 12,992 | 12,840 | 12,517 |
| Net asset value, SEK million | 17,937 | 17,792 | 16,160 | 15,964 | 15,709 | 15,978 | 16,071 | 16,027 | 15,548 |
| Non-current net asset value (EPRA NAV), SEK million | 18,704 | 18,460 | 17,061 | 16,760 | 16,303 | 16,443 | 16,367 | 16,162 | 15,673 |
| Market capitalization, SEK million | 23,392 | 20,026 | 24,208 | 22,049 | 18,581 | 18,904 | 18,037 | 16,533 | 14,960 |
| Dividend, SEK million | 376 | 376 | - | 337 | 337 | 337 | - | 212 | 212 |
| Area, sq m (thousand) | 1,044 | 1,037 | 1,053 | 1,007 | 1,032 | 1,066 | 1,066 | 1,104 | 1,109 |
| Occupancy rate – lettable area, % | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 98 | 97 |
| Number of employees | 214 | 210 | 205 | 203 | 204 | 201 | 198 | 195 | 194 |
| Shares outstanding at end of period, thousands | 333,847 | 334,000 | 334,000 | 336,400 | 336,826 | 337,076 | 337,140 | 339,066 | 339,526 |
| Shares outstanding, average, thousands | 333,040 | 334,000 | 334,000 | 334,000 | 335,880 | 336,706 | 337,048 | 337,600 | 338,432 |
| Per share data | | | | | | | | | |
| Profit after tax , SEK | 6.5 | 5.9 | 0.5 | 1.7 | 0.6 | 1.1 | 0.5 | 3.8 | 2.7 |
| P/E ratio, times | 8.9 | 8.9 | 41.9 | 37.1 | 33.1 | 18.2 | 15.4 | 13.0 | 7.2 |
| Cash flow from operating activities, SEK | 1.7 | 1.1 | 0.6 | 1.9 | 1.5 | 1.1 | 0.5 | 1.5 | 1.2 |
| Equity, SEK | 44 | 43 | 39 | 39 | 38 | 38 | 39 | 38 | 37 |
| Share price, SEK | 68.80 | 58.90 | 71.20 | 64.85 | 54.65 | 55.60 | 53.05 | 48.63 | 44.00 |
| Share price in relation to equity, % | 156 | 137 | 183 | 168 | 146 | 146 | 138 | 128 | 119 |
| Dividends, SEK | 1.13 | 1.13 | - | 1.00 | 1.00 | 1.00 | - | 0.63 | 0.63 |

QUARTERLY OVERVIEW

| | JUL-SEP 2015 | APR-JUN 2015 | JAN-MAR 2015 | OCT-DEC 2014 | JUL-SEP 2014 | APR-JUN 2014 | JAN-MAR 2014 | OCT-DEC 2013 | JUL-SEP 2013 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Rental income, SEK million | 387 | 390 | 382 | 380 | 393 | 394 | 399 | 388 | 396 |
| Net operating income, properties, SEK million | 293 | 291 | 270 | 256 | 298 | 294 | 279 | 267 | 292 |
| Surplus ratio, property management, % | 76 | 74 | 71 | 67 | 76 | 75 | 70 | 69 | 74 |
| Income from property management, SEK million | 190 | 171 | 150 | 129 | 173 | 150 | 138 | 116 | 145 |
| Return on equity, % | 19.0 | 16.8 | 4.4 | 4.6 | 4.3 | 8.1 | 9.3 | 10.3 | 17.3 |
| Earnings per share after tax, SEK | 0.6 | 5.5 | 0.5 | 1.2 | -0.5 | 0.5 | 0.5 | 1.1 | 0.9 |
| Cash flow per share from operating activities, SEK | 0.7 | 0.5 | 0.6 | 0.0 | 0.4 | 0.6 | 0.5 | 0.3 | 0.4 |
| Equity per share, SEK | 44 | 43 | 39 | 39 | 38 | 38 | 39 | 38 | 37 |
| Share price, SEK | 68.80 | 58.90 | 71.20 | 64.85 | 54.65 | 55.60 | 53.05 | 48.63 | 44.00 |

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.

REPORT SIGNATURES

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

Gothenburg, November 3, 2015

Christer Villard
Chairman of the Board

Agneta Wallenstam
Board member

Ulrica Jansson Messing
Deputy Chairman of the Board

Erik Åsbrink
Board member

Anders Berntsson
Board member

Hans Wallenstam
CEO

REVIEW REPORT

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish original the latter shall prevail.

Introduction

I have reviewed the interim report for Wallenstam AB (publ) for the period January 1 - September 30, 2015. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. My responsibility is to express a conclusion on this interim report based on my review.

Scope of Review

I conducted my review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable me to obtain a level of assurance that would make me aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, November 3, 2015

Harald Jagner
Authorized Public Accountant

DEFINITIONS AND GLOSSARY

Dividend yield

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

Total yield

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

Number of shares

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

Loan-to-value ratio

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

Market capitalization

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

Derivative instruments

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

Net operating income

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

Yield, investment properties

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

Total yield, investment properties

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

Property values

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

Renewable energy

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

Income from property management

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

Rental value

Rental income and the estimated market rent for vacant space.

Cash flow per share

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

Cash flow from operating activities per share

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

kWh, monthly requirement

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

Non-current net asset value (EPRA NAV)

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

Average number of employees

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

Unrealized changes in value, investment properties

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

P/E ratio

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

Realized changes in value of investment properties

Gains or losses from investment property sales for the period after deduction for the properties' estimated market values at the previous reporting period.

Earnings per share after tax

Profit after tax in relation to the average number of outstanding shares.

Return on equity

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

Return on total capital

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

Interest coverage ratio

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

Interest coverage ratio, realized

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

Equity/assets ratio

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

Net asset value

Equity less deferred tax liabilities.

Synthetic options scheme

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

Comprehensive income

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

Conventional gains or losses from the sale of investment properties

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

Occupancy rate – lettable area

Let floor space in relation to total floor space.

Operating result

Realized profit excluding profit from property sales.

Surplus ratio

Net operating income as a percentage of rental income.

For further information, please refer to:

www.wallenstam.se/glossary

Wallenstam is required to publish the information in this interim report according to the Swedish Financial Markets Act and the Swedish Financial Instruments Trading Act. The information was submitted for publication on 3 November 2015 at 08:00 (CET).

Wallenstam 

WALLENSTAM AB (publ), co reg. no. 556072-1523
SE-401 84 Gothenburg, Street address: Kungsportsavenyen 2
Telephone +46 31 20 00 00, Fax +46 3110 02 00 www.wallenstam.se