

WALLENSTAM

YEAR-END REPORT

JANUARY 1–DECEMBER 31, 2018

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- This year-end closing completes the business plan 2014-2018, where we created an average net asset value growth of 17.4 percent per year, excluding dividends and repurchases.
- Income from property management increased by 25 percent and amounted to SEK 1,011 million (806).
- Rental income increased by 12 percent and amounted to SEK 1,910 million (1,701).
- Construction of properties amounted to SEK 2,198 million (2,310).
- On closing day, we had 2,167 apartments under construction.
- Unrealized changes in value of investment properties amounted to SEK 1,839 million (2,556).
- Profit before tax amounted to SEK 3,445 million (3,001) and profit after tax amounted to SEK 2,998 million (2,421), equivalent to SEK 9.3 per share (7.4).
- The positive trend in the electricity market has led to a reversal of impairment losses in respect of wind turbines of SEK 524 million (-500).
- In order to adapt the Group to future new corporate taxation rules, interest rate derivatives with a deficit value of SEK 776 million were early redeemed, which affects profit before unrealized changes in value and impairment charges but not comprehensive income.
- The Board of Directors will propose a dividend of SEK 1.90 per share (1.80), spread between two payments of SEK 0.95 each per share.

OCTOBER 1–DECEMBER 31, 2018

- Income from property management increased by 37 percent and amounted to SEK 253 million (185).
- Rental income increased by 10 percent and amounted to SEK 488 million (444).
- Unrealized changes in value of investment properties amounted to SEK 764 million (739).
- Profit after tax amounted to SEK 1,229 million (640), equivalent to SEK 3.8 per share (2.0).
- A reversal of impairment losses in respect of wind turbines was recognized of SEK 524 million (-200).

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

“During 2018, we achieved income from property management of more than SEK 1 billion. For me personally, this is an important milestone – especially considering the fact that as CEO of the company, I have also experienced income from property management of SEK -50 million.”

“The challenging goal, which we adopted in late 2013, was that we should achieve an average net asset value growth, excluding dividends and repurchases, of at least 10 percent per year, and we have achieved this by a good measure! Net asset value growth, excluding dividends and repurchases, during the period 2014-2018 amounted to a total average of 17.4 percent per year, which is equivalent to about SEK 14 billion in total for the business plan.”

HANS WALLENSTAM, CEO

WALLENSTAM IN BRIEF

• No. of investment properties: 218 • Investment property value: SEK 46 billion • Market capitalization: SEK 27 billion
• Occupancy rate, lettable area: 99% • Lettable area: 1.2 million sq m • No. of apts. under construction: 2,167 • No. of wind turbines: 66

Read more about Wallenstam on page 23.

IMPORTANT EVENTS FOURTH QUARTER

This year-end closing completes the business plan 2014-2018, where the goal was to achieve an average growth in net asset value of 10 percent per year, excluding dividends and repurchases. During the five years of the business plan, we generated an average net asset value growth of 17.4 percent per year.

In October, construction officially started of Mölnlycke Fabriker, one of Wallenstam's largest building projects in the Gothenburg business area with 600 new homes and development of the district's genuine factory environments. The first phase is the Rosengängen block with 123 rental apartments and the Kvarnen block with 185 rental apartments. The previous co-op apartment project Terrassen Elva with 54 apartments was converted into a rental apartment project during the quarter.

Daniel Svartling, IT Manager at Wallenstam, has also been appointed as Innovation Manager in the company. In his role, he has support from Wallenstam's Innovation Council, whose mission is to channel and create new business opportunities for the company.

During the quarter, Wallenstam acquired shares in Conventum, equivalent to 25 percent of the total number of shares. Conventum establishes modern coworking centers with a focus on flexibility, service, technology and design in Stockholm and Gothenburg, and is a tenant of Wallenstam on Avenyn.

As part of the agreement concluded with Willhem in December 2015 on a gradual acquisition by the company of Wallenstam's properties in Helsingborg, the property Skäran 1 was vacated in early December. A further two properties, both in Härryda Municipality, were sold during December.

On December 14, the new five-year business plan was unveiled that was approved by Wallenstam's Board. The business plan starts on January 1, 2019, with the goal of achieving an increase in net asset value during the period of SEK 40 per share. The increase in net asset value will be measured starting from October 1, 2018. This goal is supplemented by three key guiding principles within the focus areas customer, employee and environment. In connection with the new business plan, adjustments were also made in the wordings of the company's vision and business concept.

CONTENTS

Comments by the CEO	3
Consolidated income statement	4
Comments on the consolidated income statement	5
Consolidated balance sheet, condensed	8
Comments on the consolidated balance sheet	9
Consolidated statement of changes in equity	14
Consolidated statement of cash flows	14
Segments report	15
Goal follow-up	16
The Wallenstam share	17
Parent company	18
Other information	19
Key ratios	20
Definitions	22
This is Wallenstam	23

SCHEDULE

Publication of Annual Report 2018	week commencing March 18, 2019
Interim report Q1, 2019	May 2, 2019
Annual General Meeting 2019, Gothenburg	May 2, 2019
Interim report Q2, 2019	July 17, 2019
Interim report Q3, 2019	October 22, 2019

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COMMENTS BY THE CEO

We achieved the goal!

The challenging goal, which we adopted in late 2013, was that we should achieve an average net asset value growth, excluding dividends and repurchases, of at least 10 percent per year, and we have achieved this by a good measure! Net asset value growth, excluding dividends and repurchases, during the period 2014-2018 amounted to a total average of 17.4 percent per year, which is equivalent to about SEK 14 billion in total for the business plan.

The market was favorable during this period, but without our dedicated and committed employees, the company would not have been able to deliver this excellent result. Fantastic work has been done, and everyone contributed within their respective area of the business. The letting department has really worked hard on filling and negotiating all of our commercial space and on letting all of the apartments we completed over the years. Our management operations have worked diligently to streamline the operation and maintenance of our properties. The project organization has managed to raise the production rate in our new production considerably. We have also been successful in reducing the carbon footprint in our holdings, and we increased the proportion of customers who want to recommend us as a landlord.

More than SEK 1 billion in income from property management

During 2018, we achieved income from property management of more than SEK 1 billion. For me personally, this is an important milestone – especially considering the fact that as CEO of the company, I have also experienced income from property management of SEK -50 million. Income from property management during the year increased by 25 percent. We achieved this even though during the business plan we sold properties, which were located a bit outside of our focus areas, for just over SEK 9 billion, something that has a negative impact on income from property management in the near term. However, by always working actively to increase our efficiency within all business areas and by providing newly produced properties, we have generated this positive growth in income from property management.

New challenging goal

In December, we unveiled our new business plan and our new goal: To achieve an increase in net asset value of SEK 40 per share from October 1, 2018 through December 31, 2023.

The net asset value is a metric, which is good to use in our business, since it measures many different parameters in the business; letting, management, new production, investments and the business operations. What is not included in the net asset value is the future value, for example in our planned projects – these values are added later when we start to refine or build the property.

It is worth noting that in the new goal, we are measuring in SEK per share, so it will be easier to relate to. In addition, we have opted to use the established definition of net asset value, in other words, that the net asset value is calculated by also including the effect of the dividends and any repurchases made during the period.

If we had used the same model in the previous business plan, this would have meant during the period 2014-2018 that we increased the net asset value by SEK 34.80 per share. In the new business plan, we shall deliver an increase of SEK 40 per share, consequently a new challenging goal that we will aim to achieve up to and including 2023.

Become even better

We are entering the new business plan with a fantastic basis. Now we are building on this by continuing to work with everything we do today in an even better way. This will include even more cost-efficiency in our new construction and management – naturally with the same requirements for high quality – optimization of opera-



tions, as well as good service and accessibility for our customers.

The goal in the business plan has been supplemented by three guiding principles, important areas, which we will focus on:

- We shall exceed customer expectations and improve the overall impression of Wallenstam every year through attractive apartments and premises as well as good service.
- Through our strong corporate culture, we shall be an attractive employer and improve our Engagement Index score every year.
- We shall reduce our environmental impact every year, through initiatives within the focus areas energy, transports and resources.

Continued strong demand

Being a player in an active market with strong demand is of course both very nice and very interesting. The strong market climate in Western Sweden is continuing, with a low vacancy rate for centrally located offices as a result. In the office market, the coworking concept has strengthened its position with its flexible form of letting, and during the fourth quarter we had the privilege of becoming an owner in Convendum. Convendum has a well-developed and attractive offering where we see interesting future opportunities.

Retail in the inner city is challenged by changing consumption patterns and here, like other players, we face a challenge in terms of promoting initiatives that improve the conditions for a lively inner city – to build more housing, provide more office space, create meeting places for socializing and experiences.

On the residential side, we see continued lower demand for co-op apartments, while demand for rental apartments is even higher than before – here we see no signs of a slowdown, quite the contrary. The severe housing shortage in the cities we operate in is of course one reason for the strong demand but the rental apartment concept is also very much in tune with the times, you see it is a form of “coliving”. A flexible, hassle-free form of housing, which the tenant does not have to manage himself/herself, and also with no financial risk for the tenant.

Celebrating 75 years with an eye to the future

In November 2019, Wallenstam will celebrate 75 years! We will mark this in different ways during the year, and in this context I would like to hereby also thank everyone that in various ways has contributed to Wallenstam's fantastic performance during these 75 years. All the competencies and experience we have gathered – in both economic upturns and downturns – we will take with us for the future challenges that await. With expectation, confidence and excitement, I look forward to another journey together with our shareholders, the Board, employees, customers, suppliers and partners!

Hans Wallenstam, CEO

CONSOLIDATED INCOME STATEMENT

SEK million	Note	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Rental income		1,910	1,701	488	444
Operating expenses		-481	-437	-137	-133
Net operating income, properties		1,429	1,264	351	311
Management costs and administrative expenses		-211	-210	-62	-61
Financial income		6	10	2	5
Financial expenses		-212	-258	-37	-70
Income from property management		1,011	806	253	185
Realized changes in value, financial instruments	1	-767	-	9	-
Income from natural energy management operations	2	-35	-40	-36	-6
Realized changes in value, synthetic options		-	-54	-	-
Revenue, co-op apartment and development property sales		537	332	427	12
Expenses, co-op apartment and development property sales		-421	-284	-333	-16
Realized changes in value, investment and owner-occupied properties including expenses	3	-7	6	0	9
Profit/loss before unrealized changes in value		317	765	319	183
Unrealized changes in value, investment properties		1,839	2,556	764	739
New construction		598	733	177	344
Other		1,241	1,823	587	395
Unrealized changes in value, financial instruments	1	778	182	-83	34
Unrealized changes in value, synthetic options*		-13	-2	4	-
Impairment losses and reversals, wind turbines		524	-500	524	-200
Profit before tax		3,445	3,001	1,528	756
Taxes		-447	-580	-299	-116
Profit for the period, after tax		2,998	2,421	1,229	640
OTHER COMPREHENSIVE INCOME					
Items that may be transferred to profit/loss for the period		0	8	0	0
Items that may not be transferred to profit/loss for the period		-2	-8	-6	-1
Tax attributable to other comprehensive income		2	2	1	0
Comprehensive income		2,998	2,423	1,224	639
DISTRIBUTION OF PROFIT/LOSS FOR THE PERIOD					
Profit for the period attributable to parent company shareholders		2,998	2,421	1,229	640
Average number of outstanding shares, thousands		323,854	327,333	323,198	326,150
Profit after tax, SEK per share; dilution does not occur		9.3	7.4	3.8	2.0

NOTE 1 – REALIZED CHANGES IN VALUE, FINANCIAL INSTRUMENTS

Refers to realization of interest rate derivatives before maturity of SEK -776 million (-) and divestments of financial participations of SEK 9 million (-).

NOTE 2 – INCOME FROM NATURAL ENERGY MANAGEMENT OPERATIONS

SEK million	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Electricity revenue	415	368	80	85
Electricity expenses	-300	-262	-77	-54
Depreciation	-95	-95	-24	-23
Management costs and administrative expenses, natural energy	-31	-24	-10	-7
Financial expenses, natural energy	-25	-27	-6	-7
Income from natural energy management operations	-35	-40	-36	-6

NOTE 3 – REALIZED PROFIT FROM THE SALE OF INVESTMENT AND OWNER-OCCUPIED PROPERTIES

SEK million	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Sales revenue	25	607	10	312
Cost and investments	-44	-312	-9	-158
Previously recognized changes in value**	24	-282	0	-143
Realized changes in value, investment and owner-occupied properties	5	13	1	11
Sales and administrative expenses	-4	-7	-1	-2
Realized changes in value, investment and owner-occupied properties including expenses	1	6	0	9

*Includes unrealized expenses connected with the execution of the scheme.

**Of which, SEK 8 million is recognized within Other comprehensive income.

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

OCTOBER 1–DECEMBER 31

We feel that the rental market is very strong. Rental income increased by 10 percent and amounted to SEK 488 million (444) during the quarter. The increase in revenue was mainly related to our completed new construction projects as well as new lets and renegotiations in commercial properties. Operating expenses amounted to SEK 137 million (133). Net operating income was almost 13 percent better and amounted to SEK 351 million (311).

Interest expenses were much lower than the previous year due to the fact that we redeemed interest rate derivatives with deficit values during May and June 2018. This resulted in a non-recurring expense in the second quarter, which was recognized as a separate line item in the income statement, Realized changes in value, financial instruments. During the fourth quarter, the average interest rate on our loans was 1.05 percent (1.88).

Income from property management amounted to SEK 253 million (185), which was almost 37 percent better than the year-earlier period. Divestment of part of our shareholding in Exeger Sweden AB, generated a profit of SEK 9 million (-) in the quarter, which was recognized against Realized changes in value, financial instruments.

Income from natural energy management operations amounted to SEK -36 million (-6). The positive trend in the electricity market continued with much higher prices for electricity and renewable energy certificates compared to last year. As we do not apply hedge accounting for electricity futures, these are only recognized as an unrealized profit/loss in the line item for financial derivative instruments. As regards changes in value of renewable energy certificates, these are continually recognized against electricity revenue without taking account of agreements reached for future sales except in the case of deficit values. Considering the result of the Group's realized electricity futures and entered into agreements for sale of renewable energy certificates, income from natural energy management operations during the quarter was SEK 41 million (1) in total, better than what is stated in Note 2, in other words SEK 5 million (-5).

Unrealized changes in the value of investment properties were positive and amounted to SEK 764 million (739), due to improved net operating income and value growth in our cost-efficient new production and also less planned maintenance.

The quarter's unrealized profit from derivative instruments was

SEK -83 million (34), of which interest rate derivatives accounted for SEK -101 million (30), electricity derivatives SEK 16 million (2) and others SEK 2 million (2). Profit after tax for the fourth quarter of 2018 amounted to SEK 1,229 million (640), which corresponds to earnings per share of SEK 3.8 (2.0).

JANUARY 1–DECEMBER 31

Rental income

Rental income for the year increased by SEK 209 million, which is equivalent to 12 percent, and amounted to SEK 1,910 million (1,701). Growth in rental income during the period was mainly the result of additional recently constructed rental properties as well as successful lets and rent negotiations with our commercial tenants.

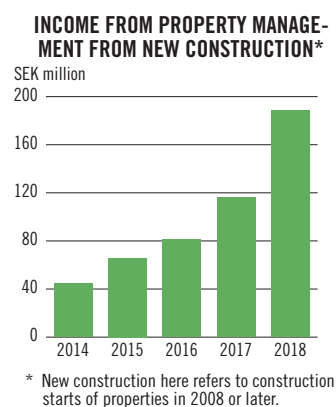
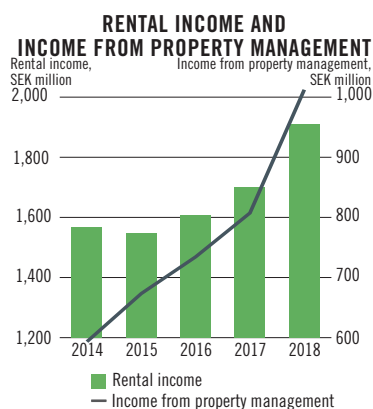
Our residential property holdings are fully let. This year's rent negotiations resulted in an average rise of 1.1 percent for apartments in Gothenburg and of 1.2 percent, starting from April, for apartments in Stockholm.

We are experiencing strong and stable demand for premises, especially in central locations in Gothenburg where our commercial properties are situated. Rental rates for our commercial properties, excluding acquired and divested properties, increased by 4.6 percent, as a result of successfully completed new lets, cost index escalations and lower vacancy rates. The surrender rate, which reflects how large a proportion of the cancellable leases are extended, amounted to about 90 percent for the period and net letting of commercial properties amounted to SEK 12 million. Our occupancy rate for commercial properties in terms of lettable area amounted to 98 percent on closing day.

Operating expenses & net operating income

Operating expenses for the period amounted to SEK 481 million (437). Seasonal effects at Wallenstam consist mainly of variable operating expenses. These are usually highest during quarters one and four when expenses for heating and property maintenance are generally higher. Climate-related expenses were SEK 3 million higher during 2018 than 2017.

Net operating income increased by 13 percent and amounted to SEK 1,429 million (1,264). Additional efficient new production accounted for just over two thirds of this growth and the existing holdings for the remainder.



Management costs & administrative expenses

Management costs and administrative expenses are distributed among property management, SEK 211 million (210), energy management, SEK 31 million (24) and transactions, properties and cooperative apartments of SEK 9 million (17), SEK 251 million (251) in total.

Financial income & expenses

Financial income amounted to SEK 6 million (10) and financial expenses totaled SEK 237 million (285), of which SEK 212 million (258) related to property operations and SEK 25 million (27) to natural energy operations. Capitalized interest amounted to SEK 58 million (64).

The average interest rate on closing day, which reflects future interest to pay in relation to our loans, was 1.06 percent (1.88). The reason why the average interest rate on closing day was lower than the previous year is mainly because we realized and simultaneously entered into new interest rates derivatives at lower average interest rates during May and June 2018. Also see Financing on page 12. During the period, the average interest rate (excluding early redemption of derivative instruments) was 1.35 percent (1.93). The interest coverage ratio, which is 1.3 times (3.8), is also affected in the short-term (twelve months) by the early redemption of interest rate derivatives. Excluding this, the interest coverage ratio is 5.7 times, see table on page 22. The average debt for the period was SEK 3.0 billion higher than the year-earlier period, due to continued investments in new production.

Realized changes in value, financial instruments

During May and June 2018, Wallenstam decided to realize derivative contracts with a deficit value for the purpose of adapting the Group to the new corporate taxation rules, which will apply from January 1, 2019. In total, derivative contracts with a market value of SEK -776 million were realized up to and including December 31, 2018. Within unrealized changes in value financial instruments, a corresponding entry equivalent to the value that these derivatives had on March 31, 2018, arose of SEK 770 million. The difference corresponds to the derivatives' unrealized change in value during the second quarter of 2018 until the realization date. The non-recurring expense that arose when the derivatives were realized prematurely will have no impact on the Group's net profit since derivatives are continually measured at fair value. Nor will the realization imply any additional expense for the Group over time except for the financing effect arising from the choice to realize the derivatives before maturity. On the other hand, the

Group's future average interest is affected as it will be lower due to the fact that the future interest to pay will be lower.

In December, almost half of the shareholding in Exeger Sweden AB was divested for a total of SEK 35 million. Total profit on the sale was SEK 25 million, of which SEK 16 million was recognized in other comprehensive income in previous years and SEK 9 million (-) is recognized in net profit for the year.

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. Depreciation is based on the cost value. Income from management operations is affected by remeasurement effects and sales results from renewable energy certificates. As we do not apply hedge accounting for electricity derivatives, income is also impacted by the outcome from realized electricity futures that were previously recognized in unrealized changes in value, compare page 13. As regards changes in value of renewable energy certificates in inventory, these are continually recognized against electricity revenue without taking account of agreements reached for future sales except in the case of deficit values.

Income from natural energy management operations amounted to SEK -35 million (-40). In 2018, 338 GWh (381) was produced and 418 GWh (398) was sold to end customers. Production was lower than the previous year due to less wind during 2018, which in profit terms was offset by higher electricity prices, which are currently registering some of the highest levels for many years. The value of renewable energy certificates has developed very positively and on closing day amounted to SEK 163 (62) per renewable energy certificate.

The effect on the year from realized hedges not being included in the recognition of electricity revenue and electricity expenses was positive for electricity revenue by SEK 16 million and negative for electricity expenses by SEK -45 million. Electricity revenue and electricity expenses for the year were also negatively impacted mainly by remeasurement items for renewable energy certificate contracts for which agreements on future sale were reached at other values than the closing day rate, total SEK -15 million net. Considering the outcome of the Group's realized electricity futures and entered into agreements for renewable energy certificates, income from natural energy management operations for the year totaled SEK 44 million (7), better than what is stated in Note 2, in other words SEK 9 million (-33), compare segment reporting page 15.

CHANGES IN VALUE OF INVESTMENT AND OWNER-OCCUPIED PROPERTIES

SEK million	Jan-Dec 2018	Jan-Dec 2017
Changes in value of new rental apartment construction in progress	598	733
Changes in value of investment and owner-occupied properties in operation	1,241	1,815
Realized changes in value, investment and owner-occupied properties	5	13
Total changes in value, investment and owner-occupied properties	1,844	2,561

THE TEN LARGEST COMMERCIAL TENANTS

Tenant	Floor space, sq m
City of Gothenburg	23,762
SF Bio AB	14,508
Essity Hygiene and Health AB	13,317
Academedia AB	11,382
Gothenburg Regional Archives	11,000
Västra Götaland County Council	7,425
ICA Fastigheter AB	6,906
Sandryds Handels AB	6,730
Folkuniversitetet	6,308
Frisk Service i Göteborg AB	6,212
Total	107,550

Total commercial floor space is approximately 510,000 sq m.

Reversal of impairment losses on wind turbines

During 2018, the electricity and electricity trading market developed positively with rising prices for electricity and renewable energy certificates. This has a positive impact on the value of wind turbines, which were previously charged with an impairment loss, and therefore previous impairment losses totaling SEK 524 million (-500) could be reversed. The closing carrying amount for wind turbines subsequently amounts to SEK 1,167 million (682).

Income from sales of co-op apartments and development properties

A profit or loss from sales of co-op apartments and development properties is recognized when the apartment or property is taken into possession by the purchaser. Apart from the cost, selling and marketing expenses are included, which are expensed as they arise.

Net profit for the period from sales amounted to SEK 116 million (48) and included sales of the development property Skärnan 1, a small number of individual co-op apartments and units in the co-op apartment project Vasagatan 33, including expenses.

Unrealized changes in value, investment properties

Unrealized changes in value of investment properties during the period amounted to SEK 1,839 million in total (2,556), of which the increase in value generated from our own work in cost-efficient new construction accounted for SEK 598 million (733). The increase in value in investment properties, which were in operation for one calendar year or more amounted to SEK 1,241 million (1,823) and was the result of improved net operating income and a continued strong property market.

Unrealized changes in value, financial instruments

The change in value of financial instruments in the income statement includes changes in value of interest rate and electricity derivatives and holdings of listed shares.

The value of interest rate and electricity derivatives developed positively during the year. The change in value of interest rate derivatives was SEK 706 million (182), of which SEK 770 million was the result of early redemption of derivatives with a deficit value during the summer. The remainder corresponds to changes in value of interest rate derivatives during the year. On closing day, the 10-year swap rate amounted to 1.12 percent, compared to 1.19 percent at the start of the year. The change in value of electricity derivatives was positive due to rising prices in the electricity market and amounted to SEK 68 million (10). Changes in value of other financial instruments amounted to SEK 5 million (-10) on closing day.

Unrealized changes in value, synthetic options

The Annual General Meeting on April 24, 2018 resolved to introduce a synthetic options scheme directed to all personnel. The term of the scheme runs until May 31, 2024 and the expected cost in the event of a maximum outcome is SEK 330 million. At the start of the scheme in May 2018, personnel were invited to acquire the allotted number of options at a market price. The value of the synthetic options, which varies with Wallenstam's share price, increased during the year. The unrealized expense including costs connected to the scheme, amounted to SEK 13 million during the period.

Taxes

The recognized tax expense for the period, which consists in its entirety of deferred tax, amounted to SEK 447 million (580) net.

On June 14, 2018, the Swedish Parliament adopted the Government's proposal for new tax rules for companies, which sharply limit the right to deduction of interest expenses in the corporate sector, among other things. Apart from the general limitations on the right to deduction for interest expenses, the proposal also contains a reduction of corporate tax from 22 percent to 21.4 percent during the years 2019-2020 and to 20.6 percent starting from 2021. The rules will apply starting from the financial year, beginning on January 1, 2019 but will have an impact on the net profit for the period as deferred tax assets and tax liabilities have been remeasured to the new tax rates. It should be noted that the remeasurement is based on a number of assumptions, such as future taxable profit/loss. The remeasurement thus constitutes a best estimate, which is continually updated. As Wallenstam's deferred tax liabilities exceed the deferred tax assets, the new legislation had a positive non-recurring effect on profit of SEK 312 million net as of December 31, 2018.

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 property and energy taxes, stamp duty and personnel-related taxes and charges. These other taxes, which amounted to SEK 556 million (631) for the full-year 2018, are recognized among operating expenses within income from property management and investments in the construction operation.



CONSOLIDATED BALANCE SHEET, CONDENSED

SEK million	Dec 31, 2018	Dec 31, 2017
ASSETS		
NON-CURRENT ASSETS		
Investment properties	45,811	41,410
Wind turbines	1,167	682
Participations in associated companies	113	-
Financial assets	408	367
Financial derivative instruments	11	21
Other non-current assets	64	66
Total non-current assets	47,574	42,546
CURRENT ASSETS		
Development and co-op apartment properties	317	606
Financial derivative instruments	39	7
Other current assets	249	286
Cash and cash equivalents	83	228
Total current assets	688	1,127
Total assets	48,262	43,673
EQUITY AND LIABILITIES		
EQUITY		
Equity	21,609	19,408
Equity attributable to non-controlling interests	2	2
Total equity	21,611	19,410
NON-CURRENT LIABILITIES		
Provisions for deferred tax	4,595	4,146
Other provisions	68	56
Interest-bearing liabilities	8,545	2,432
Financial derivative instruments	82	796
Other non-current liabilities	23	49
Total non-current liabilities	13,313	7,479
CURRENT LIABILITIES		
Interest-bearing liabilities	12,699	16,269
Financial derivative instruments	-	1
Other current liabilities	639	514
Total current liabilities	13,338	16,784
Total equity and liabilities	48,262	43,673
Pledged assets	16,131	15,344
Contingent liabilities	133	239

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

OUR PROPERTIES

Development during the period

During the year, we invested a total of SEK 2,688 million (2,950), of which SEK 2,549 million (2,447) in investment properties and SEK 139 million (503) in construction of cooperative apartments and development properties. New construction projects in progress involve 2,167 apartments. Total investments in rental and cooperative apartment projects in progress amounted to just over SEK 3.6 billion (4.8) on closing day.

Investment properties

Unrealized changes in value affected the value of investment properties positively by SEK 1,839 million (2,556) in total, of which SEK 598 million (733) came from new construction of rental apartments and the remainder from properties that have been in operation for one calendar year or more.

Due to the strong market situation for commercial properties in Gothenburg, the yield requirement has been reduced by 0.25 percentage points during the year for a number of central properties. For the commercial holdings, the average yield requirement amounts to 4.6 percent (4.7). For residential properties in operation, the average yield requirement amounts to 3.3 percent (3.2).

The average yield requirement was mainly unchanged from the previous quarter. The approved value of investment properties was SEK 45,811 million (41,410) at the end of the period.

Development and co-op apartment properties

New construction of development properties includes the Pålshö project in Helsingborg. Under an agreement signed in late 2015, the property will be taken into possession by Willhem, after completion and a short period in operation, which is expected to be in early 2019.

New construction of co-op apartment properties includes 30 apartments in the Vasagatan 33 project in Gothenburg. On closing day, almost half of the apartments had been taken into possession by the new owners. The previous co-op apartment project Terrassen Elva with 54 apartments was converted into a rental apartment project. For new construction in progress, also see the table on page 10.

The book value of Development and co-op apartment properties amounted to SEK 317 million (606) at the end of the period.

Our markets

The cities in which we do business are characterized by strong growth and heavy demand for housing. Only a minor proportion

of our rental apartments become available for rent due to relocation, and demand for finished, newly built rental apartments is high.

We build mainly rental apartments, but also cooperative apartments, for example when the land available for rental apartment construction is limited. Our flexible business model, where co-op apartment sales do not start until the project is approaching completion, makes it possible to convert a co-op apartment project into a rental apartment project if demand for co-op apartments is uncertain.

We see strong demand for office and retail space in Gothenburg, particularly in the central parts of the city, which is also reflected in the low vacancy rate for the period.

Valuation

Investment properties

Wallenstam measures all of its investment properties internally at fair value. We enjoy good market and property intelligence through active property trading, which provides us with a firm basis for performing internal valuations of our property holdings. 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 constructions of rental properties are measured at fair value, which is determined as cost plus the estimated surplus on the completion date in relation to the degree of completion of the construction. This is in turn based on expenses incurred.

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

Development and co-op apartment properties

The properties, which are under construction in order to be sold on completion are recognized at cost in the balance sheet in the line item Development and co-op apartment properties. The profit/loss from these projects is recognized when the properties are completed and handed over to the buyer.

TOTAL VALUE, PROJECTS IN PROGRESS

	Book value, SEK million
Land for future new production	703
Projects in progress, rental apartments	2,552
Development and co-op apartment properties	317
Total projects in progress	3,572

CHANGES IN PROPERTY HOLDINGS, INVESTMENT PROPERTIES

	Book value, SEK million
Property holdings, January 1, 2018	41,410
+ Acquisitions	489
+ Construction	2,061
Reclassification development and co-op apartment properties	40
- Divestments and retirements	-28
+ Unrealized changes in value of properties, net	1,839
Property holdings, December 31, 2018	45,811

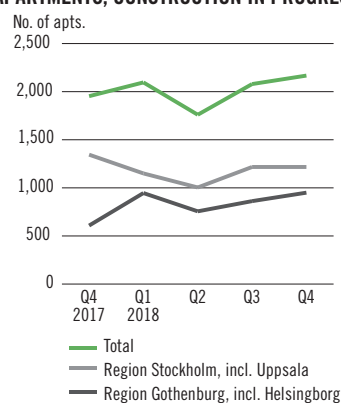
NEW CONSTRUCTION IN PROGRESS DECEMBER 31, 2018

Project	No. of apts.	Expected occupation*
STOCKHOLM		
Umami Park, phase 1A, Sundbyberg	147	Q2 2019
Norrgårdshusen, Österåker	128	2019/2020
Terrassen Elva, Tyresö	54	2019/2020
Allén, Tyresö	221	2020
Parkstråket 1, Haninge	162	2020
Parkstråket 2, Haninge	131	2020
Trollesunds gårdar, Bandhagen	158	2020
Umami Park, phase 1B, Sundbyberg	75	2020
UPPSALA		
Tre vänner, Rosendal	141	Q2 2019
GOTHENBURG		
Vasagatan 33 (co-op)	30	Q3 2018
Stallbacken Nivå5, Mölndal	109	Q3 2019
Sten Stures Kröningar, Regenten	29	2020
Elisedal	336	2021
Godhems Backe	138	2021
Kv. Rosengången, Mölnlycke Fabriker, Härryda**	123	2021
Kv. Kvarnen, Mölnlycke Fabriker, Härryda**	185	2022
Total	2,167	

* Refers to estimated start of occupation. Occupation will occur gradually, often over several quarters.

** Started during quarter 4, 2018.

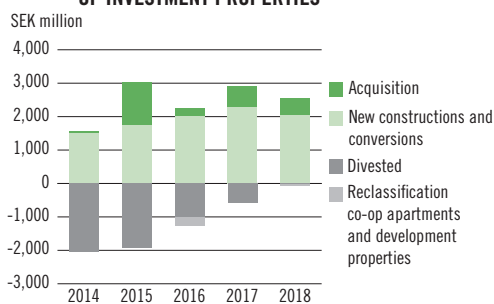
APARTMENTS, CONSTRUCTION IN PROGRESS



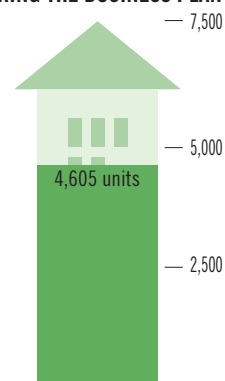
CHANGE, CONSTRUCTION IN PROGRESS

	No. of apts.
New construction in progress, Oct 1, 2018	2,079
- Completed	-220
+ Started	308
New construction in progress, Dec 31, 2018	2,167

ACQUISITION, CONSTRUCTION AND SALES OF INVESTMENT PROPERTIES



APARTMENTS, CONSTRUCTION STARTS DURING THE BUSINESS PLAN



COMPLETED NEW CONSTRUCTION, INVESTMENT PROPERTIES AND DEVELOPMENT PROPERTIES, 2018

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehouse sq m	Education sq m	Garage sq m	Other sq m	Total No. of sq m	apts.
GOTHENBURG											
Rödsklövern 1	Gunnebogatan 68-160	2017	2,652	-	-	-	-	-	-	2,652	89
Stallbacken 27 <i>(Project: Stallbacka Allé)</i>	Åby Allé 67	2018	6,252	-	-	-	-	1,913	-	8,165	133
Johanneberg 15:31 <i>(Project: Utforskaren)</i>	Volrat Thamsgatan 2	2018	1,620	-	-	-	-	223	-	1,843	36
Lunden 61:9 <i>(Project: Ulfspargatan)</i>	Ulfspargatan 14-18	2018	4,961	-	50	-	-	750	-	5,761	115
Reconstruction premises to apartment											1
HELSINGBORG											
Mässhaken 2 <i>(Project: Pålsjö)</i>	Kantorsgatan 1-7	2018	5,116	-	-	-	-	-	-	5,116	96
Reconstruction premises to apartment											9
STOCKHOLM											
Barkarby 2:44 <i>(Project: Tavernan)</i>	Mustanggatan 6A-B, 8A, 10 / Viggengatan 1-5 / Flygfältsvägen 1A, 3-5 / Barkarbyvägen 14A, 16A, 18A, 20A-B	2017	12,231	-	1,203	110	1,278	2,622	-	17,444	205
Balettskon 1 <i>(Project: Grönskan)</i>	Folkparksvägen 91-95 / Skodonsvägen 3-7 / Tåhättevägen 3	2017	8,943	-	-	-	-	1,097	-	10,040	148
Seglarskon 2 <i>(Project: Orangeriet, phase 1)</i>	Tåhättevägen 7-9 / Skodonsvägen 12-16	2018	4,904	-	-	-	-	-	-	4,904	90
Järnet 1 <i>(Project: Trädgårdssporten)</i>	Telefongränd 1 / LM Ericsons väg 2-10 / Bollmora gårdsväg 3, 5A-5C	2018	9,409	-	63	7	-	2,498	-	11,977	184
Seglarskon 1 <i>(Project: Orangeriet, phase 2)</i>	Skodonsvägen 2-10	2018	4,827	-	-	-	-	-	-	4,827	80
Total			60,915	-	1,316	117	1,278	9,103	-	72,729	1,186

PROPERTY ACQUISITIONS, 2018

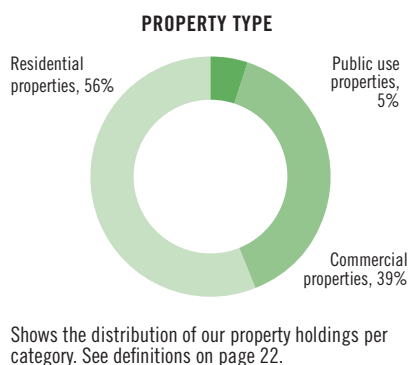
Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehouse sq m	Education sq m	Garage sq m	Other sq m	Total No. of sq m	apts.
GOTHENBURG											
Björlanda 1:61	Björlanda Prästgårdsväg 50	1873	550	-	-	-	-	-	898	1,448	1
Inom Vallgraven 19:16	Korsgatan 12 / Kyrkogatan 34-36	1929	60	631	1,630	-	-	-	-	2,321	1
STOCKHOLM											
Framkällningen 3*	<i>City of Stockholm</i>										
Passfotot 2*	<i>City of Stockholm</i>										
Söderbymalm 3:539*	<i>Haninge Municipality</i>										
Söderbymalm 3:540*	<i>Haninge Municipality</i>										
UPPSALA											
Dragarbrunn 20:6	Kungsgatan 45-47 / Vaksalagatan 14	1938/2017	372	1,708	845	70	-	-	-	2,995	3
Total			982	2,339	2,475	70	-	-	898	6,764	5
*Land											

PROPERTY SALES, 2018

Name of property	Address	Year of construction/ conversion	Residential sq m	Office sq m	Retail sq m	Industry/ warehouse sq m	Education sq m	Garage sq m	Other sq m	Total No. of sq m	apts.
GOTHENBURG											
Härryda Mölnlycke 1:160	Fabriksvägen 1 / Långenasvägen 2 / Mölnlycke fabriker 1-21, 2-4, 12-16, 20	1890/2001	-	-	-	4,800	-	-	-	4,800	-
Härryda Solsten 1:115*	<i>Härryda Municipality</i>										
HELSINGBORG											
Skäran 1	Grepkatan 10-42	2017	6,677	-	2,338	-	-	3,577	1,020	13,743	119
Total			6,677	-	2,338	4,800	-	3,577	1,020	18,543	119
*Land											

PROPERTY HOLDING STRUCTURE AS OF DECEMBER 31, 2018

Lettable area, sq m	Residential sq m	Office sq m	Retail sq m	Industry/ warehousing sq m	Education sq m	Garage sq m	Other sq m	Total sq m	Distribution, place	No. of apts.
Stockholm	286,937	25,625	18,340	15,350	4,479	49,598	3,292	403,621	34%	4,682
Uppsala	21,491	1,982	933	93	-	5,732	-	30,231	3%	401
Gothenburg	249,474	202,170	91,435	87,033	25,849	58,284	33,003	747,248	63%	4,019
Helsingborg	5,116	-	-	-	-	-	-	5,116	0%	96
Total	563,018	229,777	110,708	102,476	30,328	113,614	36,295	1,186,216	100%	9,198
Distribution by type of premises	47%	19%	9%	9%	3%	10%	3%	100%		



WIND POWER

During the fourth quarter, two wind turbines with an installed output of 2.0 MW each were acquired. On closing day, Wallenstam had 66 wind turbines in operation divided among 20 wind farms. The installed output amounted to 143 MW (139).

Wind turbines are measured at cost less depreciation and impairment losses. Depreciation for the period amounted to SEK 95 million (95). On December 31, 2018, the consolidated book value of wind turbines amounted to SEK 1,167 million (682). The renewable energy certificate inventory amounted to SEK 58 million (30) on closing day.

The energy market has been dominated by falling prices in recent years. During 2018, there was a trend reversal with strongly rising prices of electricity and renewable energy certificates as a consequence, which is positive for the Group's investment. In connection with a valuation of wind turbines during the fall of 2018, it was confirmed that the value had recovered and SEK 524 million of the previous year's impairment losses could thus be reversed.

FINANCING

Equity

Shareholders' equity, including non-controlling interests amounted to SEK 21,611 million (19,410), equivalent to SEK 67 per share (60). The equity/assets ratio was 45 percent (44).

Interest-bearing liabilities

On closing day, outstanding bond loans amounted to SEK 3,450 million (2,650), the outstanding volume of commercial paper, with a framework amount of SEK 4 billion, amounted to SEK 3,503 million (2,641), and total interest-bearing liabilities amounted to SEK 21,244 million (18,701).

Of the bond loans of SEK 3,450 million, SEK 2,950 million (1,750) is contained within the framework of our MTN program (Medium Term Notes), which has a total framework amount of SEK 5 billion. During the year, bonds totaling SEK 1,200 million were issued within the framework of this program, of which SEK 400 million were issued in January and run for two years with a fixed interest rate of 0.68 percent and SEK 400 million were issued in May and run for two years with a fixed interest rate of 0.48 percent and a further SEK 200 million were issued in September and run for three years with an interest rate of 3M STIBOR +0.93 percent. In October, a further SEK 200 million were issued, which run for 2.5 years with an interest rate of 3M STIBOR +0.88 percent. There is also a green bond for SEK 500 million (900). The bond loans are listed on Nasdaq Stockholm.

The loan-to-value ratio is 45 percent (43). The average remaining fixed interest term is 39 months (36). Of the loan portfolio, 41 percent (51) of the loans have fixed interest terms longer than one year. On closing day, the average interest rate on our loans amounted to 1.06 percent (1.88).

Financing of the loan portfolio is mainly secured by mortgage deeds for properties. The commercial paper program has underlying credit commitments for the outstanding volume of commercial paper at each date. Covenants are issued for this, and on SEK 500 million of the bond loans.

Derivative instruments

Wallenstam's financial derivative instruments consist mainly of interest rate and electricity derivatives and to a lesser extent of currency derivatives. On closing day, Wallenstam had a net indebtedness in respect of derivative instruments of SEK 32 million compared to a net indebtedness of SEK 769 million on December 31, 2017. Of this, interest rate derivatives accounted for SEK -82

million (-787), electricity derivatives for SEK 49 million (17) and others SEK - million (1). The large change is due to the fact that the deficit value was realized prematurely as a part of the company's restructuring of its interest rate derivative portfolio. In total, derivatives which had a deficit value of SEK 770 on March 31, 2018, were realized prematurely. By simultaneously entering into new interest rate derivatives, Wallenstam has reduced its future average interest expense. The fixed interest term is 39 months, an increase of 5 months compared to March 31, 2018. The restructuring has no net effect on profit or loss, as the derivatives are continually measured at market value as an unrealized change in value. The interest rate derivatives realized by Wallenstam had an average interest rate of 2.55 percent and an average maturity of 4.91 years. The new volume of interest rate derivatives was entered into at an average interest rate of 1.10 percent and an average maturity of 9.37 years. The total volume of outstanding derivatives, where Wallenstam pays fixed interest, amounted to SEK 8.0 billion on closing day.

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

The arising deficit or surplus value for interest rate derivatives, which reflects how the Group's hedged interest rates relate to the market rate of interest on closing day, is recognized in the balance sheet and in unrealized changes in value, financial instruments in the income statement.

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 and the changes in value are continually recognized in the Group in the

line item unrealized changes in value, financial instruments. As we do not apply hedge accounting for electricity derivatives, no reversal effect arises in unrealized changes in value in connection with realization of electricity derivatives. However, the outcome of the hedging has no effect on profit/loss except as an unrealized change in value of derivatives. As regards changes in value of renewable energy certificates, these are continually recognized against electricity revenue without taking account of agreements reached for future sales except in the case of deficit values. From 2017, surpluses and deficits arising on electricity derivatives are adjusted in advance on a daily basis (futures contract), for which reason, the closing balance sheet item for electricity derivatives only refers to older contracts (forward contract).

Currency derivatives are used to a limited extent in order to hedge purchasing from foreign countries. Hedge accounting is applied and therefore translation effects are recognized in other comprehensive income.

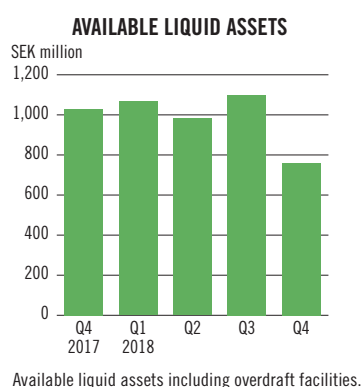
Available liquid assets

Available liquid assets, including available bank overdraft facilities and excluding blocked bank balances with NASDAQ Commodities of SEK 3 million (-) amounted to SEK 761 million (1,028). Approved overdraft facilities amounted to SEK 800 million (800), of which SEK 119 million (-) was used on closing day. The Group also has an approved credit commitment and credit facilities of SEK 4,000 million (4,238). The entire amount, SEK 4,000 million (4,088), was available for use on closing day. On December 31, 2018, available liquid assets totaled SEK 4,716 million (5,116), of which SEK 3,503 million (2,641) represented a credit commitment for issued outstanding commercial paper. Accordingly, SEK 1,258 million (2,475) was available for use on closing day.

FIXED TERMS, AVERAGE INTEREST RATES, DECEMBER 31, 2018

Interest maturity structure	Amount, SEK million	Average interest rate, %	Proportion, %
0-3 mths	11,159	1.15*	52.5
3 mths-1 year	1,285	0.16	6.0
1-2 years	800	1.55	3.8
2-3 years	-	-	-
3-4 years	-	-	-
4-5 years	-	-	-
5-6 years	1,000	0.64	4.7
6-7 years	1,500	0.86	7.1
7-8 years	1,500	1.00	7.1
8-9 years	1,500	1.16	7.1
> 9 years	2,500	1.24	11.8
Total	21,244	1.06	100

* Variable interest loans with an interest maturity within three months have an average interest rate of 0.54%. 1.15% includes the effect of swap agreements that mature within the three-month period.



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, Jan 1, 2017	170	359	2	17,246	12	17,788
Profit/loss for the period	-	-	-	2,421	-	2,421
Financial instruments for sale	-	-	8	-	-	8
Unrealized changes in value, owner-occupied properties	-	-	-8	-	-	-8
Tax attributable to other comprehensive income	-	-	2	-	-	2
TRANSACTIONS WITH SHAREHOLDERS						
Reduction of the share capital	-5	-	-	5	-	-
Dividends	-	-	-	-556	-10	-566
Repurchase of own shares	-	-	-	-235	-	-235
Closing equity, Dec 31, 2017	165	359	4	18,880	2	19,410
Opening equity, Jan 1, 2018	165	359	4	18,880	2	19,410
Profit/loss for the period	-	-	-	2,998	-	2,998
Translation difference	-	-	0	-	-	0
Changes in value of currency derivatives	-	-	-1	-	-	-1
Unrealized changes in value, owner-occupied properties	-	-	0	-	-	0
Financial instruments for sale	-	-	10	-	-	10
Tax attributable to other comprehensive income	-	-	-2	1	-	-1
Realized changes in value, owner-occupied property	-	-	-	6	-	6
Changes in revaluation reserve	-	-	-8	8	-	0
TRANSACTIONS WITH SHAREHOLDERS						
Dividends	-	-	-	-583	-	-583
Repurchase of own shares	-	-	-	-229	-	-229
Closing equity, Dec 31, 2018	165	359	4	21,081	2	21,611

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Jan-Dec 2018	Jan-Dec 2017	Oct-Dec 2018	Oct-Dec 2017
Profit before unrealized changes in value and impairment losses*	317	765	319	183
Adjustment for items not included or arising in cash flow	-58	43	-45	-8
Taxes paid	0	0	0	0
Cash flow before change in working capital	259	808	274	175
Change in working capital	111	26	25	-40
Cash flow from operating activities	370	834	299	135
INVESTMENTS/DIVESTMENTS				
Investment in properties and individual co-op apartments	-2,681	-2,952	-675	-1,051
Investments in wind turbines, intangible assets & property, plant and equipment	-9	-15	-2	-2
Investments in financial assets	-106	-17	-6	0
Investments in associated companies	-113	-	-113	-
Divestment of other securities held as non-current assets	35	10	35	10
Divestment of properties, co-op apartments, development properties & property, plant and equipment	555	934	407	319
Cash flow from investing activities	-2,319	-2,040	-354	-724
FINANCING				
Raised interest-bearing liabilities	10,278	4,495	473	1,630
Amortization of interest-bearing liabilities	-7,856	-2,358	-429	-554
Net change in overdraft facilities	119	-	119	-
Advance payment futures contracts	7	-	7	-
Amortization of financial assets	68	-	-16	-3
Dividends paid	-583	-556	-291	-277
Dividends paid to minority	-	-10	-	-10
Repurchase of own shares	-229	-235	-25	-15
Cash flow from financing activities	1,804	1,336	-162	771
Changes to liquid assets	-145	130	-217	182
Cash and cash equivalents at beginning of the period	228	98	300	46
Cash flow for the period	-145	130	-217	182
Cash and cash equivalents at the end of the period	83	228	83	228
Unutilized overdraft facilities at the end of the period	681	800	681	800
Blocked bank balances	-3	-	-3	-
Available liquid assets	761	1,028	761	1,028

*Includes interest paid and received, including gross flows from interest rate swap contracts, of SEK -1,106 million (-349) and SEK 0 million (6) respectively, of which SEK 58 million (64) was capitalized as a non-current asset.

SEGMENTS REPORT

2018 SEK million	Gothenburg Jan-Dec	Stockholm Jan-Dec	Svensk NaturEnergi* Jan-Dec	Other Jan-Dec	Elimination Jan-Dec	Total Jan-Dec
INCOME STATEMENT						
Rental income	1,303	601	-	30	-24	1,910
Operating expenses	-305	-169	-	-7	-	-481
Electricity revenue	-	-	402	-	-402	-
Electricity expenses	-	-	-338	-	338	-
Net operating income	998	432	65	23	-89	1,429
Management costs and administrative expenses	-125	-89	-31	-21	55	-211
Net financial items	-211	-63	-25	68	25	-206
Income from management operations	662	280	9	70	-9	1,011
Income from natural energy management operations	-	-	-	-	-35	-35
<i>Unapportioned items</i>						
Realized changes in value, financial instruments	-	-	-	-	-	-767
Sales result	-	-	-	-	-	109
Profit/loss before unrealized changes in value						317
Unrealized changes in value	-	-	-	-	-	3,128
Profit/loss before tax						3,445
BALANCE SHEET						
Investment properties	28,620	16,511	-	680	-	45,811
Wind turbines	-	-	1,167	-	-	1,167
Development and co-op apartment properties	253	64	-	-	-	317
Unapportioned assets	-	-	-	-	-	967
Total assets						48,262
EQUITY						
Loans	11,163	4,149	1,264	4,668	-	21,244
Unapportioned liabilities	-	-	-	-	-	5,407
Total equity and liabilities						48,262
<i>Property investments in progress including land</i>	<i>1,275</i>	<i>2,297</i>				<i>3,572</i>

2017 SEK million	Gothenburg Jan-Dec	Stockholm Jan-Dec	Svensk NaturEnergi* Jan-Dec	Other Jan-Dec	Elimination Jan-Dec	Total Jan-Dec
INCOME STATEMENT						
Rental income	1,194	500	-	25	-18	1,701
Net operating income, properties	915	351	17	16	-35	1,264
Income from property management operations	619	270	-33	-83	33	806
Electricity revenue	-	-	374	-	-374	-
Income from natural energy management operations	-	-	-	-	-40	-40
<i>Unapportioned items</i>						
Realized changes in value, synthetic options	-	-	-	-	-	-54
Sales result	-	-	-	-	-	54
Profit/loss before unrealized changes in value						765
Unrealized changes in value	-	-	-	-	-	2,236
Profit/loss before tax						3,001
BALANCE SHEET						
Investment properties	26,126	14,642	-	642	-	41,410
Wind turbines	-	-	682	-	-	682
Development and co-op apartment properties	536	70	-	-	-	606
Unapportioned assets	-	-	-	-	-	975
Total assets						43,673
EQUITY						
Loans	10,100	2,507	1,300	4,794	-	18,701
Unapportioned liabilities	-	-	-	-	-	5,562
Total equity and liabilities						43,673
<i>Property investments in progress including land</i>	<i>1,646</i>	<i>3,117</i>				<i>4,763</i>

* Difference between segments and the consolidated income statement relates to the presentation of unrealized and realized electricity derivative instruments and unrealized remeasurement effect of renewable energy certificates. For more information see Annual Report, Note 2.

GOAL FOLLOW-UP

Goal 2018 – We reached the finishing line!

Wallenstam's goal for the period 2014 through 2018 was to achieve an average rate of net asset value growth, excluding dividends and repurchases, of at least 10 percent per year.

Estimated net asset value growth in relation to the Group's goal amounted to 12.6 percent during 2018. This means that we had average growth in net asset value during the business plan of 17.4 percent per year.

Net asset value

Net asset value describes the Group's total generated value and includes equity and deferred tax liability and amounted to SEK 26,574 million (24,314) on 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

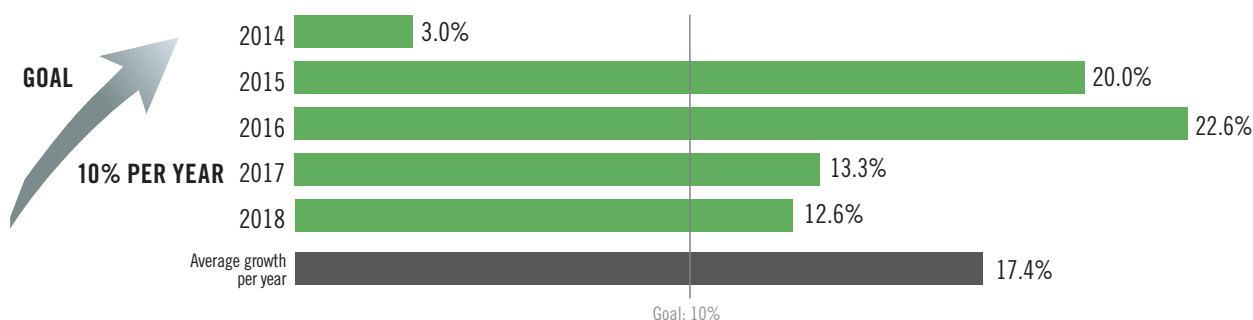
liability of SEK 4,595 million (4,146) is recognized in the balance sheet, which consists of a deferred tax asset of SEK 370 million (761) and a deferred tax liability of SEK 4,965 million (4,907). The non-current net asset value (EPRA NAV), which in addition to reversal of deferred tax liabilities also reverses the effects of unrealized changes in value of derivatives, amounted to SEK 26,595 million (24,915).

Goal 2023 –

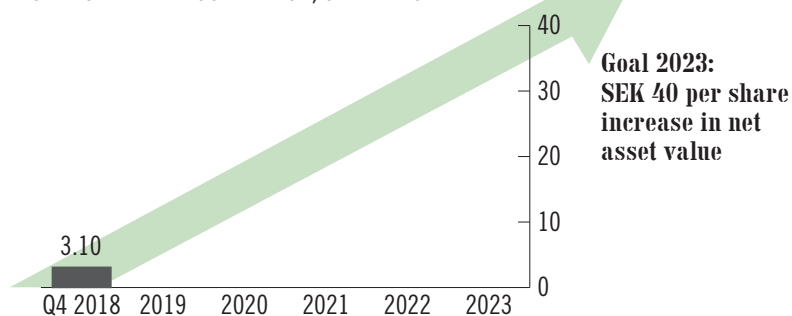
Increase in net asset value of SEK 40 per share

In the business plan 2019-2023, Wallenstam's goal is to deliver an increase in net asset value of SEK 40 per share. The goal is measured from October 1, 2018 when the net asset value per share was SEK 79.20. On December 31, 2018, the net asset value per share was SEK 82.30, which meant an increase of SEK 3.10 per share.

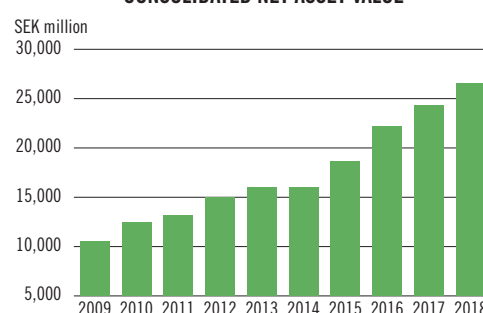
NET ASSET VALUE GROWTH IN RELATION TO GOAL 2018



INCREASE IN NET ASSET VALUE, SEK PER SHARE



CONSOLIDATED NET ASSET VALUE



NET ASSET VALUE GROWTH, GOAL FOLLOW-UP JAN 1, 2018– DEC 31, 2018

SEK million	
Net asset value, Jan 1, 2018	24,314
Change in net asset value for the period	2,260
Consolidated net asset value	26,574
Reversal of dividend and repurchases for the period	812
Net asset value, goal measurement	27,387 12.6%

NET ASSET VALUE

SEK million	Dec 31, 2018	Dec 31, 2017
Equity as per balance sheet excl. minority	21,609	19,408
Deferred tax liability as per balance sheet	4,965	4,907
Consolidated net asset value	26,574	24,314
Derivatives, after tax	20	600
Non-current net asset value (EPRA NAV)	26,595	24,915

THE WALLENSTAM SHARE

The Wallenstam B share is listed on Nasdaq Stockholm, Large Cap. During 2018, the Wallenstam share price increased by 4.2 percent. The property index OMX Stockholm Real Estate rose by 9.7 percent and the OMX Stockholm PI index fell by 7.7 percent, during the same period.

At year-end, the Wallenstam share price was SEK 82.20 compared to SEK 78.90 at year-end 2017. Market capitalization was SEK 27,126 million (26,037) based on the total number of registered A and B shares. Equity per share amounted to SEK 67 (60). The highest price paid during the year was SEK 92.00 and the lowest was SEK 65.50.

Wallenstam has a mandate from the Annual General Meeting (AGM) to repurchase so many shares, such that the company's holding at any one time does not exceed 10 percent of all shares in the company. During 2018, 3,000,000 shares were repurchased up to and including closing day.

On closing day, the company held a total of 7,000,000 treasury shares, repurchased at an average price of SEK 76.16 per share.

Dividend

In 2018, SEK 583 million was disbursed to the shareholders in total, spread between one payment date in May and one in November. In 2017, a total of SEK 556 million was disbursed.

The Board of Directors will propose a dividend of SEK 1.90 per share (1.80) to the Annual General Meeting for the 2018 financial year, an increase of 5.6 percent, spread over two payment dates of SEK 0.95 each per share.

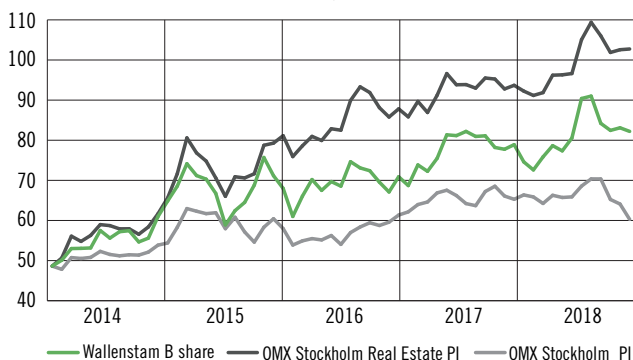
The proposed dividend is equivalent to a yield of 2.3 percent (2.3), based on the share price at the end of the period.

The share's total yield in 2018 calculated on the distributed dividend, was 6.5 percent (13.7).

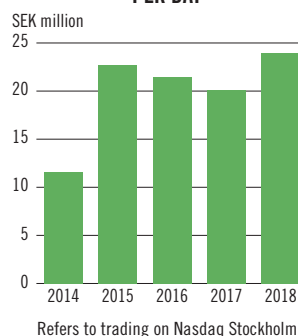
Turnover

During 2018, the Wallenstam share had an average daily turnover on Nasdaq Stockholm of about SEK 24.0 million (20.1).

SHARE PRICE TREND 2014–2018, SEK



AVERAGE SHARE LIQUIDITY PER DAY



SHAREHOLDINGS, DECEMBER 31, 2018

	A shares	B shares	Equity, %	Votes, %
Hans Wallenstam and family, and company	34,500,000	47,878,000	24.96	62.02
AMF – Insurance and funds		31,820,000	9.64	5.02
Agneta Wallenstam		22,204,000	6.73	3.50
Anna-Carin B Wallenstam and Anders Berntsson, and company		20,100,000	6.09	3.17
Henric and Ulrika Wiman		12,037,752	3.65	1.90
Bengt Norman and company		8,200,000	2.48	1.29
Monica and Jonas Brandström		7,673,326	2.33	1.21
Vanguard		5,705,696	1.73	0.90
Christian Wallenstam and company		5,650,000	1.71	0.89
David Wallenstam		5,640,000	1.71	0.89
Other owners		121,591,226	36.86	19.21
Total number of shares	34,500,000	288,500,000		
Repurchased shares*		7,000,000	2.11	
Registered shares	34,500,000	295,500,000		
Total registered shares	330,000,000		100.00	100.00
Total outstanding shares	323,000,000			

The proportion of institutional ownership amounted to around 15 percent of equity and around 8 percent of votes. Foreign ownership amounted to around 9 percent of equity and around 5 percent of the votes.

Source: Modular Finance, Monitor

*Repurchased own shares lack voting rights.

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.

Total revenue during the period amounted to SEK 389 million (349), of which management revenue amounted to SEK 272 million (252) and rental income was SEK 117 million (97). Net interest income/expense includes costs for early redemption of interest rate derivatives of SEK 776 million (-).

The performance was affected by changes of SEK 761 million (182) in the value of financial interest derivative instruments, of which SEK 770 million was a non-recurring item, relating to early redemption of interest rate derivatives. Profit after tax amounted to SEK 3,538 million (4,072).

Investments in non-current assets during the period amounted to SEK 15 million (101). Parent company external loans amounted to SEK 9,802 million (8,460) on closing day.

INCOME STATEMENT, PARENT COMPANY

SEK million	Jan-Dec 2018	Jan-Dec 2017
Revenue	389	349
Expenses	-446	-460
Profit/loss from participations in Group companies	3,106	3,921
Net interest income/expense	-728	-139
Unrealized changes in value, financial instruments	761	182
Profit/loss before tax	3,081	3,853
Group contributions	641	279
Taxes	-185	-59
Profit/loss after tax	3,538	4,072
Changes in value of currency derivatives	-1	1
Tax attributable to other comprehensive income	0	0
Comprehensive income	3,537	4,073

BALANCE SHEET, PARENT COMPANY

SEK million	Dec 31, 2018	Dec 31, 2017
Assets		
Properties	1,361	1,383
Participations in Group companies	5,369	5,369
Financial derivative instruments	50	10
Receivables from Group companies	19,929	19,325
Other assets	248	446
Cash and cash equivalents	77	207
Total assets	27,034	26,740
Equity and liabilities		
Equity	10,850	8,125
Interest-bearing external liabilities	9,802	8,460
Liabilities to Group companies	6,152	9,229
Financial derivative instruments	82	797
Other liabilities	147	129
Total equity and liabilities	27,034	26,740

Proposed dividend, repurchase and assignment of own shares etc.

The Board of Directors will propose that the Annual General Meeting approve the following:

- A dividend of SEK 1.90 per share (1.80), spread over two payment dates of SEK 0.95 each per share. The record day for the first payment is proposed to be May 6, 2019 and October 28, 2019 for the second payment. The proposed dividend is equivalent to a yield of 2.3 percent (2.3), based on the share price at the end of the period. According to the company's dividend policy, the amount available for distribution must not exceed profit before unrealized changes in value and impairment charges after the standard tax rate. However, the dividend now proposed for 2018 deviates from the dividend policy as the profit before unrealized changes in value and impairment charges after the standard tax rate – as a one-off case – in May and June 2018 was impacted by an expense of SEK 776 million due to the early redemption of interest rate derivatives. The early redemption of derivative liabilities was carried out with the aim of improving the company's position ahead of changed taxation rules, see also page 6. When determining the size of the dividend, the Board also considered the Group's investment requirements, need to strengthen its balance sheet and position in general, and the ability of the Group to develop further in the future while maintaining its financial strength and freedom of action.
- Authorization for the Board until the next AGM, on one or more occasions, to take decisions regarding the purchase of so many B shares on Nasdaq Stockholm, such that the company's holding at any one time does not exceed 10 percent of all shares in the company.
- Authorization for the Board to take decisions regarding the assignment of the company's own shares.
- Guidelines for remuneration of senior executives.

The work of the Board

Wallenstam's Board of Directors is composed of five members. In 2018, the Board held eight recorded meetings in addition to day-to-day contacts. The Board's most important task is to make decisions on strategic matters. In general, the Board handles issues of material importance for the Group. The main matters during the year were strategy discussions in connection with drawing up a new business plan, investment and financing questions, the work on establishment of a new synthetic options scheme for the company's employees and compliance issues including implementation of the new General Data Protection Regulation.

The Board conducted an evaluation of its work during 2018. The evaluation was conducted under the leadership of the Chairman of the Board in the form of an open discussion within the Board. The evaluation found that the Board work is performed very well.

OTHER INFORMATION

OPPORTUNITIES & RISKS

Wallenstam's opportunities and risks, and how we manage them, are presented in the 2017 Annual Report on pages 32–35. No significant changes have taken place since then.

SENSITIVITY ANALYSIS

As of December 31, 2018, the estimated market value of the properties amounted to around SEK 46 billion. A change in value of plus/minus 10 percent is thus equivalent to about plus/minus SEK 4.6 billion. A general change of plus/minus 0.25 percentage points in property yield requirements is equivalent to about SEK -2.8 billion or SEK +3.2 billion.

A change in the electricity price of 1 öre per kWh is equivalent to about plus/minus SEK 42 million during valuation of wind turbines, while a change in the renewable energy certificate price of 1 öre per kWh is equivalent to about plus/minus SEK 23 million during valuation of wind turbines.

TRANSACTIONS WITH RELATED PARTIES

Wallenstam's related parties consist chiefly of Group companies. Board members, company management and their families and the companies they control are also related parties. Transactions with related parties mainly consist of administrative fees and the renting of premises between Group companies. Individuals related to Board members and the Group Management rent apartments and are also electricity customers. Insurance services are purchased from companies, where members of Wallenstam's Board of Directors and a member of Group Management who retired during the year, are Board members, for a total equivalent to almost SEK 4.5 million in net expenditure for the year. In addition, a company to which one of Wallenstam's Board members was related at the time of contracting, performed building contract services with a total contract value of SEK 94 million. This company is an electricity customer of Svensk NaturEnergi.

During the second quarter, the CEO acquired the company-owned accommodation, which has previously been used. The agreed purchase price amounted to SEK 15 million, which generated a profit in the accounts of SEK 4 million, which is recognized in the income statement and in other comprehensive income.

The CEO is a joint owner (50 percent) of Aranea Holding AB. Aranea Holding AB owns 48 percent of Renew Group Sweden AB, a floorball equipment manufacturer. Aranea Holding AB up to and including closing day owned two wind turbines through subsidiaries. Electricity trading for wind turbines was handled by Svensk NaturEnergi. On December 31, 2018, Wallenstam acquired these two wind turbines for an agreed purchase price of SEK 26 million. Aranea Holding AB, through a subsidiary as of December 31, 2018, acquired the property Hårryda Solsten 1:115, for a purchase price of SEK 5 million. Aranea is a tenant of Wallenstam with an annual rental value equivalent to SEK 0.6 million. Aranea and Renew Group are both electricity customers.

Wallenstam's involvement in environmental and social responsibility issues is described in more detail on pages 24–31 of the 2017 Annual Report. As part of its social responsibility work, the Wallenstam Group not only contributes financially to a number of organizations but also gives its time in the form of e.g. board work. As a result of such board positions, related party status arises in the case of the Rescue Mission in Gothenburg and Barn i Nöd (Swedish International Help for Children). During the year, the Rescue Mission in Gothenburg received contributions and discounts equivalent to SEK 3.1 million and Barn i Nöd received contributions of SEK

1.7 million. During 2018, an agreement was signed regarding the acquisition of a property from the Rescue Mission in Gothenburg for SEK 25 million. The property was taken into possession during the second quarter. The Rescue Mission in Gothenburg and Barn i Nöd rent premises from Wallenstam equivalent to annual rental income of about SEK 4.4 million and SEK 0.1 million, respectively. Both organizations are Svensk NaturEnergi electricity customers.

All transactions take place on market-related terms.

ACCOUNTING PRINCIPLES

This report was prepared in accordance with IAS 34. The accounting principles are unchanged compared to the 2017 Annual Report, and the accounting principles mentioned below have been adopted from 2018. The Parent Company's accounting principles comply with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.

New accounting principles from and including Jan 1, 2018 IFRS 15, Revenue from Contracts with Customers

The basic principle of IFRS Revenue from Contracts with Customers, is that the company reports revenue when the customer receives control of the product or service and not like before when the risks and rewards have been transferred to the customer. IFRS 15 in this report has been applied according to the retrospective transition approach, which means that comparative figures for 2017 have been restated.

Wallenstam's revenue mainly consists of rental income, which is not impacted by the standard as it falls under IFRS 16 Leases. Surcharges levied in relation to rental income, such as snow clearance, refuse and, where applicable, water, heating and cooling, constitute service and media revenue. Like revenue in respect of property transactions, and the Group's revenue from electricity sales, these items fall within the scope of IFRS 15.

The transition to IFRS 15 will not have any material impact on comprehensive income or recognized profits.

IFRS 9 Financial Instruments

IFRS 9 implies new principles for classification of financial assets, hedge accounting and credit reserves. The new principles for classification of financial assets are based on an analysis of the business model that the asset is held within and the asset's cash flow characteristics.

The single largest item within the scope of IFRS 9 is derivatives, which are still recognized at fair value through profit or loss. The same applies to listed holdings.

IFRS 9 also means that the principles for making a credit loss provision are based on an expected credit loss model. Our analysis shows that the effect of the transition has not had any material impact on the carrying amounts on account of the risk characteristics of the receivables.

Wallenstam applies hedge accounting on net investments in Norway, which we will continue doing under IFRS 9 and we also estimate that the hedging relationship is effective under the new standard. The transition thus has no effect.

The introduction of IFRS 9 will not have any material impact on Wallenstam's reporting. Comparative figures have not been restated.

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.

KEY RATIOS – MULTI-YEAR SUMMARY

Accumulated during period	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016
PROPERTY-RELATED KEY RATIOS									
Net operating income, properties, SEK million	1,429	1,078	706	341	1,264	953	615	301	1,175
Surplus ratio, property management, %	75	76	75	73	74	76	74	73	73
Income from property management, SEK million	1,011	758	462	217	806	621	391	191	733
Unrealized changes in value, new construction*	598	421	267	93	733	389	247	132	1,195
Value of investment properties, SEK million	45,811	44,360	43,446	42,187	41,410	39,660	38,797	37,025	36,555
Area, sq m (thousand)	1,186	1,197	1,196	1,175	1,145	1,090	1,078	1,064	1,074
Occupancy rate – lettable area, %	99	99	99	99	98	98	98	98	98
Development and co-op apartment properties, net, SEK million	317	658	691	656	606	850	875	765	734
FINANCIAL KEY RATIOS									
Profit after tax, SEK million	2,998	1,769	1,310	310	2,421	1,781	1,447	540	3,348
Return on equity, %	14.8	12.2	11.8	11.5	13.0	19.3	20.0	21.6	20.9
Return on total capital, %	9.7	8.4	8.3	7.2	8.0	11.6	11.9	12.7	12.2
Interest coverage ratio, realized, times	1.3	1.3	1.2	4.1	4.8	5.4	5.3	6.5	5.6
Interest coverage ratio, times	1.3	1.2	1.1	3.6	3.8	4.1	4.0	4.5	4.1
Loan-to-value ratio, %	45	46	46	44	43	43	42	41	43
Average interest rate on closing day, %	1.06	0.98	1.01	1.90	1.88	1.92	1.95	2.08	1.97
Average fixed-interest term, months	39	36	38	34	36	34	36	38	37
Equity/assets ratio, %	45	44	44	44	44	45	45	46	45
Equity, SEK million	21,611	20,688	20,252	19,572	19,410	19,073	18,826	18,281	17,788
Net asset value, SEK million	26,574	25,608	25,113	24,548	24,314	23,866	23,505	22,741	22,159
Non-current net asset value (EPRA NAV), SEK million	26,595	25,560	25,110	25,123	24,915	24,491	24,163	23,460	22,906
Market capitalization, SEK million	27,126	27,786	26,582	25,031	26,037	26,763	27,591	24,565	24,106
Repurchase of shares, SEK million	229	204	182	147	235	220	129	46	192
PER SHARE DATA									
Net asset value per share, SEK	82.30	79.20	77.60	75.80	74.60	73.20	71.80	69.30	67.40
Profit after tax, SEK	9.3	5.5	4.0	1.0	7.4	5.4	4.4	1.6	10.1
P/E ratio, times	8.9	11.3	11.5	11.3	10.7	7.7	7.7	6.6	7.0
Cash flow from operating activities, SEK	1.1	0.2	-0.8	0.8	2.6	2.1	1.6	1.1	2.0
Equity, SEK	67	64	63	60	60	58	57	56	54
Share price, SEK	82.20	84.20	80.55	75.85	78.90	81.10	81.15	72.25	70.90
Shares outstanding, average, thousands	323,854	324,073	324,405	325,050	327,333	327,728	328,208	328,583	330,409
Shares outstanding at end of period, thousands	323,000	323,310	323,550	324,000	326,000	326,200	327,325	328,350	329,000

QUARTERLY OVERVIEW

	Oct-Dec 2018	Jul-Sep 2017	Apr-Jun 2018	Jan-Mar 2018	Oct-Dec 2017	Jul-Sep 2017	Apr-Jun 2017	Jan-Mar 2017	Oct-Dec 2016
Rental income, SEK million	488	480	475	467	444	428	415	414	410
Net operating income, properties, SEK million	351	372	365	341	311	338	314	301	284
Surplus ratio, property management, %	72	77	77	73	70	79	76	73	69
Income from property management, SEK million	253	296	245	217	185	230	200	191	169
Return on equity, %	14.8	12.2	11.8	11.5	13.0	19.3	20.0	21.6	20.9
Net asset value per share, SEK	82.30	79.20	77.60	75.80	74.60	73.20	71.80	69.30	67.40
Earnings per share after tax, SEK	3.8	1.4	3.1	1.0	2.0	1.0	2.8	1.6	5.2
Cash flow per share from operating activities, SEK	0.9	1.0	-1.6	0.8	0.4	0.6	0.4	1.1	0.6
Equity per share, SEK	67	64	63	60	60	58	57	56	54
Share price, SEK	82.20	84.20	80.55	75.85	78.90	81.10	81.15	72.25	70.90

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

REPORT SIGNATURES

The Board and CEO certify that the year-end 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, February 6, 2019

Christer Villard
Chairman of the Board

Karin Mattsson
Board member

Ulrica Jansson Messing
Vice Chairman of the Board

Agneta Wallenstam
Board member

Anders Berntsson
Board member

Hans Wallenstam
CEO

This year-end report is a translation of the original report in Swedish. The Swedish year-end report has not been reviewed by the company's auditor.

DEFINITIONS

Share yield

The proposed dividend as a percentage of the share price at the end of the period.

Share total yield

The share price trend during the year including distributed dividend as a percentage of the share price at the start of the period.

Alternative performance measures (APM)

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

The number of shares

The number of registered shares at any given time.

Number of shares outstanding: the number of registered shares less repurchased own shares at any given time.

Average number of shares: weighted average number of shares outstanding at any given time.

Residential property

Property, which predominantly consists of residential space.

Loan-to-value ratio

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

Market capitalization

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

Net operating income

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

Development properties

Development properties refer to properties constructed with the intention of being sold after completion.

Rental value*

Rental income and the estimated market rent for vacant space.

Cash flow per share

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

Cash flow from operating activities per share

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

Commercial property

Property, which predominantly consists of commercial space.

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.

Net letting

Net lets entered into during the period less cancellations and removals.

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 calendar 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.

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 reversal of interest expenses and early redeemed derivatives for the latest rolling 12-month period in relation to average total capital employed.

Interest coverage ratio

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

Interest coverage ratio excl. early redeemed derivatives ***

Profit or loss before unrealized changes in value and impairment charges with reversal of net financial items and early redeemed interest rate derivatives 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 and early redeemed interest rate derivatives 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 and early redeemed interest rate derivatives for the latest rolling 12-month period.

Community property

Property, which is predominantly used by tax funded activities and is specifically adapted for community services.

Average interest

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

Equity/assets ratio

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

Net asset value

Equity with the addition of deferred tax liabilities.

Net asset value per share

The Group's net asset value in relation to the number of outstanding shares at the end of the period.

Occupancy rate – lettable area

Let floor space in relation to total floor space.

Surrender rate

Proportion of leases extended in relation to the proportion of cancellable leases.

Surplus ratio

Net operating income as a percentage of rental income.

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

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

**The definition relating to new construction and other investment property is updated from the fourth quarter of 2016. Effect of altered definition relating to new construction and other investment properties:

SEK million	Oct-Dec 2016
Unrealized changes in value, investment properties	
New construction previous definition	276
New construction updated definition	367
Other previous definition	1,343
Other updated definition	1,252

SEK million	Jan-Dec 2018
Profit before unrealized changes in value and impairment charges	317
Reversal prematurely realized financial instruments	776
Reversal net financial items	231
Profit before interest expenses, unrealized changes in value and impairment charges	1,324
Net financial items	231

THIS IS WALLENSTAM

BUSINESS PLAN 2023

Goal:

To achieve an increase in net asset value of SEK 40 per share starting from October 1, 2018 through December 31, 2023.

Guiding principles

- We shall exceed customer expectations and improve the overall impression of Wallenstam every year through attractive apartments and premises as well as good service.
- Through our strong corporate culture, we shall be an attractive employer and improve our Engagement Index score every year.
- We shall reduce our environmental impact every year, through initiatives within the focus areas energy, transports and resources.

Defined key ratios

- The equity/assets ratio should not be less than 30 percent.

VISION

Wallenstam shall be the natural choice of people and companies for housing and premises.

BUSINESS CONCEPT

We develop and manage people's homes and workplaces based on a high level of service and long-term sustainability in selected metropolitan areas.

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; economic, social and environmental responsibility.

The value-creating factors for the business 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 is celebrating 75 years as a company during 2019. 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.

Our residential properties are located in Stockholm, Uppsala and Gothenburg, while our commercial properties are concentrated towards inner city locations in Gothenburg. All in all, Wallenstam has just over 9,000 apartments and 1,000 commercial tenants. Wallenstam is a major producer of homes in the regions where we operate and we build primarily rental apartments for our own property management.

Wallenstam is self-sufficient in renewable energy through Svensk NaturEnergi.

Operations are conducted in the Stockholm business area, the Gothenburg business area and Svensk NaturEnergi.

Stockholm

The majority of our apartments, just over 5,000, are located in the Stockholm business area. Approximately 400 of these apartments are located in Uppsala. At present, most of our new construction also takes place in the Stockholm region, including Uppsala. We had about 1,220 apartments under construction in the Stockholm business area on closing day.

Gothenburg

Our property holdings in Gothenburg consist of about 4,000 apartments and about 900 commercial tenants that rent office and retail premises, mainly in inner city locations. The Gothenburg business area had about 950 apartments under construction on closing day.

Svensk NaturEnergi

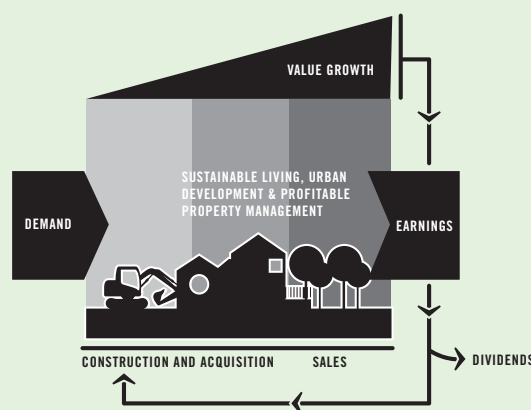
Operations within Svensk NaturEnergi consist of both the generation of and trade in renewable energy. Production covers our own properties' needs and those of our tenants.

Business process

Wallenstam builds, develops and manages properties and areas based on the needs of people and society, and based on the wishes and requirements of customers and shareholders.

Through cost-efficient construction, development and management as well as a high level of service and long-term sustainability, we are creating value growth.

Profits are reinvested and used to develop the business further. Shareholders receive a share of the profits in the form of dividends.



This is information that Wallenstam is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 13:00 CET on February 6, 2019.

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