

Wallenstam 

SUMMARY Q2, 2018

SUSANN LINDE, CFO AND HEAD OF INVESTOR RELATIONS

WALLENSTAM – QUICK LOOK AT Q2 2018

INCOME FROM PROPERTY
MANAGEMENT

+18%

SURPLUS RATIO

75%

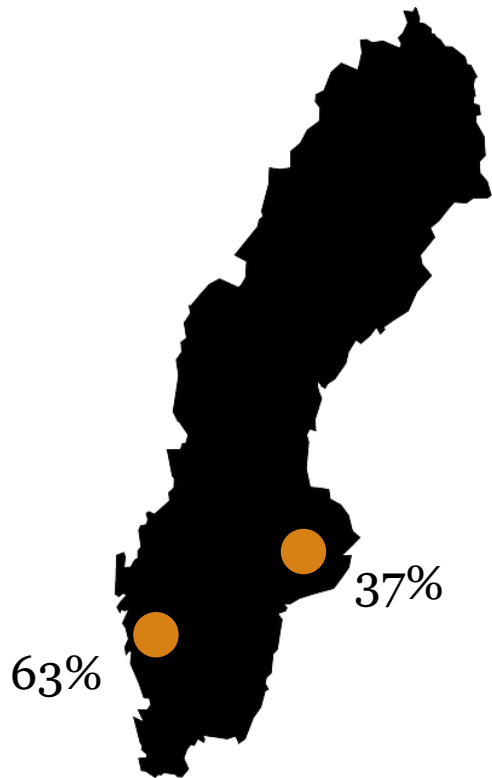
COMPLETED NEW
CONSTRUCTION, APTS.

850

LOAN-TO-VALUE

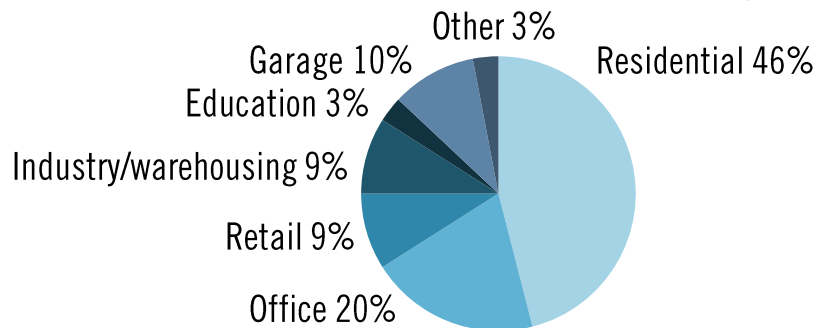
46%

OUR INVESTMENT PROPERTIES IN THE MOST ATTRACTIVE REGIONS



| | |
|-----------------------------------|------------------|
| > Investment property value: | SEK 43 billion |
| > No. of properties: | 217 |
| > Lettable area: | 1.2 million sq m |
| > Occupation rate, lettable area: | 99% |
| > Average yield commercial: | 4.6% |
| > Average yield residential: | 3.3% |

DISTRIBUTION BY TYPE OF PREMISES, AREA





IMPORTANT EVENTS, Q2

- > Restructuring of interest rate derivative portfolio
- > New synthetic options scheme
- > Two new roles: Sustainability Manager and Technical Director

NEW CORPORATE TAXATION RULES

- > Deductability of interest costs at 30% of EBITDA.
- > Reduction of corporate tax in two steps, 21.4 % in 2019 and 20.6% in 2021.

Current deferred tax is per Q2 2018 affected positively by SEK 272 million.

RESTRUCTURING OUR INTEREST RATE DERIVATIVE PORTFOLIO

- > Realized the deficit on interest rate derivatives of SEK 776 million.
- > Entered new interest rate derivatives.

| | Before | After |
|-----------------------|------------|------------|
| Average interest rate | 2.55% | 1.10% |
| Average maturity | 4.91 years | 9.37 years |

- > No net effect on profit or loss.



**NEW
CONSTRUCTION
COMPLETED**



TRÄDGÅRDSPORTEN TYRESÖ

> 184 rental apts.

ORANGERIET, PHASE 1 SOLBERGA, STOCKHOLM

> 90 rental apts.



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RÖDKLÖVERN MÖLNDAL

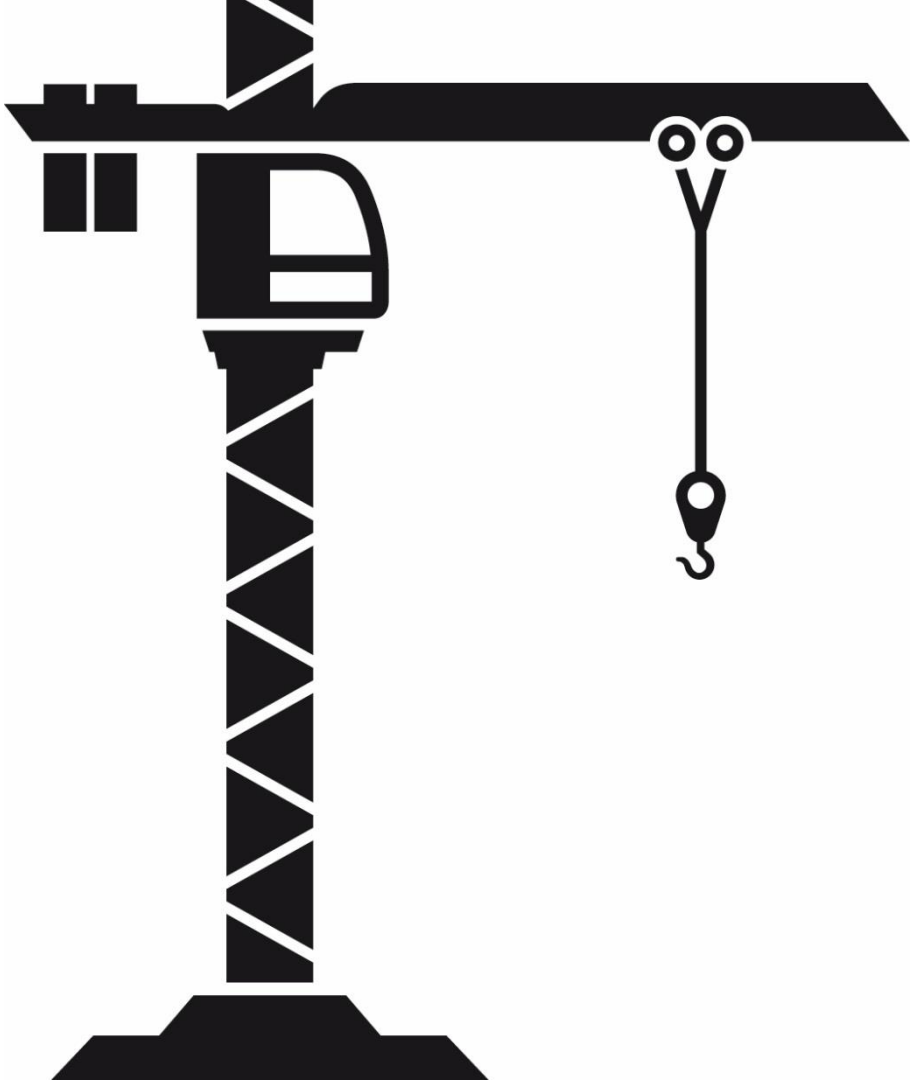
> 89 rental apts.





STALLBACKA ALLÉ MÖLNDAL

> 133 rental apts.



**NEW
CONSTRUCTION
STARTED IN Q2 2018**

NORRGÅRDSHUSEN ÖSTERÅKER

> 128 rental apts.



Wallenstam 

STEN STURES KRÖNINGAR, REGENTEN GOTHENBURG

> 33 rental apts.



FINANCIAL INFORMATION

INCOME FROM PROPERTY MANAGEMENT

| SEK million | Note | Jan-Jun 2018 | Jan-Jun 2017 | Apr-Jun 2018 | Apr-Jun 2017 | Jul-Jun 2017/2018 | Jan-Dec 2017 |
|--|------|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| Rental income | | 942 | 829 | 475 | 415 | 1,814 | 1,701 |
| Operating expenses | | -236 | -214 | -110 | -101 | -459 | -437 |
| Net operating income, properties | | 706 | 615 | 365 | 314 | 1,355 | 1,264 |
| Management costs and administrative expenses | | -110 | -105 | -58 | -54 | -215 | -210 |
| Financial income | | 5 | 4 | 2 | 2 | 11 | 10 |
| Financial expenses | | -139 | -123 | -64 | -62 | -274 | -258 |
| Income from property management | | 462 | 391 | 245 | 200 | 877 | 806 |

+18%

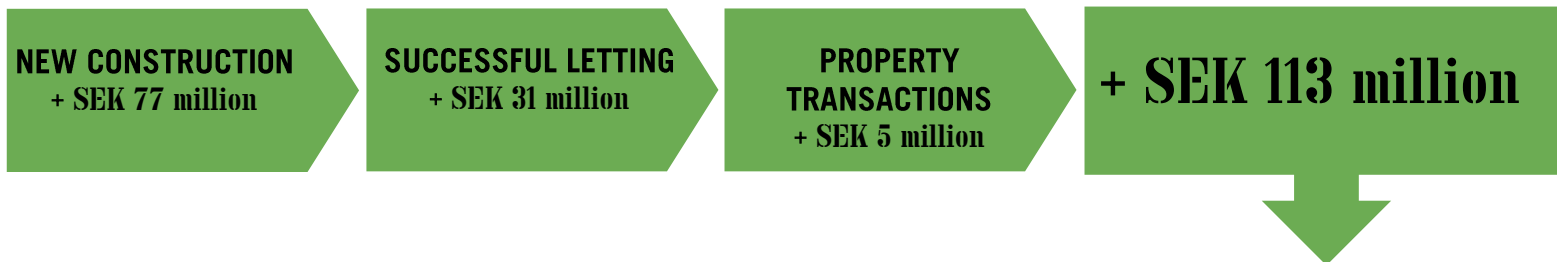
- New construction in operation
- Successful letting operations
- Efficient property management

AN EXAMPLE OF THE ECONOMICAL EFFECT OF THE SWITCH – FROM CO-OPS TO RENTALS

| | <u>SEK million</u> |
|--|--------------------|
| Calculated profit as co-op | 70 |
| Calculated surplus value as rental | 45 |
| <hr/> | <hr/> |
| Difference in value | 25 |
| | |
| Annual income from property management | 4 |
| | |
| Break-even in 6 years | |

NET OPERATING INCOME INCREASE BY 15%

RENTAL INCOME



Net operating income
+ SEK 91 million

OPERATING EXPENSES



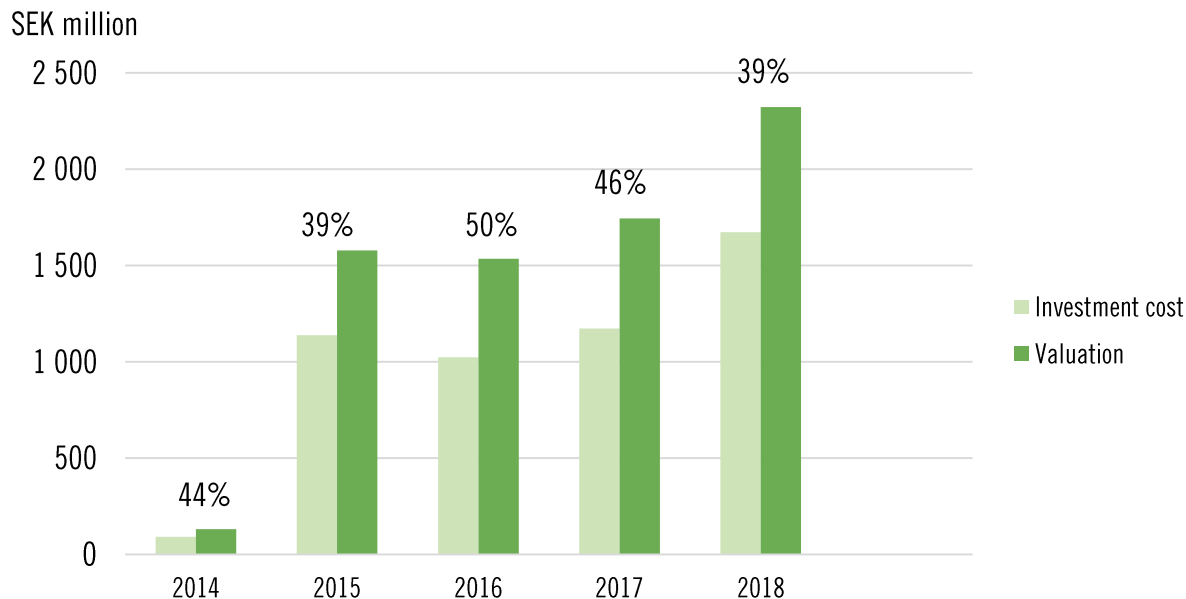
PROFIT BEFORE UNREALIZED CHANGES

| SEK million | Note | Jan-Jun 2018 | Jan-Jun 2017 | Apr-Jun 2018 | Apr-Jun 2017 | Jul-Jun 2017/2018 | Jan-Dec 2017 |
|--|------|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| Income from property management | | 462 | 391 | 245 | 200 | 877 | 806 |
| Realized changes in value, financial instruments | 1 | -776 | - | -776 | - | -776 | - |
| Income from natural energy management operations | 2 | 2 | -14 | -5 | -22 | -24 | -40 |
| Realized changes in value, synthetic options | | - | -54 | - | -54 | - | -54 |
| Revenue, co-op apartment and development property sales | | 38 | 308 | 15 | 71 | 62 | 332 |
| Expenses, co-op apartment and development property sales | | -29 | -260 | -9 | -72 | -53 | -284 |
| Realized changes in value, investment and owner-occupied properties including expenses | 3 | -7 | 0 | -7 | -1 | -1 | 6 |
| Profit before unrealized changes in value and impairment charges | | -310 | 371 | -538 | 122 | 84 | 765 |

CHANGES IN VALUE

| SEK million | Note | Jan-Jun 2018 | Jan-Jun 2017 | Apr-Jun 2018 | Apr-Jun 2017 | Jul-Jun 2017/2018 | Jan-Dec 2017 |
|---|------|-----------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| Profit before unrealized changes in value and impairment charges | | -310 | 371 | -538 | 122 | 84 | 765 |
| Unrealized changes in value, investment properties | | 892 | 1,638 | 766 | 1,269 | 1,810 | 2,556 |
| New construction | | 267 | 247 | 174 | 115 | 753 | 733 |
| Other | | 625 | 1,391 | 592 | 1,154 | 1,057 | 1,823 |
| Unrealized changes in value, financial instruments | 1 | 779 | 111 | 736 | 77 | 850 | 182 |
| Unrealized changes in value, synthetic options* | | -15 | -2 | -15 | 0 | -15 | -2 |
| Impairment losses on wind turbines | | - | -300 | - | -300 | -200 | -500 |
| Profit before tax | | 1,346 | 1,818 | 949 | 1,168 | 2,529 | 3,001 |
| Taxes | | -37 | -371 | 50 | -261 | -246 | -580 |
| Profit for the period, after tax | | 1,310 | 1,447 | 1,000 | 907 | 2,284 | 2,421 |

CHANGES IN VALUE, COMPLETED NEW CONSTRUCTION, INVESTMENT PROPERTIES





**1,800 APTS. FURTHER IN THE
PROJECT PROCESS**



TOTAL ASSETS

| SEK million | Jun 30, 2018 | Jun 30, 2017 | Dec 31, 2017 |
|--|---------------|---------------|---------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Investment properties | 43,446 | 38,797 | 41,410 |
| Wind turbines | 634 | 929 | 682 |
| Financial assets | 349 | 370 | 367 |
| Financial derivative instruments | 19 | 7 | 21 |
| Other non-current assets | 65 | 67 | 66 |
| Total non-current assets | 44,513 | 40,170 | 42,546 |
| CURRENT ASSETS | | | |
| Development properties and work in progress co-op apartments | 691 | 875 | 606 |
| Financial derivative instruments | 36 | 3 | 7 |
| Other current assets | 204 | 243 | 286 |
| Cash and cash equivalents | 181 | 86 | 228 |
| Total current assets | 1,112 | 1,207 | 1,127 |
| Total assets | 45,625 | 41,377 | 43,673 |

INVESTMENT IN PROPERTIES FIRST HALF-YEAR 2018

SEK million

| | |
|--------------|-------|
| Acquisitions | 273 |
| Construction | 966 |
| | <hr/> |
| | 1,239 |



TOTAL EQUITY AND LIABILITIES

| SEK million | Jun 30, 2018 | Jun 30, 2017 | Dec 31, 2017 |
|--|---------------|---------------|---------------|
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity | 20,250 | 18,814 | 19,408 |
| Equity attributable to non-controlling interests | 2 | 12 | 2 |
| Total equity | 20,252 | 18,826 | 19,410 |
| NON-CURRENT LIABILITIES | | | |
| Provisions for deferred tax | 4,077 | 3,939 | 4,146 |
| Other provisions | 71 | 58 | 56 |
| Interest-bearing liabilities | 6,099 | 689 | 2,432 |
| Financial derivative instruments | 52 | 851 | 796 |
| Other non-current liabilities | 22 | 8 | 49 |
| Total non-current liabilities | 10,321 | 5,545 | 7,479 |
| CURRENT LIABILITIES | | | |
| Interest-bearing liabilities | 14,504 | 16,441 | 16,269 |
| Financial derivative instruments | - | 3 | 1 |
| Other current liabilities | 548 | 562 | 514 |
| Total current liabilities | 15,052 | 17,006 | 16,784 |
| Total equity and liabilities | 45,625 | 41,377 | 43,673 |

FINANCING

EQUITY/ASSET RATIO

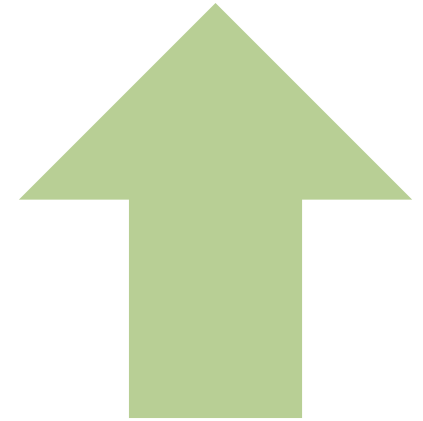
44%

LOAN-TO-VALUE RATIO

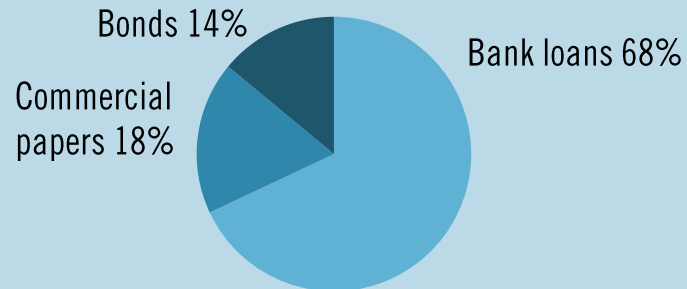
46%

AVERAGE INTEREST RATE
ON CLOSING DAY

1.01%



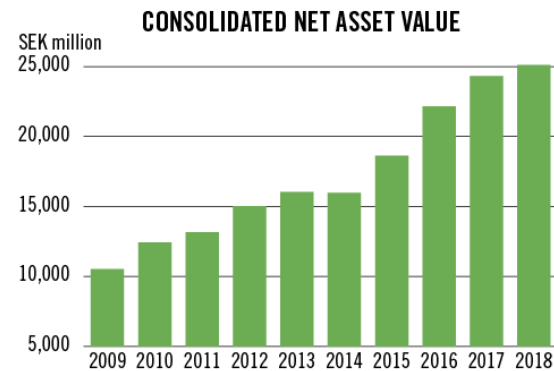
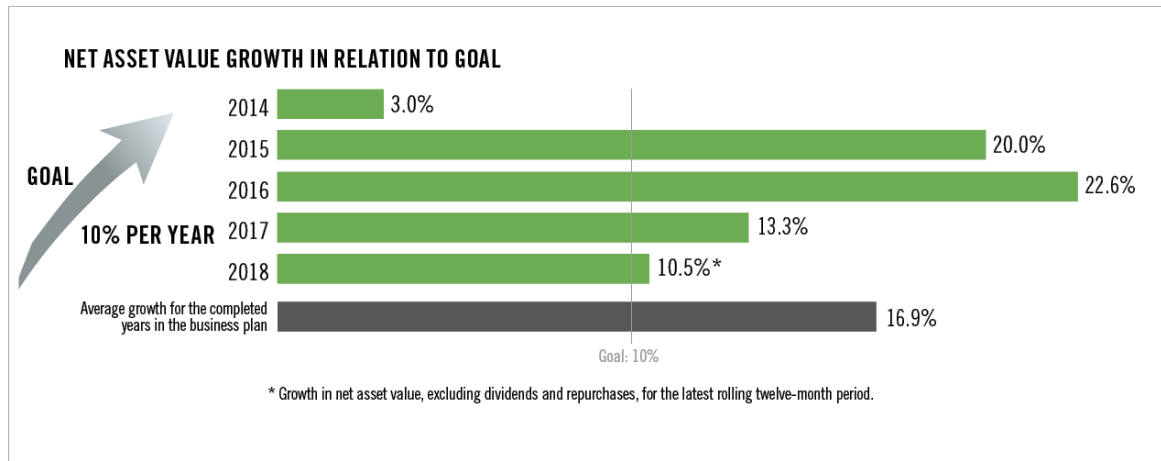
FINANCING



INTEREST MATURITY,
AVERAGE

38 mos

GOAL FOLLOW-UP



An outdoor cafe patio with several black metal tables and chairs. In the background, there is a statue of two figures under a covered walkway. A rainbow flag is visible on a pole. The area is surrounded by trees and buildings.

QUESTIONS WELCOME

Wallenstam

