



WALLENSTAM



Annual Report 2019 Green Bonds

April 2020

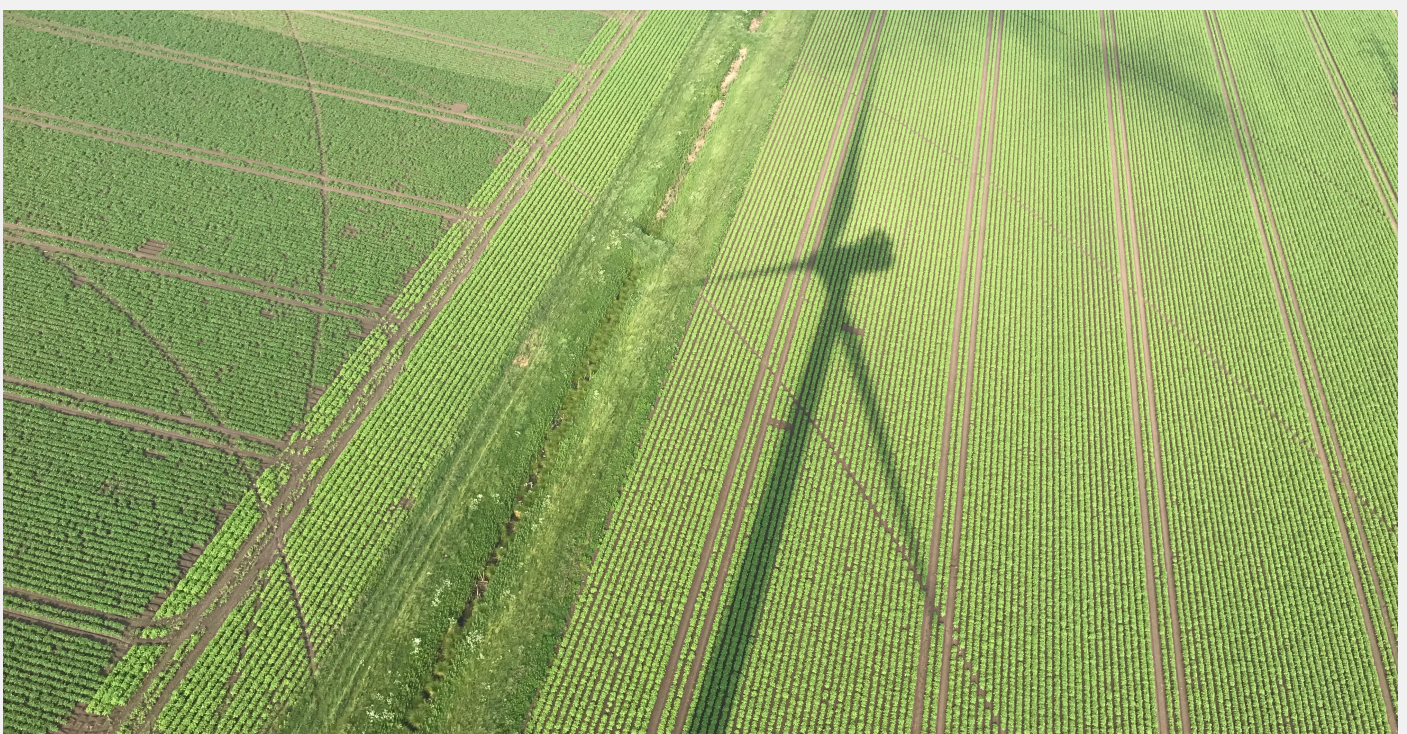
Background

Wallenstam wants to contribute to a better society, today and for future generations. This is our driving force and what makes us proud of our business. For us, sustainability is all about pursuing responsible enterprise. We achieve this by taking responsibility for the impact we have on society and by creating solutions that contribute to a positive long-term development.

Wallenstam was founded in 1944 by Lennart Wallenstam. In 1984, the company was admitted to the stock exchange and is today listed on the Large Cap segment of Nasdaq Stockholm. Hans Wallenstam was appointed CEO in 1991 and is the largest shareholder in the company. Other large owners include AMF Insurance and funds, Anna-Carin B Wallenstam and Anders Berntsson and Agneta Wallenstam.

The value creation mainly occurs by means of cost-efficient new construction, efficient property management and letting as well as successful business transactions.

Wallenstam owns and builds residential properties in attractive areas and in growth markets, primarily in the Stockholm and Gothenburg regions. Our commercial properties are found in inner city locations in Gothenburg. Our business concept is to develop, build, buy and sell properties in selected metropolitan areas that are sustainable for people and companies in the long term. We want to contribute to a good standard of living for many people by producing housing and developing safe and lively city districts. We believe it is important to have a variety of forms of housing in society and we safeguard the rental apartment as a form of accommodation.



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We believe that integrated sustainability work and strong social engagement go hand in hand with long-term profitability. This delivers good control, minimizes business and operational risks, increases efficiency, generates new solutions and business transactions and also ensures more committed employees, more secure investors and more satisfied customers. For this reason, sustainability is a core part of our business model.

The carbon footprint per square meter is also positively impacted by gradually adding our newly built, energy-efficient properties to our holdings. We aim for a rating of at least Miljöbyggnad Silver level in our new production, which means that our properties meet strict requirements in terms of energy usage, quality of indoor environments and material choice.

In our business plan 2019-2023, we shall reduce our environmental impact every year, through initiatives within the focus areas energy, transports and resources.

As an urban developer, we aim to create safe and welcoming areas and properties that people want to live in, work in and visit. To accomplish this, we contribute to research, participate in development projects and follow advancements in knowledge about what creates security in urban development, new production and management of residential areas. We believe that one of several recipes for success is to boost social inclusion and we therefore contribute by supporting, for example, youth activities and organizations that work against exclusion in the communities where we are active.

During 2019, Wallenstam established a Green Bond framework together with Handelsbanken. Cicero has provided a second opinion on the Framework, which is publicly available on Wallenstam's website. More information about our sustainability work is available on www.wallenstam.se.

Criteria

Investment categories

Eligible Green Assets are projects and assets identified within Wallenstam's existing and ongoing development that support the transition to low carbon intensity and sustainable development. All Eligible Green Assets shall contribute to one or more of the following global criteria:

- 1. Mitigation (M):** Reduce harmful greenhouse gas emissions, either by improving and transitioning existing assets through meaningful upgrades and retrofits, or by investing in new assets utilising low carbon intensive technology and environmentally sound solutions.
- 2. Adaptation (A):** Adaptation of investments to better with-stand the effects brought on by climate change, improving the resilience to climate change and expected changes in the micro-climate and local environment, for instance, increased rainfall, heightened risk of flooding or sea level rise.
- 3. Environment and eco-systems (E):** Support environmental investments with a positive environmental impact other than the direct mitigation of climate change (maximum 15 percent of net proceeds).

Exclusions

The net proceeds may not be allocated or linked to fossil energy generation, nuclear energy generation, research and/or development within weapons and defense, potentially environmentally negative resource extraction (such as rare-earth elements or fossil fuels), gambling or tobacco.

Alignment with the UN Sustainable Development Goals

Agenda 2030 and the Sustainable Development Goals ("SDG") were adopted by the United Nations General Assembly on September 25, 2015. There are 17 global goals with 169 defined underlying targets, aimed at achieving long-term sustainable economic, social and environmental development in order to eradicate extreme poverty, to reduce inequality and injustice in the world, and to fight climate change.



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Highlighted goals



WALLENSTAM FOCUSES ON THE ABOVE SUSTAINABLE DEVELOPMENT GOALS



THE FRAMEWORK MAINLY TARGETS THE ABOVE SUSTAINABLE DEVELOPMENT GOALS



Stentjärnåsen vindkraftpark - Härjedalen

Allocation Disclosure

Summary of Green Bonds

<u>Bond loan no.</u>	<u>Date of issue</u>	<u>Maturity</u>	<u>Amount (SEK)</u>
108	May 24, 2019	2 years	500 million
109	Sep 2, 2019	2 years	500 million



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Performance reporting

Use of Proceeds according to the framework

IV. Renewable energy (Mitigation)

During 2019, Wallenstam reinvested the issue proceeds exclusively in the Group's wind turbines.



Impact metrics

Number of wind turbines	66 turbines
Energy production	367 GWh
Installed capacity	143 MW
Reduction of greenhouse gas	18,350 tons*

*The calculation is based on greenhouse gas emissions of 50 grams of carbon dioxide equivalent per produced kWh of electricity (Nordic electricity mix).





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