

Fastighets AB Balder

Interim report

January-March 2020

- Profit from property management attributable to parent company shareholders amounted to SEK 965m (901), corresponding to an increase per share by 7 % to SEK 5.36 (5.01)
- Long term net asset value amounted to SEK 348.35 per share (286.41)
- Rental income amounted to SEK 2,023m (1,797)
- Profit after tax attributable to parent company shareholders amounted to SEK 1,063m (1,188) corresponding to SEK 5.91 per share (6.60)

Fastighets AB Balder is a listed property company which shall meet the needs of different customer groups for premises and housing based on local support. Balder's real estate portfolio had a value of SEK 151.2 billion (123.2) as of 31 March 2020. The Balder share is listed on Nasdaq Stockholm, Large Cap.



Inom Vallgraven 4:5, Gothenburg

The period in brief

Comparisons stated in parenthesis refer to the corresponding period of the previous year.

January-March 2020

- Rental income amounted to SEK 2,023m (1,797) of which effect of changes in exchange rates amounted to SEK 25m (42).
- Net operating income amounted to SEK 1,489m (1,288) of which effect of changes in exchange rates amounted to SEK 18m (29).
- Profit from property management attributable to parent company shareholders increased by 7 % to SEK 965m (901), which corresponds to SEK 5.36 per share (5.01).
- Changes in value in respect of investment properties amounted to SEK 260m (708). The average yield requirement amounted to 4.5 % (4.8) which is unchanged compared to year-end.
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –172m (–99).
- Net profit after tax for the period amounted to SEK 1,228m (1,390).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,063m (1,188) which corresponds to SEK 5.91 per share (6.60).
- 13 investment properties (12) have been acquired at a property value of SEK 1,707m (2,125).
- During the period, condominiums and land were divested at a value of SEK 105m (82).

	2020 Jan-March	2019 Jan-March	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec
Rental income, SEKm	2,023	1,797	7,609	6,714	5,915	5,373	2,711	2,525	1,884
Profit from property management, SEKm ¹⁾	965	901	4,023	3,304	2,804	2,265	1,780	1,275	854
Changes in value of investment properties, SEKm	260	708	9,577	8,007	5,336	4,932	3,388	3,050	854
Changes in value of derivatives, SEKm	–172	–99	–180	–34	144	–114	227	–624	433
Profit after tax, SEKm ¹⁾	1,063	1,188	8,958	9,308	7,118	5,474	4,916	3,128	1,738
Investment properties, SEKm	148,553	121,366	141,392	116,542	98,360	86,177	68,456	37,382	27,532
Development properties, SEKm	2,667	1,861	2,344	1,598	–	–	–	–	–

Data per share

Average number of shares, thousands	180,000	180,000	180,000	180,000	180,000	173,598	162,753	161,786	159,537
Profit after tax, SEK	5.91	6.60	49.77	51.71	38.71	30.38	28.98	18.10	10.11
Profit from property management, SEK	5.36	5.01	22.35	18.35	14.74	11.89	9.71	6.64	4.57
Outstanding number of shares, thousands	180,000	180,000	180,000	180,000	180,000	180,000	172,397	162,397	159,537
Shareholders' equity, SEK	277.45	229.44	272.28	223.03	173.86	139.23	103.24	70.10	52.14
Long-term net asset value (NAV), SEK	348.35	286.41	341.70	277.60	218.10	180.09	134.35	86.33	60.50
Share price on the closing date, SEK	357.00	298.00	433.20	252.00	219.40	184.10	208.70	110.25	66.00

1) Attributable to parent company shareholders.

Comments by the CEO

Dear shareholder,

In a short period of time, our reality has changed so much. The outbreak of the corona pandemic has had an extremely severe impact on society and on global stock markets and nobody knows yet what the outcome will be.

Adjusted income

The pandemic is currently impacting all business activity, but different sectors are affected to a varying degree. During the first quarter, Balder's profit from property management increased by 7 %. Income during the first quarter has already been adjusted for the variable rents that we normally receive from hotels, but that will most likely not materialise during 2020. Current earnings capacity has also been adjusted in an equivalent manner.

We are following developments very closely and are in continual contact with both our tenants and financiers. Despite the difficult times, we are trying to find new opportunities and we have also received a number of business proposals that we would not otherwise have received in a different situation.

Support for tenants

We are trying as far as possible and in different ways to support those of our tenants that are experiencing most difficulties. To date, we have given deferrals on rent payments equivalent to SEK 135 million, where the majority relates to the fact that we have changed from quarterly to monthly payment and we have also granted rebates of almost SEK 10m.

Collector have still not seen any direct consequences with regard to how their operations will be affected, but as a precautionary measure, they have made an extra credit reserve for future effects.

Internal engagement

The future, as stated earlier, is extremely uncertain. We are trying to prepare ourselves for different scenarios – that we will see a trend reversal and a positive development in the near future, that the negative effects will persist for a longer period or that we will end up somewhere in between. It is still my opinion that Balder has a strong basis to proceed from and good opportunities over time to continue creating value. A positive signal in any case is that 99 % of the rents that were due on 1 April have been received.

Another very positive factor I want to highlight in these uncertain times is the fantastic team spirit we have internally at Balder. During the recent period, all colleagues have stepped up and made a whole series of extraordinary efforts, many times over and above their own job descriptions. I want to take this opportunity to thank all of our excellent employees that help out when needed in order to support both our tenants and one another.

Erik Selin
Chief Executive Officer

Balder's actions and position regarding Covid-19

Like all companies, Balder is affected by the ongoing pandemic and the company has taken a number of measures to handle the current situation. The future development is uncertain and it is important that the operations are flexible and prepared for any new challenges that arise.

The day-to-day operations have been adapted to the prevailing circumstances and the employees are contributing in many different ways and are performing many other duties than normal. Employees with the means to do so have also been given the opportunity to work from home. The company follows the advice and guidelines issued by the Public Health Agency of Sweden and the government. The Management team is holding daily meetings and the employees are receiving continual information about the situation.

Adjusted setting of rent

Approximately 60 % of the property portfolio consists of residential properties. Of the total property portfolio, approximately 8 % consists of hotels, a sector which is experiencing difficulties.

Balder has a continual dialogue with the tenants and aims to the greatest extent possible, to support those with liquidity problems as a consequence of the pandemic. A number of inquiries have been received regarding rent reductions in the commercial properties and these cases are handled to arrive at the best possible solution and support the tenants. In several cases, agreements have been reached on a changeover to monthly payments and deferrals of rent payments.

Financing

The severe impact on society and global stock markets caused by the pandemic has so far in the Balder Group had a limited effect on our financing. In these times, it is extremely important to have good liquidity and that the company's financing requirements are secured. Balder has liabilities that mature during 2020 of SEK 8,300m. During April, SEK 6,000m of these liabilities were secured through agreements and raising of new loans. The remaining SEK 2,000m consists of bonds in the Swedish market that mature during November and December. These bonds will be refinanced later in the year. Balder also has available liquidity and credit commitments of SEK 12,700m, which can be used if the need should arise. Apart from this, Balder also has credit facilities that secure the company's constructions in progress.

Support for tenants and society

Balder also carries out a number of activities in order to support our tenants in different ways and society as a whole. In several localities, the company provides premises with places for study for young people attending upper secondary school. In some of these places, the company also offers lunch to the young people.

At Östra Hospital in Gothenburg, where many of the Västra Götaland region's Covid-19 patients are being treated, Balder is making 90 parking spaces available, where health-care staff can park free of charge. Balder is also participating in an initiative during May where several large companies will take turns in paying for the lunch of 200 healthcare workers.

In order to support commercial tenants, Balder has also gathered together offers from these tenants and is helping to market their businesses. The residential tenants have received information about where they can turn to for help, or to get involved themselves to help.

Ongoing projects

Balder is continuing the development of the property portfolio through new production and projects under construction are advancing according to plan. Regarding the projects where construction has not yet started, projecting is continuing as before, but Balder has chosen to postpone construction start until the right conditions are considered to exist.

Current earning capacity

Balder presents its earning capacity on a twelve-month basis in the table below. It is important to note that the current earning capacity should not be placed on a par with a forecast for the coming 12 months. For instance, the earning capacity contains no estimate of rental, vacancy, currency or interest rate changes.

Balder's income statement is also impacted by the development in the value of the real estate portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the operating result are changes in value of derivatives. None of the above has been considered in the current earning capacity.

The earning capacity is based on the real estate portfolio's contracted rental income, estimated property costs during a normal year as well as administrative costs. The costs of the interest-bearing liabilities are based on the group's average interest rate level including the effect of derivative instruments. The tax is calculated using the effective tax rate during each period.

Current earning capacity on a twelve-months basis

SEKm	2020 31 March	2019 31 Dec	2019 30 Sep	2019 30 June	2019 31 March	2018 31 Dec	2018 30 Sep	2018 30 June	2018 31 March	2017 31 Dec	2017 30 Sep
Rental income	8,100	8,000	7,830	7,435	7,175	7,000	6,800	6,665	6,430	6,240	5,920
Property costs	-2,090	-2,080	-2,060	-1,940	-1,875	-1,885	-1,845	-1,815	-1,760	-1,720	-1,655
Net operating income	6,010	5,920	5,770	5,495	5,300	5,115	4,955	4,850	4,670	4,520	4,265
Management and administrative costs	-680	-670	-640	-640	-620	-595	-590	-590	-565	-550	-510
Profit from property management from associated companies	760	785	775	750	775	735	660	650	650	640	600
Operating profit	6,090	6,035	5,905	5,605	5,455	5,255	5,025	4,910	4,755	4,610	4,355
Net financial items, including ground rent	-1,420	-1,330	-1,330	-1,270	-1,250	-1,125	-1,100	-1,120	-1,120	-1,060	-1,050
Of which non-controlling interests	-670	-675	-655	-620	-580	-565	-555	-555	-550	-525	-475
Profit from property management ¹⁾	4,000	4,030	3,920	3,715	3,625	3,565	3,370	3,235	3,085	3,025	2,830
Tax ²⁾	-870	-875	-855	-775	-765	-750	-730	-700	-665	-650	-610
Profit after tax	3,130	3,155	3,065	2,940	2,860	2,815	2,640	2,535	2,420	2,375	2,220
Profit from property management per share, SEK	22.22	22.39	21.78	20.64	20.14	19.81	18.72	17.97	17.14	16.81	15.72

1) Attributable to parent company shareholders.

2) Mainly refers to deferred tax, which does not affect the cash flow.

In the current earning capacity an average exchange rate has been used for translation of the foreign subsidiaries' income statement items.

Income, costs and results

Profit from property management

Profit from property management for the period amounted to SEK 1,136m (1,046), of which effect of changes in exchange rates amounted to SEK 12m (18). Profit from property management attributable to parent company shareholders increased by 7 % and amounted to SEK 965m (901), which corresponds to SEK 5.36 per share (5.01). Profit from property management includes SEK 126m (196) in respect of associated companies.

Net profit after tax

Net profit after tax for the period amounted to SEK 1,228m (1,390). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,063m (1,188), corresponding to SEK 5.91 per share (6.60). Profit before tax was affected by changes in value in respect of investment properties of SEK 260m (708), changes in value of interest rate derivatives of SEK -172m (-99) and profit from participations in associated companies of SEK 99m (178).

Rental income

Rental income increased by 13 % to SEK 2,023m (1,797), of which the effect of changes in exchange rates was SEK 25m (42). The increase was primarily due to acquisitions, new leases and completed projects for own management. The leasing portfolio was estimated to have a rental value on 31 March of SEK 8,461m (7,456). The average rental level for the entire real estate portfolio amounted to SEK 1,908/sq.m. (1,821) excluding project properties.

The like for like rental income has increased with 3.1 % (2.8) after adjustments for currency changes.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 96 % (96) on 31 March. The total rental value of unlet areas at the end of the period amounted to SEK 361m (281).

Property costs

Property costs amounted to SEK -534m (-509) during the period, of which the effect of changes in exchange rates was SEK -7m (-13).

Net operating income increased by 16 % to SEK 1,489m (1,288), which implies a surplus ratio of 74 % (72).

Operating costs normally vary with the seasons. The first and fourth quarters have higher costs than the other quarters, while the third quarter usually has the lowest cost level.

Changes in value of investment properties

Balder carried out an individual internal valuation on 31 March of the entire real estate portfolio, see page 9. Unrealised changes in value during the period amounted to SEK 257m (717). Realised changes in value amounted to SEK 3m (-9). The average yield requirement as of 31 March amounted to 4.5 % (4.8), which is unchanged compared to year-end. The change in value during the period is attributable to improved net operating income.

Profit from sales of development properties

Profit from sales of development properties is recognised when the property is taken into possession by the purchaser. Apart from the cost, selling and marketing expenses are included, which are expensed as they arise. No sales result has arisen during the period (-).

Management and administrative costs

Management and administrative costs amounted to SEK -179m (-157) during the period, of which the effect of changes in exchange rates was SEK -2m (-4).

Participations in the profits of associated companies

Balder owns property managing and project developing associated companies, see note 14 in Balder's Annual Report for 2019, and 44.1 % in Collector AB (publ) which is listed. Brinova Fastigheter AB (publ) is also listed and Balder's share amounts to 25.5 %.

During the period, Balder has subscribed for its share of the new issue in Collector AB of SEK 453m, in addition 50 % of the shares in Ängsladan Fastighetsförvaltning i Lund AB were acquired.

Profit from participations in associated companies amounted to SEK 99m (178) and Balder's participation in the associated companies profit from property management amounted to SEK 126m (196).

Profit before tax was impacted by SEK 1m (31) as a result of unrealised changes in value in respect of properties and interest rate derivatives. The tax expense for the period amounted to SEK -28m (-49).

Net financial items and changes in value of derivatives

Net financial items amounted to SEK -291m (-278), of which the effect of changes in exchange rates was SEK -3m (-7).

Changes in value of interest rate derivatives amounted to SEK -172m (-99). The negative change in value of derivatives during the period is due to the fact that the long interest rates have fallen during the period. Unrealised changes in value do not affect the cash flow.

The average interest rate was 1.6 % (1.7) on the closing date and 1.6 % (1.7) for the period.

Taxes

The group's total tax amounted to SEK 30m (-247), of which effect of changes in exchange rates amounted to SEK -2m (-6). Current tax for the period amounts to SEK -84m (-58), mainly attributable to SATO Oyj and Balder Denmark. Current tax attributable to parent company shareholders amounted to SEK -59m (-40).

Deferred tax revenue for the period amounted to SEK 114m (-189). Deferred tax revenue have arisen during the period mainly due to negative exchange rate differences which have arisen from the translation of the company's Euro bonds. In the Group these are used for hedging of foreign net investments and are transferred to "Other comprehensive income".

Tax was calculated based on the applicable tax rate in each country. In Sweden, tax was calculated at 21.4 % based on current taxable income. Deferred tax liabilities and tax receivables were calculated at the lower tax rate of 20.6 %, which applies starting from 2021.

The group's deferred tax liability has been calculated as the value of the net of fiscal deficits and the temporary differences between the carrying amounts and values for tax purposes of properties and interest rate derivatives. Deferred tax liabilities amounted to SEK 11,475m (9,077).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 909m (700). Investing activities have burdened the cash flow by SEK -3,929m (-3,759).

During the period, acquisition of investment properties of SEK -1,707m (-2,125), investments in existing properties and projects of SEK -1,519m (-1,480), investments in property, plant and equipment, financial investments, associated companies and transactions with non-controlling interests SEK -869m (-264) and amortisation of lease liability SEK -2m (-) adds up to SEK -4,097m (-3,870).

These have been financed through cash flow from operating activities of SEK 348m (520), by divestments of investment properties of SEK 105m (82), financial investments of SEK 62m (29), shareholder contributions from non-controlling interests of SEK 16m (-) and net borrowings of SEK 4,193m (3,754), which adds up to SEK 4,723m (4,385).

Total cash flow for the period amounted to SEK 626m (516). In addition to unutilised credit facilities of SEK 8,868m (8,669), the group's cash and cash equivalents, financial investments and unutilised overdraft facilities amounted to SEK 3,850m (2,272) on 31 March.

Employees and organisation

The number of employees on 31 March amounted to 806 persons (691), of whom 339 were women (292). Balder is organised into seven regions. The head office with groupwide functions is located in Gothenburg.

Parent Company

The parent company's operations mainly consist of performing group-wide services but an important part relates to sales of services, principally to associated companies. Sales in the parent company amounted to SEK 98m (86) during the period.

Net profit after tax amounted to SEK -1,093m (-182). Other net financial items amounted to SEK -1,203m (-130) of which exchange rates differences amounted to SEK -1,289m (-254), changes in value of interest rate derivatives amounted to SEK -172m (-99)

Reported exchange differences mainly refer to the translation of the company's euro bonds, which from a group perspective are used for hedging of foreign net investments.

Real estate portfolio

On 31 March Balder owned 1,327 investment properties (1,196) with a lettable area of 4,418 thousand sq.m. (4,084) and a value of SEK 148,553m (121,366). Balder's total rental value excluding projects amounted to SEK 8,430m (7,438).

In addition to investment properties Balder owns development properties with a value of SEK 2,667m (1,861). The value of the total property portfolio amounted to SEK 151,220m (123,227).

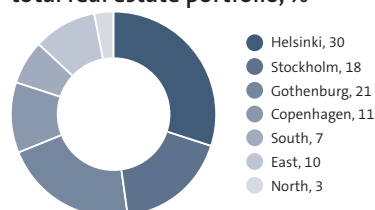
Balder's commercial properties are mainly located in the central parts of the major cities. Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

Balder's real estate portfolio on 31/03/2020 ¹⁾

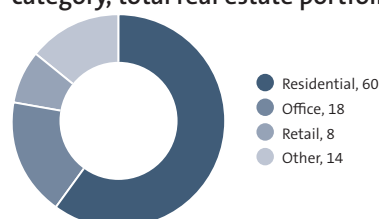
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Helsinki	582	1,121,699	2,765	2,465	2,701	98	42,004	28
Stockholm	84	704,320	1,380	1,959	1,308	95	26,922	18
Gothenburg	181	1,059,031	1,639	1,548	1,552	95	29,489	20
Copenhagen	17	236,760	651	2,751	609	93	14,453	10
South	80	404,391	604	1,495	562	93	10,274	7
East	299	690,950	1,105	1,600	1,059	96	14,910	10
North	84	200,765	285	1,420	279	98	4,735	3
Total excluding projects	1,327	4,417,916	8,430	1,908	8,069	96	142,786	94
Projects for own management			31		31		5,766	4
Total investment properties	1,327	4,417,916	8,461	1,908	8,100	96	148,553	98
Development properties							2,667	2
Total real estate portfolio	1,327	4,417,916	8,461	1,908	8,100	96	151,220	100
Distributed by property category								
Residential	1,039	2,589,581	5,122	1,978	4,935	96	82,508	55
Office	97	605,910	1,456	2,403	1,348	93	26,855	18
Retail	112	654,953	786	1,199	740	94	12,237	8
Other	79	567,472	1,066	1,879	1,045	98	21,187	14
Total excluding projects	1,327	4,417,916	8,430	1,908	8,069	96	142,786	94
Projects for own management			31		31		5,766	4
Total investment properties	1,327	4,417,916	8,461	1,908	8,100	96	148,553	98
Development properties							2,667	2
Total real estate portfolio	1,327	4,417,916	8,461	1,908	8,100	96	151,220	100

1) The above table refers to the properties owned by Balder at the end of the period. Sold properties have been excluded and acquired properties have been estimated using full-year values. Other properties include hotel, educational, care, industrial and mixed-use properties.

Carrying amount distributed by region, total real estate portfolio, %



Carrying amount distributed by property category, total real estate portfolio, %



Changes in real estate portfolio

Investment properties

Balder's investment properties are reported on the basis of internal valuations. The properties in Sweden, Denmark, Finland, Norway, Germany and United Kingdom are valued using the cash flow based method.

In Finland and Russia, in addition to the cash flow based method, the sales comparison method and valuation at acquisition cost are used. Properties under construction and project properties for own management are valued at market value reduced by estimated building expenditure and project risk, which usually results in valuation at cost.

On 31 March, Balder's average yield requirement amounted to 4.5 % (4.8) excluding project properties for own management, which is unchanged compared to year-end.

In order to quality-assure its internal valuations, Balder regularly allows parts of its portfolio to be externally valued and obtain second opinions on internal valuations. Historically, deviations between external and internal valuations have been insignificant.

Unrealised changes in value investment properties

The overall carrying amount of Balder's investment properties amounted to SEK 148,553m (121,366) on 31 March. The unrealised change in value during the period amounted to SEK 257m (717) and is attributable to improved net operating income.

Investments, acquisitions and divestments

During the period, a total of SEK 2,903m (3,342) was invested relating to investment properties, of which SEK 1,707m (2,125) related to acquisitions and SEK 1,195m (1,217) related to investments in existing properties and projects for own management. During the period only condominiums and land have been divested at a sales value of SEK 105m (82). Profit from the sales amounted to SEK 3m (–9).

Project properties for own management

On 31 March, Balder has project properties for own management amounting to SEK 5.8 billion (4.7). Projects with ongoing construction are included with SEK 5.1 billion (4.3) and projects where construction has not yet started amounts to SEK 0.7 billion (0.4). The ongoing construction work has an estimated total investment of approximately SEK 7.9 billion (7.6), which means that SEK 2.8 billion (3.3) remains to be invested. Most of the ongoing projects relate to residential projects. The projects comprise about 2,400 apartments and mainly refers to about 700 apartments in Copenhagen and about 1,100 apartments in Helsinki. The investments relate to owner apartments for rental use.

Development properties

On 31 March, Balder has development properties amounting to SEK 2.7 billion (1.9). Projects with ongoing construction are included with SEK 1.5 billion (0.7) and projects where construction has not begun amounts to SEK 1.2 billion (1.2). The projects with ongoing construction has an estimated total investment of approximately SEK 2.7 billion (1.8), which means that SEK 1.2 billion (1.1) remains to invest. The majority of the development projects in progress refer to tenant-owner's apartments and primarily involve approx. 600 tenant-owner's apartments in Sweden.

A development property is a property that is held for refinement with the intention of being divested. These properties are continually recognised at cost and profit/loss is recognised when each property is completed, sold and handed over to the buyer.

Change in carrying amount of properties

	2020		2019	
	SEKm	Number ¹⁾	SEKm	Number ¹⁾
Investment properties, 1 January	141,392	1,298	116,542	1,185
Investments in existing properties and projects	1,195		1,217	
Acquisitions	1,707	13	2,125	12
Sales	-102	-	-91	-1
Change in value of investment properties, unrealised	257		717	
Currency changes	4,103		856	
Reclassification	-	16	-	
Investment properties, 31 March	148,553	1,327	121,366	1,196
Development properties, 1 January	2,344		1,598	
Investments in projects	323		263	
Sales	-		-	
Development properties, 31 March	2,667		1,861	
Total real estate portfolio, 31 March	151,220		123,227	

1) Number of investment properties.

Property transactions 2020

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
Acquisitions					
One	1	Inom Vallgraven 4:5	Gothenburg	Office	3,585
One	1	Palmen 3	Linköping	Hotel	11,086
One	1	92-52-18-6 (Tikkurilantie 123)	Vanda, Finland	Retail	13,102
One	1	285-46-167-3 (Ristikalliontie 41)	Kotka, Finland	Retail	3,100
One	1	286-3-3039-5 (Taitajantie 4)	Kouvola, Finland	Retail	3,800
One	1	405-56-1-14 (Myllymäenkatu 6)	Lappeenranta, Finland	Retail	4,400
One	1	106-18-1731-20 (Veikkarinkatu 7)	Hyvinkää, Finland	Retail	2,645
One	1	109-11-33-2 (Tampereentie 169)	Hämeenlinna, Finland	Retail	5,840
One	1	167-8-837-1 (Voimatie 16)	Joensuu, Finland	Retail	8,282
One	1	297-24-20-2 (Leväsentie 33)	Kuopio, Finland	Retail	7,770
One	1	398-23-111-4 (Ajokatu 261)	Lahti, Finland	Retail	7,947
One	1	837-122-506-12 (Hataanpään Valtatie 42)	Tampere, Finland	Retail	12,412
One	1	837-122-506-3 (Puistokuja 32)	Tampere, Finland	Retail	5,865
Total	13				89,834

Associated companies

Balder owns 50 % of a number of property companies where Balder handles the management and administration, for further information, see page 23-25 in Balder's Annual Report for 2019. Balder's 50 %-owned associated companies are shown in the table below together with Balder's share of 49 % (49) in Sinoma Fastighets AB and 56 % (56) in Serena Properties AB where Balder has a joint control, for company website, see serenaproperties.se.

Apart from the 50 %-owned associated companies, Balder owns 44.1 % (44.1) in Collector AB (publ), 33 % (33) of Tornet Bostadsproduktion AB, 25.5 % (25.5) of Brinova Fastigheter AB (publ), 49 % (49) in Sjaelsö Management ApS, 20 % (20) in SHH Bostad AB and 25 % (25) in Rosengård Fastighets AB. For more information about these associated companies, see each company's website: collector.se, tornet.se, brinova.se, sjaelso-emanagement.dk, shhbostad.se and rosengardfastigheter.se.

Balder's participation in the 50 %-owned associated companies' real estate portfolio on 31/03/2020 ^{1,2)}

	Number of properties ³⁾	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	81	209,187	312	1,492	294	94	5,490	45
Gothenburg	40	154,228	176	1,138	162	92	2,245	18
Öresund	22	65,005	100	1,545	88	88	1,571	13
East	26	100,261	135	1,346	132	97	1,946	16
Total excluding projects	169	528,681	723	1,368	676	93	11,253	92
Projects for own management			1		1		995	8
Total real estate portfolio	169	528,681	724	1,368	676	93	12,247	100
Distributed by property category								
Residential	41	73,555	142	1,936	139	97	2,985	24
Office	29	99,933	147	1,473	133	90	2,245	18
Retail	60	240,688	290	1,207	278	96	3,914	32
Other	39	114,504	143	1,250	127	89	2,109	17
Total excluding projects	169	528,681	723	1,368	676	93	11,253	92
Projects for own management			1		1		995	8
Total real estate portfolio	169	528,681	724	1,368	676	93	12,247	100

1) The above table refers to the properties owned by the associated companies at the end of the period. Sold properties have been excluded and acquired properties have been estimated using full-year values. Other properties include hotel, educational, care, industrial and mixed-use properties.

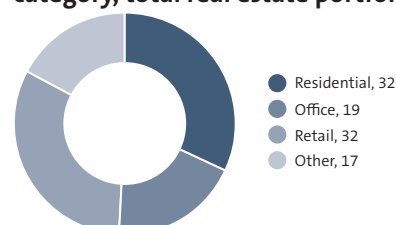
2) Refers to Balder's holding in Trenum AB, Fastighets AB Centur, Tulia AB, Sinoma Fastighets AB and Serena Properties AB.

3) Refers to the entire associated companies' portfolio.

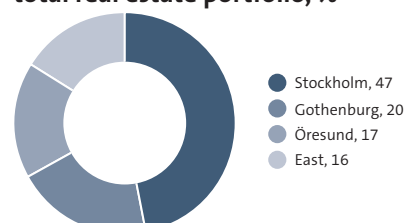
Balder's participation in the balance sheets of 50 %-owned associated companies

SEKm	2020 31 March	2019 31 March	2019 31 Dec
Assets			
Properties	12,247	11,394	12,004
Other assets	250	62	243
Cash and cash equivalents	140	169	204
Total assets	12,637	11,625	12,450
Shareholders' equity and liabilities			
Equity/interest-bearing shareholder loan	5,735	4,637	5,635
Deferred tax liability	677	549	657
Interest-bearing liabilities	5,684	5,695	5,671
Other liabilities	541	744	488
Total equity and liabilities	12,637	11,625	12,450

Carrying amount distributed by property category, total real estate portfolio, %



Carrying amount distributed by region, total real estate portfolio, %



Customers

In order to limit the risk of lower rental income and consequently a weakened occupancy rate, Balder strives to develop long-term relationships with the company's existing customers. Balder has a good diversification as regards the distribution between commercial properties and residential properties as well as the geographical distribution. The diversification strengthens the possibilities of maintaining a

steady and satisfactory occupancy rate. Balder's commercial leases have an average lease term of 6.9 years (7.7). Balder's 10 largest leases represent 4.7 % (4.7) of total rental income and the average lease term amounts to 12.3 years (13.6).

No individual lease accounts for more than 0.7 % (0.7) of Balder's total rental income and no individual customer accounts for more than 3.6 % (4.0) of total rental income.

Lease maturity structure 31/03/2020

Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2020	734	22	199	2
2021	1,130	34	421	5
2022	566	17	393	5
2023	490	15	329	4
2024–	450	13	1,823	23
Total	3,370	100	3,166	39
Residential ¹⁾	40,050		4,845	60
Car park ¹⁾	5,119		19	0
Garage ¹⁾	5,223		69	1
Total	53,762		8,100	100

1) Normally runs subject to a period of notice of three months.

Balders 10 largest customers

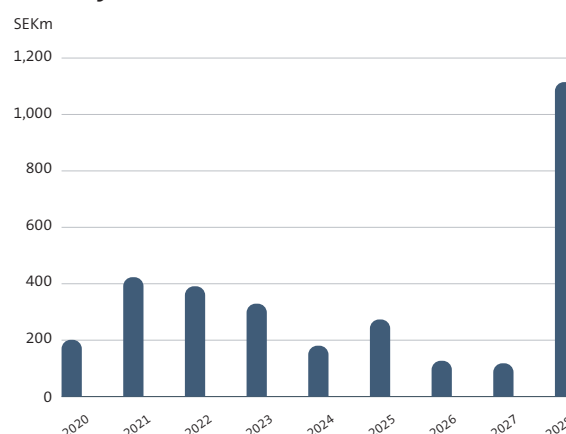
as of 31/03/2020

- I.A. Hedin Bil AB
- ICA Sverige AB
- Kesko Oyj
- Ligula Hospitality Group
- Norwegian State
- Scandic Hotels
- City of Stockholm
- Stureplansgruppen
- The municipality of Sundbyberg
- Winn Hotel Group

Rental income and profit from property management



Maturity structure of commercial lease contracts



Financing

Balder has assets in Sweden, Denmark, Finland, Russia, Norway, Germany and United Kingdom which means that the Group is exposed to currency risks. Balder therefore has a diversified financing structure with bonds issued under a domestic MTN programme and a EMTN programme. In addition to bonds, bank financing in several currencies and a commercial paper programme in Euro and Swedish kronor

are used. The single largest source of funding is bonds issued on the European bond market in Euro. In addition to these financing sources, Balder also has issued Hybrid capital which has a maturity of 60 years and is considered as 50 % equity by the credit rating agencies.

During January, Balder issued a bond of EUR 300m under the EMTN programme.

Financial key ratios

	2020 31 March	2019 31 March	2019 31 Dec
Interest-bearing liabilities excl. Hybrid capital, SEKm	84,845	67,935	77,590
Hybrid capital, SEKm	3,879	3,648	3,652
Available liquidity including confirmed loan commitments, SEKm	12,718	10,941	11,925
Average fixed credit term, years	5.9	5.5	5.8
Average interest rate refixing period, years	3.3	2.8	3.1
Net debt to total assets (financial covenant ¹⁾ < 65), %	49.7	49.9	48.4
Interest coverage ratio (financial covenant ¹⁾ > 1.8), times	5.1	5.0	5.2
Secured debt/Total assets (financial covenant ¹⁾ < 45), %	15.6	20.1	16.2
Net debt/EBITDA, times	14.6	12.8	13.0
Credit rating S&P	BBB Stable outlook	BBB Stable outlook	BBB Stable outlook

Calculation of net debt

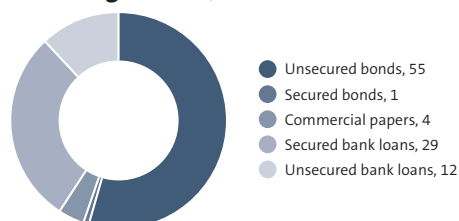
Interest-bearing liabilities excl. Hybrid capital, SEKm	84,845	67,935	77,590
Hybrid capital (50 % is treated as equity by rating agencies), SEKm	1,940	1,824	1,826
Cash and cash equivalents and financial investments, SEKm	–3,500	–1,921	–2,902
Net debt	83,284	67,838	76,514

1) Financial covenants refers to obligations that Balder has to its financiers in the form of financial key ratios.

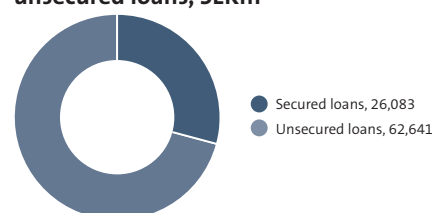
Financial targets

		Target	Outcome
Equity/assets ratio, %	min.	40.0	37.2
Net debt to total assets, %	max.	50.0	49.7
Interest coverage ratio, times	min.	2.0	5.1

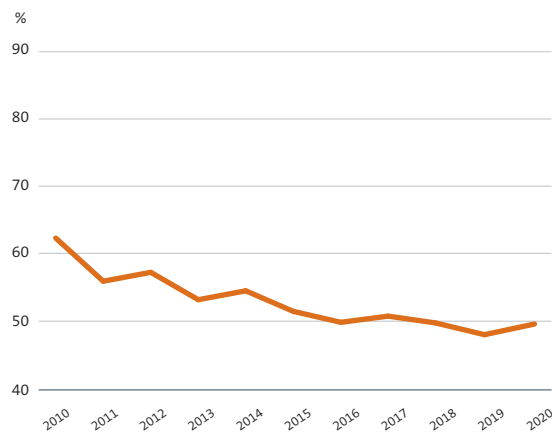
Financing sources, %



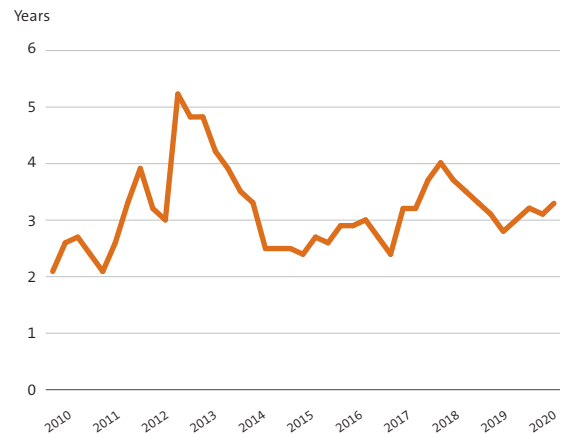
Distribution of secured and unsecured loans, SEKm



Net debt to total assets



Fixed interest term



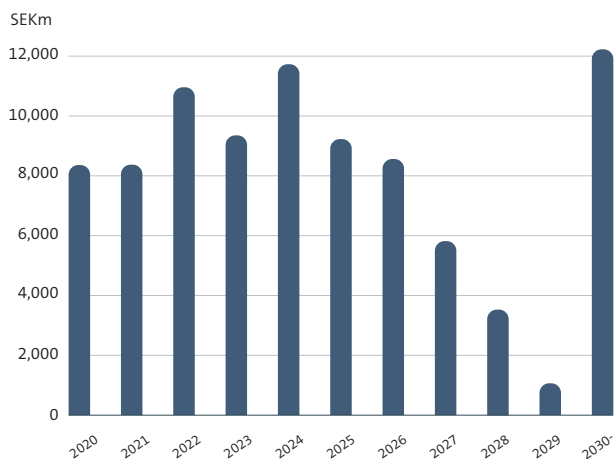
Debt maturity structure 31/03/2020

Year	SEKm	Proportion, %
2020	8,316	9
2021	8,329	9
2022	10,916	12
2023	9,312	10
2024	11,691	13
2025	9,184	10
2026	8,518	10
2027	5,778	7
2028	3,482	4
2029	1,017	1
2030-	12,182	14
Total	88,724	100

Interest maturity structure 31/03/2020

Year	SEKm	Interest, %	Proportion, %
2020	36,510	1.1	41
2021	5,136	2.3	6
2022	6,644	1.4	7
2023	4,969	3.0	6
2024	4,552	1.6	5
2025	7,866	2.1	9
2026	7,970	2.2	9
2027	6,542	1.1	7
2028	3,325	1.3	4
2029	2,964	1.6	3
2030-	2,246	2.3	3
Total	88,724	1.6	100

Debt maturity structure 31/03/2020



Other disclosures

Events after the end of the period

In early 2020, the world has been shaken by a global virus infection, Covid-19, which has had a significant impact on individuals, companies and society both in Sweden and in the rest of the world. The impact during the first quarter was relatively small, as the effects of the outbreak of the pandemic first occurred during March. The financial effects of this will only become apparent in the coming quarters, but it is not currently possible to estimate the full extent of the pandemic. See more on page 4.

Otherwise, no events of significant importance for Fastighets AB Balder's position have occurred after the end of the reporting period.

Related party transactions

Balder receives fees from associated companies and Erik Selin Fastigheter AB for property and company management services. These fees amounted to SEK 19m (20) during the period and are reported in management and administrative costs. All transactions have been priced on market terms.

Risks and uncertainties

Balder's operations, financial position and results may be affected by a number of risks and uncertainty factors. These are described in the Annual Report for 2019, on pages 45-48. Otherwise, no significant changes has been noted.

Accounting policies

Balder applies IFRS (International Financial Reporting Standards) as adopted by the European Union in its consolidated accounts and the interpretations of these (IFRIC). This interim report is prepared in accordance with IAS 34, Interim Financial Reporting. In addition, relevant provisions of the Swedish Annual Accounts Act and the Swedish Securities Markets Act have also been applied. The parent company has prepared its financial statements in accordance with the Annual Accounts Act, the Securities Markets Act and RFR 2, Accounting for Legal Entities. The accounting principles follow those reported in the Annual Report 2019.

New and changed standards and principles that came into force as of January 1, 2020 or later, is not considered to have any material impact on the Group's financial reports.

Other

During Q1 2020, the "Consolidated statement of financial position including listed associated companies at market value" was removed from the interim report. This adjusted statement of financial position aimed to clarify the listed associated companies' market value in Balder. However, as the Balder Group has grown in recent years, associated companies at market value is no longer estimated to represent a significant part of the Group's equity. Therefore, this is no longer considered to provide added value to the reader.

This interim report has not been subject to review by the company's auditors.

Gothenburg 8 May 2020

Erik Selin
Chief Executive Officer

Consolidated statement of comprehensive income

SEKm	2020 Jan-March	2019 Jan-March	2019/2020 April-March	2019 Jan-Dec
Rental income	2,023	1,797	7,835	7,609
Property costs	-534	-509	-1,990	-1,966
Net operating income	1,489	1,288	5,845	5,643
Management and administrative costs	-179	-157	-686	-664
Participations in the profits of associated companies	99	178	797	876
– of which profit from property management	126	196	718	787
– of which changes in value	1	31	267	297
– of which tax	-28	-49	-188	-209
Other income/costs	-9	-3	1	7
Net financial items	-291	-278	-1,183	-1,170
– of which cost of leases/ground rent	-16	-15	-64	-63
Profit including changes in value and tax in associated companies	1,109	1,028	4,774	4,693
– of which Profit from property management	1,136	1,046	4,695	4,604
<i>Changes in value</i>				
Changes in value investment properties, realised	3	-9	26	14
Changes in value investment properties, unrealised	257	717	9,102	9,562
Income sale development properties	–	–	387	387
Costs sale development properties	–	–	-292	-292
Changes in value derivatives	-172	-99	-252	-180
Changes in value total	88	609	8,971	9,492
Profit before tax	1,197	1,637	13,745	14,185
Income tax	30	-247	-2,382	-2,659
Net profit for the period/year	1,228	1,390	11,363	11,526
<i>Net profit for the period/year attributable to:</i>				
Parent company shareholders	1,063	1,188	8,834	8,958
Non-controlling interests	164	202	2,530	2,568
	1,228	1,390	11,363	11,526
Other comprehensive income – items that may be subsequently reclassified to profit or loss				
Translation difference relating to foreign operations (net after hedge accounting)	485	99	394	8
Cash flow hedges after tax	-18	-63	-11	-55
Participation in other comprehensive income of associated companies	9	5	7	3
Total comprehensive income for the period/year	1,703	1,431	11,754	11,482
<i>Total comprehensive income for the period/year attributable to:</i>				
Parent company shareholders	936	1,154	8,647	8,865
Non-controlling interests	768	278	3,107	2,617
	1,703	1,431	11,754	11,482
Profit from property management	1,136	1,046	4,695	4,604
Of which non-controlling interests part of Profit from property management	-172	-145	-608	-581
Profit from property management attributable to parent company shareholder	965	901	4,086	4,023
Profit from property management per share, SEK	5.36	5.01	22.70	22.35
Profit after tax per share, SEK	5.91	6.60	49.08	49.77

There is no dilutive effect as no potential shares arise.

Consolidated statement of financial position

SEKm	2020 31 March	2019 31 March	2019 31 Dec
Assets			
Investment properties	148,553	121,366	141,392
Development properties	2,667	1,861	2,344
Lease contract; Right-of-use assets	1,573	1,534	1,541
Other fixed assets	172	138	166
Participations in associated companies	7,768	6,503	7,018
Other receivables	3,325	2,599	2,566
Cash and cash equivalents and financial investments	3,500	1,921	2,902
Total assets	167,558	135,924	157,928
Shareholders' equity and liabilities			
Shareholders' equity ¹⁾	60,442	48,839	58,725
Deferred tax liability	11,475	9,077	11,285
Interest-bearing liabilities	88,724	71,583	81,242
—of which Hybrid capital ²⁾	3,879	3,648	3,652
Derivatives	1,287	1,178	1,210
Lease contract	1,577	1,534	1,543
Other liabilities	4,053	3,714	3,923
Total equity and liabilities	167,558	135,924	157,928
1) Of which non-controlling interests	10,501	7,539	9,714
2) 50 % of Hybrid capital is treated as equity by the rating agencies and thus decreases interest-bearing liabilities when calculating the debt/equity ratio and net debt to total assets ratio and increases equity when calculating the equity/assets ratio.	1,940	1,824	1,826

Consolidated statement of changes in equity

SEKm	2020 31 March	2019 31 March	2019 31 Dec
Opening equity	58,725	47,408	47,408
Total comprehensive income for the period/year	1,703	1,431	11,482
Transactions with non-controlling interests	–2	–3	–35
Dividend to non-controlling interests	–	–	–137
Non-controlling interests arising on the acquisition of subsidiary	–	2	8
Shareholder contributions from non-controlling interests	16	–	–
Closing equity	60,442	48,839	58,725

Consolidated statement of cash flow

SEKm	2020 Jan-March	2019 Jan-March	2019 Jan-Dec
Net operating income	1,489	1,288	5,643
Other income/costs	-9	-3	7
Management and administrative costs	-179	-157	-664
Reversal of depreciation	10	10	42
Net financial items paid	-285	-337	-1,419
Taxes paid	-117	-101	-321
Cash flow from operating activities before change in working capital	909	700	3,288
Change in operating receivables	-597	-298	-262
Change in operating liabilities	36	118	183
Cash flow from operating activities	348	520	3,209
Acquisition of investment properties	-1,707	-2,125	-7,972
Acquisition/Divestment of property, plant and equipment	-16	-24	-85
Purchase of financial investments	-34	-50	-594
Acquisition of shares in associated companies/Capital contribution to associated companies/Loans to associated companies	-817	-187	-601
Investment in existing properties and projects	-1,519	-1,480	-8,133
Transactions with non-controlling interests	-2	-3	-35
Sale of investment properties	105	82	1,050
Sale of development properties	-	-	387
Sale of financial investments	62	29	60
Sale of shares in associated companies	-	-	15
Dividend paid from associated companies	-	-	42
Cash flow from investing activities	-3,929	-3,759	-15,867
Dividend paid to non-controlling interests	-	-	-137
Amortisation of lease liability	-2	-	-26
Shareholder contributions from non-controlling interests	16	-	-
Loans raised	6,174	4,661	25,169
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-1,982	-907	-11,527
Cash flow from financing activities	4,206	3,754	13,479
Cash flow for the period/year	626	516	821
Cash and cash equivalents at the start of the period/year	1,379	558	558
Cash and cash equivalents at the end of the period/year	2,004	1,073	1,379
Cash and cash equivalents	2,004	1,073	1,379
Unutilised overdraft facilities	350	350	350
Unutilised credit facilities	8,868	8,669	8,673
Financial investments	1,496	848	1,523
Available liquidity including confirmed credit commitments	12,718	10,941	11,925

Segment information

SEKm	2020 Jan-March	2019 Jan-March	2019/2020 April-March	2019 Jan-Dec
Rental income				
Helsinki	630	589	2,475	2,433
Stockholm	330	297	1,268	1,234
Gothenburg	373	323	1,477	1,426
Copenhagen	169	137	598	566
South	145	135	599	589
East	308	254	1,136	1,083
North	67	62	283	277
Total	2,023	1,797	7,835	7,609
Net operating income				
Helsinki	441	402	1,786	1,747
Stockholm	259	228	1,004	973
Gothenburg	277	238	1,139	1,099
Copenhagen	138	109	465	436
South	108	106	473	471
East	219	165	772	717
North	46	40	205	199
Total	1,489	1,288	5,845	5,643

The group's internal reporting of operations is divided into the above segments. Total net operating income corresponds with reported net operating income in the income statement. The difference between net operating income of SEK 1,489m (1,288) and profit before tax of SEK 1,197m (1,637) consists of changes in value of investment properties of SEK 260m (708), other income/costs SEK -9m (-3), management and administrative costs of SEK -179m (-157), participations in profits of associated companies of SEK 99m (178), net financial items of SEK -291m (-278) and changes in value of derivatives of SEK -172m (-99).

SEKm	2020 31 March	2019 31 March	2019 31 Dec
Real estate portfolio			
Helsinki	42,004	31,544	38,132
Stockholm	26,922	24,053	26,331
Gothenburg	29,489	23,134	28,966
Copenhagen	14,453	11,271	13,582
South	10,274	9,310	10,196
East	14,910	12,864	14,072
North	4,735	4,484	4,792
Total excluding projects	142,786	116,660	136,071
Projects for own management	5,766	4,706	5,320
Total investment properties	148,553	121,366	141,392
Development properties	2,667	1,861	2,344
Total real estate portfolio	151,220	123,227	143,736

The carrying amounts of properties have during the period changed by investments, acquisitions, divestments, unrealised changes in value and currency changes, with SEK 3,872m in Helsinki region, SEK 591m in the Stockholm region, SEK 523m in the Gothenburg region, SEK 871m in Copenhagen region, SEK 78m in South region, SEK 838m in the East region and SEK -58m in the North region. The Group's projects for own management has increased by SEK 446m and the Group's development properties has increased by SEK 323m. SATO's property portfolio is divided between the regions Helsinki and East. The real estate holdings in Norway is classified in the North region, the real estate holdings in Denmark in the Copenhagen region and the properties in Germany and United Kingdom in the South region.

Key ratios including associated companies at market value

	2020 Jan-March	2019 Jan-March	2019/2020 April-March	2019 Jan-Dec
Share-related				
<i>Average number of shares, thousands</i>	180,000	180,000	180,000	180,000
Profit after tax, SEK	5.91	6.60	49.08	49.77
Profit after tax excluding unrealised changes in value, SEK	5.63	4.21	20.16	18.75
Profit from property management, SEK	5.36	5.01	22.70	22.35
Net operating income, SEK	6.80	5.84	26.70	25.74
<i>Outstanding number of shares, thousands</i>	180,000	180,000	180,000	180,000
Shareholders' equity, SEK	277.45	229.44	277.45	272.28
Long-term net asset value (NAV), SEK	348.35	286.41	348.35	341.70
Share price on the closing date, SEK	357.00	298.00	357.00	433.20
Property-related				
Rental value full-year, SEK/sq.m.	1,908	1,821	1,908	1,921
Rental income full-year, SEK/sq.m.	1,827	1,753	1,827	1,850
Economic occupancy rate, %	96	96	96	96
Vacancy rate, %	4	4	4	4
Surplus ratio, %	74	72	75	74
Carrying amount, SEK/sq.m.	32,320	28,568	32,320	31,613
Number of properties	1,327	1,196	1,327	1,298
Lettable area, sq.m. thousands	4,418	4,084	4,418	4,304
Profit from property management, attributable to parent company shareholders, SEKm	965	901	4,086	4,023
Financial				
Return on equity, %	8.3	8.6	19.4	20.1
Return on total assets, %	3.5	4.3	9.8	10.7
Interest coverage ratio, times	5.1	5.0	5.2	5.2
Equity/assets ratio, %	37.2	37.3	37.2	38.3
Debt/equity ratio, times	1.4	1.4	1.4	1.4
Net debt to total assets, %	49.7	49.9	49.7	48.4
Net debt/EBITDA, times	14.6	12.8	13.9	13.0

Condensed parent company income statement

SEKm	2020 Jan-March	2019 Jan-March	2019/2020 April-March	2019 Jan-Dec
Net sales	98	86	373	361
Administrative costs	-99	-87	-375	-363
Operating profit	-2	-1	-3	-2
Profit from financial items				
Dividends from subsidiaries	—	—	800	800
Other net financial items	-1,203	-130	-879	194
— of which exchange rate differences	-1,289	-254	-1,286	-251
Changes in value of derivatives	-172	-99	-252	-180
Profit before appropriations and taxes	-1,376	-230	-334	812
Appropriations				
Group contributions	—	—	229	229
Profit before tax	-1,376	-230	-105	1,042
Income tax	283	48	219	-16
Net profit for the period/year ¹⁾	-1,093	-182	114	1,025

1) The parent company has no items reported in other comprehensive income and therefore total comprehensive income for the period/year is equal with net profit for the period/year.

Condensed parent company balance sheet

SEKm	2020 31 March	2019 31 March	2019 31 Dec
Assets			
Property, plant and equipment	24	20	23
Financial non-current assets	14,227	11,569	13,347
Receivables from Group companies	54,846	40,811	52,646
Current receivables	311	180	206
Cash and cash equivalents and financial investments	2,323	1,735	1,995
Total assets	71,731	54,315	68,217
Shareholders' equity and liabilities			
Shareholders' equity	11,160	11,046	12,253
Interest-bearing liabilities	49,404	36,904	43,862
— of which Hybrid capital	3,879	3,648	3,652
Liabilities to Group companies	10,148	5,574	10,966
Derivatives	798	545	626
Other liabilities	221	246	511
Total equity and liabilities	71,731	54,315	68,217

The share and owners

Balder's share is listed on Nasdaq Stockholm, Large Cap segment. The company's market capitalisation as of 31 March amounted to SEK 64,260m (53,640).

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 36.4 % (36.4) of the capital and 49.9 % (49.9) of the votes. Foreign ownership amounts to approximately 27 % (26) of outstanding shares.

The share

At the end of the period, approximately 22,000 shareholders (13,400) held shares. During the period, approximately 41.9 million shares were traded (14.6) which corresponds to an average of about 666,000 shares per trading day (261,000). The annual turnover rate amounted to 93 % (33). The price of the share was SEK 357.00 (298.00) on 31 March, corresponding to an decrease of 18 % since year-end.

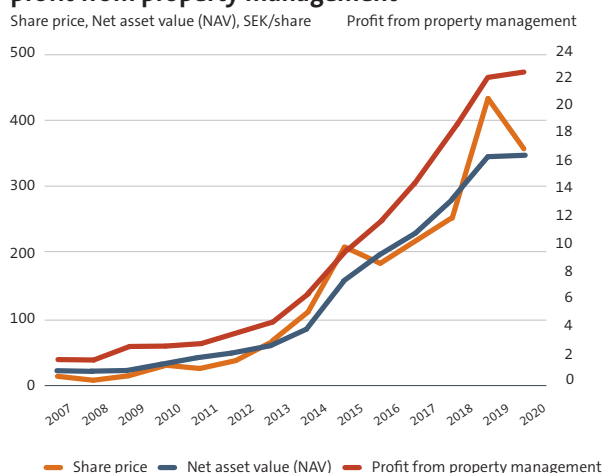
Share capital

On 31 March, the share capital in Balder amounted to SEK 180,000,000 distributed among 180,000,000 shares. Each share has a quota value of SEK 1, where of 11,229,432 shares are of Class A and 168,770,568 of Class B. The total number of outstanding shares as of 31 March amounts to 180,000,000. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

Ownership list as of 31/03/2020

Owner	A shares	B shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	65,520,228	36.4	49.9
Arvid Svensson Invest AB	2,915,892	13,542,540	16,458,432	9.1	15.2
Swedbank Robur fonder	—	8,554,906	8,554,906	4.8	3.0
SEB Investment Management	—	7,691,413	7,691,413	4.3	2.7
Länsförsäkringar fondförvaltning AB	—	6,430,278	6,430,278	3.6	2.3
Handelsbanken Fonder AB	—	5,565,482	5,565,482	3.1	2.0
Vanguard	—	3,487,304	3,487,304	1.9	1.2
AMF Försäkring och Fonder	—	2,793,542	2,793,542	1.6	1.0
Second Swedish National Pension Fund	—	2,624,520	2,624,520	1.5	0.9
Livförsäkringsbolaget Skandia	—	2,180,657	2,180,657	1.2	0.8
Other	4,212	58,689,026	58,693,238	32.6	20.9
Total	11,229,432	168,770,568	180,000,000	100	100

Development share price, net asset value and profit from property management



Share price/Net asset value & Share price/ profit from property management



Definitions

The company presents a number of financial metrics in the interim report that are not defined according to IFRS (so-called Alternative Performance Measures according to ESMA's guidelines). These performance measures provide valuable supplementary information to investors, the company's management and other stakeholders since they facilitate effective evaluation and analysis of the company's financial position and performance. These alternative performance 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. Fastighets AB Balder will apply these alternative performance measures consistently over time. The key ratios are alternative performance measures according to ESMA's guidelines unless otherwise stated. A description follows below of how Fastighets AB Balder's key ratios are defined and calculated.

Financial

Return on equity, %

Profit after tax in relation to average equity. The values were converted to a full-year basis in the interim accounts without taking account of seasonal variations that normally arise in the operations and with the exception of changes in value.

Return on total assets, %

Profit before tax with addition of net financial items in relation to average balance sheet total. The values were converted to a full-year basis in the interim accounts without taking account of seasonal variations that normally arise in the operations and with the exception of changes in value.

Net debt to total assets, %

Net debt in relation to total assets.

EBITDA

Profit from property management with addition of profit from sales of development properties with reversal of net financial items. In the interim financial statements, EBITDA were converted to a full-year basis, with the exception of profit from sale of development properties.

Profit from property management, SEKm

Profit including changes in value and tax in associated companies with reversal of changes in value and tax as regards participation in profits of associated companies. When calculating profit from property management before tax attributable to parent company shareholders, the profit from property management is also reduced with the non-controlling interests' share.

Average interest, %

Interest expenses in the period recalculated to annual value in relation to the average interest-bearing liabilities.

Net debt, SEKm

Interest-bearing liabilities decreased by cash and cash equivalents, financial investments and 50 % of Hybrid capital which is treated as 50 % equity by the rating agencies.

Hybrid capital

A bond with a maturity of 60 years. The bond is reported as interest bearing liability but is treated as 50 % equity by the rating agencies.

Interest coverage ratio, times

Profit including changes in value and tax in associated companies with reversal of net financial items excluding ground rents and changes in value and tax as regards participation in profits of associated companies, in relation to net financial items excluding ground rents.

Debt/equity ratio, times

Interest-bearing liabilities decreased by 50 % of Hybrid capital in relation to shareholders' equity.

Equity/assets ratio, %

Shareholders' equity including non-controlling interests and 50 % of hybrid capital in relation to the balance sheet total at the end of the period.

Share related

Equity per share, SEK

Shareholders' equity in relation to the number of outstanding shares at the end of the period.

Profit from property management per share, SEK

Profit from property management attributable to the parent company shareholders divided by the average number of outstanding shares.

Average number of shares

The number of outstanding shares at the start of the period, adjusted by the number of shares issued during the period weighted by the number of days that the shares have been outstanding in relation to the total number of days during the period.

Long term net asset value per share (NAV), SEK

Equity per share with reversal of interest rate derivatives and deferred tax according to balance sheet.

Profit after tax per share, SEK

Profit attributable to the parent company shareholders in relation to average number of shares.

Property related

Yield, %

Estimated net operating income on an annual basis in relation to the fair value of the properties at the end of the period.

Net operating income, SEKm

Rental income less property costs.

Economic occupancy rate, %¹⁾

Contracted rent for leases which are running at the end of the period in relation to rental value.

Development properties

Refers to properties constructed with the intention of being divested after completion.

Real estate portfolio

Refers to both investment properties and development properties.

Property category

Classified according to the principal use of the property. The break-down is made into office, retail, residential and other properties. Other properties include hotel, educational, care, industrial/warehouse and mixed-use properties. The property category is determined by what the largest part of the property is used for.

Property costs, SEKm

This item includes direct property costs, such as operating expenses, utility expenses, maintenance and property tax.

Investment properties

Refers to properties that are held with the objective of generating rental income or an increase in value or a combination of these.

Rental value, SEKm¹⁾

Contracted rent and estimated market rent for vacant premises.

Surplus ratio, %

Net operating income in relation to rental income.

¹⁾ The key ratio is operational and is not considered to be a alternative key ratio according to ESMA's guidelines.

The information in this report is such that Fastighets AB Balder (publ) is obliged to disclose according to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. This information has been published at 08.00 a.m. on May 8, 2020.

This report is a translation of the Swedish Interim Report January-March 2020. In the event of any disparities between this report and the Swedish version, the latter will have priority.

Contact

For additional information, please contact CEO Erik Selin, telephone +46 706 074 790 or CFO Magnus Björndahl, telephone +46 735 582 929.

Financial information

Overall information about the company's operations, board of directors and management, financial reporting and press releases, may be found on Balder's website, balder.se.

Calendar

Annual General Meeting	11 May 2020
Interim report Jan-June 2020	16 July 2020
Interim report Jan-Sep 2020	5 November 2020
Year-end report 2020	11 February 2021

Fastighets AB Balder (publ) balder.se · info@balder.se · Org.nr: 556525-6905

Head office Parkgatan 49 · Box 53 121 · 400 15 Gothenburg · Tel: +46 31-10 95 70 · Fax: +46 31-10 95 99

Letting Tel: +46 20-151 151

Customer service Tel: +46 774-49 49 49

Region

Gothenburg Parkgatan 49 · Box 53 121 · 400 15 Gothenburg · Tel: +46 31-10 95 70
Timmervägen 9 A · 541 64 Skövde · Tel: +46 500-47 88 50

Helsinki Panuntie 4 · PO Box 401 · 00610 Helsinki · Tel: +358-201 34 4000

North Forskarvägen 27 · 804 23 Gävle · Tel: +46 26-54 55 80
Sandbäcksgatan 5 · 653 40 Karlstad · Tel: +46 54-14 81 80
Affärsgratan 4 D · 862 31 Kvissleby · Tel: +46 60-52 45 50

Stockholm Tulegatan 2A · 113 58 Stockholm · Tel: +46 8-735 37 70
Vårby Allé 18 · 143 40 Vårby · Tel: +46 8-735 37 70

South Kalendegatan 26 · 211 35 Malmö · Tel: +46 40-600 96 50
Esplanaden 15 · 265 34 Åstorp · Tel: +46 42-569 40

Copenhagen Bryggaregatan 7 · 252 27 Helsingborg · Tel: +46 42-17 21 30
Vesterbrogade 1 E, 5. sal · 1620 København V · Tel: +45-88 13 61 51

East Hospitalsgatan 11 · 602 27 Norrköping · Tel: +46 11-15 88 90
Rönnebergagatan 10 · 723 46 Västerås · Tel: +46 21-10 98 90



Fastighets AB Balder (publ)

Interim Report Q1 2020

Fastighets AB Balder Q1 2020

- Balder's actions and position regarding Covid-19
 - Continuous contact with tenants and financiers
 - Support tenants who are experiencing most difficulties
 - Change to monthly payments
 - Deferrals of rent payments
 - Deferrals of rent payments of SEK 135m
 - Discounts of almost SEK 10m
 - 99 % of rents due on 1 April have been received

Fastighets AB Balder Q1 2020

- Taken possession of
 - Centrally located properties in Gothenburg and Linköping
 - Car retail properties in Finland rented to Kesko Group
- Completed 360 apartments in Finland



Fastighets AB Balder Q1 2020

**Profit from property
management**

5.36 SEK/share

+7 %

NAV

348 SEK/share

+22 %

Net debt to total assets

49.7 %

Net debt/EBITDA

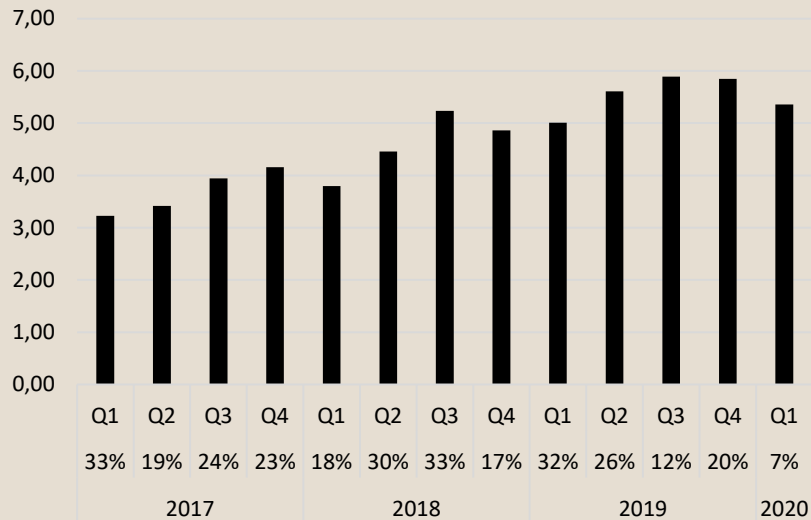
14.6 times

Like for like rental growth

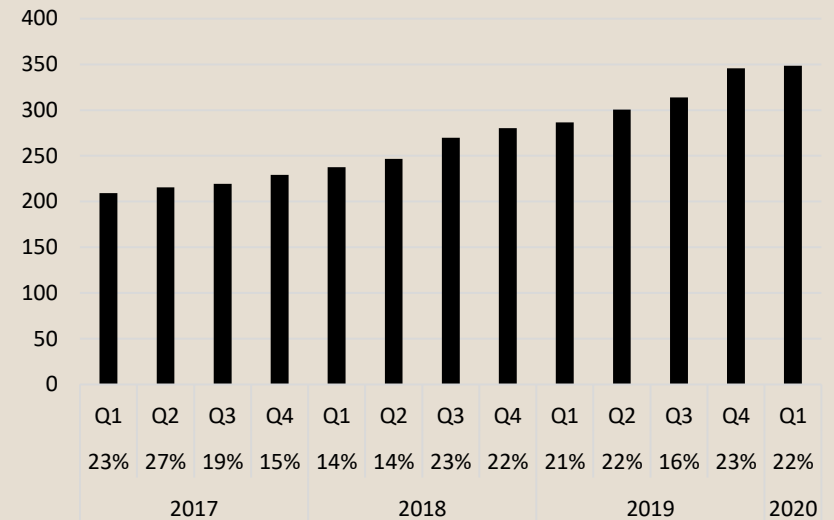
3.1 %

Fastighets AB Balder Q1 2020

Profit from property management, SEK/share



Long-term net asset value (NAV), SEK/share



Current earnings capacity

SEKm	2020 31 March	2019 31 March	SEKm	Deviation %	2019 31 Dec
Rental income	8,100	7,175	925	13	8,000
Property costs	-2,090	-1,875	-215	11	-2,080
Net operating income	6,010	5,300	710	13	5,920
Management and administrative costs	-680	-620	-60	10	-670
Profit from property management from associated companies	760	775	-15	-2	785
Operating profit	6,090	5,455	635	12	6,035
Net financial items, incl. ground rent	-1,420	-1,250	-170	14	-1,330
Non-controlling interests	-670	-580	-90	16	-675
Profit from property management Parent Company	4,000	3,625	375	10	4,030
Tax	-870	-765	-105		-875
Profit after tax	3,130	2,860	270		3,155
Profit from property management per share, SEK	22.22	20.14	2.08	10	22.39

Consolidated statement of comprehensive income

SEKm	2020	2019	Deviation	
	Jan-March	Jan-March	SEKm	%
Rental income	2,023	1,797	226	13
Property costs	-534	-509	-25	
Net operating income	1,489	1,288	201	16
Management and administrative costs	-179	-157	-22	
Participation in the profits of associated companies	99	178	-79	
Other income/costs	-9	-3	-6	
Net financial items	-291	-278	-13	
- Of which leasing cost/ground rent	-16	-15	-1	
Non controlling interest	-172	-145	-27	
Profit from property management, Parent Company	965	901	64	7
<i>Changes in value</i>				
Changes in value properties, realised	3	-9	12	
Changes in value properties, unrealised	257	717	-460	
Income sale development properties	-	-	-	
Costs sale development properties	-	-	-	
Changes in value derivatives	-172	-99	-73	
Changes in value total	88	609	-521	
Profit before tax	1,197	1,637	-440	
Income tax	30	-247	277	
Net profit for the period	1,228	1,390	-162	
Profit from property management per share, SEK	5.36	5.01	0.35	
Profit after tax per share, SEK	5.91	6.60	-0.69	

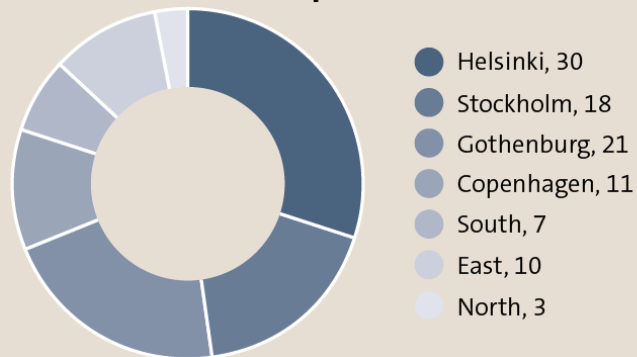
Consolidated statement of financial position

SEKm	2020 31 March	2019 31 March
Assets		
Investment properties	148,553	121,366
Development properties	2,667	1,861
Lease contract; Right-of-use assets	1,573	1,534
Other fixed assets	172	138
Participations in associated companies	7,768	6,503
Other receivables	3,325	2,599
Cash and cash equivalents and financial investments	3,500	1,921
Total assets	167,558	135,924
Shareholders' equity and liabilities		
Shareholders' equity	60,442	48,839
Deferred tax liability	11,475	9,077
Interest-bearing liabilities	88,724	71,583
<i>of which Hybrid capital</i>	<i>3,879</i>	<i>3,648</i>
Derivatives	1,287	1,178
Lease contract	1,577	1,534
Other liabilities	4,053	3,714
Total equity and liabilities	167,558	135,924

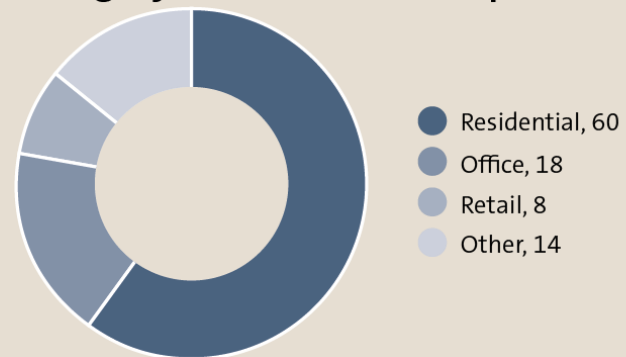
Property portfolio

Over 80% of the property portfolio located in capitals and larger cities

Carrying amount distributed by region, total real estate portfolio, %



Carrying amount distributed by property category, total real estate portfolio, %

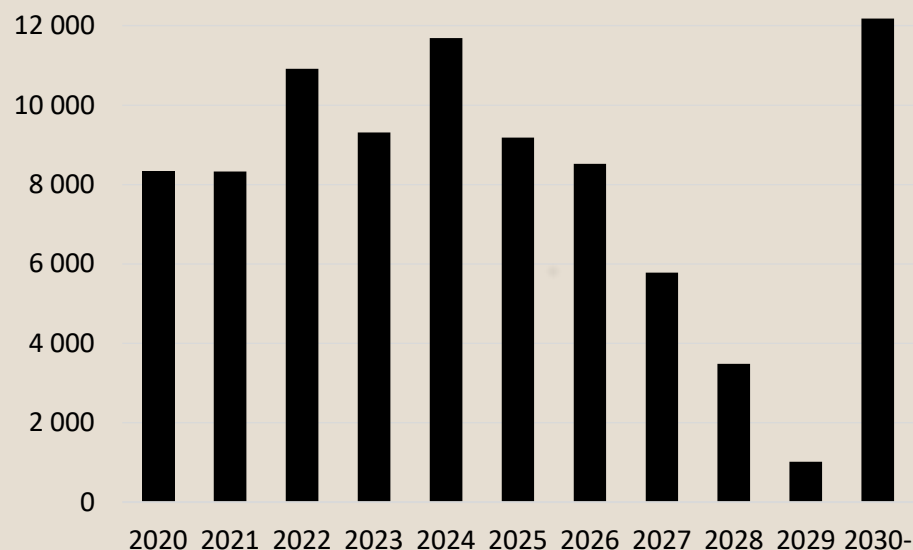


Financing

- Debt maturities 2020 SEK 8,300m
- During April SEK 6,000m of the 2020 maturities have been secured through agreements and new loans
- The remaining SEK 2,000m are bonds in the Swedish market, that mature during November and December
- Available liquidity and credit commitments of SEK 12,700m
- Credit facilities that secure constructions in progress

- Equity/assets ratio 37.2 % (Target 40 %)
- Net debt to total assets 49.7 % (Target 50 %)
- ICR 5.1 (Target 2.0)
- The fixed credit term 5.9 years
- Average fixed-rate period 3.3 years

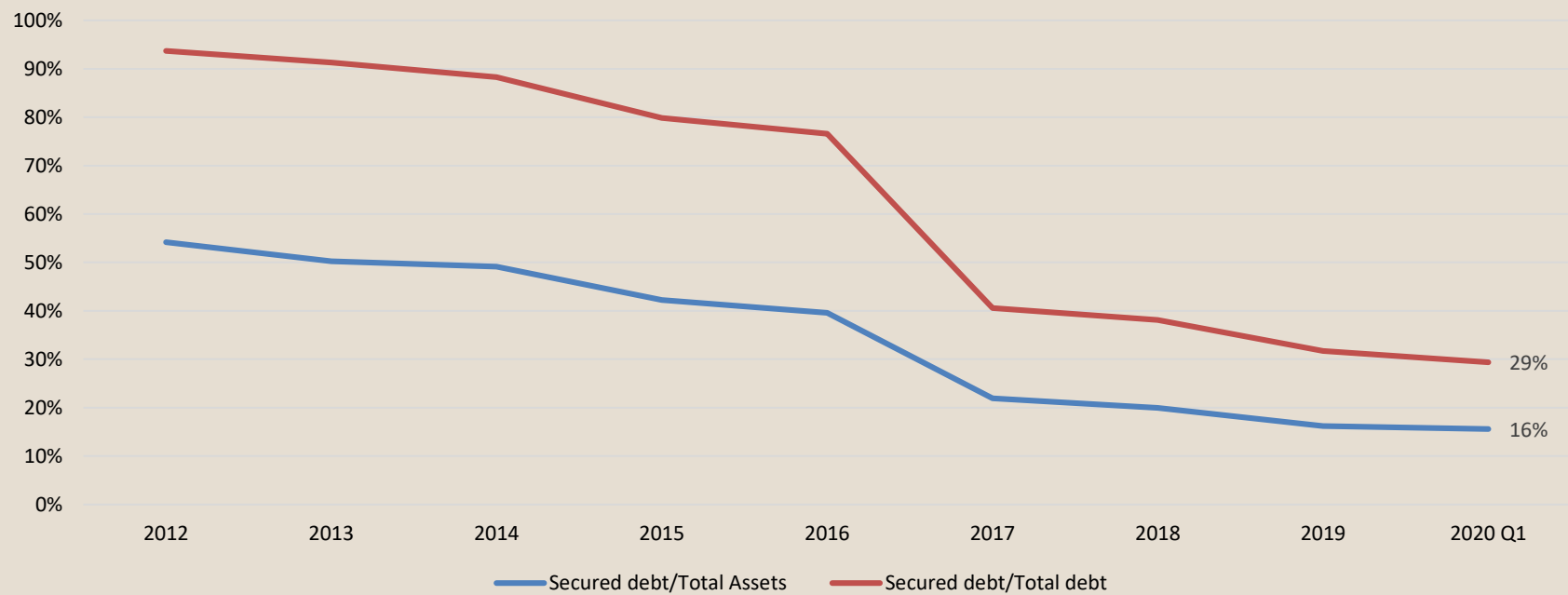
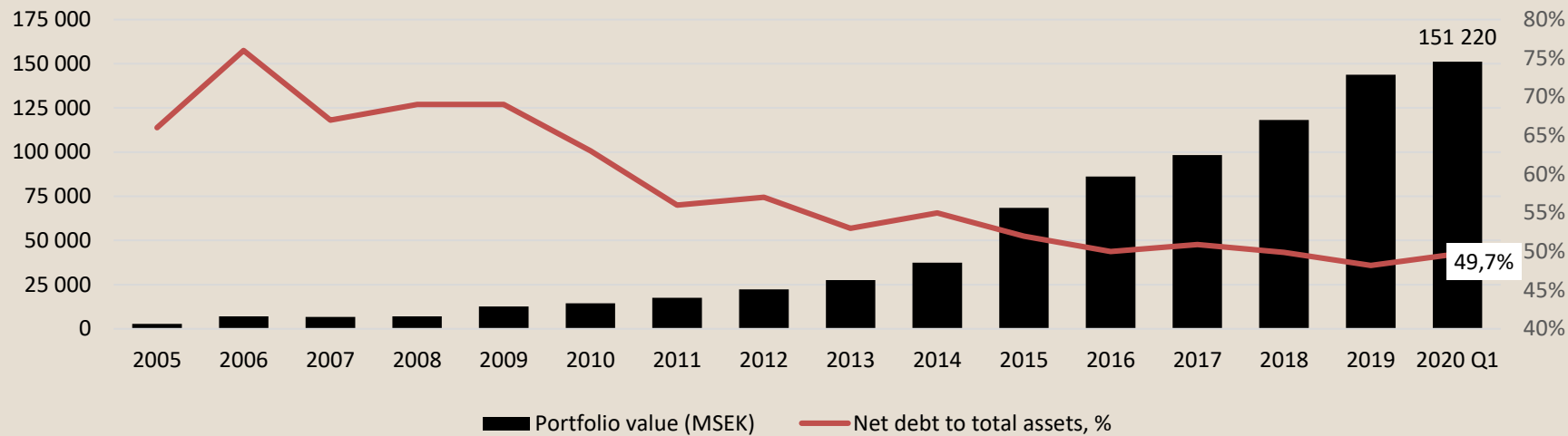
Debt maturity structure, SEKm



Interest maturity structure

Year	SEKm	Interest %	Proportion %
2020	36,510	1.1	41
2021	5,136	2.3	6
2022	6,644	1.4	7
2023	4,969	3.0	6
2024	4,552	1.6	5
2025	7,866	2.1	9
2026	7,970	2.2	9
2027	6,542	1.1	7
2028	3,325	1.3	4
2029	2,964	1.6	3
2030-	2,246	2.3	3
Total	88,724	1.6	100

Financing



The Share

