Fastighets AB Balder
Interim report

January-June 2020

- Profit from property management attributable to parent company shareholders amounted to SEK 1,993m (1,911), corresponding to an increase per share by 4 % to SEK 11.07 (10.61)
- Long term net asset value amounted to SEK 354.98 per share (297.32)
- Rental income amounted to SEK 4,049m (3,663)
- Profit after tax attributable to parent company shareholders amounted to SEK 1,874m (2,621) corresponding to SEK 10.41 per share (14.56)

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 149.3 billion (129.2) as of 30 June 2020. The Balder share is listed on Nasdaq Stockholm, Large Cap.



Vision image, Triliten, Gothenburg

BALDER

The period in brief

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

April-June 2020

- Rental income amounted to SEK 2,026m (1,866) of which effect of changes in exchange rates amounted to SEK 13m (34).
- Net operating income amounted to SEK 1,573m (1,406) of which effect of changes in exchange rates amounted to SEK 10m (25).
- Profit from property management attributable to parent company shareholders increased by 2 % to SEK 1,028m (1,009), which corresponds to SEK 5.71 per share (5.61).
- Changes in value in respect of investment properties amounted to SEK 327m (895). The average yield requirement amounted to 4.5 % (4.8) which is unchanged compared to the first quarter.
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –50m (–187).
- Net profit after tax for the period amounted to SEK 968m (1,576).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 811m (1,433) which corresponds to SEK 4.51 per share (7.96).
- 3 investment properties (24) and land have been acquired at a property value of SEK 879m (2,303).
- Two development properties were divested and recognised as income during the quarter. Sales profit amounted to SEK 59m (–).

January-June 2020

- Rental income amounted to SEK 4,049m (3,663) of which effect of changes in exchange rates amounted to SEK 27m (68).
- Net operating income amounted to SEK 3,062m (2,694) of which effect of changes in exchange rates amounted to SEK 19m (48).
- Profit from property management attributable to parent company shareholders increased by 4 % to SEK 1,993m (1,911), which corresponds to SEK 11.07 per share (10.61).
- Changes in value in respect of investment properties amounted to SEK 587m (1,603). 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 –221m (–287).
- Net profit after tax for the period amounted to SEK 2,195m (2,966).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,874m (2,621) which corresponds to SEK 10.41 per share (14.56).
- 16 investment properties (36) and land have been acquired at a property value of SEK 2,586m (4,428).
- During the period, condominiums and land were divested at a value of SEK 311m (290).

	2020 Jan-June	2019 Jan-June	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec
Rental income, SEKm	4,049	3,663	7,609	6,714	5,915	5,373	2,711	2,525	1,884
Profit from property management, SEKm[1)]	1,993	1,911	4,023	3,304	2,804	2,265	1,780	1,275	854
Changes in value of investment properties, SEKm	587	1,603	9,577	8,007	5,336	4,932	3,388	3,050	854
Changes in value of derivatives, SEKm	–221	–287	–180	–34	144	–114	227	–624	433
Profit after tax, SEKm [1)]	1,874	2,621	8,958	9,308	7,118	5,474	4,916	3,128	1,738
Investment properties, SEKm	146,181	126,770	141,392	116,542	98,360	86,177	68,456	37,382	27,532
Development properties, SEKm	3,125	2,408	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	10.41	14.56	49.77	51.71	38.71	30.38	28.98	18.10	10.11
Profit from property management, SEK	11.07	10.61	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	281.86	236.99	272.28	223.03	173.86	139.23	103.24	70.10	52.14
Long-term net asset value (NAV), SEK	354.98	297.32	341.70	277.60	218.10	180.09	134.35	86.33	60.50
Share price on the closing date, SEK	355.10	311.00	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,

The first half of 2020
Profit from property management attributable to the parent company's shareholders increased by 4 % to SEK 11.07 per share (10.61). The profit was weighed by lower revenue from hotel properties, lower earnings from Collector and rent rebates due to Covid-19. Smaller changes in value meant that profit after tax decreased to SEK 10.41 per share (14.56).

Investments and financing
The investment rate declined for us during the first half of 2020 and especially during Q2. The decrease was due to low activity generally in the transaction market but also due to the fact that we decided to adopt a more wait and see approach in relation to new investments. Access to financing has remained favourable and in particular from the banks, which through all of this turbulent period have provided support both in monetary terms and at a personal level, even during the most difficult days.

Associated companies
The profit from our excellent group of associated companies decreased compared to the year-earlier period due to lower earnings from Collector and smaller changes in value. However, I expect a good performance over time, and this group of companies brings us a lot of knowledge and joy .

A tough and difficult period
During part of Q2, two of my closest co-workers and faithful old servants were deprived of their liberty. The incident did not affect Balder from a harsh economic perspective but for me personally and for many other colleagues it has been extremely tough. From my point of view, it has been much worse than e.g. a financial crisis and other difficult things that I have experienced. Of course, it has been toughest of all for those directly affected and their families.

However, the support I received externally, from friends, acquaintances, business partners etc. was absolutely overwhelming, and something I will always remember with the utmost gratitude.

Balder 15
With this interim report, Balder has been established in its present form for 15 years. The net asset value and subscription/share price development has been as follows as of 30 June each year:

Year	Net asset value	Share price (2005 refers to subscription price)
2005	6.59	7.075
2006	11.08	13.33
2007	16.46	17.50
2008	23.44	11.15
2009	22.39	9.00
2010	26.57	16.47
2011	36.04	31.70
2012	44.85	31.30
2013	54.41	48.50
2014	70.82	90.50
2015	106.16	127.90
2016	169.39	212.90
2017	215.59	204.00
2018	246.51	233.80
2019	297.32	311.00
2020	354.98	355.10

Average increase per year: net asset value: 30 %
share price: 30 %

A different anniversary
In the middle of the pandemic and during this very unusual period, we have also passed Balders 15th anniversary. I look back on the past 15 years and on all we have achieved together in the Balder family with great happiness and enthusiasm. Today, we have more than 750 employees and we are operating in many places in several countries. I look forward with great curiosity to Balder's continued journey, and despite the difficult times right now, we are trying to see over the brow of the next hill and to continue developing the business. The future is always uncertain, but it is bright and filled with opportunities.

To date, we have made the assessment that the best total return for Balder's shareholders is achieved by reinvestment of the profits generated. The goal is also the same going forward and I am optimistic about the possibility of being able to continue finding investments over time that will generate a reasonably good return.

Erik Selin
Chief Executive Officer

Balder's actions and position regarding Covid-19

Spring 2020 has been marked by the ongoing pandemic. Balder 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.

Ongoing projects

Balder is continuing the development of the property portfolio through new production and projects under construction are advancing according to plan.

Support for tenants and society

Balder also carries out a number of activities in order to support tenants in different ways and society as a whole. In several localities, during spring the company provided premises with places for study for young people attending upper secondary school. In some of these places, the company also offered 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 healthcare staff can park free of charge. Balder also participated in an initiative during May where several large companies took turns in paying for the lunch of healthcare workers.

Together with Lidl, Balder also distributed food bags to tenants over the age of 70 in one of the company's residential areas. During the month of May, group training was also arranged in the courtyard in several residential areas, where tenants could participate in the courtyard or from their balconies. During the summer, a variety of activities are also organized for children and young people in several places.

In order to support commercial tenants, Balder continues to gather offers from these tenants and helps 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.

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 30 June	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
Rental income	8,240	8,100	8,000	7,830	7,435	7,175	7,000	6,800	6,665	6,430	6,240
Property costs	–2,120	–2,090	–2,080	–2,060	–1,940	–1,875	–1,885	–1,845	–1,815	–1,760	–1,720
Net operating income	**6,120**	**6,010**	**5,920**	**5,770**	**5,495**	**5,300**	**5,115**	**4,955**	**4,850**	**4,670**	**4,520**
Management and administrative costs	–690	–680	–670	–640	–640	–620	–595	–590	–590	–565	–550
Profit from property management from associated companies	735	760	785	775	750	775	735	660	650	650	640
Operating profit	**6,165**	**6,090**	**6,035**	**5,905**	**5,605**	**5,455**	**5,255**	**5,025**	**4,910**	**4,755**	**4,610**
Net financial items, including ground rent	–1,420	–1,420	–1,330	–1,330	–1,270	–1,250	–1,125	–1,100	–1,120	–1,120	–1,060
Of which non-controlling interests	–670	–670	–675	–655	–620	–580	–565	–555	–555	–550	–525
Profit from property management [1]	**4,075**	**4,000**	**4,030**	**3,920**	**3,715**	**3,625**	**3,565**	**3,370**	**3,235**	**3,085**	**3,025**
Tax [2]	–825	–870	–875	–855	–775	–765	–750	–730	–700	–665	–650
Profit after tax	**3,250**	**3,130**	**3,155**	**3,065**	**2,940**	**2,860**	**2,815**	**2,640**	**2,535**	**2,420**	**2,375**
Profit from property management per share, SEK	**22.64**	**22.22**	**22.39**	**21.78**	**20.64**	**20.14**	**19.81**	**18.72**	**17.97**	**17.14**	**16.81**

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 2,347m (2,159), of which effect of changes in exchange rates amounted to SEK 13m (28). Profit from property management attributable to parent company shareholders increased by 4 % and amounted to SEK 1,993m (1,911), which corresponds to SEK 11.07 per share (10,61). Profit from property management includes SEK 287m (401) in respect of associated companies.

Net profit after tax
Net profit after tax for the period amounted to SEK 2,195m (2,966). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,874m (2,621), corresponding to SEK 10.41 per share (14.56). Profit before tax was affected by changes in value in respect of investment properties of SEK 587m (1,603), changes in value in respect of development properties SEK 59m (–), changes in value of interest rate derivatives of SEK –221m (–287) and profit from participations in associated companies of SEK 257m (462).

Rental income
Rental income increased by 11 % to SEK 4,049m (3,663), of which the effect of changes in exchange rates was SEK 27m (68). 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 30 June of SEK 8,626m (7,721). The average rental level for the entire real estate portfolio amounted to SEK 1,929/sq.m. (1,838) excluding project properties.

The like for like rental income has increased with 1.0 % (2.9) 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 30 June. The total rental value of unlet areas at the end of the period amounted to SEK 386m (286).

Property costs
Property costs amounted to SEK –987m (–969) during the period, of which the effect of changes in exchange rates was SEK –7m (–20).

Net operating income increased by 14 % to SEK 3,062m (2,694), which implies a surplus ratio of 76 % (74).

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 30 June of the entire real estate portfolio, see page 9. Unrealised changes in value during the period amounted to SEK 575m (1,589). Realised changes in value amounted to SEK 12m (14). The average yield requirement as of 30 June 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
For the second time, a profit is reported from Balder's investments in development properties. Two projects have been recognised as income during the second quarter.

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 on an ongoing basis, these amounted to SEK –7m (–) during the period.

The sales result for the period totaled SEK 59m (–), corresponding to an operating profit of 14 %, and includes the sale of the development property Triliten (Biskopsgården 7:5, 7:7, 7:8), tenant-owned apartments in Gothenburg and the first Bovieran (senior housing) in Denmark. Triliten is a densification project that gave an operating profit of 22 % and Bovieran Denmark gave an operating profit of 6 %.

Management and administrative costs
Management and administrative costs amounted to SEK –357m (–324) during the period, of which the effect of changes in exchange rates was SEK –3m (–7).

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 23.2 %.

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 257m (462) and Balder's participation in the associated companies profit from property management amounted to SEK 287m (401).

Profit before tax was impacted by SEK 45m (173) 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 –75m (–112).

Net financial items and changes in value of derivatives
Net financial items amounted to SEK –613m (–606), of which the effect of changes in exchange rates was SEK –3m (–14).

Changes in value of interest rate derivatives amounted to SEK –221m (–287). 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 % (1.6) on the closing date and 1.6 % (1.7) for the period.

Taxes
The group's total tax amounted to SEK –546m (–570), of which effect of changes in exchange rates amounted to SEK –4m (–9). Current tax for the period amounts to SEK –196m (–116), mainly attributable to SATO Oyj and Balder Denmark. Current tax attributable to parent company shareholders amounted to SEK –138m (–83).

Deffered tax expense for the period amounted to SEK –350m (–454).

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 11,645m (9,389).

Second quarter 2020
Profit from property management for the second quarter of 2020 increased by 9 % and amounted to SEK 1,211m (1,113). Profit from property management attributable to parent company shareholders for the second quarter of 2020 increased by 2 % and amounted to SEK 1,028m (1,009) which corresponds to SEK 5.71 per share (5.61). Profit from property management included SEK 161m (206) in respect of associated companies. Rental income amounted to SEK 2,026m (1,866) and property costs amounted to SEK –453m (–460), which meant that net operating income increased by 12 % to SEK 1,573m (1,406), of which the effect of changes in exchange rates was SEK 10m (25). The surplus ratio amounted to 78 % (75).

Net profit after tax for the period amounted to SEK 968m (1,576). Profit after tax attributable to parent company shareholders amounted to SEK 811m (1,433) corresponding to SEK 4.51 per share (7.96). The result was affected by changes in value in respect of properties of SEK 327m (895), changes in value of development properties of SEK 59m (–), changes in value of interest rate derivatives of SEK –50m (–187) and profit from participations in associated companies of SEK 158m (284). The Group's total tax amounted to SEK –576m (–323). Current tax expense for the period amounted to SEK –112m (–59), which is primarily attributable to SATO Oyj and Balder Denmark. Deferred tax expense for the period amounted to SEK –464m (–264). The deferred tax expense has been affected by positive exchange rate differences that have arisen from the translation of the parent company's Euro bonds during the quarter. In the Group these are used for hedging of foreign net investments and are transferred to "Other comprehensive income".

Cash flow
Cash flow from operating activities before changes in working capital amounted to SEK 1,831m (1,367). Investing activities have burdened the cash flow by SEK –5,763m (–7,837).

During the period, acquisition of investment properties of SEK –2,586m (–4,064), investments in existing properties and projects of SEK –2,955m (–3,690), investments in property, plant and equipment, financial investments, associated companies and transactions with non-controlling interests SEK –1,042m (–563), dividend to non-controlling interests SEK 0m (–135), and amortisation of lease liability SEK –15m (–) adds up to SEK –6,599m (–8,452).

These have been financed through cash flow from operating activities of SEK 1,195m (1,486), by divestments of investment properties of SEK 311m (290), development properties SEK 428m (–), financial investments of SEK 62m (31), dividend from associated companies SEK 19m (144), sale of shares in associated companies SEK 0m (15), shareholder contributions from non-controlling interests of SEK 16m (–) and net borrowings of SEK 6,770m (6,613), which adds up to SEK 8,801m (8,580).

Total cash flow for the period amounted to SEK 2,202m (128). In addition to unutilised credit facilities of SEK 8,692m (8,723), the Group's cash and cash equivalents, financial investments and unutilised overdraft facilities amounted to SEK 5,439m (1,974) on 30 June.

Employees and organisation
The number of employees on 30 June amounted to 799 persons (732), of whom 346 were women (303). Balder is organised into seven regions. The head office with Group-wide 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 191m (169) during the period.

Net profit after tax amounted to SEK 909m (364). Dividends from subsidiaries amounted to SEK 975m (800), other net financial items amounted to SEK 138m (–245) of which exchange rates differences amounted to SEK –6m (–466), changes in value of interest rate derivatives amounted to SEK –221m (–287)

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 30 June Balder owned 1,338 investment properties (1,275) with a lettable area of 4,451 thousand sq.m. (4,181) and a value of SEK 146,181m (126,770). Balder's total rental value excluding projects amounted to SEK 8,587m (7,684).

In addition to investment properties Balder owns development properties with a value of SEK 3,125m (2,408). The value of the total property portfolio amounted to SEK 149,306m (129,179).

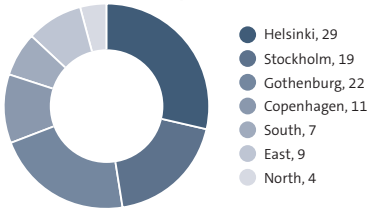
Balder's commercial properties are mainly located in the central parts of the major cities. Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

Balder's real estate portfolio on 30/06/2020 [1)]

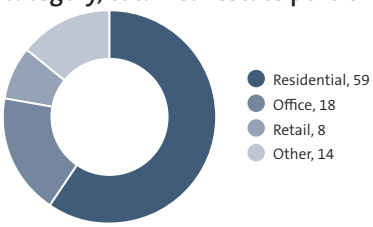
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Helsinki	588	1,139,617	2,849	2,500	2,738	96	41,667	28
Stockholm	83	694,847	1,367	1,967	1,305	95	26,810	18
Gothenburg	184	1,062,183	1,664	1,567	1,580	95	30,222	20
Copenhagen	18	247,648	668	2,696	638	96	14,181	9
South	80	404,432	626	1,548	584	93	10,214	7
East	300	698,116	1,130	1,618	1,077	95	13,877	9
North	85	204,162	283	1,388	279	98	4,914	3
Total excluding projects	**1,338**	**4,451,005**	**8,587**	**1,929**	**8,200**	**96**	**141,885**	**95**
Projects for own management			40		40		4,297	3
Total investment properties	**1,338**	**4,451,005**	**8,626**	**1,929**	**8,240**	**96**	**146,181**	**98**
Development properties							3,125	2
Total real estate portfolio	**1,338**	**4,451,005**	**8,626**	**1,929**	**8,240**	**96**	**149,306**	**100**
Distributed by property category								
Residential	1,047	2,618,185	5,245	2,003	5,030	96	81,268	54
Office	100	613,803	1,482	2,415	1,375	93	27,612	18
Retail	112	654,987	842	1,286	801	95	12,204	8
Other	79	564,030	1,017	1,803	994	98	20,800	14
Total excluding projects	**1,338**	**4,451,005**	**8,587**	**1,929**	**8,200**	**96**	**141,885**	**95**
Projects for own management			40		40		4,297	3
Total investment properties	**1,338**	**4,451,005**	**8,626**	**1,929**	**8,240**	**96**	**146,181**	**98**
Development properties							3,125	2
Total real estate portfolio	**1,338**	**4,451,005**	**8,626**	**1,929**	**8,240**	**96**	**149,306**	**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, 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 30 June, 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 146,181m (126,770) on 30 June. The unrealised change in value during the period amounted to SEK 575m (1,589) and is attributable to improved net operating income.

Investments, acquisitions and divestments
During the period, a total of SEK 4,390m (7,308) was invested relating to investment properties, of which SEK 2,586m (4,428) related to acquisitions and SEK 1,804m (2,880) related to investments in existing properties and projects for own management. During the period condominiums and land have been divested at a sales value of SEK 311m (290). Profit from the sales amounted to SEK 12m (14).

Project properties for own management
On 30 June, Balder has project properties for own management amounting to SEK 4.3 billion (6.1). Projects with ongoing construction are included with SEK 3.7 billion (5.6) and projects where construction has not yet started amounts to SEK 0.6 billion (0.5). The ongoing construction work has an estimated total investment of approximately SEK 6.4 billion (8.1), which means that SEK 2.7 billion (2.5) remains to be invested. Most of the ongoing projects relate to residential projects. The projects comprise about 1,900 apartments and mainly refers to about 800 apartments in Copenhagen and about 700 apartments in Helsinki. The investments relate to owner apartments for rental use.

Development properties
On 30 June, Balder has development properties amounting to SEK 3.1 billion (2.4). Projects with ongoing construction are included with SEK 1.4 billion (1.4) and projects where construction has not begun amounts to SEK 1.7 billion (1.0). The projects with ongoing construction has an estimated total investment of approximately SEK 2.3 billion (2.3), which means that SEK 0.9 billion (0.9) remains to invest. The majority of the development projects in progress refer to tenant-owner's apartments and primarily involve approx. 500 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.

As a result of Balder's investments in development properties, two sales results are reported in the second quarter. The densification project Triliten (Biskopsgården 7:5, 7:7, 7:8), tenant-owned apartments in Gothenburg has been recognised as income. Also the first Bovieran (senior housing) in Frederikssund in Denmark was recognised as income during the second quarter. The cost of the projects amounted to SEK –370m and the profit from the sales amounted to SEK 59m, including the marketing and sales costs that are expensed on an ongoing basis, these amounted to SEK –7m during the period.

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	1,804		2,880	
Acquisitions	2,586	16	4,428	36
Sales	–299	–	–276	–
Change in value of investment properties, unrealised	575		1,589	
Currency changes	123		1,607	
Reclassification	–	24	–	54
Investment properties, 30 June	**146,181**	**1,338**	**126,770**	**1,275**
Development properties, 1 January	**2,344**		**1,598**	
Investments in projects	1,151		810	
Sales	–370		–	
Development properties, 30 June	**3,125**		**2,408**	
Total real estate portfolio, 30 June	**149,306**		**129,179**	

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
Two	1	Inom Vallgraven 8:14	Gothenburg	Office	2,924
Two	1	Inom Vallgraven 20:8	Gothenburg	Office	1,107
Two	1	Gnr: 81, bnr 92, snr. 1-54 (Dønskiveien 6)	Bærum, Norway	Other	2,614
Total	**16**				**96,479**

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, 23.2 % (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 companys 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 30/06/2020 [1,2)]

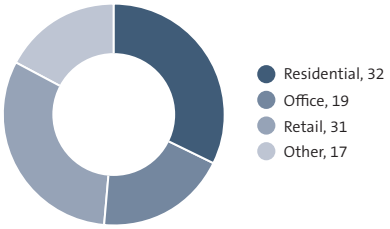
	Number of properties [3)]	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	81	209,186	313	1,496	294	94	5,514	45
Gothenburg	40	154,228	176	1,143	163	92	2,243	18
Öresund	22	65,005	101	1,552	89	88	1,571	13
East	26	100,091	135	1,345	130	96	1,900	15
Total excluding projects	**169**	**528,510**	**725**	**1,371**	**675**	**93**	**11,227**	**91**
Projects for own management			1		1		1,142	9
Total real estate portfolio	**169**	**528,510**	**725**	**1,371**	**676**	**93**	**12,369**	**100**
Distributed by property category								
Residential	41	73,555	143	1,945	140	98	2,994	24
Office	29	99,933	147	1,475	132	90	2,250	18
Retail	60	240,517	291	1,209	276	95	3,853	31
Other	39	114,504	143	1,251	127	89	2,130	17
Total excluding projects	**169**	**528,510**	**725**	**1,371**	**675**	**93**	**11,227**	**91**
Projects for own management			1		1		1,142	9
Total real estate portfolio	**169**	**528,510**	**725**	**1,371**	**676**	**93**	**12,369**	**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.

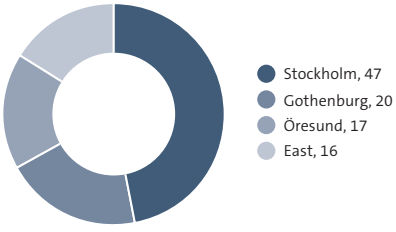
Balders participation in the balance sheets of 50 %-owned associated companies

SEKm	2020 30 June	2019 30 June	2019 31 Dec
Assets			
Properties	12,369	10,932	12,004
Other assets	291	72	243
Cash and cash equivalents	161	245	204
Total assets	**12,821**	**11,249**	**12,450**
Shareholders' equity and liabilities			
Equity/interest-bearing shareholder loan	6,004	5,063	5,635
Deferred tax liability	701	558	657
Interest-bearing liabilities	5,620	5,333	5,671
Other liabilities	496	295	488
Total equity and liabilities	**12,821**	**11,249**	**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 6.8 years (7.5). Balder's 10 largest leases represent 4.5 % (4.7) of total rental income and the average lease term amounts to 11.6 years (12.7).

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 % (3.8) of total rental income.

Lease maturity structure 30/06/2020

Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2020	717	21	162	2
2021	1,047	30	405	5
2022	638	19	417	5
2023	493	14	341	4
2024–	550	16	1,908	23
Total	**3,445**	**100**	**3,232**	**39**
Residential [1)]	40,535		4,919	60
Car park [1)]	5,312		20	0
Garage [1)]	5,199		69	1
Total	**54,491**		**8,240**	**100**

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

Balders 10 largest customers

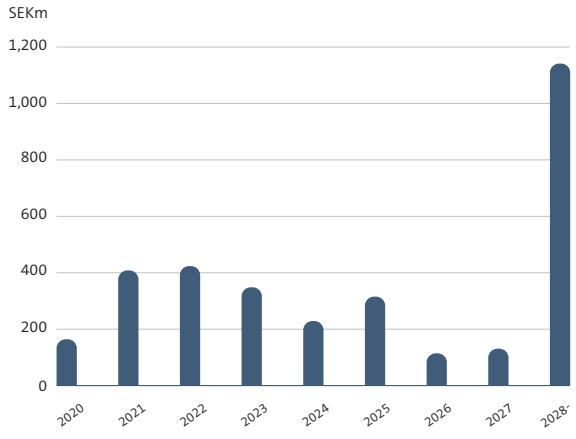
as of 30/06/2020

- 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

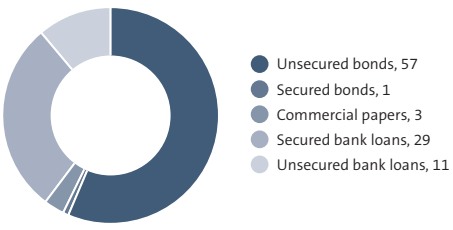
Balder has assets in Sweden, Denmark, Finland, Russia, Norway, Germany and United Kingdom which means that the Group is exposed to currency risks. Balder therefore has a diversified financing structure with bonds issued under a domestic MTN programme and a EMTN programme. In addition to bonds, bank financing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

Financial key ratios	2020 30 June	2019 30 June	2019 31 Dec
Interest-bearing liabilities excl. Hybrid capital, SEKm	84,084	71,308	77,590
Hybrid capital, SEKm	3,668	3,695	3,652
Available liquidity including confirmed loan commitments, SEKm	14,131	10,697	11,925
Average fixed credit term, years	5.7	5.5	5.8
Average interest rate refixing period, years	3.2	3.0	3.1
Net debt to total assets (financial covenant [1] < 65), %	48.3	50.5	48.4
Interest coverage ratio (financial covenant [1] > 1.8), times	5.0	4.8	5.2
Secured debt/Total assets (financial covenant [1] < 45), %	15.4	19.1	16.2
Net debt/EBITDA, times	13.5	12.9	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	84,084	71,308	77,590
Hybrid capital (50 % is treated as equity by rating agencies), SEKm	1,834	1,848	1,826
Cash and cash equivalents and financial investments, SEKm	–5,089	–1,624	–2,902
Net debt	**80,829**	**71,532**	**76,514**

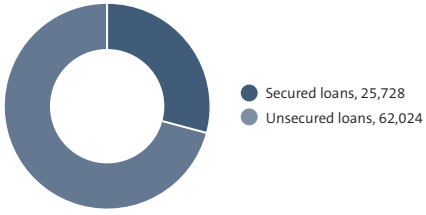
1) Financial covenants refers to obligations that Balder has to its financiers in the form of financial key ratios.

Financial targets		Target	Outcome
Equity/assets ratio, %	min.	40.0	37.4
Net debt to total assets, %	max.	50.0	48.3
Interest coverage ratio, times	min.	2.0	5.0

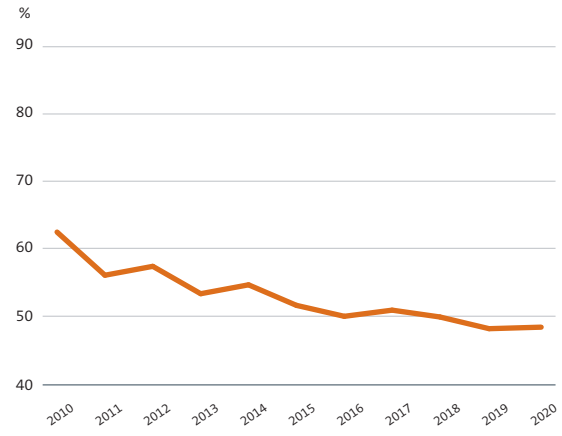
Financing sources, %



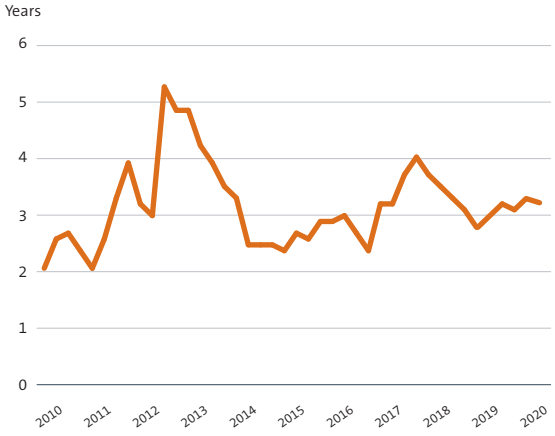
Distribution of secured and unsecured loans, SEKm



Net debt to total assets



Fixed interest term



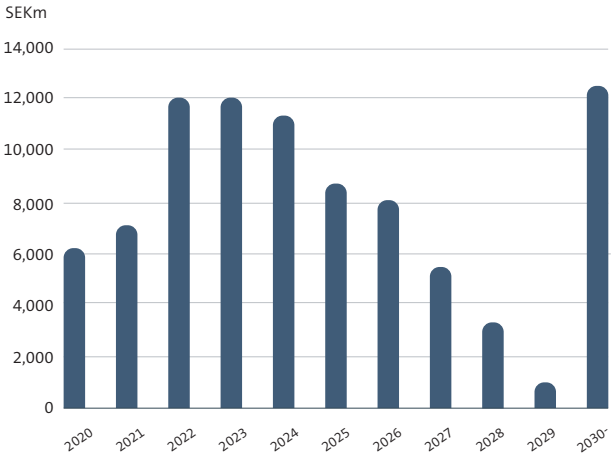
Debt maturity structure 30/06/2020

Year	SEKm	Proportion, %
2020	6,231	7
2021	7,069	8
2022	12,013	14
2023	12,009	14
2024	11,393	13
2025	8,737	10
2026	8,052	9
2027	5,461	6
2028	3,290	4
2029	963	1
2030-	12,533	14
Total	**87,752**	**100**

Interest maturity structure 30/06/2020

Year	SEKm	Interest, %	Proportion, %
2020	31,332	0.9	36
2021	5,653	2.2	6
2022	6,305	1.4	7
2023	9,860	2.4	11
2024	4,306	1.6	5
2025	7,520	2.2	9
2026	7,591	2.3	9
2027	6,397	1.1	7
2028	3,144	1.3	4
2029	2,913	1.6	3
2030-	2,731	2.4	3
Total	**87,752**	**1.6**	**100**

Debt maturity structure 30/06/2020



Other disclosures

Events after the end of the period
Fastighets AB Balder's CFO Magnus Björndahl, who in August 2020 will become 63 years, has together with Balder's CEO Erik Selin agreed to terminate his employment during the summer 2020.

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 40m (37) 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.

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

Signature and verification
The Board of Directors and the CEO declare that the undersigned interim report provides a true and fair overview of the parent company's and the group's operations, financial position and performance as well as describing material risks and uncertainties facing the parent company and other companies in the group.

Gothenburg 16 July 2020

Christina Rogestam
Chairman of the board

Fredrik Svensson
Board member

Sten Dunér
Board member

Anders Wennergren
Board member

Erik Selin
Board member and CEO

Consolidated statement of comprehensive income

SEKm	2020 April-June	2019 April-June	2020 Jan-June	2019 Jan-June	2019/2020 July-June	2019 Jan-Dec
Rental income	2,026	1,866	4,049	3,663	7,995	7,609
Property costs	–453	–460	–987	–969	–1,984	–1,966
Net operating income	**1,573**	**1,406**	**3,062**	**2,694**	**6,011**	**5,643**
Management and administrative costs	–178	–168	–357	–324	–697	–664
Participations in the profits of associated companies	158	284	257	462	671	876
– of which profit from property management	*161*	*206*	*287*	*401*	*673*	*787*
– of which changes in value	*43*	*141*	*45*	*173*	*169*	*297*
– of which tax	*–46*	*–63*	*–75*	*–112*	*–171*	*–209*
Other income/costs	–23	–3	–32	–5	–19	7
Net financial items	–322	–328	–613	–606	–1,176	–1,170
– of which cost of leases/ground rent	*–16*	*–16*	*–33*	*–31*	*–64*	*–63*
Profit including changes in value and tax in associated companies	**1,208**	**1,192**	**2,317**	**2,220**	**4,790**	**4,693**
– of which Profit from property management	**1,211**	**1,113**	**2,347**	**2,159**	**4,792**	**4,604**
Changes in value						
Changes in value investment properties, realised	9	23	12	14	12	14
Changes in value investment properties, unrealised	318	872	575	1,589	8,548	9,562
Income sale development properties	428	–	428	–	815	387
Costs sale development properties	–370	–	–370	–	–661	–292
Changes in value derivatives	–50	–187	–221	–287	–115	–180
Changes in value total	**336**	**707**	**424**	**1,316**	**8,600**	**9,492**
Profit before tax	**1,544**	**1,899**	**2,741**	**3,536**	**13,390**	**14,185**
Income tax	–576	–323	–546	–570	–2,635	–2,659
Net profit for the period/year	**968**	**1,576**	**2,195**	**2,966**	**10,755**	**11,526**
Net profit for the period/year attributable to:						
Parent company shareholders	811	1,433	1,874	2,621	8,212	8,958
Non-controlling interests	156	142	321	345	2,544	2,568
	968	**1,576**	**2,195**	**2,966**	**10,755**	**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)	–563	47	–78	146	–216	8
Cash flow hedges after tax	–14	–54	–33	–117	29	–55
Participation in other comprehensive income of associated companies	–20	3	–11	8	–16	3
Total comprehensive income for the period/year	**370**	**1,571**	**2,074**	**3,003**	**10,553**	**11,482**
Total comprehensive income for the period/year attributable to:						
Parent company shareholders	794	1,357	1,729	2,511	8,083	8,865
Non-controlling interests	–423	214	344	492	2,470	2,617
	370	**1,571**	**2,074**	**3,003**	**10,553**	**11,482**
Profit from property management	1,211	1,113	2,347	2,159	4,792	4,604
Of which non-controlling interests part of Profit from property management	–183	–104	–354	–249	–687	–581
Profit from property management attributable to parent company shareholders	**1,028**	**1,009**	**1,993**	**1,911**	**4,105**	**4,023**
Profit from property management per share, SEK	5.71	5.61	11.07	10.61	22.81	22.35
Profit after tax per share, SEK	4.51	7.96	10.41	14.56	45.62	49.77

Thers is no dilutive effect as no potential shares arise.

Consolidated statement of financial position

SEKm	2020 30 June	2019 30 June	2019 31 Dec
Assets			
Investment properties	146,181	126,770	141,392
Development properties	3,125	2,408	2,344
Lease contract; Right-of-use assets	1,514	1,538	1,541
Other fixed assets	163	154	166
Participations in associated companies	8,080	6,431	7,018
Other receivables	3,329	2,699	2,566
Cash and cash equivalents and financial investments	5,089	1,624	2,902
Total assets	**167,481**	**141,625**	**157,928**
Shareholders' equity and liabilities			
Shareholders' equity [1]	60,811	50,276	58,725
Deferred tax liability	11,645	9,389	11,285
Interest-bearing liabilities	87,752	75,003	81,242
–of which Hybrid capital [2]	*3,668*	*3,695*	*3,652*
Derivatives	1,516	1,472	1,210
Lease contract	1,510	1,538	1,543
Other liabilities	4,247	3,947	3,923
Total equity and liabilities	**167,481**	**141,625**	**157,928**
1) Of which non-controlling interests	10,076	7,619	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.	1,834	1,848	1,826

Consolidated statement of changes in equity

SEKm	2020 30 June	2019 30 June	2019 31 Dec
Opening equity	**58,725**	**47,408**	**47,408**
Total comprehensive income for the period/year	2,074	3,003	11,482
Transactions with non-controlling interests	–3	–3	–35
Dividend to non-controlling interests	–	–135	–137
Non-controlling interests arising on the acquisition of subsidiary	–	3	8
Shareholder contributions from non-controlling interests	16	–	–
Closing equity	**60,811**	**50,276**	**58,725**

Consolidated statement of cash flow

SEKm	2020 April-June	2019 April-June	2020 Jan-June	2019 Jan-June	2019 Jan-Dec
Net operating income	1,573	1,406	3,062	2,694	5,643
Other income/costs	–23	–3	–32	–5	7
Management and administrative costs	–178	–168	–357	–324	–664
Reversal of depreciation	10	12	20	21	42
Net financial items paid	–355	–488	–640	–825	–1,419
Taxes paid	–105	–92	–222	–193	–321
Cash flow from operating activities before change in working capital	**922**	**667**	**1,831**	**1,367**	**3,288**
Change in operating receivables	–113	43	–710	–255	–262
Change in operating liabilities	38	256	74	374	183
Cash flow from operating activities	**847**	**966**	**1,195**	**1,486**	**3,209**
Acquisition of investment properties	–879	–1,939	–2,586	–4,064	–7,972
Acquisition/Divestment of property, plant and equipment	–1	–27	–18	–51	–85
Purchase of financial investments	–11	–	–45	–50	–594
Acquisition of shares in associated companies/Capital contribution to associated companies/Loans to associated companies	–160	–271	–977	–459	–601
Investment in existing properties and projects	–1,436	–2,210	–2,955	–3,690	–8,133
Transactions with non-controlling interests	–1	–	–3	–3	–35
Sale of investment properties	206	208	311	290	1,050
Sale of development properties	428	–	428	–	387
Sale of financial investments	–	2	62	31	60
Sale of shares in associated companies	–	15	–	15	15
Dividend paid from associated companies	19	144	19	144	42
Cash flow from investing activities	**–1,835**	**–4,078**	**–5,763**	**–7,837**	**–15,867**
Dividend paid to non-controlling interests	–	–135	–	–135	–137
Amortisation of lease liability	–13	–	–15	–	–26
Shareholder contributions from non-controlling interests	–	–	16	–	–
Loans raised	5,009	8,915	11,183	13,576	25,169
Amortisation/redemption of loans sold properties/changes in overdraft facilities	–2,432	–6,056	–4,413	–6,963	–11,527
Cash flow from financing activities	**2,564**	**2,724**	**6,770**	**6,479**	**13,479**
Cash flow for the period/year	**1,576**	**–388**	**2,202**	**128**	**821**
Cash and cash equivalents at the start of the period/year	2,004	1,073	1,379	558	558
Cash and cash equivalents at the end of the period/year	**3,581**	**686**	**3,581**	**686**	**1,379**
Cash and cash equivalents	3,581	686	3,581	686	1,379
Unutilised overdraft facilities	350	350	350	350	350
Unutilised credit facilities	8,692	8,723	8,692	8,723	8,673
Financial investments	1,508	938	1,508	938	1,523
Available liquidity including confirmed credit commitments	**14,131**	**10,697**	**14,131**	**10,697**	**11,925**

Segment information

SEKm	2020 April-June	2019 April-June	2020 Jan-June	2019 Jan-June	2019/2020 July-June	2019 Jan-Dec
Rental income						
Helsinki	642	608	1,272	1,197	2,508	2,433
Stockholm	324	304	654	600	1,288	1,234
Gothenburg	387	343	760	666	1,520	1,426
Copenhagen	160	135	329	272	622	566
South	139	147	284	282	591	589
East	308	258	616	512	1,187	1,083
North	66	71	134	133	278	277
Total	**2,026**	**1,866**	**4,049**	**3,663**	**7,995**	**7,609**
Net operating income						
Helsinki	491	443	932	845	1,834	1,747
Stockholm	267	248	526	476	1,023	973
Gothenburg	313	272	590	510	1,179	1,099
Copenhagen	115	105	253	214	476	436
South	110	118	218	225	465	471
East	228	168	447	333	832	717
North	49	52	95	92	203	199
Total	**1,573**	**1,406**	**3,062**	**2,694**	**6,011**	**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 3,062m (2,694) and profit before tax of SEK 2,741m (3,536) consists of changes in value of investment properties of SEK 587m (1,603), changes in value development properties SEK 59m (–), other income/costs SEK –32m (–5), management and administrative costs of SEK –357m (–324), participations in profits of associated companies of SEK 257m (462), net financial items of SEK –613m (–606) and changes in value of derivatives of SEK –221m (–287).

SEKm	2020 30 June	2019 30 June	2019 31 Dec
Real estate portfolio			
Helsinki	41,667	31,827	38,132
Stockholm	26,810	24,344	26,331
Gothenburg	30,222	25,308	28,966
Copenhagen	14,181	11,468	13,582
South	10,214	9,709	10,196
East	13,877	13,388	14,072
North	4,914	4,579	4,792
Total excluding projects	**141,885**	**120,624**	**136,071**
Projects for own management	4,297	6,146	5,320
Total investment properties	**146,181**	**126,770**	**141,392**
Development properties	3,125	2,408	2,344
Total real estate portfolio	**149,306**	**129,179**	**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 3,535m in Helsinki region, SEK 479m in the Stockholm region, SEK 1,256m in the Gothenburg region, SEK 599m in Copenhagen region, SEK 18m in South region, SEK –195m in the East region and SEK 121m in the North region. The Group's projects for own management has decreased by SEK –1,023m and the Group's development properties has increased by SEK 781m. 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

	2020 April-June	2019 April-June	2020 Jan-June	2019 Jan-June	2019/2020 July-June	2019 Jan-Dec
Share-related						
Average number of shares, thousands	*180,000*	*180,000*	*180,000*	*180,000*	*180,000*	*180,000*
Profit after tax, SEK	4.51	7.96	10.41	14.56	45.62	49.77
Profit after tax excluding unrealised changes in value, SEK	3.17	4.67	8.80	8.88	18.66	18.75
Profit from property management, SEK	5.71	5.61	11.07	10.61	22.81	22.35
Net operating income, SEK	7.15	6.40	13.95	12.24	27.44	25.74
Outstanding number of shares, thousands	*180,000*	*180,000*	*180,000*	*180,000*	*180,000*	*180,000*
Shareholders' equity, SEK	281.86	236.99	281.86	236.99	281.86	272.28
Long-term net asset value (NAV), SEK	354.98	297.32	354.98	297.32	354.98	341.70
Share price on the closing date, SEK	355.10	311.00	355.10	311.00	355.10	433.20
Property-related						
Rental value full-year, SEK/sq.m.	1,929	1,838	1,929	1,838	1,929	1,921
Rental income full-year, SEK/sq.m.	1,842	1,770	1,842	1,770	1,842	1,850
Economic occupancy rate, %	96	96	96	96	96	96
Vacancy rate, %	4	4	4	4	4	4
Surplus ratio, %	78	75	76	74	75	74
Carrying amount, SEK/sq.m.	31,877	28,854	31,877	28,854	31,877	31,613
Number of properties	1,338	1,275	1,338	1,275	1,338	1,298
Lettable area, sq.m. thousands	4,451	4,181	4,451	4,181	4,451	4,304
Profit from property management, attributable to parent company shareholders, SEKm	1,028	1,009	1,993	1,911	4,105	4,023
Financial						
Return on equity, %	4.7	9.3	6.8	10.2	17.6	20.1
Return on total assets, %	3.8	4.6	3.8	5.0	9.4	10.7
Interest coverage ratio, times	5.0	4.6	5.0	4.8	5.3	5.2
Equity/assets ratio, %	37.4	36.8	37.4	36.8	37.4	38.3
Debt/equity ratio, times	1.4	1.5	1.4	1.5	1.4	1.4
Net debt to total assets, %	48.3	50.5	48.3	50.5	48.3	48.4
Net debt/EBITDA, times	13.1	12.4	13.5	12.9	13.3	13.0

Condensed parent company income statement

SEKm	2020 April-June	2019 April-June	2020 Jan-June	2019 Jan-June	2019/2020 July-June	2019 Jan-Dec
Net sales	93	82	191	169	383	361
Administrative costs	–92	–91	–191	–178	–376	–363
Operating profit	**1**	**–9**	**–0**	**–10**	**7**	**–2**
Profit from financial items						
Dividends from subsidiaries	975	800	975	800	975	800
Other net financial items	1,341	–115	138	–245	577	194
– of which exchange rate differences	*1,283*	*–213*	*–6*	*–466*	*209*	*–251*
Changes in value of derivatives	–50	–187	–221	–287	–115	–180
Profit before appropriations and taxes	**2,267**	**489**	**891**	**259**	**1,445**	**812**
Appropriations						
Group contributions	–	–	–	–	229	229
Profit before tax	**2,267**	**489**	**891**	**259**	**1,674**	**1,042**
Income tax	–266	57	17	105	–104	–16
Net profit for the period/year [1)]	**2,001**	**546**	**909**	**364**	**1,570**	**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 30 June	2019 30 June	2019 31 Dec
Assets			
Property, plant and equipment	24	22	23
Financial non-current assets	13,866	11,728	13,347
Receivables from Group companies	55,949	45,058	52,646
Current receivables	293	205	206
Cash and cash equivalents and financial investments	2,806	1,176	1,995
Total assets	**72,938**	**58,190**	**68,217**
Shareholders' equity and liabilities			
Shareholders' equity	13,161	11,592	12,253
Interest-bearing liabilities	48,506	38,417	43,862
–of which Hybrid capital	*3,668*	*3,695*	*3,652*
Liabilities to Group companies	9,988	7,100	10,966
Derivatives	847	733	626
Other liabilities	435	349	511
Total equity and liabilities	**72,938**	**58,190**	**68,217**

The share and owners

Balder's share is listed on Nasdaq Stockholm, Large Cap segment. The company's market capitalisation as of 30 June amounted to SEK 63,918m (55,980).

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 28 % (26) of outstanding shares.

The share

At the end of the period, approximately 24,000 shareholders (14,000) held shares. During the period, approximately 78.0 million shares were traded (34.7) which corresponds to an average of about 635,000 shares per trading day (302,000). The annual turnover rate amounted to 87 % (39). The price of the share was SEK 355.10 (311.00) on 30 June, corresponding to a decrease of 18 % since year-end.

Share capital

On 30 June, 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 30 June amounts to 180,000,000. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

Annual General Meeting

The Annual General Meeting (AGM) of Fastighets AB Balder on 11 May 2020, resolved on the following matters, among others:

The AGM adopted the annual accounts for 2019 and resolved that no dividend shall be declared.

The AGM discharged the Board and the CEO from liability- and reelected the Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren according to the nomination committee's proposal. Christina Rogestam was selected as Chairman.

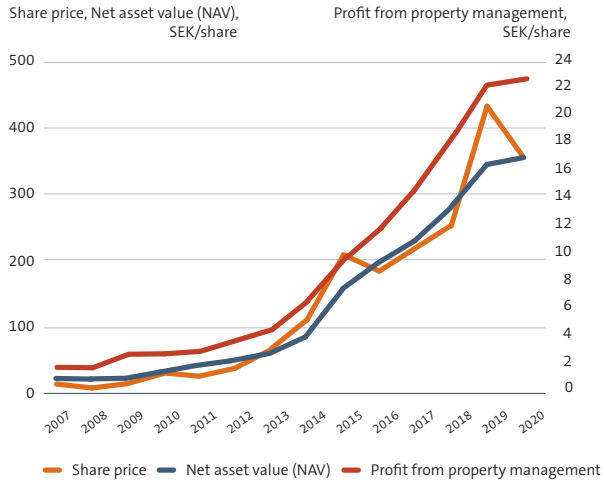
The meeting resolved to authorise the Board, during the period until the next Annual General Meeting, on one or more occasion, to be able to decide on new issue of shares of Class B corresponding to not more than 20,000,000 shares.

The AGM further resolved during the period until the next Annual General Meeting, to authorise the Board on one or more occasion to decide on acquisition of own shares of Class B but that the combined holdings of own shares in the company may not exceed 10 % of all shares in the company.

Ownership list as of 30/06/2020

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	–	8,120,537	8,120,537	4.5	2.9
SEB Investment Management	–	6,675,348	6,675,348	3.7	2.4
Länsförsäkringar fondförvaltning AB	–	6,054,238	6,054,238	3.4	2.2
Handelsbanken fonder	–	4,824,249	4,824,249	2.7	1.7
AMF Försäkring och Fonder	–	3,654,500	3,654,500	2.0	1.3
Vanguard	–	3,468,557	3,468,557	1.9	1.2
Livförsäkringsbolaget Skandia	–	2,043,966	2,043,966	1.1	0.7
CBNY - Norges Bank	–	1,974,828	1,974,828	1.1	0.7
Other	4,212	61,200,905	61,205,117	34.0	21.8
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 ratio's 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-bearinging 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, SEKm [1)]
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 July 16, 2020.

This report is a translation of the Swedish Interim Report January-June 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 acting CFO Jesper Mårtensson, telephone +46 709 666 555.

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

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
	Affärsgatan 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
	Bryggaregatan 7 · 252 27 Helsingborg · Tel: +46 42-17 21 30
Copenhagen	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
	Rönnbergagatan 10 · 723 46 Västerås · Tel: +46 21-10 98 90



Fastighets AB Balder (publ)

Interim Report Q2 2020

Fastighets AB Balder Q2 2020

- Balder's actions and position regarding Covid-19
  - Continuous contact with tenants
  - Support tenants who are experiencing most difficulties

- Taken possession of
  - Centrally located properties in Gothenburg
  - Well located residential property in Bærum Oslo

- Divested development properties in Gothenburg and Denmark

- Completed 400 apartments in Finland and 130 apartments in Denmark



Fastighets AB Balder Q2 2020

Profit from property management

5.71 SEK/share

+2 %

NAV

355 SEK/share

+19 %

Net debt to total assets

48.3 %

Net debt/EBITDA

13.5 times

Like for like rental growth

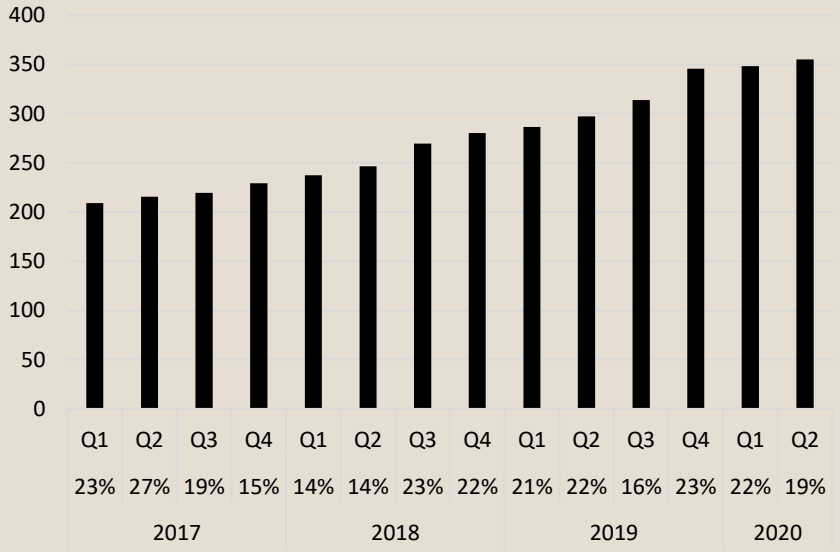
1.0 %

Fastighets AB Balder Q2 2020

Profit from property management, SEK/share



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



Current earnings capacity

SEKm	2020 30 June	2019 30 June	Deviation SEKm	Deviation %	2019 31 Dec
Rental income	8,240	7,435	805	11	8,000
Property costs	-2,120	-1,940	-180	9	-2,080
Net operating income	**6,120**	**5,495**	**625**	**11**	**5,920**
Management and administrative costs	-690	-640	-50	8	-670
Profit from property management from associated companies	735	750	-15	-2	785
Operating profit	**6,165**	**5,605**	**560**	**10**	**6,035**
Net financial items, incl. ground rent	-1,420	-1,270	-150	12	-1,330
Non-controlling interests	-670	-620	-50	8	-675
Profit from property management Parent Company	**4,075**	**3,715**	**360**	**10**	**4,030**
Tax	-825	-775	-50		-875
Profit after tax	**3,250**	**2,940**	**310**		**3,155**
Profit from property management per share, SEK	**22.64**	**20.64**	**2.00**	**10**	**22.39**

Consolidated statement of comprehensive income

SEKm	2020 Jan-June	2019 Jan-June	Deviation SEKm	%
Rental income	4,049	3,663	386	11
Property costs	-987	-969	-18	
Net operating income	**3,062**	**2,694**	**368**	**14**
Management and administrative costs	-357	-324	-33	
Participation in the profits of associated companies	257	462	-205	
Other income/costs	-32	-5	-27	
Net financial items	-613	-606	-7	
- Of which leasing cost/ground rent	*-33*	*-31*	*-2*	
Non controlling interest	-354	-249	-105	
Profit from property management, Parent Company	**1,993**	**1,911**	**82**	**4**
Changes in value				
Changes in value properties, realised	12	14	-2	
Changes in value properties, unrealised	575	1,589	-1,014	
Income sale development properties	428	-	428	
Costs sale development properties	-370	-	-370	
Changes in value derivatives	-221	-287	66	
Changes in value total	**424**	**1,316**	**-892**	
Profit before tax	**2,741**	**3,536**	**-795**	
Income tax	-546	-570	24	
Net profit for the period	**2,195**	**2,966**	**-771**	
Profit from property management per share, SEK	11.07	10.61	0.46	
Profit after tax per share, SEK	10.41	14.56	-4.15	

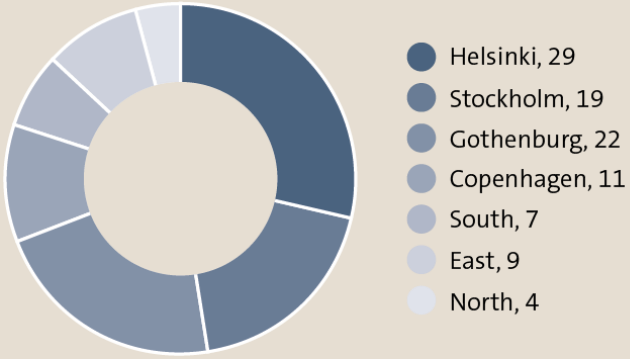
Consolidated statement of financial position

SEKm	2020 30 June	2019 30 June
Assets		
Investment properties	146,181	126,770
Development properties	3,125	2,408
Lease contract; Right-of-use assets	1,514	1,538
Other fixed assets	163	154
Participations in associated companies	8,080	6,431
Other receivables	3,329	2,699
Cash and cash equivalents and financial investments	5,089	1,624
Total assets	**167,481**	**141,625**
Shareholders' equity and liabilities		
Shareholders' equity	60,811	50,276
Deferred tax liability	11,645	9,389
Interest-bearing liabilities	87,752	75,003
of which Hybrid capital	*3,668*	*3,695*
Derivatives	1,516	1,472
Lease contract	1,510	1,538
Other liabilities	4,247	3,947
Total equity and liabilities	**167,481**	**141,625**

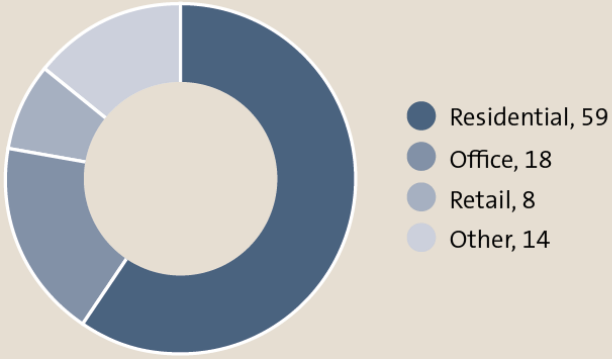
Property portfolio

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, %

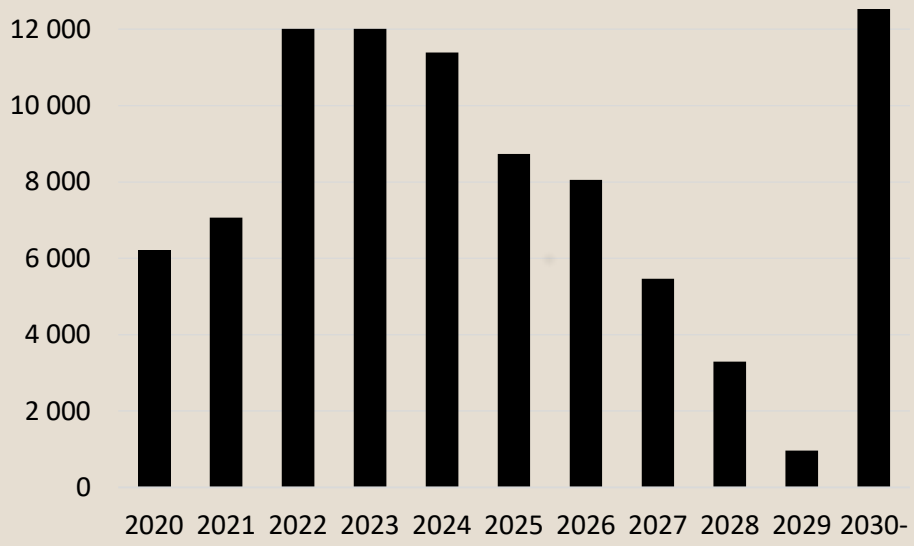


Financing

- Equity/assets ratio 37.4 % (Target 40 %)
- Net debt to total assets 48.3 % (Target 50 %)
- ICR 5.0 (Target 2.0)

- The fixed credit term 5.7 years
- Average fixed-rate period 3.2 years

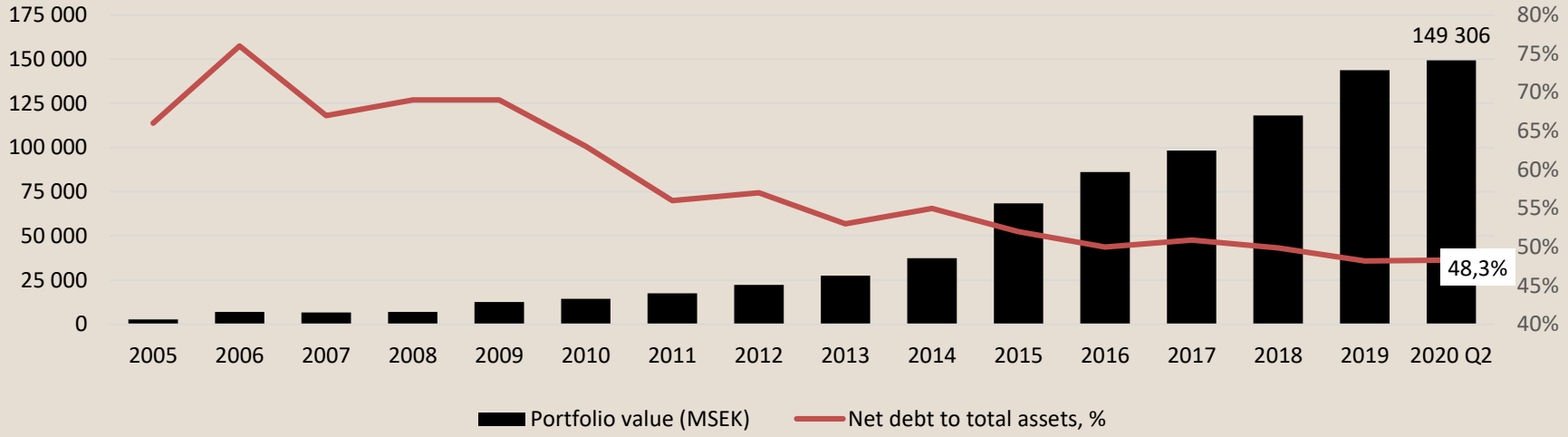
Debt maturity structure, SEKm

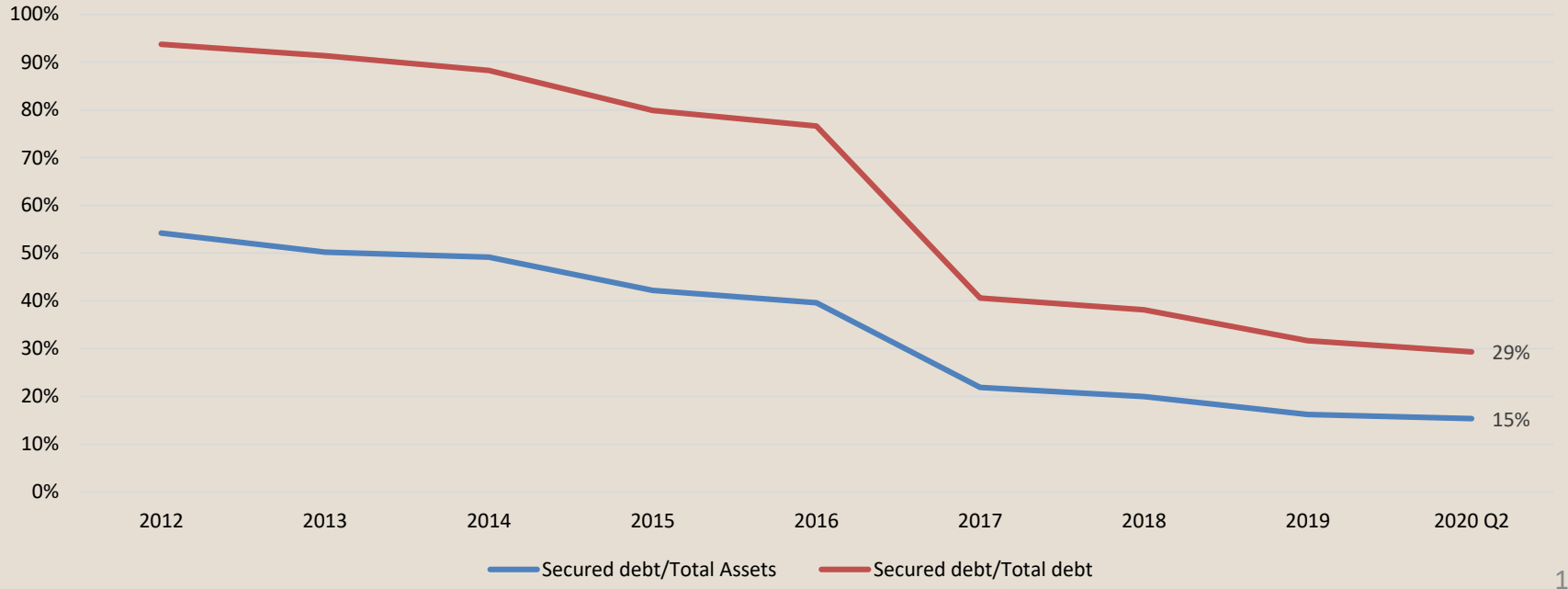


Interest maturity structure

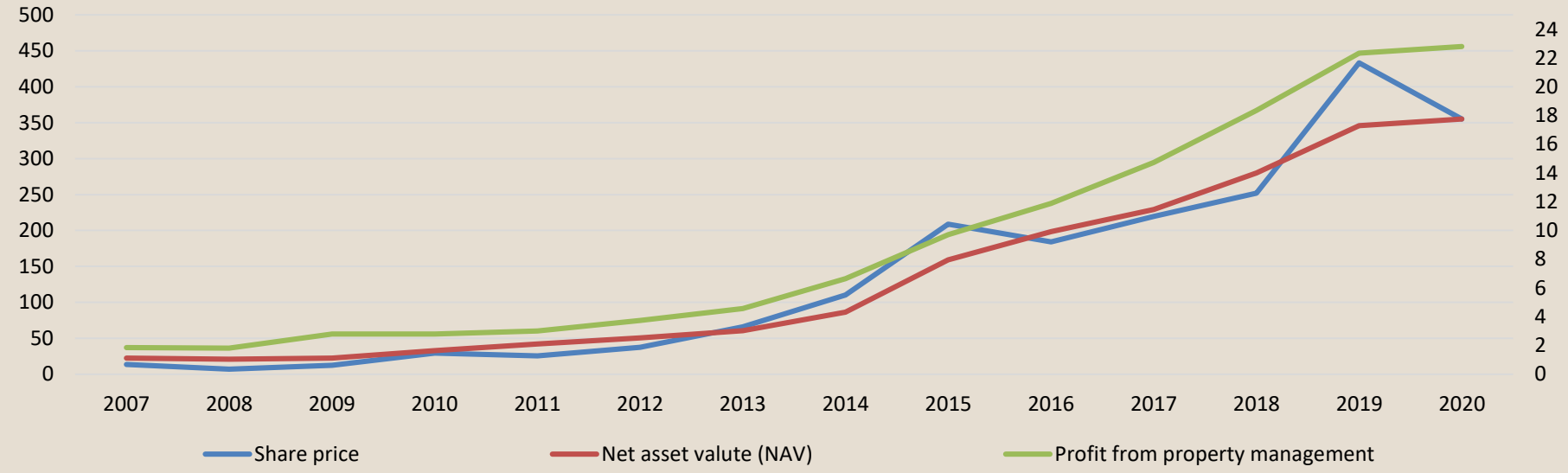
Year	SEKm	Interest %	Proportion %
2020	31,332	0.9	36
2021	5,653	2.2	6
2022	6,305	1.4	7
2023	9,860	2.4	11
2024	4,306	1.6	5
2025	7,520	2.2	9
2026	7,591	2.3	9
2027	6,397	1.1	7
2028	3,144	1.3	4
2029	2,913	1.6	3
2030-	2,731	2.4	3
Total	**87,752**	**1.6**	**100**

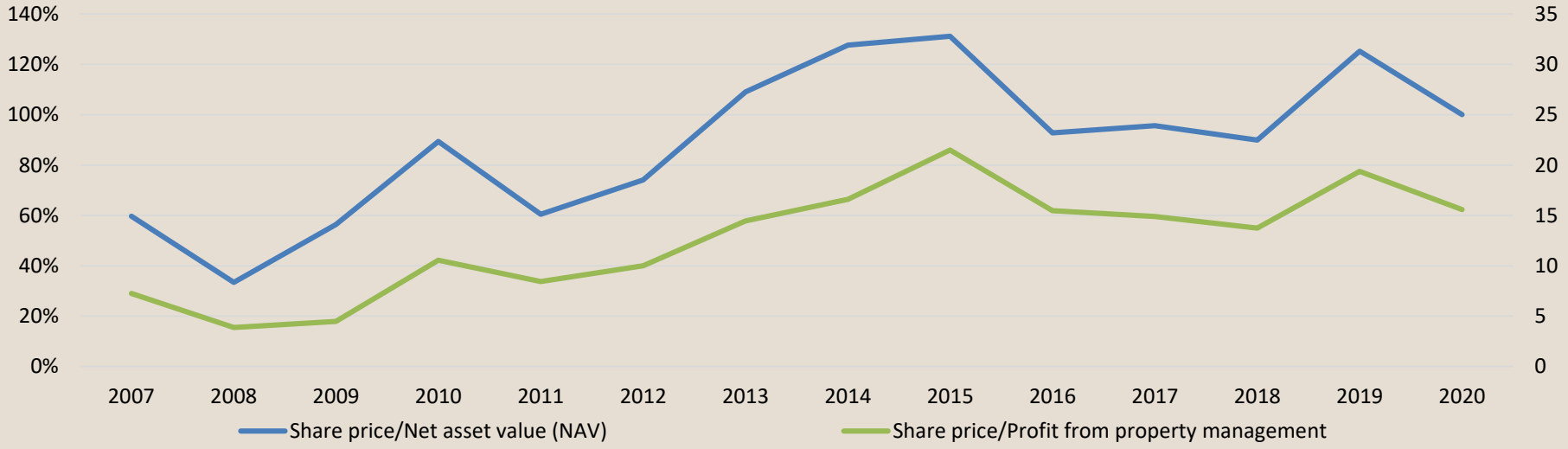
Financing


175 000
150 000
125 000
100 000
75 000
50 000
25 000
0
80%
75%
70%
65%
60%
55%
50%
45%
40%
149 306
48,3%
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020 Q2
Portfolio value (MSEK)
Net debt to total assets, %


100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
29%
15%
2012
2013
2014
2015
2016
2017
2018
2019
2020 Q2
Secured debt/Total Assets
Secured debt/Total debt

The Share


500
450
400
350
300
250
200
150
100
50
0
24
22
20
18
16
14
12
10
8
6
4
2
0
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
Share price
Net asset valute (NAV)
Profit from property management


140%
120%
100%
80%
60%
40%
20%
0%
35
30
25
20
15
10
5
0
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
Share price/Net asset value (NAV)
Share price/Profit from property management