

# *Fastighets AB Balder*

## *Interim report*

*January-March 2018*

- Profit from property management attributable to parent company shareholders amounted to SEK 683m (631), corresponding to an increase per share by 18 % to SEK 3.80 (3.23)
- Rental income amounted to SEK 1,573m (1,449)
- Profit after tax attributable to parent company shareholders amounted to SEK 2,015m (2,006) corresponding to SEK 11.20 per share (10.87)
- Long term net asset value amounted to SEK 237.48 per share (209.23) and shareholders' equity (including listed associated companies at market value) amounted to SEK 190.60 per share (167.20)

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 104.1 billion (88.4) as of 31 March 2018. The Balder share is listed on Nasdaq Stockholm, Large Cap

Fælledudsigten, Copenhagen  
Photo: Thorbjørn Hansen



# The period in brief

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

## January-March 2018

- Rental income amounted to SEK 1,573m (1,449) of which effect of changes in exchange rates amounted to SEK 38m.
- Net operating income amounted to SEK 1,094m (976) of which effect of changes in exchange rates amounted to SEK 26m.
- Profit from property management attributable to parent company shareholders increased by 8 % to SEK 683m (631), which corresponds to an increase by 18 % per share to SEK 3.80 (3.23).
- Changes in value in respect of investment properties amounted to SEK 1,737m (1,183). The average yield requirement amounted to 5.0 % (5.1).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –16m (47).
- Net profit after tax for the period amounted to SEK 2,187m (2,212).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 2,015m (2,006) which corresponds to SEK 11.20 per share (10.87).
- 6 properties (9) have been acquired at a property value of SEK 455m (431).
- No properties (3) were divested during the period, only condominiums and land were divested at a value of SEK 28m (638).

	2018 Jan-March	2017 Jan-March	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2012 Jan-Dec	2011 Jan-Dec
Rental income, SEKm	1,573	1,449	5,915	5,373	2,711	2,525	1,884	1,701	1,466
Profit from property management, SEKm <sup>1)</sup>	683	631	2,804	2,265	1,780	1,275	854	691	516
Changes in value of properties, SEKm	1,737	1,883	5,336	4,932	3,388	3,050	854	812	990
Changes in value of derivatives, SEKm	–16	47	144	–114	227	–624	433	–71	–520
Profit after tax, SEKm <sup>1)</sup>	2,015	2,006	7,118	5,474	4,916	3,128	1,738	1,162	812
Carrying amount of properties, SEKm	104,118	88,429	98,360	86,177	68,456	37,382	27,532	22,278	17,556

## Data per share, including listed associated companies at market value<sup>2)</sup>

Average number of shares, thousands	180,000	180,000	180,000	173,598	162,753	161,786	159,537	159,537	158,656
Profit after tax, SEK	11.20	10.87	38.71	30.38	28.98	18.10	10.11	6.69	4.87
Profit from property management, SEK	3.80	3.23	14.74	11.89	9.71	6.64	4.57	3.73	3.00
Outstanding number of shares, thousands	180,000	180,000	180,000	180,000	172,397	162,397	159,537	159,537	159,537
Shareholders' equity, SEK	190.60	167.20	185.02	157.63	128.03	70.10	52.14	42.15	35.57
Long-term net asset value (EPRA NAV), SEK	237.48	209.23	229.25	198.49	159.14	86.33	60.50	50.37	41.83
Share price on the closing date, SEK	209.60	187.00	219.40	184.10	208.70	110.25	66.00	37.30	25.30

1) Attributable to parent company shareholders.

2) Listed associated companies at market value refers to Collector AB (publ) and Brinova Fastigheter AB (publ).

# Comments by the CEO

## Dear shareholder

Profit from property management per share increased by 18 % during the first quarter to SEK 3.80 (3.23). The increase was due to a larger property portfolio, a continued strong rental market and very good efforts from our entire organisation.

Associated companies as a group increased its profit from property management by 15 %. These companies include Collector, which reported a weak performance with a marginally lower profit than the previous year.

## First quarter

Investments during the quarter amounted to almost SEK 2 billion and mostly consisted of residential projects in progress. Balder is building homes in Sweden, Denmark and Finland with varying forms of tenure. Thanks to our strong profit from property management and balance sheet, we have the opportunity to continually decide when we start construction but also the allocation between apartments for sale and letting.

## Looking ahead

I think (as usual) that the future looks bright and despite the tough competition for investment opportunities, that we have good potential over time to continue delivering growth in profit from property management and net asset value.

It is also well worth remembering that Balder as a company is getting better and better every year.

Erik Selin  
Chief Executive Officer

## 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	2018 31 March	2017 31 Dec	2017 30 Sep	2017 30 June	2017 31 March	2016 31 Dec	2016 30 Sep	2016 30 June	2016 31 March	2015 31 Dec	2015 30 Sep
Rental income	6,430	6,240	5,920	5,860	5,700	5,800	5,470	5,325	5,135	5,045	2,725
Property costs	-1,760	-1,720	-1,655	-1,690	-1,660	-1,695	-1,690	-1,685	-1,670	-1,635	-775
<b>Net operating income</b>	<b>4,670</b>	<b>4,520</b>	<b>4,265</b>	<b>4,170</b>	<b>4,040</b>	<b>4,105</b>	<b>3,780</b>	<b>3,640</b>	<b>3,465</b>	<b>3,410</b>	<b>1,950</b>
Management and administrative costs	-565	-550	-510	-490	-490	-490	-490	-480	-440	-425	-175
Profit from property management from associated companies	650	640	600	530	530	505	470	420	355	340	560
<b>Operating profit</b>	<b>4,755</b>	<b>4,610</b>	<b>4,355</b>	<b>4,210</b>	<b>4,080</b>	<b>4,120</b>	<b>3,760</b>	<b>3,580</b>	<b>3,380</b>	<b>3,325</b>	<b>2,335</b>
Net financial items	-1,120	-1,060	-1,050	-950	-950	-1,040	-1,025	-1,010	-930	-880	-530
Of which non-controlling interests	-550	-525	-475	-455	-450	-445	-445	-380	-400	-410	-
<b>Profit from property management <sup>1)</sup></b>	<b>3,085</b>	<b>3,025</b>	<b>2,830</b>	<b>2,805</b>	<b>2,680</b>	<b>2,635</b>	<b>2,290</b>	<b>2,190</b>	<b>2,050</b>	<b>2,035</b>	<b>1,805</b>
Tax	-665	-650	-610	-605	-580	-570	-490	-470	-440	-439	-397
<b>Profit after tax</b>	<b>2,420</b>	<b>2,375</b>	<b>2,220</b>	<b>2,200</b>	<b>2,100</b>	<b>2,065</b>	<b>1,800</b>	<b>1,720</b>	<b>1,610</b>	<b>1,596</b>	<b>1,408</b>
<b>Profit from property management per share, SEK</b>	<b>17.14</b>	<b>16.81</b>	<b>15.72</b>	<b>14.47</b>	<b>13.78</b>	<b>13.52</b>	<b>11.92</b>	<b>11.55</b>	<b>10.73</b>	<b>10.64</b>	<b>9.88</b>

1) Attributable to parent company shareholders.

In the current earning capacity the exchange rate at the end of the reporting period has been used for translation of the foreign subsidiaries' income statement items.

## Consolidated statement of financial position including listed associated companies at market value

Under IFRS, Collector AB (publ) and Brinova Fastigheter AB (publ) should not be recognised at market value when Balder reports its participation in the profit from associated companies from these companies. In order to clarify the listed associated companies at market value, Collector and Brinova is reported below at the share price as of 31 March.

SEKm	2018 31 March	2017 31 March	2017 31 Dec
<b>Assets</b>			
Investment properties	104,118	88,429	98,360
Other fixed assets	109	136	107
Participations in associated companies <sup>1,2)</sup>	6,143	6,664	6,707
Other receivables	1,909	1,588	1,508
Cash and cash equivalents and financial investments	1,527	2,472	1,585
<b>Total assets</b>	<b>113,806</b>	<b>99,289</b>	<b>108,268</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity <sup>3)</sup>	41,067	38,726	39,725
Deferred tax liability	7,406	6,338	7,041
Interest-bearing liabilities	61,811	51,064	58,384
—of which Hybrid capital <sup>4)</sup>	3,603	—	3,447
Derivatives	1,033	1,229	922
Other liabilities	2,489	1,932	2,196
<b>Total equity and liabilities</b>	<b>113,806</b>	<b>99,289</b>	<b>108,268</b>
1) Including Balder's market value of Collector AB (publ) Collector's share price (SEK)	2,955 65.30	4,466 98.70	3,677 81.25
2) Including Balder's market value of Brinova Fastigheter AB (publ) Brinova's share price (SEK)	238 12.90	248 13.45	220 11.95
3) Of which non-controlling interests	6,759	5,754	6,422
4) 50 % of Hybrid capital is treated as equity by the rating agencies and thus decreases the interest-bearing liabilities when calculating the debt/equity ratio and the net debt to total assets ratio	1,801	—	1,724

## Consolidated statement of changes in equity

SEKm	2018 31 March	2017 31 March	2017 31 Dec
<b>Opening equity</b>	<b>39,725</b>	<b>36,791</b>	<b>36,791</b>
Transition effect IFRS 9	—92	—	—
Total comprehensive income for the period/year	2,256	2,232	7,791
Dividend preference shares	—	—	—50
Retiring of preference capital	—	—	—3,500
Transactions with non-controlling interests	—	—2	—8
Dividend to non-controlling interests	—135	—	—
Non-controlling interests, arising on the acquisitions of subsidiary	—	0	6
The change during the period/year of listed associated companies at market value	—688	—294	—1,304
<b>Closing equity</b>	<b>41,067</b>	<b>38,726</b>	<b>39,725</b>

# *Income, costs and results*

## **Profit from property management**

Profit from property management for the period amounted to SEK 815m (735), of which effect of changes in exchange rates amounted to SEK 8m. Profit from property management attributable to parent company shareholders increased by 8 % and amounted to SEK 683m (631), which corresponds to an increase per share by 18 % to SEK 3.80 (3.23). Profit from property management includes SEK 151m (131) in respect of associated companies.

## **Net profit after tax**

Net profit after tax for the period amounted to SEK 2,187m (2,212). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 2,015m (2,006), corresponding to SEK 11.20 per share (10.87). Profit before tax was affected by changes in value in respect of properties of SEK 1,737m (1,883), changes in value of interest rate derivatives of SEK –16m (47) and profit from participations in associated companies of SEK 170m (224).

## **Rental income**

Rental income increased by 9 % to SEK 1,573m (1,449), of which the effect of changes in exchange rates was SEK 38m. The increase was primarily due to acquisitions, new leases and completed projects. The leasing portfolio was estimated to have a rental value on 31 March of SEK 6,694m (6,124). The average rental level for the entire real estate portfolio amounted to SEK 1,760/sq.m. (1,588) excluding project properties.

The like for like rental income has increased with 2.4 % 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 264m (263) on an annual basis.

## **Property costs**

Property costs amounted to SEK 480m (473) during the period, of which the effect of changes in exchange rates was SEK 12m.

Net operating income increased by 12 % to SEK 1,094m (976), which implies a surplus ratio of 70 % (67).

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 valuation on 31 March of the entire real estate portfolio, see page 9. Unrealised changes in value during the period amounted to SEK 1,722m (1,859). Realised changes in value amounted to SEK 15m (24). The average yield requirement as of 31 March amounted to 5.0 % (5.1), which is unchanged compared to year-

end. The change in value during the period was mainly attributable to improved net operating income.

## **Management and administrative costs**

Management and administrative costs amounted to SEK 141m (131) during the period, of which the effect of changes in exchange rates was SEK 4m.

## **Participations in the profits of associated companies**

Balder owns property managing and project developing associated companies 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 %. In order to clarify these associated companies value in Balder, Balder also reports a consolidated statement of financial position including listed associated companies at market value, see page 5.

Profit from participations in associated companies amounted to SEK 170m (224) and Balder's participation in the associated companies profit from property management amounted to SEK 151m (131).

Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 65m (160). The tax expense for the period amounted to SEK –46m (–67).

## **Net financial items and changes in value of derivatives**

Net financial items amounted to SEK –286m (–239), of which the effect of changes in exchange rates was SEK –14m.

Changes in value of interest rate derivatives amounted to SEK –16m (47). The negative change in value of derivatives during the period is due to the fact that the interest rates have fallen during the year. Unrealised changes in value do not affect the cash flow.

The average interest rate was 1.8 % (1.9) on the closing date and 2.0 % (2.0) for the period.

## **Taxes**

Balder's tax cost amounted to SEK –369m (–546) of which SEK –68m (–46) is current tax for the period, mainly attributable to Sato Oyj, and also a deferred tax expense of SEK –301m (–500). Current tax attributable to parent company shareholders amounted to SEK –43m (–25).

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 7,406m (6,338).



**Cash flow**

Cash flow from operating activities before changes in working capital amounted to SEK 474m (540). Investing activities have burdened the cash flow by SEK –1,936m (–598).

During the period, acquisition of properties of SEK –455m (–301), investments in existing properties and projects of SEK –1,466m (–672), investments in property, plant and equipment, financial investments, associated companies and transactions with non-controlling interests SEK –46m (–73), dividends paid preference shares of SEK –m (–50), and realised changes derivatives SEK –m (–218) adds up to SEK –1,966m (–1,314).

These have been financed through cash flow from operating activities of SEK 359m (208), by property divestments of SEK 28m (445), financial investments of SEK 2m (3) and net borrowings of SEK 1,488 (1,542), which adds up to SEK 1,878m (2,198).

Total cash flow for the period amounted to SEK –88m (884). In addition to unutilised credit facilities of SEK 6,117m (4,819), the group's cash and cash equivalents, financial investments and unutilised overdraft facilities amounted to SEK 1,877m (2,822) on 31 March.

**Employees and organisation**

The number of employees on 31 March amounted to 617 persons (597), of whom 271 were women (270). Balder is organised into six 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 67m (62) during the period.

Net profit after tax amounted to SEK –438m (189). Other net financial items amounted to SEK –547m (207) of which exchange rates differences amounted to SEK –758m (–10), changes in value of interest rate derivatives amounted to SEK –16m (37).

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 holdings

On 31 March Balder owned 1,156 properties (1,225) with a lettable area of 3,779 thousand sq.m. (3,812) and a value of SEK 104,118m (88,429), including project properties. Balder's total rental value excluding project properties amounted to SEK 6,649m (6,052).

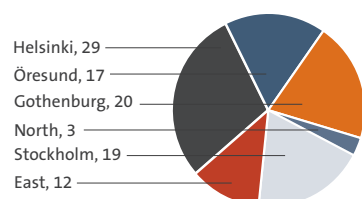
Balder's commercial properties are mainly located in the central parts of the major cities. Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

## Balder's real estate holdings on 2018-03-31<sup>1)</sup>

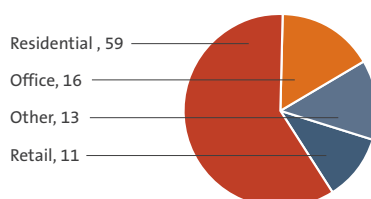
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Helsinki	509	1,017,634	2,316	2,276	2,254	97	28,351	27
Stockholm	65	550,570	1,008	1,831	955	95	18,641	18
Gothenburg	144	886,911	1,236	1,393	1,185	96	20,016	19
Öresund	82	507,201	854	1,683	802	94	16,171	16
East	275	629,628	1,013	1,609	973	96	11,960	11
North	81	187,191	223	1,191	217	97	3,463	3
<b>Total</b>	<b>1,156</b>	<b>3,779,135</b>	<b>6,649</b>	<b>1,760</b>	<b>6,385</b>	<b>96</b>	<b>98,601</b>	<b>95</b>
Project			45		45		5,517	5
<b>Total</b>	<b>1,156</b>	<b>3,779,135</b>	<b>6,694</b>	<b>1,760</b>	<b>6,430</b>	<b>96</b>	<b>104,118</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	940	2,375,190	4,244	1,787	4,122	97	57,477	55
Office	68	441,420	926	2,098	839	91	16,544	16
Retail	101	581,468	767	1,320	733	96	11,848	11
Other	47	381,057	712	1,868	691	97	12,733	12
<b>Total</b>	<b>1,156</b>	<b>3,779,135</b>	<b>6,649</b>	<b>1,760</b>	<b>6,385</b>	<b>96</b>	<b>98,601</b>	<b>95</b>
Project			45		45		5,517	5
<b>Total</b>	<b>1,156</b>	<b>3,779,135</b>	<b>6,694</b>	<b>1,760</b>	<b>6,430</b>	<b>96</b>	<b>104,118</b>	<b>100</b>

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, nursing, industrial and mixed-use properties.

### Carrying amount distributed by region including projects, %



### Carrying amount distributed by property category including projects, %





## Changes in real estate portfolio

The value of Balder's real estate portfolio is based on internal valuations. The properties in Sweden, Denmark and Norway are mainly valued using the cash flow based method. In Finland, in addition to the cash flow based method, the sales comparison method and valuation at acquisition cost are used. Properties under construction and real estate projects 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 5.0 % (5.1) excluding project and development properties, 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 during the period or at each year-end. Historically, deviations between external and internal valuations have been insignificant.

### Project real estate

On 31 March, Balder had ongoing projects with an expected total investment of SEK 10.2 billion, of which about SEK 5.5 billion was already invested. Most of the ongoing projects refers to residential projects. The most large scale investments are in Copenhagen and Helsinki and mainly relate to condominiums for rent. In Copenhagen, there are currently about 1,000 apartments under construction as well as about 1,000 apartments in Helsinki.

### Unrealised changes in value

The overall carrying amount of Balder's properties amounted to SEK 104,118m (88,429) on 31 March.

The unrealised change in value during the period amounted to SEK 1,722m (1,859) and was mainly attributable to improved net operating income.

### Investments, acquisitions and divestments

During the period, a total of SEK 1,921m (1,103) was invested, of which SEK 455m (431) related to acquisitions and SEK 1,466m (672) related to investments in existing properties and projects. During the period only condominiums and land have been divested at a sales value of SEK 28m (638). Profit from property sales amounted to SEK 15m (24). The change in the real estate portfolio during the period is presented in the table below.

### Change in carrying amount of properties

	2018		2017	
	SEKm	Number <sup>1)</sup>	SEKm	Number <sup>1)</sup>
<b>Real estate portfolio, 1 January</b>	<b>98,360</b>	<b>1,148</b>	<b>86,177</b>	<b>1,220</b>
Investments in existing properties and projects	1,466		672	
Acquisitions	455	6	431	9
Sales/Reclassifications	-14	2	-614	-4
Change in value of investment properties, unrealised	1,722		1,859	
Currency changes	2,128		-96	
<b>Real estate portfolio, 31 March</b>	<b>104,118</b>	<b>1,156</b>	<b>88,429</b>	<b>1,225</b>

1) Number of investment properties.

## Property transactions 2018

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
<b>Acquisitions</b>					
One	1	Årsta 68:1	Uppsala	Retail	7,558
One	1	Flygspanaren 8	Norrtälje	Retail	1,884
One	1	Inom Vallgraven 19:4	Göteborg	Office	1,035
One	1	Hemsta 14:2	Gävle	Retail	4,100
One	1	Hemsta 14:3	Gävle	Retail	1,448
One	1	Maden 4	Sundbyberg	Retail	11,137
<b>Total</b>	<b>6</b>				<b>27,162</b>

# Associated companies

Balder owns 50 % of a number of property companies where Balder handles the management and administration, for further information, see page 24-27 in Balder's Annual Report for 2017. Balder's 50 %-owned associated companies are shown in the table below together with Balder's share of 56 % (–) in Serena Properties AB where Balder has a joint control, for company website, see [Serenaproperties.se](http://Serenaproperties.se).

Apart from the 50 %-owned associated companies, Balder owns 44.1 % (44.1) in Collector AB (publ), 31 % (31) of Tornet Bostadsproduktion AB, 25.5 % (25.5) of Brinova Fastigheter AB (publ), 49 % (49) in Sjaelsö Management ApS, 20 % (–) in SHH Bostad AB and 25 % (–) in Rosengård Fastighets AB. For more information about these associated companies, see each company's website: [Collector.se](http://Collector.se), [Tornet.se](http://Tornet.se), [Brinova.se](http://Brinova.se), [Sjaelsoemanagement.dk](http://Sjaelsoemanagement.dk), [Shhbostad.se](http://Shhbostad.se) and [Rosengardfastigheter.se](http://Rosengardfastigheter.se).

## Balder's participation in the 50 %-owned associated companies' real estate holdings on 2018-03-31<sup>1)</sup>

	Number of properties <sup>2)</sup>	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	54	139,001	192	1,379	186	97	3,467	41
Gothenburg	17	91,624	115	1,255	110	95	1,590	19
Öresund	25	67,500	98	1,454	97	99	1,577	19
East	24	90,127	129	1,426	121	94	1,206	14
<b>Total</b>	<b>120</b>	<b>388,252</b>	<b>533</b>	<b>1,374</b>	<b>513</b>	<b>96</b>	<b>7,839</b>	<b>94</b>
Project			1		1		530	6
<b>Total</b>	<b>120</b>	<b>388,252</b>	<b>534</b>	<b>1,374</b>	<b>513</b>	<b>96</b>	<b>8,369</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	34	56,337	95	1,678	94	99	2,051	25
Office	13	37,211	84	2,256	79	94	1,383	17
Retail	56	204,872	262	1,279	249	95	3,009	36
Other	17	89,832	93	1,034	91	98	1,396	17
<b>Total</b>	<b>120</b>	<b>388,252</b>	<b>533</b>	<b>1,374</b>	<b>513</b>	<b>96</b>	<b>7,839</b>	<b>94</b>
Project			1		1		530	6
<b>Total</b>	<b>120</b>	<b>388,252</b>	<b>534</b>	<b>1,374</b>	<b>513</b>	<b>96</b>	<b>8,369</b>	<b>100</b>

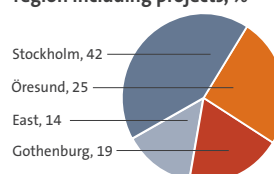
1) The above table refers to the properties owned by the associated companies at the end of the period. Sold properties have been excluded and acquired properties have been estimated using full-year values. Other properties include hotel, educational, nursing, industrial and mixed-use properties.

2) Refers to the entire portfolio of the associated companies.

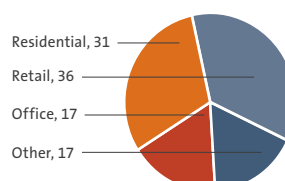
## Balder's participation in the balance sheets of 50 %-owned associated companies

SEKm	2018 31 March	2017 31 March	2017 31 Dec
<b>Assets</b>			
Properties	8,369	6,542	7,999
Other assets	61	58	41
Cash and cash equivalents	185	83	105
<b>Total assets</b>	<b>8,615</b>	<b>6,683</b>	<b>8,145</b>
<b>Shareholders' equity and liabilities</b>			
Equity/interest-bearing shareholder loan	3,800	2,719	3,474
Deferred tax liability	470	326	443
Interest-bearing liabilities	4,197	3,544	4,107
Other liabilities	148	94	121
<b>Total equity and liabilities</b>	<b>8,615</b>	<b>6,683</b>	<b>8,145</b>

Carrying amount distributed by region including projects, %



Carrying amount distributed by property category including projects, %



# 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 7.6 years (7.1). Balder's 10 largest leases represent 5.1 % (5.6) of total rental income and the average lease term amounts to 11.1 years (11.8).

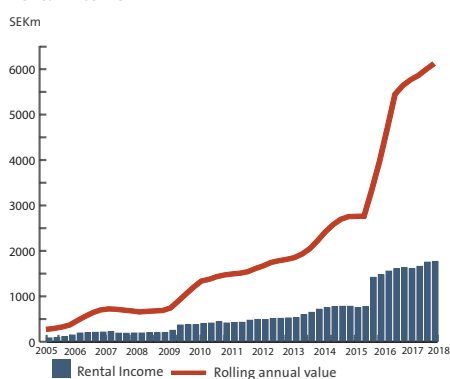
No individual lease accounts for more than 0.7 % (0.8) of Balder's total rental income and no individual customer accounts for more than 4.2 % (4.0) of total rental income.

## Lease maturity structure 2018-03-31

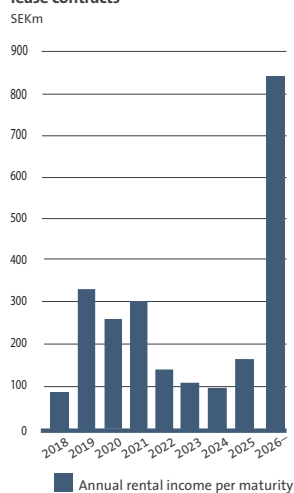
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2018	690	24	88	1
2019	882	31	331	5
2020	447	16	241	4
2021	455	16	304	5
2022–	371	13	1,361	21
<b>Total</b>	<b>2,845</b>	<b>100</b>	<b>2,324</b>	<b>36</b>
Residential <sup>1)</sup>	36,623		4,043	63
Car park <sup>1)</sup>	4,846		17	0
Garage <sup>1)</sup>	3,709		45	1
<b>Total</b>	<b>48,023</b>		<b>6,430</b>	<b>100</b>

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

### Rental Income



### Maturity structure of commercial lease contracts



### Balder's 10 largest customers

as of 2018-03-31

- I.A. Hedin Bil AB
- ICA Sverige AB
- Kopparbergs Bryggerier
- Norwegian State
- Profihotels
- Scandic Hotels AB
- City of Stockholm
- Stureplansgruppen
- Volvo Personvagnar AB
- Winn Hotel Group

# Financing

Balder has assets in Sweden, Norway, Denmark and Finland which means that the Group is exposed to currency risks. Balder therefore has a diversified financing structure where we use bonds and bank financing in several currencies. The single largest source of funding is bonds issued on the European bond market in Euro, followed by bank loans in various currencies, a MTN programme in Swedish kronor and a commercial paper programme in Euro and Swedish kronor. 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.

Balder has Investment Grade ratings from credit rating agencies Moody's and S&P. Balder's Board of directors adjusted the financial target regarding net debt to total assets in the year-end report 2017, the net debt to total assets shall over time not exceed 50 %. the outcome as of 31 March amounted to 51.4 %.

## Financial Key ratios

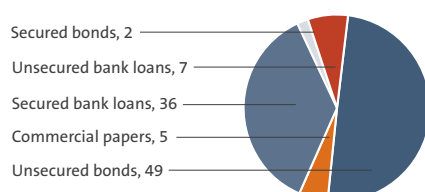
	2018 31 March	2017 31 March	2017 31 Dec
Interest-bearing liabilities excl. Hybrid capital, SEKm	58,208	51,064	54,936
Hybrid capital, SEKm	3,603	–	3,447
Available liquidity including confirmed loan commitments, SEKm	7,995	7,641	7,875
Average fixed credit term, years	5.3	5.1	5.5
Average interest rate refixing period, years	3.7	3.2	4.0
Net debt to total assets (financial covenant < 65), %	51.4	48.9	50.9
Interest coverage ratio (financial covenant > 1,8), times	3.8	4.1	4.3
Secured debt/Total assets (financial covenant < 45), %	21.0	31.1	21.9
Credit rating S&P	BBB Stable outlook	BBB Stable outlook	BBB Stable outlook
Credit rating Moody's	Baa3 Positive outlook	Baa3 Stable outlook	Baa3 Positive outlook
<b>Calculation of net debt</b>			
Interest-bearing liabilities excl. Hybrid capital, SEKm	58,208	51,064	54,936
Hybrid capital (50 % is treated as equity by rating agencies), SEKm	1,801	–	1,724
Cash and cash equivalents and financial investments, SEKm	–1,527	–2,472	–1,585
<b>Net debt</b>	<b>58,482</b>	<b>48,592</b>	<b>55,075</b>

## Financial targets

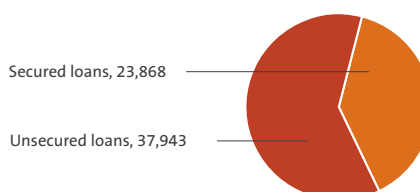
		Target	Outcome <sup>1)</sup>
Equity/assets ratio, %	min.	35.0	36.1
Net debt to total assets, %	max.	50.0	51.4
Interest coverage ratio, times	min.	2.0	3.8

1) Key ratios including listed associated companies at market value.

## Financing sources, %



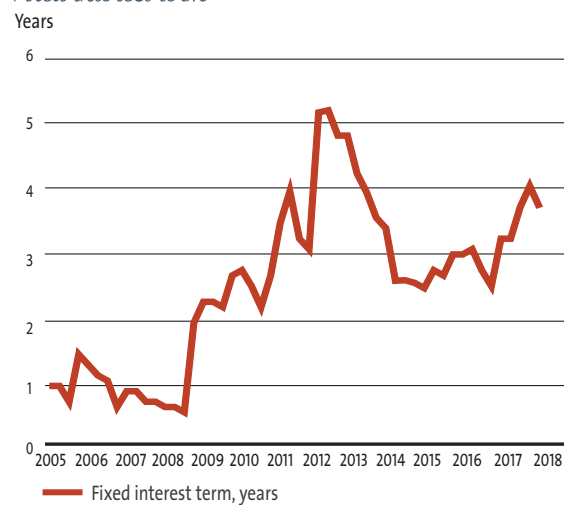
## Distribution secured and unsecured loans, SEKm



### Net debt to total assets



### Fixed interest term



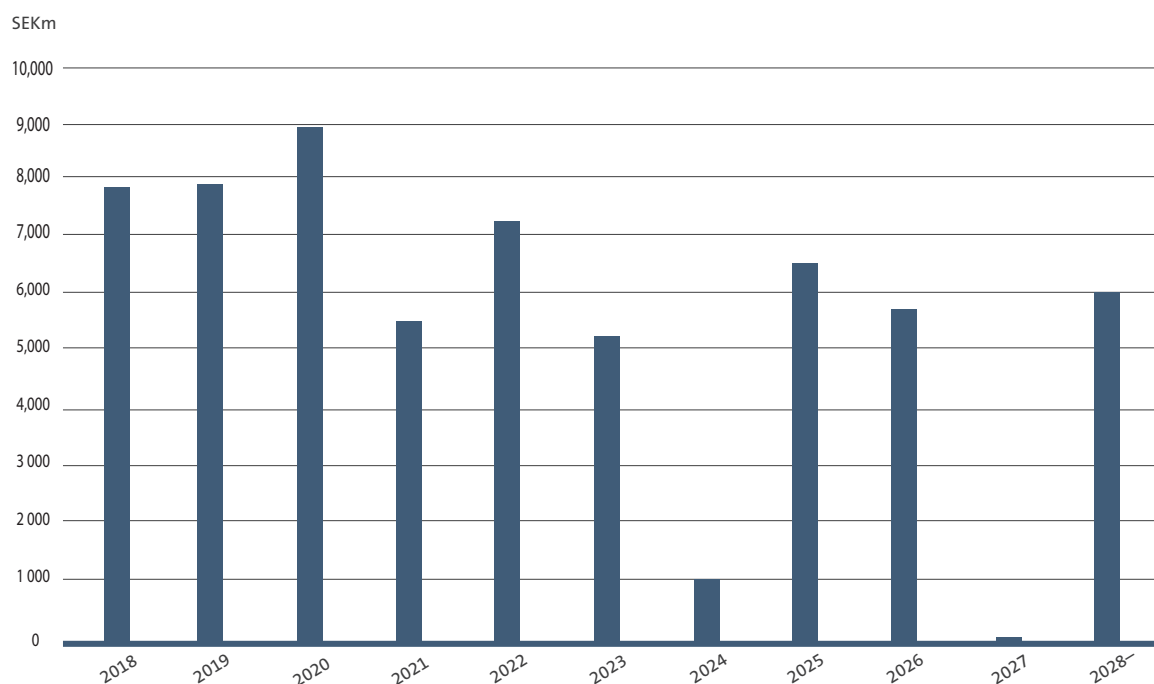
### Interest maturity structure on 2018-03-31

Year	Fixed interest term		
	SEKm	Interest, %	Proportion, %
Within one year	22,800	1.0	37
1–2 years	2,593	2.4	4
2–3 years	7,919	2.3	13
3–4 years	7,713	1.8	12
4–5 years	5,008	3.0	8
5–6 years	825	2.5	1
6–7 years	5,282	2.0	9
7–8 years	7,162	2.1	12
8–9 years	1,000	3.8	2
9–10 years	—	—	—
> 10 years	1,508	3.2	2
<b>Total</b>	<b>61,811</b>	<b>1.8</b>	<b>100</b>

### Fixed credit term on 2018-03-31

Year	Fixed credit term	
	SEKm	Proportion, %
Within one year	8,536	14
1–2 years	7,964	13
2–3 years	11,140	18
3–4 years	7,879	13
4–5 years	5,850	9
5–6 years	1,056	2
6–7 years	7,226	12
7–8 years	5,466	9
8–9 years	620	1
9–10 years	143	0
> 10 years	5,931	10
<b>Total</b>	<b>61,811</b>	<b>100</b>

### Debt maturities on 2018-03-31





# Other disclosures

## Events after the end of the period

Balder has acquired a property in Björvika in central Oslo for approximately SEK 400m. The property is mainly leased to Forenom on a 13-year lease. The property has been completely renovated by Skanska and is expected to be completed until early July when access is planned. The property has a leaseable area of approximately 8,500 sq.m and consists mainly of corporate housing. After the end of the reporting period no other significant events has occurred.

## 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 12m (10) during the period and are reported in management and administrative costs. In addition, services are bought from Collector AB (publ).

## 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 2017, on pages 54-57. 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.

## New accounting policies from and including 1 January 2018

From and including 1 January 2018, the Group has adopted the following new standards:

### *IFRS 9 Financial Instruments*

The change with IFRS 9 compared to previously applied principles relates to the new model for measurement of credit losses. The model measures expected credit losses by taking account of future-oriented information. Compared with the previous model, which was based on actual losses, this will mean an earlier recognition of credit losses. In the Annual Report for 2017, the impact of the transition was presented in Note 1 with an increased provision for accounts receivable losses, which had a net effect on equity of SEK –16m. In connection with the preparation of this report, it has also been noted that the associated company Collector reported an impact of the transition with

regard to recognition of expected credit losses, whereupon the total impact of the transition on the Balder Group's equity amounted to SEK –92m for the introduction of IFRS 9.

In accordance with the standard's transitional arrangements, comparative figures have not been restated for 2017.

## New accounting policies from and including 1 January 2019

### *IFRS 16 Leases*

IFRS 16 will impact the Balder Group's accounting of the leases where the company is a lessee. It is expected that the introduction of the standard will have a limited impact on the financial statements, as the Group essentially operates as a lessor, and leases where the Group is a lessee only arise to a limited extent relative to the rest of the Group's operations. The effects will be quantified during 2018.

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

Gothenburg 8 May 2018

Erik Selin  
Chief Executive Officer

# Consolidated statement of comprehensive income

SEKm	2018 Jan-March	2017 Jan-March	2017/2018 April-March	2017 Jan-Dec
Rental income	1,573	1,449	6,039	5,915
Property costs	-480	-473	-1,702	-1,695
<b>Net operating income</b>	<b>1,094</b>	<b>976</b>	<b>4,337</b>	<b>4,220</b>
Management and administrative costs	-141	-131	-553	-543
Participations in the profits of associated companies	170	224	957	1,010
– of which profit from property management	151	131	603	583
– of which changes in value	65	160	580	675
– of which tax	-46	-67	-226	-248
Other income/costs	-2	-2	8	8
Net financial items	-286	-239	-1,031	-984
<b>Profit including changes in value and tax in associated companies</b>	<b>834</b>	<b>828</b>	<b>3,717</b>	<b>3,711</b>
<b>– of which Profit from property management</b>	<b>815</b>	<b>735</b>	<b>3,364</b>	<b>3,284</b>
<i>Changes in value</i>				
Changes in value properties, realised	15	24	175	184
Changes in value properties, unrealised	1,722	1,859	4,979	5,115
Changes in value derivatives	-16	47	81	144
<b>Changes in value total</b>	<b>1,721</b>	<b>1,930</b>	<b>5,234</b>	<b>5,443</b>
<b>Profit before tax</b>	<b>2,556</b>	<b>2,758</b>	<b>8,952</b>	<b>9,154</b>
Income tax	-369	-546	-1,209	-1,386
<b>Net profit for the period/year</b>	<b>2,187</b>	<b>2,212</b>	<b>7,743</b>	<b>7,769</b>
<i>Net profit for the period/year attributable to:</i>				
Parent company shareholders	2,015	2,006	7,128	7,118
Non-controlling interests	171	206	616	650
	<b>2,187</b>	<b>2,212</b>	<b>7,743</b>	<b>7,769</b>
<b>Other comprehensive income – items that may be subsequently reclassified to profit or loss</b>				
Translation difference relating to foreign operations	31	-24	-49	-103
Cash flow hedges after tax	27	44	104	121
Participation in other comprehensive income of associated companies	12	-0	17	4
<b>Total comprehensive income for the period/year</b>	<b>2,256</b>	<b>2,232</b>	<b>7,815</b>	<b>7,791</b>
<i>Total comprehensive income for the period/year attributable to:</i>				
Parent company shareholders	1,778	2,016	6,668	6,906
Non-controlling interests	478	216	1,147	885
	<b>2,256</b>	<b>2,232</b>	<b>7,815</b>	<b>7,791</b>
Profit from property management	815	735	3,364	3,284
Of which non-controlling interests part of Profit from property management	-132	-104	-507	-480
<b>Profit from property management attributable to parent company shareholders</b>	<b>683</b>	<b>631</b>	<b>2,856</b>	<b>2,804</b>
Profit from property management per share, SEK	3.80	3.23	15.31	14.74
Profit after tax per share, SEK	11.20	10.87	39.04	38.71

There is no dilutive effect as no potential shares arise.

## Consolidated statement of financial position

SEKm	2018 31 March	2017 31 March	2017 31 Dec
<b>Assets</b>			
Investment properties	104,118	88,429	98,360
Other fixed assets	109	136	107
Participations in associated companies	4,823	3,647	4,699
Other receivables	1,909	1,588	1,508
Cash and cash equivalents and financial investments	1,527	2,472	1,585
<b>Total assets</b>	<b>112,486</b>	<b>96,272</b>	<b>106,260</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity <sup>1)</sup>	39,747	35,709	37,718
Deferred tax liability	7,406	6,338	7,041
Interest-bearing liabilities	61,811	51,064	58,384
—of which Hybrid capital <sup>2)</sup>	3,603	—	3,447
Derivatives	1,033	1,229	922
Other liabilities	2,489	1,932	2,196
<b>Total equity and liabilities</b>	<b>112,486</b>	<b>96,272</b>	<b>106,260</b>
1) Of which non-controlling interests	6,759	5,754	6,422
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	1,801	—	1,724

## Consolidated statement of changes in equity

SEKm	2018 31 March	2017 31 March	2017 31 Dec
<b>Opening equity</b>	<b>37,718</b>	<b>33,479</b>	<b>33,479</b>
Transition effect IFRS 9	–92	—	—
Total comprehensive income for the period/year	2,256	2,232	7,791
Dividend preference shares	—	—	–50
Retiring of preference capital	—	—	–3,500
Transactions with non-controlling interests	—	–2	–8
Dividend to non-controlling interests	–135	—	—
Non-controlling interests arising on the acquisition of subsidiary	—	0	6
<b>Closing equity</b>	<b>39,747</b>	<b>35,709</b>	<b>37,718</b>

# Consolidated statement of cash flows

SEKm	2018 Jan-March	2017 Jan-March	2017 Jan-Dec
Net operating income	1,094	976	4,220
Other income/costs	-2	-2	8
Management and administrative costs	-141	-131	-543
Reversal of depreciation	4	6	19
Net financial items paid	-341	-285	-961
Taxes paid	-140	-24	-235
<b>Cash flow from operating activities before change in working capital</b>	<b>474</b>	<b>540</b>	<b>2,508</b>
Change in operating receivables	-372	-173	-86
Change in operating liabilities	258	-159	69
<b>Cash flow from operating activities</b>	<b>359</b>	<b>208</b>	<b>2,490</b>
Acquisition of properties	-455	-301	-4,936
Acquisition/Divestment of property, plant and equipment	-6	-5	-27
Purchase of financial investments	-25	-3	-41
Acquisition of shares in associated companies	-15	-62	-456
Investment in existing properties and projects	-1,466	-672	-3,718
Transactions with non-controlling interests	-	-2	-8
Sale of properties	28	445	2,830
Sale of financial investments	2	3	7
Sale of shares in associated companies	-	-	120
Dividend paid from associated companies	-	-	13
<b>Cash flow from investing activities</b>	<b>-1,936</b>	<b>-598</b>	<b>-6,215</b>
Dividend paid for preference shares	-	-50	-150
Redemption of preference capital	-	-	-3,500
Changes in value derivatives, realised	-	-218	-417
Loans raised	3,045	10,148	24,896
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-1,557	-8,606	-17,110
<b>Cash flow from financing activities</b>	<b>1,488</b>	<b>1,274</b>	<b>3,719</b>
<b>Cash flow for the period/year</b>	<b>-88</b>	<b>884</b>	<b>-6</b>
Cash and cash equivalents at the start of the period/year	1,281	1,287	1,287
<b>Cash and cash equivalents at the end of the period/year</b>	<b>1,193</b>	<b>2,171</b>	<b>1,281</b>
Cash and cash equivalents	1,193	2,171	1,281
Unutilised overdraft facilities	350	350	350
Unutilised credit facilities	6,117	4,819	5,940
Financial investments	335	301	305
<b>Available liquidity including confirmed credit commitments</b>	<b>7,995</b>	<b>7,641</b>	<b>7,875</b>

## Segment information

SEKm	2018 Jan-March	2017 Jan-March	2017/2018 April-March	2017 Jan-Dec
<b>Rental income</b>				
Helsinki	551	500	2,095	2,044
Stockholm	239	221	937	920
Gothenburg	305	299	1,158	1,153
Öresund	196	146	716	666
East	227	229	917	919
North	55	53	216	214
<b>Total</b>	<b>1,573</b>	<b>1,449</b>	<b>6,039</b>	<b>5,915</b>
<b>Net operating income</b>				
Helsinki	365	309	1,408	1,352
Stockholm	176	160	720	704
Gothenburg	219	209	870	861
Öresund	148	111	547	510
East	152	154	640	642
North	34	34	151	151
<b>Total</b>	<b>1,094</b>	<b>976</b>	<b>4,337</b>	<b>4,220</b>

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 1,094m (976) and profit before tax of SEK 2,556m (2,758) consists of changes in value of properties of SEK 1,737m (1,883), other income/costs SEK -2m (-2), management and administrative costs of SEK -141m (-131), participations in profits of associated companies of SEK 170m (224), net financial items of SEK -286m (-239) and changes in value of derivatives of SEK -16m (47).

SEKm	2018 31 March	2017 31 March	2017 31 Dec
<b>Investment properties</b>			
Helsinki	28,351	24,769	26,918
Stockholm	18,641	16,587	17,675
Gothenburg	20,016	17,729	19,376
Öresund	16,171	10,609	14,591
East	11,960	11,347	11,402
North	3,463	3,134	3,334
<b>Total carrying amount excluding project</b>	<b>98,601</b>	<b>84,175</b>	<b>93,297</b>
Project	5,517	4,254	5,063
<b>Total carrying amount including project</b>	<b>104,118</b>	<b>88,429</b>	<b>98,360</b>

The carrying amounts of properties have during the period changed by investments, acquisitions, divestments, unrealised changes in value and currency changes, with SEK 1,433m in Helsinki region, SEK 966m in the Stockholm region, SEK 640m in the Gothenburg region, SEK 1,580m in the Öresund region, SEK 129m in the North region and by SEK 558m in the East region. The group's projects has increased by SEK 454m. Sato's property portfolio is divided between the regions Helsinki and East. The real estate holdings in Norway is classified in the North region.

## Key ratios including listed associated companies at market value

	2018 Jan-March	2017 Jan-March	2017 /2018 April-March	2017 Jan-Dec
<b>Share-related <sup>1)</sup></b>				
Average number of shares, thousands	180,000	180,000	180,000	180,000
Profit after tax, SEK	11.20	10.87	39.04	38.71
Profit after tax excluding unrealised changes in value, SEK	3.86	2.53	15.69	14.36
Profit from property management, SEK	3.80	3.23	15.31	14.74
Net operating income, SEK	4.86	4.37	19.28	18.79
Outstanding number of shares, thousands	180,000	180,000	180,000	180,000
Shareholders' equity, SEK	190.60	167.20	190.60	185.02
Long-term net asset value (EPRA NAV), SEK	237.48	209.23	237.48	229.25
Share price on the closing date, SEK	209.60	187.00	209.60	219.40
<b>Property-related</b>				
Rental value full-year, SEK/sq.m.	1,760	1,588	1,760	1,724
Rental income full-year, SEK/sq.m.	1,690	1,519	1,690	1,651
Economic occupancy rate, %	96	96	96	96
Surplus ratio, %	70	67	72	71
Carrying amount, SEK/sq.m.	26,091	22,082	26,091	24,952
Number of properties	1,156	1,225	1,156	1,148
Lettable area, sq.m. thousands	3,779	3,812	3,779	3,739
Profit from property management, attributable to parent company shareholders, SEKm	683	631	2,856	2,804
<b>Financial</b>				
Return on equity, %	12.1	11.3	21.8	22.6
Return on total assets, %	5.4	5.9	9.4	9.9
Interest coverage ratio, times	3.8	4.1	4.3	4.3
Equity/assets ratio, %	36.1	39.0	36.1	36.7
Debt/equity ratio, times	1.5	1.3	1.5	1.4
Net debt to total assets, %	51.4	48.9	51.4	50.9

## Key ratios excluding listed associated companies at market value

	2018 Jan-March	2017 Jan-March	2017 /2018 April-March	2017 Jan-Dec
<b>Share-related <sup>1)</sup></b>				
Shareholders' equity, SEK	183.27	150.43	183.27	173.86
<b>Financial</b>				
Return on equity, %	12.7	12.6	23.4	24.7
Return on total assets, %	5.5	6.1	9.6	10.2
Equity/assets ratio, %	35.3	37.1	35.3	35.5
Debt/equity ratio, times	1.5	1.4	1.5	1.5
Net debt to total assets, %	52.0	50.5	52.0	51.8

1) There is no dilutive effect as no potential shares arise.



## Condensed parent company income statement

SEKm	2018 Jan-March	2017 Jan-March	2017/2018 April-March	2017 Jan-Dec
Net sales	67	62	257	252
Administrative costs	-66	-63	-281	-278
<b>Operating profit</b>	<b>1</b>	<b>-1</b>	<b>-23</b>	<b>-26</b>
<b>Profit from financial items</b>				
Dividends from subsidiaries	—	—	909	909
Other net financial items	-547	207	-403	350
— of which exchange rate differences	-758	-10	-1 312	-565
Changes in value of derivatives	-16	37	81	133
<b>Profit before appropriations and taxes</b>	<b>-562</b>	<b>242</b>	<b>563</b>	<b>1 367</b>
<b>Appropriations</b>				
Group contributions paid	—	—	-41	-41
<b>Profit before tax</b>	<b>-562</b>	<b>242</b>	<b>522</b>	<b>1 326</b>
Deferred tax	124	-53	85	-92
<b>Net profit for the period/year <sup>1)</sup></b>	<b>-438</b>	<b>189</b>	<b>607</b>	<b>1 234</b>

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	2018 31 March	2017 31 March	2017 31 Dec
<b>Assets</b>			
Property, plant and equipment	9	25	9
Financial non-current assets	6,943	5,032	5,472
Receivables from group companies	37,656	29,582	36,790
Current receivables	113	124	199
Cash and cash equivalents and financial investments	1,125	2,173	1,152
<b>Total assets</b>	<b>45,845</b>	<b>36,935</b>	<b>43,621</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	9,199	12,142	9,637
Interest-bearing liabilities	30,509	19,849	28,774
— of which Hybrid capital	3,603	—	3,447
Liabilities to group companies	5,495	3,985	4,443
Derivatives	428	707	412
Other liabilities	214	251	355
<b>Total equity and liabilities</b>	<b>45,845</b>	<b>36,935</b>	<b>43,621</b>

## 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 37,728m (36,950).

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 36.4 % (34.5) of the capital and 49.9 % (48.2) of the votes. Foreign ownership amounts to approximately 24 % (19) of outstanding shares.

### The share

At the end of the period, approximately 13,400 shareholders (14,400) held shares. During the period, approximately 19.9 million shares were traded (26.7) which corresponds to an average of about 332,000 shares per trading day (404,000). The annual turnover rate amounted to 44 % (59). The price of the share was SEK 209.60 (187.00) on 31 March, corresponding to a decrease of 4 % 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.

### EPRA key ratios

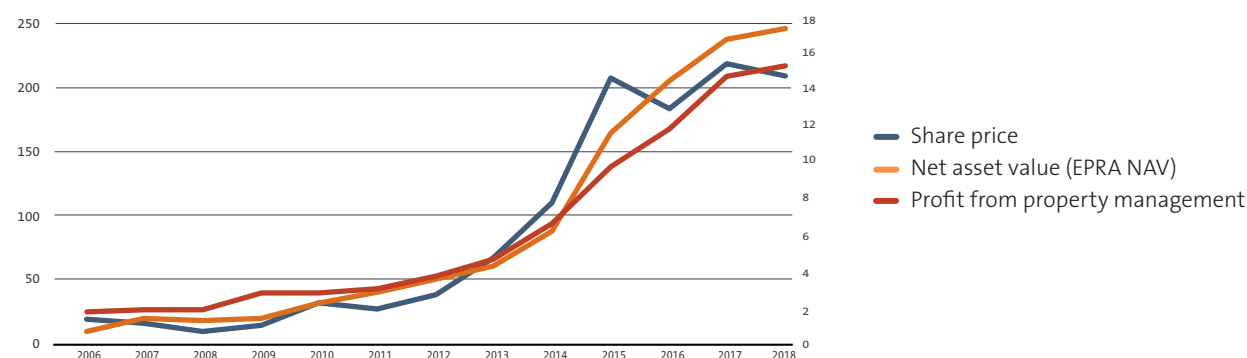
	2018 Jan-March	2017 Jan-March	2017 Jan-Dec
EPRA NAV (Long-term net asset value), SEKm	42,747	37,662	41,265
EPRA NAV, SEK per share	237.48	209.23	229.25
EPRA Vacancy rate, %	4	4	4

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

Share price, Net asset value (EPRA NAV)

Profit from property management

SEK/share



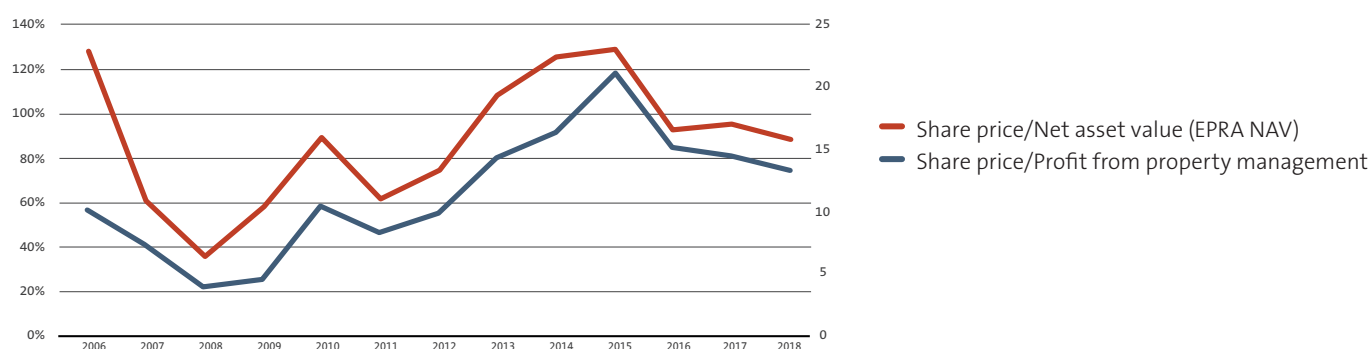
### Share price/Net asset value and Share price/profit from property management

Share price/Net asset value (EPRA NAV)

Share price/Profit from property management

%

times



### Ownership list as of 2018-03-31

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	—	9,168,729	9,168,729	5.1	3.3
Länsförsäkringar fondförvaltning AB	—	7,001,026	7,001,026	3.9	2.5
Handelsbanken Fonder AB	—	6,390,575	6,390,575	3.6	2.3
SEB Investment Management	—	5,885,794	5,885,794	3.3	2.1
Second Swedish National Pension Fund	—	3,451,035	3,451,035	1.9	1.2
CBNY-Norges Bank	—	2,544,487	2,544,487	1.4	0.9
Didner & Gerge Fonder Aktiebolag	—	2,230,794	2,230,794	1.2	0.8
Lannebo fonder	—	1,863,621	1,863,621	1.0	0.7
Other	4,212	59,481,067	59,485,279	33.0	21.2
<b>Total</b>	<b>11,229,432</b>	<b>168,770,568</b>	<b>180,000,000</b>	<b>100</b>	<b>100</b>

# 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 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 with the exception of changes in value.

### Profit from property management, SEKm

Profit before tax with reversal of changes in value. Reversal of changes in value and tax as regards participation in profits of associated companies also takes place. 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.

### Net debt to total assets, %

Net debt in relation to total assets.

### Interest coverage ratio, times

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

### 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 in relation to the balance sheet total at the end of the period.

### 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 Moody's and S&P.

## 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 for the period 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 (EPRA 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 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, % <sup>1)</sup>

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

### 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, ground rent and property tax.

### Rental value, SEKm <sup>1)</sup>

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 2.00 p.m. on May 8, 2018.

This report is a translation of the Swedish Interim Report January-March 2018. 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](http://balder.se).

### *Calendar*

Interim report Jan-June 2018	18 July 2018
Interim report Jan-Sep 2018	6 November 2018
Year-end report 2018	27 February 2019

**Fastighets AB Balder (publ)** [balder.se](http://balder.se) · [info@balder.se](mailto:info@balder.se) · Org.nr: 556525-6905

**Head office** Parkgatan 49 · Box 53 121 · 411 38 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 · 411 38 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** Drottninggatan 108 · 113 60 Stockholm · Tel: +46 8-735 37 70  
Vårby Allé 18 · 143 40 Vårby · Tel: +46 8-735 37 70

**Öresund** 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  
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