

Fastighets AB Balder

Interim report

January-September 2017

- Profit from property management attributable to parent company shareholders amounted to SEK 2,056m (1,615), corresponding to an increase per ordinary share by 25 % to SEK 10.59 (8.49)
- Rental income amounted to SEK 4,357m (3,946)
- Profit after tax attributable to parent company shareholders amounted to SEK 4,971m (2,938) corresponding to SEK 26.78 per ordinary share (16.16)
- Net asset value amounted to SEK 219.50 per ordinary share (184.72) and shareholders' equity (including listed associated companies at market value) amounted to SEK 177.55 per ordinary share (146.16)

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 92.9 billion (79.9) as of 30 September 2017. The Balder share is listed on Nasdaq Stockholm, Large Cap



Plaza, Copenhagen

The period in brief

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

July-September 2017

- Rental income amounted to SEK 1,475m (1,381).
- Net operating income amounted to SEK 1,109m (967).
- Profit from property management attributable to parent company shareholders increased by 27 % to SEK 760m (600), which corresponds to an increase by 24 % per ordinary share to SEK 3.94 (3.18).
- Changes in value in respect of investment properties amounted to SEK 872m (1,070). The average yield requirement was unchanged compared to Q2 and amounted to 5.0 % (5.3).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK 28m (3).
- Net profit after tax for the period amounted to SEK 1,464m (1,430).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,271m (1,205) which corresponds to SEK 6.78 per ordinary share (6.69).
- 14 properties (6) have been acquired at a property value of SEK 2,831m (605).
- 2 properties (12) were divested at a property value of SEK 84m (583).
- An Extraordinary General Meeting has been held where decision has been taken to retire all outstanding preference shares.
- Balder has issued EUR 850 million in the European capital market. EUR 500 million was issued as a senior unsecured bond with maturity 2026 at a fixed interest rate of 1.95 %, and EUR 350 million was issued as a hybrid capital security with a fixed interest rate of 3.13 % with maturity 2078.
- The acquisition of 56 % of Serena Properties AB has been approved by the EU Competition Authority and Balder has taken possession of the shares. The company owns 23 retail properties in Finland at a total market value of approximately EUR 200m.

January-September 2017

- Rental income amounted to SEK 4,357m (3,946).
- Net operating income increased by 15 % to SEK 3,086m (2,677).
- Profit from property management attributable to parent company shareholders increased by 27 % to SEK 2,056m (1,615), which corresponds to an increase per ordinary share by 25 % to SEK 10.59 (8.49).
- Changes in value in respect of investment properties amounted to SEK 3,582m (2,721). The average yield requirement amounted to 5.0 % (5.3).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK 160m (–426).
- Net profit after tax for the period amounted to SEK 5,430m (3,389).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 4,971m (2,938) which corresponds to SEK 26.78 per ordinary share (16.16).
- 35 properties (65) have been acquired at a property value of SEK 3,771m (6,710).
- 111 properties (49) were divested at a property value of SEK 2,873m (1,308).
- During the period Balder issued a total of EUR 1,850 million on the European capital market.
- Since December 2016 Balder has an Investment Grade rating from Moody's of Baa3 with stable outlook. During the period Moody's has changed the outlook to positive from stable. Since February 2017 Balder also has an Investment grade rating from S&P of BBB with a stable outlook.

	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2012 Jan-Dec	2011 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec
Rental income, SEKm	4,357	3,946	5,373	2,711	2,525	1,884	1,701	1,466	1,333	854
Profit from property management, SEKm ¹⁾	2,056	1,615	2,265	1,780	1,275	854	691	516	417	315
Changes in value of properties, SEKm	3,582	2,721	4,932	3,388	3,050	854	812	990	1,047	4
Changes in value of derivatives, SEKm	160	–426	–114	227	–624	433	–71	–520	148	–23
Profit after tax, SEKm ¹⁾	4,971	2,938	5,474	4,916	3,128	1,738	1,162	812	1,338	248
Carrying amount of properties, SEKm	92,883	79,875	86,177	68,456	37,382	27,532	22,278	17,556	14,389	12,669

Data per ordinary share, including listed associated companies at market value²⁾

Average number of shares, thousands	180,000	172,474	173,598	162,753	161,786	159,537	159,537	158,656	149,487	112,902
Profit after tax, SEK	26.78	16.16	30.38	28.98	18.10	10.11	6.69	4.87	8.95	2.20
Profit from property management, SEK	10.59	8.49	11.89	9.71	6.64	4.57	3.73	3.00	2.79	2.79
Outstanding number of shares, thousands	180,000	175,397	180,000	172,397	162,397	159,537	159,537	159,537	149,487	149,487
Shareholders' equity, SEK	177.55	146.16	157.63	128.03	70.10	52.14	42.15	35.57	31.13	22.19
Long-term net asset value (EPRA NAV), SEK	219.50	184.72	198.49	159.14	86.33	60.50	50.37	41.83	32.89	22.16
Share price on the closing date, SEK	211.80	228.00	184.10	208.70	110.25	66.00	37.30	25.30	29.40	12.50

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 in Q3, attributable to the parent company's shareholders, amounted to SEK 760m, corresponding to an increase of 24 % per ordinary share to SEK 3.94. The increase was generated through a larger property portfolio with slightly higher rents per sqm, a better surplus ratio and good financing conditions.

In terms of financing, we carried out two issues in the Eurobond market during the quarter, of which one was a senior unsecured bond with maturity in 2026 and a fixed interest rate of 1.95 % as well as a hybrid bond with a fixed interest rate of 3.13 %. We used the proceeds from the hybrid bond to retire our Preference shares just after the end of the quarter.

The property market

The property market in the Nordic region still feels stable with strong interest from investors and we usually see tough competition for attractive properties. The part of the

market where we have noticed an increased supply and a more uncertain price level is the market for certain types of retail properties and for expensive residential building rights. The price of residential building rights has increased strongly in recent years in some places so a certain degree of correction does not feel completely unexpected. However, I am still optimistic about the residential segment over time.

In conclusion

I also remain optimistic about Balder's long-term performance, based on our organisation, financing possibilities and our many different investments options.

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	2017 30 Sep	2017 30 June	2017 31 Mar	2016 31 Dec	2016 30 Sep	2016 30 June	2016 31 Mar	2015 31 Dec	2015 30 Sep	2015 30 June	2015 31 Mar
Rental income	5,920	5,860	5,700	5,800	5,470	5,325	5,135	5,045	2,725	2,650	2,745
Property costs	-1,655	-1,690	-1,660	-1,695	-1,690	-1,685	-1,670	-1,635	-775	-760	-800
Net operating income	4,265	4,170	4,040	4,105	3,780	3,640	3,465	3,410	1,950	1,890	1,945
Management and administrative costs	-510	-490	-490	-490	-490	-480	-440	-425	-175	-175	-170
Profit from property management from associated companies	600	530	530	505	470	420	355	340	560	500	410
Operating profit	4,355	4,210	4,080	4,120	3,760	3,580	3,380	3,325	2,335	2,215	2,185
Net financial items	-1,050	-950	-950	-1,040	-1,025	-1,010	-930	-880	-530	-575	-575
Of which non-controlling interests	-475	-455	-450	-445	-445	-380	-400	-410	-	-	-
Profit from property management ¹⁾	2,830	2,805	2,680	2,635	2,290	2,190	2,050	2,035	1,805	1,640	1,610
Tax	-610	-605	-580	-570	-490	-470	-440	-439	-397	-361	-354
Profit after tax	2,220	2,200	2,100	2,065	1,800	1,720	1,610	1,596	1,408	1,279	1,256
Profit after tax attributable to											
Ordinary shareholders	2,220	2,000	1,900	1,865	1,600	1,520	1,410	1,396	1,208	1,079	1,056
Preference shareholders	-	200	200	200	200	200	200	200	200	200	200
Profit from property management per ordinary share, SEK	15.72	14.47	13.78	13.52	11.92	11.55	10.73	10.64	9.88	8.87	8.68

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 30 September.

SEKm	2017 30 Sep	2016 30 Sep	2016 31 Dec
Assets			
Investment properties	92,883	79,875	86,177
Other fixed assets	134	130	136
Participations in associated companies ^{1,2)}	7,017	7,296	6,673
Other receivables	1,587	1,513	1,357
Cash and cash equivalents and financial investments	5,328	1,859	1,592
Total assets	106,949	90,672	95,935
Shareholders' equity and liabilities			
Shareholders' equity ³⁾	38,003	33,886	36,791
Deferred tax liability	6,678	4,833	5,808
Interest-bearing liabilities	55,826	48,014	49,580
—of which Hybrid capital ⁴⁾	3,348	—	—
Derivatives	872	1,930	1,547
Other liabilities	5,570	2,009	2,209
Total equity and liabilities	106,949	90,672	95,935
1) Including Balder's market value of Collector AB (publ) Collector's share price (SEK)	4,242 93.75	5,385 119.00	4,661 103.00
2) Including Balder's market value of Brinova Fastigheter AB (publ) Brinova's share price (SEK)	248 13.45	355 24.10	282 15.30
3) Of which non-controlling interests	6,043	5,373	5,540
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	1,674	—	—

Consolidated statement of changes in equity

SEKm	2017 30 Sep	2016 30 Sep	2016 31 Dec
Opening equity	36,791	29,325	29,325
Total comprehensive income for the period/year	5,415	3,791	6,507
Dividend preference shares, approved and entered as a liability	—50	—200	—200
Approved retiring of preference capital	—3,500	—	—
Share issue, after issue costs	—	682	1,780
Transactions with non-controlling interests	—8	—107	—107
Dividend to non-controlling interests	—	—107	—107
Non-controlling interests, arising on the acquisitions of subsidiary	6	—	—
Non-controlling interests, arising on share issue in subsidiary	—	554	554
The change during the period/year of listed associated companies at market value	—650	—53	—962
Closing equity	38,003	33,886	36,791

Results, income and costs

Profit from property management

Profit from property management for the period amounted to SEK 2,401m (1,911), of which effect of changes in exchange rates amounted to SEK 20m. Profit from property management attributable to parent company shareholders increased by 27 % and amounted to SEK 2,056m (1,615), which corresponds to an increase per ordinary share by 25 % to SEK 10.59 (8.49). Profit from property management includes SEK 425m (294) in respect of associated companies.

Net profit after tax

Net profit after tax for the period amounted to SEK 5,430m (3,389). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 4,971m (2,938), corresponding to SEK 26.78 per ordinary share (16.16). Profit before tax was affected by changes in value in respect of properties of SEK 3,582m (2,721), changes in value of interest rate derivatives of SEK 160m (–426) and profit from participations in associated companies of SEK 741m (355).

Rental income

Rental income increased by 10 % to SEK 4,357m (3,946), of which the effect of changes in exchange rates was SEK 50m. The increase was primarily due to a changed property portfolio. The leasing portfolio was estimated to have a rental value on 30 September of SEK 6,191m (5,766). The average rental level for the entire real estate portfolio amounted to SEK 1,663/sq.m. (1,617) excl. project properties.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 96 % (95) on 30 September. The total rental value of unlet areas at the end of the period amounted to SEK 271m (296) on an annual basis.

Property costs

Property costs amounted to SEK 1,271m (1,269) during the period, of which the effect of changes in exchange rates was SEK 15m.

Net operating income increased by 15 % to SEK 3,086m (2,677), which implies a surplus ratio of 71 % (68). 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 30 September of the entire real estate portfolio, see page 9. Unrealised changes in value during the period amounted to SEK 3,444m (2,659). Realised changes in value amounted to SEK 138m (62).

The average yield requirement as of 30 September amounted to 5.0 % (5.3), which is 0.3 percentage points lower than at year-end. The change in value during the period was attributable to improved net operating income and a reduced yield requirement.

Management and administrative costs

Management and administrative costs amounted to SEK 405m (358) during the period, of which the effect of changes in exchange rates was SEK 6m.

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.

During the period, Balder has invested in SHH Bostad AB. SHH is a residential development company that builds sustainable rental apartments and tenant-owned apartments at reasonable prices in cities with housing shortages. Balder's share amounts to 20 % of the ordinary shares. During the third quarter, the acquisition of 56 % of Serena Properties AB has been approved by the EU Competition Authority, and Balder has taken possession of the shares. The company owns 23 retail properties in Finland at a total market value of approximately EUR 200m.

Profit from participations in associated companies amounted to SEK 741m (355) during the period and Balder's participation in the associated companies profit from property management amounted to SEK 425m (294).

Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 500m (161). The tax expense for the period amounted to SEK –184m (–100).

Net financial items and changes in value of derivatives

Net financial items amounted to SEK –711m (–709), of which the effect of changes in exchange rates was SEK –9m. Changes in value of interest rate derivatives amounted to SEK 160m (–426). The positive change in value of derivatives during the period is due to the fact that the interest rates have risen during the period. Unrealised changes in value do not affect the cash flow.

Net financial items are equivalent to borrowing at an average interest rate of 1.8 % (2.1) during the period, including the effect of accrued interest from interest rate derivatives.

Taxes

Balder's tax cost amounted to SEK –1,029m (–878) of which SEK –156m (–116) is current tax for the period, mainly attributable to the consolidation of Sato Oyj, and also a deferred tax expense of SEK –874m (–762). The deferred tax expense for the period has been positively affected by property divestments through company. Previously deferred tax entered as a liability has been reversed. Current tax attributable to parent company shareholders amounted to SEK –84m (–68).

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 (which arose after the acquisition) and interest rate derivatives. Deferred tax liabilities amounted to SEK 6,678m (4,833).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 1,778m (1,516). Investing activities have burdened the cash flow by SEK –3,632m (–5,331).

During the period, acquisition of properties of SEK –3,905m (–4,416), investments in existing properties and projects of SEK –2,262m (–1,532), investments in property, plant and equipment, financial investments, associated companies and transactions with non-controlling interests SEK –435m (–610), dividends paid preference shares of SEK –150m (–150), dividend paid to non-controlling interests SEK 0m (107) and realised changes derivatives SEK –417m (–) adds up to SEK –7,169m (–6,815).

These have been financed through cash flow from operating activities of SEK 1,636m (1,971), by property divestments of SEK 2,830m (1,001), financial investments of SEK 8m (225), associated companies SEK 120m (–), share issue SEK 0m (682), share issue in subsidiary Sato Oyj SEK 0m (420), dividend paid from associated companies SEK 13m (–) and net borrowings of SEK 6,300m (3,524), which adds up to SEK 10,905m (7,822).

Total cash flow for the period amounted to SEK 3,737m (1,008). In addition to unutilised credit facilities of SEK 5,827m (4,853), the group's cash and cash equivalents, financial investments and unutilised overdraft facilities amounted to SEK 5,535m (2,209) on 30 September.

Third quarter 2017

Profit from property management for the third quarter of 2017 increased by 25 % and amounted to SEK 892m (712). Profit from property management attributable to parent company shareholders for the third quarter of 2017 increased by 27 % and amounted to SEK 760m (600) which corresponds to an increase per ordinary share of 24 % to SEK 3.94 (3.18). Profit from property

management included SEK 160m (115) in respect of associated companies. Rental income amounted to SEK 1,475m (1,381) and property costs amounted to SEK 366m (414), which meant that net operating income increased by 15 % to SEK 1,109m (967), of which the effect of changes in exchange rates has affected the operating surplus with SEK 13m. The surplus ratio amounted to 75 % (70).

Net profit after tax for the period amounted to SEK 1,464m (1,430). Profit after tax attributable to parent company shareholders amounted to SEK 1,271m (1,205) corresponding to SEK 6.78 per ordinary share (6.69). The result was affected by changes in value in respect of properties of SEK 872m (1,070), changes in value of interest rate derivatives of SEK 28m (3) and profit from participations in associated companies of SEK 180m (158). Tax expense for the period amounted to SEK –349m (–398), of which SEK –51m (–37) is current tax and SEK –298m (–361) is deferred tax.

Employees and organisation

The number of employees on 30 September amounted to 592 persons (551), of whom 275 were women (239). Balder is organised into six 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 186m (143) during the period.

Net profit after tax amounted to SEK 1,474m (1,412). Dividend from subsidiaries was included with SEK 909m (1,430) other net financial items amounted to SEK 585m (444) of which exchange rates differences amounted to SEK –98m (2) and changes in value of interest rate derivatives amounted to SEK 150m (–450).

Real estate holdings

On 30 September Balder owned 1,145 properties (1,191) with a lettable area of 3,678 thousand sq.m. (3,540) and a value of SEK 92,883m (79,875), including project properties. Balder's total rental value excluding project properties amounted to SEK 6,118m (5,725). Balder's commercial pro-

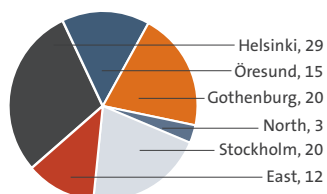
perties are mainly located in the central parts of the major cities. Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

Balder's real estate holdings on 2017-09-30 ¹⁾

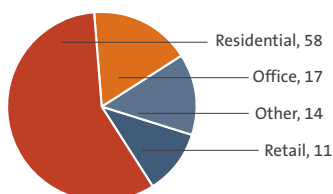
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Helsinki	507	1,024,703	2,124	2,073	2,050	97	25,680	28
Stockholm	61	530,037	959	1,810	904	94	17,272	19
Gothenburg	141	840,827	1,137	1,352	1,092	96	17,959	19
Öresund	80	472,213	745	1,577	696	93	13,062	14
East	277	628,417	939	1,494	896	95	10,939	12
North	79	181,643	214	1,177	207	97	3,241	3
Total	1,145	3,677,840	6,118	1,663	5,846	96	88,154	95
Project			74		74		4,729	5
Total	1,145	3,677,840	6,191	1,663	5,920	96	92,883	100
Distributed by property category								
Residential	937	2,344,998	3,873	1,652	3,740	97	50,536	54
Office	66	432,032	895	2,072	811	91	15,502	17
Retail	96	522,281	655	1,254	626	96	10,051	11
Other	46	378,529	694	1,834	670	96	12,064	13
Total	1,145	3,677,840	6,118	1,663	5,846	96	88,154	95
Project			74		74		4,729	5
Total	1,145	3,677,840	6,191	1,663	5,920	96	92,883	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, 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 have been 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. On 30 September, Balder's average yield requirement amounted to 5.0 % (5.3) excluding project and development properties, which is 0.3 percentage points lower than at 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 30 September, Balder had ongoing residential projects with an expected total investment of SEK 8 billion, of which about SEK 4 billion was already invested. The most large scale investments are in Copenhagen and Helsinki and mainly relate to condominiums for rent. In Copenhagen, there are currently about 1,200 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 92,883m (79,875) on 30 September. The unrealised change in value during the period amounted to SEK 3,444m (2,659) and was attributable to improved net operating income and lower yield.

Investments, acquisitions and divestments

During the period, a total of SEK 6,033m (8,242) was invested, of which SEK 3,771m (6,710) related to acquisitions and SEK 2,262m (1,532) related to investments in existing properties and projects. Properties with a sales value of SEK 2,873m (1,308) were divested during the period. The majority of the sales during the period refers to the properties in Tranås, Falköping, Arboga and Köping. The realised change in value from property sales amounted to SEK 138m (62). The change in the real estate portfolio during the period is presented in the table below.

Change in carrying amount of properties

	2017		2016	
	SEKm	Number ¹⁾	SEKm	Number ¹⁾
Real estate portfolio, 1 January	86,177	1,220	68,456	1,177
Investments in existing properties and projects	2,262		1,532	
Acquisitions	3,771	35	6,710	65
Sales/Reclassifications	-2,735	-110	-1,246	-51
Change in value of investment properties, unrealised	3,444		2,659	
Currency changes	-36		1,763	
Real estate portfolio, 30 September	92,883	1,145	79,875	1,191

1) Number of investment properties.

Property transactions 2017

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
Acquisitions					
One	1	Kvillebäcken 62:7	Gothenburg	Project	–
One	8	Sato Oyj	Finland	Residential	15,797
Two	1	Ysby 2:25	Kungsbacka	Industrial/warehouse	1,721
Two	1	Vindtyget 6	Borås	Retail	3,350
Two	1	Nöjet 1	Linköping	Retail	1,380
Two	1	Vinkeln 7	Huddinge	Retail	5,391
Two	1	Badelundaåsen 3	Västerås	Retail	2,796
Two	1	Backa 169:2	Gothenburg	Retail	3,615
Two	1	Draglädret 1	Malmö	Retail	2,679
Two	1	Traversen 1	Kristianstad	Retail	2,088
Two	1	Phyllatterion 6	Trelleborg	Retail	5,083
Two	1	Yhdistyksentie, 545-412-4-209	Närpes, Finland	Retail	2,661
Two	2	Sato Oyj	Finland	Residential	8,944
Three	1	378 Vestervold Kvarter	Copenhagen	Hotel	5,181
Three	1	130 & 158 Vestervold Kvarter	Copenhagen	Hotel	6,708
Three	1	371 Vestervold Kvarter	Copenhagen	Hotel	6,308
Three	1	329 Vestervold Kvarter	Copenhagen	Hotel	5,310
Three	1	Sulhasenkuja 3, 91-20-787-3	Helsinki	Hotel	9,734
Three	1	Murmästaren 3	Stockholm	Project	16,086
Three	1	Lorensberg 46:3	Gothenburg	Retail	985
Three	7	Sato Oyj	Finland	Residential	16,641
Total	35				122,458
Divestments					
One	3	Sato Oyj	Finland	Residential	6,803
Two	1	Lejonet 2	Falköping	Residential	6,640
Two	1	Anden 16	Falköping	Residential	703
Two	1	Skalbaggen 1	Falköping	Residential	856
Two	1	Kemisten 1	Falköping	Retail	531
Two	1	Agaten 11	Falköping	Residential	931
Two	1	Agaten 6	Falköping	Residential	466
Two	1	Apotekaren 2	Falköping	Residential	1,225
Two	1	Avenboken 1	Falköping	Residential	1,241
Two	1	Avenboken 2	Falköping	Residential	1,234
Two	1	Bagaren 7	Falköping	Residential	3,403
Two	1	Byggmästaren 9	Falköping	Residential	2,340
Two	1	Ejden 14	Falköping	Residential	2,305
Two	1	Guldsmeden 21	Falköping	Office	623
Two	1	Guldsmeden 7	Falköping	Retail	1,535
Two	1	Hovslagaren 16	Falköping	Residential	2,169
Two	1	Muraren 15	Falköping	Residential	1,551
Two	1	Muraren 3	Falköping	Residential	960
Two	1	Muraren 4	Falköping	Residential	745
Two	1	Muraren 5	Falköping	Residential	787
Two	1	Oxeln 1	Falköping	Residential	1,382
Two	1	Sankt Olof 18	Falköping	Residential	2,031
Two	1	Spettet 1	Falköping	Residential	1,362
Two	1	Svanen 24	Falköping	Residential	1,099
Two	1	Trädgårdsmästaren 18	Falköping	Residential	1,366

Cont. Property transactions 2017

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
Two	1	Trädgårdsmästaren 19	Falköping	Residential	1,018
Two	1	Trädgårdsmästaren 22	Falköping	Residential	2,020
Two	1	Urd 3	Falköping	Residential	3,775
Two	1	Vargen 1	Falköping	Residential	1,451
Two	1	Vargen 2	Falköping	Residential	1,206
Two	1	Vargen 3	Falköping	Residential	1,074
Two	1	Vargen 4	Falköping	Residential	1,651
Two	1	Vargen 5	Falköping	Residential	1,462
Two	2	Vargen 6 & 8	Falköping	Residential	1,546
Two	1	Vargen 7	Falköping	Residential	1,032
Two	1	Vitsippan 2	Falköping	Residential	532
Two	1	Muraren 6	Falköping	Residential	787
Two	0	Hytten 1	Falköping	Ground	–
Two	0	Sankt Olof 17	Falköping	Ground	–
Two	1	Hammaren 7	Falköping	Residential	376
Two	1	Sankt Tomas 13	Falköping	Residential	393
Two	1	Sankt Jakob 14	Falköping	Residential	316
Two	1	Sankt Jakob 18	Falköping	Residential	293
Two	1	Sankt Johannes 18	Falköping	Residential	400
Two	1	Sankt Staffan 13	Falköping	Office	2,415
Two	1	Skogslinden 3	Falköping	Residential	740
Two	1	Skogslinden 4	Falköping	Residential	730
Two	1	Skalbaggen 5	Falköping	Residential	548
Two	1	Skalbaggen 12	Falköping	Residential	540
Two	1	Skalbaggen 11	Falköping	Residential	434
Two	1	Flugsnapparen 1	Falköping	Residential	600
Two	1	Flugsnapparen 2	Falköping	Residential	570
Two	1	Flugsnapparen 6	Falköping	Residential	570
Two	1	Ansgar 1	Falköping	Residential	2,278
Two	1	Mejseln 4	Falköping	Residential	330
Two	1	Göken 12	Falköping	Residential	423
Two	1	S:t Lars 1	Falköping	Residential	879
Two	1	Draken 8	Falköping	Residential	660
Two	1	Gesällen 15	Arboga	Residential	5,714
Two	1	Riskan 1	Arboga	Residential	4,200
Two	1	Vilsta 9	Arboga	Residential	8,520
Two	1	Vilsta 10	Arboga	Residential	8,371
Two	1	Vilsta 21	Arboga	Residential	6,599
Two	1	Hjulmakaren 25	Arboga	Residential	3,497
Two	1	Ringsborg 1	Arboga	Office	1,488
Two	1	Getingen 1	Arboga	Residential	9,535
Two	1	Disa 1	Köping	Residential	1,586
Two	1	Freja 3	Köping	Residential	1,740
Two	1	Freja 11	Köping	Residential	2,681
Two	1	Immanuel 2	Köping	Residential	11,524
Two	1	Inga 1	Köping	Residential	2,724
Two	4	Tunadal 6-8	Köping	Residential	9,546
Two	1	Fenja 10	Köping	Retail	5,253
Two	1	Gäddan 2	Tranås	Residential	3,402

Cont. Property transactions 2017

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
Two	1	Laxen 2	Tranås	Residential	9,840
Two	1	Sutaren 2	Tranås	Residential	3,799
Two	1	Forellen 3	Tranås	Residential	5,783
Two	1	Forellen 5	Tranås	Residential	6,377
Two	1	Öringen 1	Tranås	Residential	3,040
Two	1	Forellen 4	Tranås	Other	400
Two	1	Laxen 3	Tranås	Retail	575
Two	1	Flundran 2	Tranås	Other	–
Two	1	Kometen 10	Tranås	Residential	708
Two	1	Norra Gyllenfors 9	Tranås	Residential	11,089
Two	1	Oden 12	Tranås	Residential	3,687
Two	1	Södra Framnäs 20	Tranås	Residential	402
Two	1	Tigern 14	Tranås	Residential	736
Two	1	Tjädern 23	Tranås	Residential	684
Two	1	Tornsvalan 3	Tranås	Residential	2,083
Two	1	Västermalm 23	Tranås	Residential	6,855
Two	1	Falkberget 24	Tranås	Residential	1,087
Two	1	Lejonet 5	Tranås	Residential	1,342
Two	1	Nordstjärnan 7	Tranås	Residential	2,964
Two	1	Lindkullen 11	Tranås	Residential	826
Two	1	Lindkullen 12	Tranås	Residential	1,073
Two	1	Lindkullen 13	Tranås	Residential	1,009
Two	1	Bågskytten 4	Tranås	Residential	478
Two	1	Bågskytten 5	Tranås	Residential	500
Two	1	Kullen 1	Tranås	Residential	704
Two	1	Jupiter 17	Tranås	Residential	476
Two	1	Västerhejde Vibble 1:457	Gotland	Residential	7,861
Two	4	Sato Oyj	Finland	Residential	6,351
Three	1	Verkmästaren 14	Trollhättan	Other	1,496
Three	1	Sato Oyj	Finland	Residential	3,575
Total	111				247,517

Associated companies

Balder owns 50 % of a number of companies where Balder handles the management and administration, for further information, see page 50-52 in Balder's Annual Report for 2016. 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. 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 % (28) of Brinova Fastigheter AB (publ), 49 % (49) in Sjaelsö Management ApS and 20 % (–) in SHH Bostad AB. For more information about these associated companies, see each company's website: Collector.se, Tornet.se, Brinova.se, Sjaelsoemanagement.dk and Shhbostad.se.

Balder's participation in the 50 %-owned associated companies' real estate holdings on 2017-09-30 ¹⁾

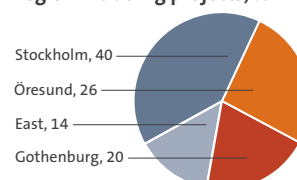
	Number of properties ²⁾	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	48	130,876	175	1,337	172	98	3,016	40
Gothenburg	17	92,915	111	1,191	103	93	1,513	20
Öresund	25	64,697	92	1,423	91	99	1,467	19
East	23	83,970	98	1,173	93	94	1,062	14
Total	113	372,457	476	1,278	458	96	7,058	93
Project			4		4		540	7
Total	113	372,457	480	1,278	462	96	7,598	100
Distributed by property category								
Residential	27	45,453	70	1,547	69	99	1,585	21
Office	13	38,499	80	2,089	75	94	1,341	18
Retail	58	202,204	233	1,154	223	95	2,849	37
Other	15	86,302	92	1,066	91	99	1,284	17
Total	113	372,457	476	1,278	458	96	7,058	93
Project			4		4		540	7
Total	113	372,457	480	1,278	462	96	7,598	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, nursing, industrial and mixed-use properties.
2) Refers to the entire portfolio of the associated companies.

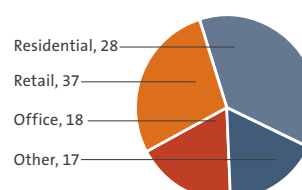
Balder's participation in the balance sheets of 50 %-owned associated companies

SEKm	2017 30 Sep	2016 30 Sep	2016 31 Dec
Assets			
Properties	7,598	5,784	5,991
Other assets	67	83	54
Cash and cash equivalents	147	181	203
Total assets	7,812	6,048	6,248
Shareholders' equity and liabilities			
Equity/shareholder loan	3,284	2,392	2,549
Interest-bearing liabilities	3,995	3,330	3,319
Other liabilities	533	327	379
Total equity and liabilities	7,812	6,048	6,248

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 7.5 years (6.5). Balder's 10 largest leases represent 5.5 % (5.9) of total rental income and the average lease term amounts to 11.4 years (12.7).

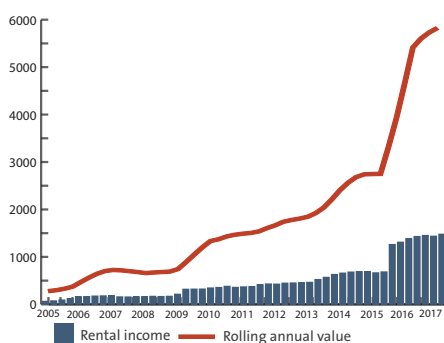
No individual lease accounts for more than 0.8 % (0.9) of Balder's total rental income and no individual customer accounts for more than 4.3 % (2.6) of total rental income.

Lease maturity structure 2017-09-30

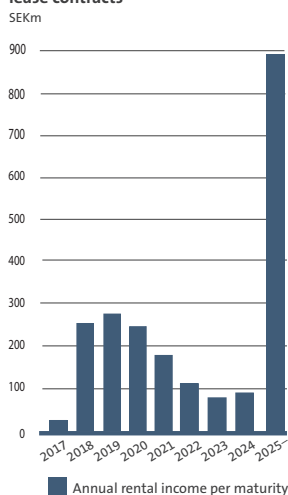
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2017	145	5	33	1
2018	1,139	41	257	4
2019	520	19	278	5
2020	429	16	252	4
2021–	533	19	1,356	23
Total	2,766	100	2,176	37
Residential ¹⁾	36,741		3,683	62
Car park ¹⁾	4,866		16	0
Garage ¹⁾	3,681		45	1
Total	48,054		5,920	100

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

Rental income
SEKm



Maturity structure of commercial lease contracts
SEKm



Balder's 10 largest customers as of 2017-09-30

- 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 com-

mercial 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.

Financial Key ratios

	2017 30 Sep	2016 30 Sep	2016 30 Dec
Interest-bearing liabilities excl. Hybrid capital, SEKm	52,478	48,014	49,580
Hybrid capital, SEKm	3,348	–	–
Available liquidity including confirmed loan commitments, SEKm	7,862 ¹⁾	7,062	6,769
Average fixed credit term, years	5.5	4.3	4.2
Average interest rate refixing period, years	3.7	2.7	2.4
Net debt to total assets (financial covenant < 65), %	48.9	50.9	50.0
Interest coverage ratio (financial covenant > 1,8), times	4.4	3.7	3.7
Secured debt/Total assets (financial covenant < 45), %	22.6	41.0	39.6
Credit rating S&P	BBB Stable outlook	–	–
Credit rating Moody's	Baa3 Positive outlook	–	Baa3 Stable outlook
Calculation of net debt			
Interest-bearing liabilities excl. Hybrid capital, SEKm	52,478	48,014	49,580
Hybrid capital (50 % is treated as equity by rating agencies), SEKm	1,674	–	–
Cash and cash equivalents and financial investments, SEKm	–1,828 ¹⁾	–1,859	–1,592
Net debt	52,324	46,155	47,988

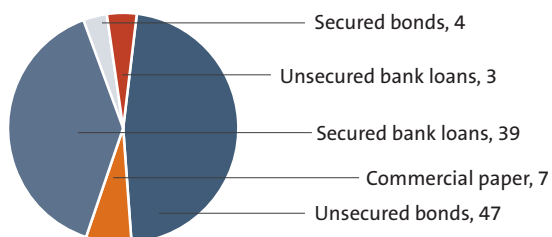
1) Cash and cash equivalents is decreased by SEK 3,500m which refers to future payment to preference shareholders on 12 October 2017.

Financial targets

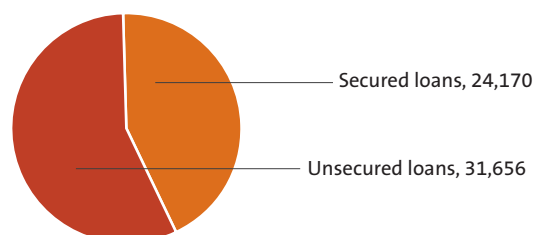
		Target	Outcome ²⁾
Equity/assets ratio, %	min.	35.0	35.5
Net debt to total assets, %	max.	55.0	48.9
Interest coverage ratio, times	min.	2.0	4.4

2) 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



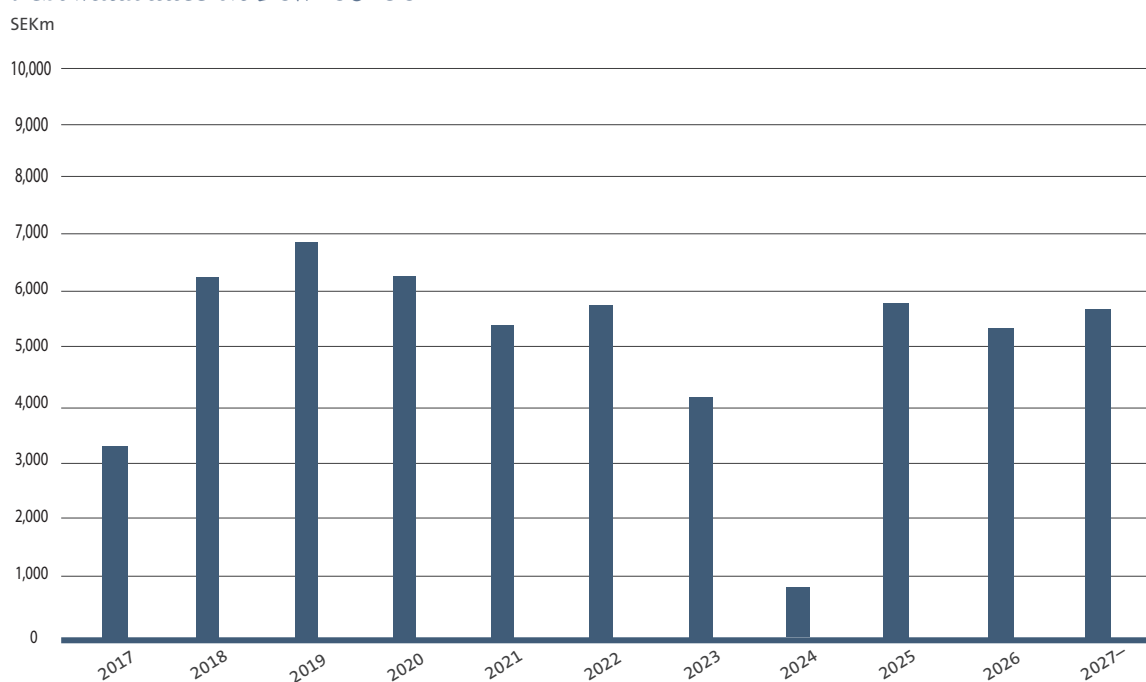
Interest maturity structure on 2017-09-30

Year	Fixed interest term		
	SEKm	Interest, %	Proportion, %
Within one year	20,725	1.0	37
1–2 years	1,811	2.8	3
2–3 years	4,094	2.4	7
3–4 years	4,853	2.5	9
4–5 years	6,756	1.8	12
5–6 years	4,380	3.0	8
6–7 years	655	3.0	1
7–8 years	6,475	2.2	12
8–9 years	6,071	2.3	11
9–10 years	—	—	—
> 10 years	7	4.0	0
Total	55,826	1.9	100

Fixed credit term on 2017-09-30

Year	Fixed credit term	
	SEKm	Proportion, %
Within one year	7,583	14
1–2 years	6,979	13
2–3 years	7,441	13
3–4 years	5,364	10
4–5 years	5,859	10
5–6 years	4,508	8
6–7 years	1,055	2
7–8 years	5,984	11
8–9 years	5,373	10
9–10 years	120	0
> 10 years	5,559	10
Total	55,826	100

Debt maturities on 2017-09-30



Other disclosures

Events after the end of the period

All outstanding preference shares have been retired after the end of the reporting period. Cash payment of SEK 350 per preference share has been made to the holders of the preference shares, which corresponds to a total amount of SEK 3.5 billion. Payment of the retiring amount was made on October 12, 2017.

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 32m (23) 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 2016, on pages 53-55. 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.

From 2017, hedge accounting for net investments in foreign currency is applied. Besides this the accounting policies and calculation methods applied are unchanged compared with the Annual Report for 2016.

Other

With start from 2017, Balder has chosen to make a few reclassifications of profit/loss items in the consolidated statement of comprehensive income. Profit from property management from associated companies, changes in value and tax are now presented in italics directly below the result line Participation in profits of associated companies.

Changes in value in respect of properties and derivatives are reported in relation to each other, directly before profit before tax. Comparative figures have been adjusted. The changes are assessed, together with other supplementary information in the interim report, to facilitate the reader and provide a more accurate picture.

Nomination Committee

The Annual General Meeting on 11 May 2017 resolved that the nomination committee shall be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The names of the other two members and the owners they represent shall be announced not later than six months before the Annual General Meeting and shall be based on known ownership immediately prior to publication.

In accordance with this resolution, Balder's nomination committee, based on ownership as of 30 September 2017 and known changes subsequently, Lars Rasin, Chairman, Jesper Mårtensson, representing Erik Selin Fastigheter AB and Rikard Svensson, representing Arvid Svensson Invest AB.

The Annual General Meeting will be held in Gothenburg on Tuesday 8 May 2018. Shareholders who wish to contact the nomination committee can do so via e-mail to info@balder.se.

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

Gothenburg November 2, 2017

Erik Selin
Chief Executive Officer

Consolidated statement of comprehensive income

SEKm	2017 July-Sep	2016 July-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Rental income	1,475	1,381	4,357	3,946	5,784	5,373
Property costs	-366	-414	-1,271	-1,269	-1,696	-1,693
Net operating income	1,109	967	3,086	2,677	4,088	3,679
Management and administrative costs	-137	-122	-405	-358	-536	-488
Participations in the profits of associated companies	180	158	741	355	977	590
– of which profit from property management	160	115	425	294	550	419
– of which changes in value	41	90	500	161	682	343
– of which tax	-21	-47	-184	-100	-255	-172
Other income/costs	4	1	6	7	16	17
Net financial items	-243	-249	-711	-709	-975	-973
Profit including changes in value and tax in associated companies	912	755	2,717	1,972	3,570	2,825
– of which Profit from property management	892	712	2,401	1,911	3,143	2,653
<i>Changes in value</i>						
Changes in value properties, realised	1	11	138	62	161	85
Changes in value properties, unrealised	871	1,059	3,444	2,659	5,632	4,847
Changes in value derivatives	28	3	160	-426	472	-114
Profit before tax	1,812	1,828	6,459	4,267	9,835	7,643
Tax	-349	-398	-1,029	-878	-1,701	-1,550
Net profit for the period/year	1,464	1,430	5,430	3,389	8,134	6,093
<i>Net profit for the period/year attributable to:</i>						
Parent company shareholders	1,271	1,205	4,971	2,938	7,507	5,474
Non-controlling interests	193	225	459	451	627	619
	1,464	1,430	5,430	3,389	8,134	6,093
Other comprehensive income – items that may be subsequently reclassified to profit or loss						
Translation difference relating to foreign operations	-140	241	-116	513	-191	438
Cash flow hedges after tax	11	-6	102	-114	189	-26
Participation in other comprehensive income of associated companies	0	1	-1	3	-1	2
Total comprehensive income for the period/year	1,335	1,666	5,415	3,791	8,131	6,507
<i>Total comprehensive income for the period/year attributable to:</i>						
Parent company shareholders	1,202	1,322	4,909	3,136	7,458	5,685
Non-controlling interests	133	343	505	656	672	823
	1,335	1,666	5,415	3,791	8,131	6,507
Profit from property management	892	712	2,401	1,911	3,143	2,653
Of which non-controlling interests part of Profit from property management	-133	-112	-345	-296	-438	-388
Profit from property management attributable to parent company shareholders	760	600	2,056	1,615	2,706	2,265
Profit from property management per ordinary share, SEK ¹⁾	3.94	3.18	10.59	8.49	13.98	11.89
Profit after tax per ordinary share, SEK ¹⁾	6.78	6.69	26.78	16.16	40.76	30.38

1) Reduced by dividend for the preference share for the period.
There is no dilutive effect as no potential shares arise.

Consolidated statement of financial position

SEKm	2017 30 Sep	2016 30 Sep	2016 31 Dec
Assets			
Investment properties	92,883	79,875	86,177
Other fixed assets	134	130	136
Participations in associated companies	4,356	3,075	3,362
Other receivables	1,587	1,513	1,357
Cash and cash equivalents and financial investments	5,328	1,859	1,592
Total assets	104,288	86,451	92,623
Shareholders' equity and liabilities			
Shareholders' equity ¹⁾	35,341	29,665	33,479
Deferred tax liability	6,678	4,833	5,808
Interest-bearing liabilities	55,826	48,014	49,580
—of which Hybrid capital ²⁾	3,348	—	—
Derivatives	872	1,930	1,547
Other liabilities	5,570	2,009	2,209
Total equity and liabilities	104,288	86,451	92,623
1) Of which non-controlling interests	6,043	5,373	5,540
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	1,674	—	—

Consolidated statement of changes in equity

SEKm	2017 30 Sep	2016 30 Sep	2016 31 Dec
Opening equity	33,479	25,052	25,052
Total comprehensive income for the period/year	5,415	3,791	6,507
Dividend preference shares, approved and entered as a liability	–50	–200	–200
Approved retiring of preference capital	–3,500	—	—
Share issue, after issue costs	—	682	1,780
Transactions with non-controlling interests	–8	–107	–107
Dividend to non-controlling interests	—	–107	–107
Non-controlling interests arising on the acquisition of subsidiary	6	—	—
Non-controlling interests arising on share issue in subsidiary	—	554	554
Closing equity	35,341	29,665	33,479

Consolidated statement of cash flows

SEKm	2017 July-Sep	2016 July-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Net operating income	1,109	967	3,086	2,677	3,679
Other income/costs	4	1	6	7	17
Management and administrative costs	-137	-122	-405	-358	-488
Reversal of depreciation	6	4	18	11	26
Net financial items paid	-236	-224	-757	-681	-939
Taxes paid	-17	-61	-170	-139	-160
Cash flow from operating activities before change in working capital	729	564	1,778	1,516	2,135
Change in operating receivables	-133	67	-97	15	176
Change in operating liabilities	39	109	-45	440	580
Cash flow from operating activities	634	740	1,636	1,971	2,891
Acquisition of properties	-2,831	-563	-3,905	-4,416	-7,648
Acquisition/Divestment of property, plant and equipment	-2	2	-16	-19	-41
Purchase of financial investments	-20	-12	-24	-42	-145
Acquisition of shares in associated companies	-224	-228	-387	-442	-493
Investment in existing properties and projects	-670	-453	-2,262	-1,532	-1,843
Transactions with non-controlling interests	-6	-	-8	-107	-107
Sale of properties	84	512	2,830	1,001	1,651
Sale of financial investments	-	1	8	225	225
Sale of shares in associated companies	120	-	120	-	-
Dividend paid from associated companies	-	-	13	-	-
Cash flow from investing activities	-3,549	-742	-3,632	-5,331	-8,401
Share issue, after issue costs	-	682	-	682	682
Share issue in subsidiary, non-controlling interest's part of the share issue in Sato Oyj	-	-	-	420	420
Dividend paid for preference shares	-50	-50	-150	-150	-200
Dividend paid to non-controlling interests	-	-	-	-107	-107
Changes in value derivatives, realised	-199	-	-417	-	-
Loans raised	9,682	914	21,453	7,521	10,783
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-4,415	-822	-15,154	-3,997	-5,401
Cash flow from financing activities	5,019	723	5,733	4,368	6,177
Cash flow for the period/year	2,105	721	3,737	1,008	667
Cash and cash equivalents at the start of the period/year	2,919	907	1,287	620	620
Cash and cash equivalents at the end of the period/year	5,023	1,628	5,023	1,628	1,287
Unutilised overdraft facilities	207	350	207	350	350
Financial investments	305	231	305	231	305

Segment information

SEKm	2017 July-Sep	2016 July-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Rental income						
Helsinki	498	493	1,510	1,395	2,016	1,901
Stockholm	229	199	674	598	895	819
Gothenburg	279	255	851	750	1,131	1,030
Öresund	176	139	474	365	605	496
East	240	242	689	697	925	933
North	53	52	159	141	211	193
Total	1,475	1,381	4,357	3,946	5,784	5,373
Net operating income						
Helsinki	359	327	989	922	1,291	1,224
Stockholm	179	140	514	443	681	610
Gothenburg	220	191	630	521	852	743
Öresund	133	118	362	300	467	405
East	179	152	482	399	649	566
North	39	40	110	93	147	130
Total	1,109	967	3,086	2,677	4,088	3,679

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 3,086m (2,677) and profit before tax of SEK 6,459m (4,267) consists of changes in value of properties of SEK 3,582m (2,721), other income/costs SEK 6m (7), management and administrative costs of SEK –405m (–358), participations in profits of associated companies of SEK 741m (355), net financial items of SEK –711m (–709) and changes in value of derivatives of SEK 160m (–426).

SEKm	2017 30 Sep	2016 30 Sep	2016 31 Dec
Investment properties			
Helsinki	25,680	23,994	24,393
Stockholm	17,272	13,953	15,797
Gothenburg	17,959	14,404	17,053
Öresund	13,062	8,821	10,368
East	10,939	10,908	11,021
North	3,241	2,947	3,086
Total carrying amount excluding project	88,154	75,027	81,718
Project	4,729	4,848	4,459
Total carrying amount including project	92,883	79,875	86,177

The carrying amounts of properties have during the year changed by investments, acquisitions, divestments and unrealised changes in value, with SEK 1,287m in Helsinki region, SEK 1,475m in the Stockholm region, SEK 906m in the Gothenburg region, SEK 2,694m in the Öresund region, SEK 155m in the North region and by SEK –82m in the East region. The group's projects has increased by SEK 270m. 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

	2017 July-Sep	2016 July-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Share-related, ordinary shares ¹⁾						
Average number of shares, thousands	180,000	172,628	180,000	172,474	179,241	173,598
Profit after tax, SEK	6.78	6.69	26.78	16.16	40.76	30.38
Profit after tax excluding unrealised changes in value, SEK	3.17	2.25	9.92	6.67	12.61	9.37
Profit from property management, SEK	3.94	3.18	10.59	8.49	13.98	11.89
Net operating income, SEK	4.91	4.48	13.72	12.39	18.34	17.02
Outstanding number of shares, thousands	180,000	175,397	180,000	175,397	180,000	180,000
Shareholders' equity, SEK	177.55	146.16	177.55	146.16	177.55	157.63
Long-term net asset value (EPRA NAV), SEK	219.50	184.72	219.50	184.72	219.50	198.49
Share price on the closing date, SEK	211.80	228.00	211.80	228.00	211.80	184.10
Property-related						
Rental value full-year, SEK/sq.m.	1,663	1,617	1,663	1,617	1,663	1,583
Rental income full-year, SEK/sq.m.	1,590	1,534	1,590	1,534	1,590	1,507
Economic occupancy rate, %	96	95	96	95	96	95
Surplus ratio, %	75	70	71	68	71	68
Carrying amount, SEK/sq.m.	23,969	21,196	23,969	21,196	23,969	21,473
Number of properties	1,145	1,191	1,145	1,191	1,145	1,220
Lettable area, sq.m. thousands	3,678	3,540	3,678	3,540	3,678	3,806
Profit from property management, attributable to parent company shareholders, SEKm	760	600	2,056	1,615	2,706	2,265
Financial						
Return on equity, ordinary share, %	9.3	9.5	17.8	13.2	25.4	20.9
Return on total assets, %	5.2	5.4	8.0	6.9	10.9	9.9
Interest coverage ratio, times	4.7	3.9	4.4	3.7	4.2	3.7
Equity/assets ratio, %	35.5	37.4	35.5	37.4	35.5	38.3
Debt/equity ratio, times	1.4	1.4	1.4	1.4	1.4	1.3
Net debt to total assets, %	48.9 ²⁾	50.9	48.9 ²⁾	50.9	48.9 ²⁾	50.0

Key ratios excluding listed associated companies at market value

	2017 July-Sep	2016 July-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Share-related, ordinary shares ¹⁾						
Shareholders' equity, SEK	162.77	122.09	162.77	122.09	162.77	139.23
Financial						
Return on equity, ordinary share, %	10.1	11.2	19.8	16.1	28.8	24.6
Return on total assets, %	5.3	5.7	8.3	7.3	11.3	10.4
Equity/assets ratio, %	33.9	34.3	33.9	34.3	33.9	36.1
Debt/equity ratio, times	1.5	1.6	1.5	1.6	1.5	1.5
Net debt to total assets, %	50.2 ²⁾	53.4	50.2 ²⁾	53.4	50.2 ²⁾	51.8

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

2) Cash and cash equivalents is decreased by SEK 3,500m which refers to future payment to preference shareholders on 12 October 2017.

Condensed parent company income statement

SEKm	2017 July-Sep	2016 July-Sep	2017 Jan-Sep	2016 Jan-Sep	2016/2017 Oct-Sep	2016 Jan-Dec
Net sales	65	46	186	143	252	209
Administrative costs	-69	-52	-196	-161	-259	-224
Operating profit	-4	-6	-11	-18	-7	-14
Profit from financial items						
Dividends from subsidiaries	—	—	909	1,430	909	1,430
Other net financial items	313	157	585	444	720	579
— of which exchange rate differences	55	1	-98	2	-99	1
Changes in value of derivatives	28	-9	150	-450	448	-151
Profit before appropriations and taxes	336	142	1,633	1,406	2,070	1,843
Appropriations						
Group contributions paid	—	—	—	—	-568	-568
Profit before tax	336	142	1,633	1,406	1,502	1,275
Deferred tax	-74	-31	-159	6	-129	36
Net profit for the period/year ¹⁾	262	111	1,474	1,412	1,373	1,311

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	2017 30 Sep	2016 30 Sep	2016 31 Dec
Assets			
Property, plant and equipment	25	23	25
Financial non-current assets	5,352	3,675	5,087
Receivables from group companies	34,999	23,157	24,629
Current receivables	256	32	15
Cash and cash equivalents and financial investments	5,087	1,370	1,144
Total assets	45,718	28,256	30,900
Shareholders' equity and liabilities			
Shareholders' equity	9,877	10,956	11,953
Interest-bearing liabilities	26,764	10,832	13,170
— of which Hybrid capital	3,348	—	—
Liabilities to group companies	4,886	4,870	4,440
Derivatives	396	1,187	888
Other liabilities	3,796	411	449
Total equity and liabilities	45,718	28,256	30,900

The share and owners

Balder's shares are listed on Nasdaq Stockholm, Large Cap segment. At the end of the third quarter Balder had two listed classes of shares, an ordinary Class B share and a preference share. The company's market capitalisation as of 30 September amounted to SEK 41,615m (43,486).

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 34.5 % (35.3) of the capital and 48.2 % (49.0) of the votes. Foreign ownership amounts to approximately 22 % (22) of outstanding ordinary shares.

Ordinary shares

At the end of the period, approximately 14,000 shareholders (13,000) held ordinary shares. During the period, approximately 63 million shares were traded (56) which corresponds to an average of about 336,000 shares per trading day (296,000). The annual turnover rate amounted to 47 % (43). The price of the ordinary share was SEK 211.80 (228.00) on 30 September, corresponding to an increase of 15 % since year-end.

Preference shares

According to decision on the Extraordinary General Meeting on 25 September retiring of all 10,000,000 outstanding preference shares was carried out on 12 October. Retiring was carried out at the amount of SEK 350 per preference share and means a reduction of the company's share capital by SEK 10,000,000.

Share capital

On 30 September, the share capital in Balder amounted to SEK 190,000,000 distributed among 190,000,000 shares. Each share has a quota value of SEK 1, where of 11,229,432 shares are of Class A, 168,770,568 of Class B and 10,000,000 preference shares. The total number of outstanding shares amounts to 190,000,000. Each Class A share carries one vote and each Class B share and preference share carries one tenth of one vote. After retiring of the preference shares on 12 October the share capital amounts to SEK 180,000,000 distributed among 180,000,000 shares.

EPRA key ratios

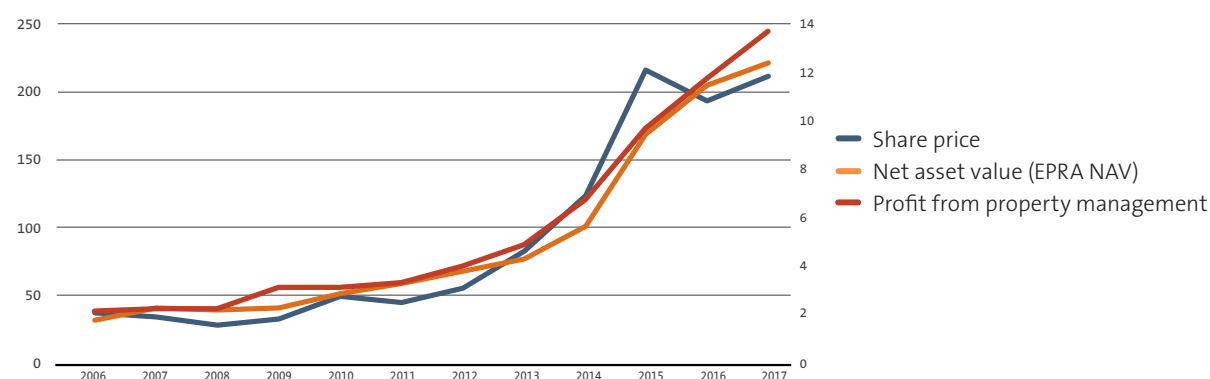
	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
EPRA NAV (Long-term net asset value), SEKm	39,509	32,399	35,728
EPRA NAV, SEK per share	219.50	184.72	198.49
EPRA Vacancy rate	4	5	5

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 2017-09-30

Owner	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	500	65,520,728	34.5	48.2
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	8.7	14.7
Swedbank Robur fonder	—	9,726,734	—	9,726,734	5.1	3.3
Länsförsäkringar fondförvaltning AB	—	7,793,792	—	7,793,792	4.1	2.7
JPM Chase	—	7,672,572	104,318	7,776,890	4.1	2.7
Handelsbanken Fonder AB	—	6,029,006	—	6,029,006	3.2	2.1
SEB Investment Management	—	4,840,740	—	4,840,740	2.5	1.7
Second Swedish National Pension Fund	—	3,451,035	—	3,451,035	1.8	1.2
Lannebo fonder	—	2,984,391	—	2,984,391	1.6	1.0
Didner & Gerge Fonder Aktiebolag	—	2,966,202	—	2,966,202	1.6	1.0
Other	4,212	52,552,656	9,895,182	62,452,050	32.9	21.5
Total	11,229,432	168,770,568	10,000,000	190,000,000	100	100

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, ordinary share, %

Profit after tax reduced by preference share dividend for the period in relation to average equity after deduction of the preference capital. 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 year.

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 ordinary share, SEK

Shareholders' equity in relation to the number of outstanding ordinary shares at the end of the year after deduction of the preference capital.

Equity per preference share, SEK

Shareholders' equity' per preference share is equivalent to the average subscription price of the preference share of SEK 287.70 per share.

Profit from property management per ordinary share, SEK

Profit from property management reduced by preference share dividend for the period divided by the average number of outstanding ordinary 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 year.

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

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

Profit after tax per ordinary share, SEK

Profit attributable to the average number of ordinary shares after consideration of the preference share dividend for the period.

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 year.

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.

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 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 2.00 p.m. on November 2, 2017.

This report is a translation of the Swedish Interim Report January-September 2017. In the event of any disparities between this report and the Swedish version, the latter will have priority.

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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

Year-end report 2017	22 February 2018
Annual General meeting	8 May 2018
Interim report Jan-Mar 2018	8 May 2018
Interim report Jan-June 2018	18 July 2018
Interim report Jan-Sep 2018	6 November 2018
Year-end report 2018	27 February 2019

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