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Bergsjön, Gothenburg

On-going development in Bergsjön

A major initiative is currently under way in Bergsjön in Gothenburg. New homes are being built and Bergsjön is being developed at all levels.

Balder manages a large number of apartments in Bergsjön, and during the year the company carried out a wide-ranging upgrade of the outdoor environment. In addition to this, Balder is building new rental town houses in Bergsjö Brygga and there are plans for over 70 tenant owner's town houses in Bergsjö Gård and Bergsjö Hage.

A number of car parks that were considered to be unsafe locations in Bergsjön are being demolished and replaced with parking lots and new buildings.

Important events in 2019



Award-winning building in Stockholm

The upper secondary school Anna Whitlocks gymnasium on Kungsholmen was voted Stockholm Building of the Year by Stockholm residents themselves. Besides the aesthetic form, the vote focuses on sustainability, innovation and the significance of the building for Stockholm as a city.

Ground broken for Fixfabriken

With 500 new tenant owner's homes, of which Balder accounts for about 250, the old industrial area between Vagnhallen Majorna and the Älvsborg Bridge is being converted to create four vibrant, thriving districts. The first tenant owner's apartments are expected to be ready for occupancy during 2021.

Green framework launched

During the spring, Balder launched a Green Bond framework and also issued the company's first green bonds. The proceeds can be used to finance energy-efficient buildings, measures to improve energy efficiency and investments in renewable energy.



First property in London

Balder's very first acquisition in London was completed at the beginning of the year, and was supplemented by another acquisition later on in the year. This is a natural step for Balder in the diversification of the property portfolio that has taken place in recent years.

Partner in Kungens kurva

Balder is joining forces with KF Fastigheter as partner and half-owner of the company that will be developing Kungens kurva to create a complete city district with around 3,500 new homes, schools, shops and services. A large local park will form the green heart of the district.

Several interesting acquisitions

During the year, Balder continued to acquire centrally located properties, including a number of objects and building rights in Gothenburg. One hotel property in Helsinki and a number of properties in Stockholm were also acquired.

Local presence in growing markets

Balder owns, manages and develops homes and commercial properties in Sweden, Denmark, Finland, Norway, Germany and the UK, creating attractive, secure areas for people to live and where new businesses can be developed.

Read more about Balder's markets on pages 17–20.

Employees

784

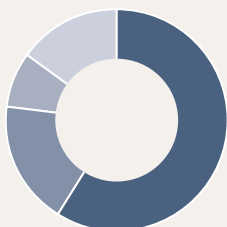
Property value, SEK billion

143.7

Investment properties

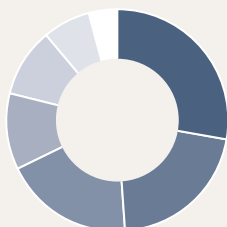
1,298

CARRYING AMOUNT
PER PROPERTY CATEGORY,
total property portfolio, %



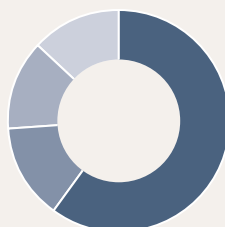
Residential, 59
Office, 18
Retail, 8
Other, 15
East, 10

CARRYING AMOUNT
PER REGION,
total property portfolio, %



Helsinki, 28
Gothenburg, 21
Stockholm, 19
Copenhagen, 11
North, 4
East, 10
South, 7

LETTABLE AREA
PER PROPERTY CATEGORY,
total property portfolio, %



Residential, 60
Office, 14
Retail, 13
Other, 13
East, 10
South, 7

Balder's ten largest customers

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

Long-term development of properties and urban districts

Business concept

Balder shall acquire, develop and manage commercial properties located in the central parts of big cities and residential properties in places that are growing and developing positively, based on local support.

Strategy and goals

Balder aims to generate a good profit from property management through a high level of activity and efficient management. The company aims to develop the portfolio according to its business concept in connection with acquisitions, divestments and new production. Balder wants to be a long-term owner with satisfied customers and employees, and stable cash flows.

Financial goals

Equity/assets ratio

>40%

Net debt to total assets

<50%

Interest coverage ratio

>2.0 times

Property management

Balder's own employees are responsible for management, letting and operations, creating proximity to the customer and good knowledge of both the area and the property.

Transactions

Balder makes acquisitions continuously in capital cities and major cities that are developing positively in order to further enhance the property portfolio.

Property development

Balder continues to build up a significant portfolio of building rights and has a long-term intention to produce both apartments and commercial properties.

○ Read more about Balder's business areas on pages 11–15.

Framework for sustainability



Properties



Areas



Partnerships



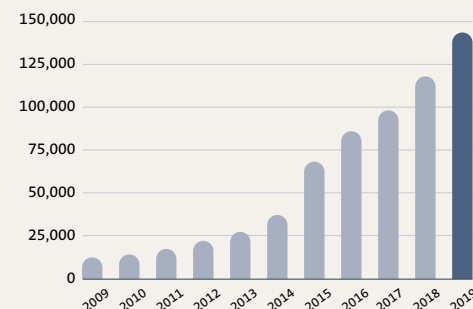
Coworkers



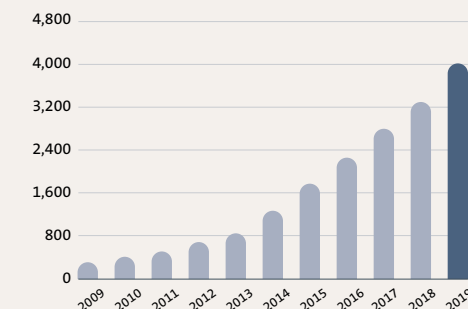
Finances

○ Read more about Balder's sustainability work on pages 31–38.

PROPERTY VALUE, SEK M



PROFIT FROM PROPERTY MANAGEMENT, SEK M¹⁾



1) Refers to profit from property management attributable to the parent company's shareholders



INTRODUCTION | CEO'S COMMENTS

Improved profit with a growing portfolio

Balder's positive development continued during 2019, as evidenced by, among other things, an increased profit from property management. This increase is generated by both the existing portfolio and new investments, associated companies and net financial income.

During 2019, the profit from property management increased by 22% and the net asset value by 23%. A long-term increase in the profit from property management/earning capacity is the single most important financial goal for us. To succeed over time with a good rate of increase requires not only that our current property portfolio performs well, but also that we find new investments with reasonable returns in relation to any risk we must take.

We have made the assessment until now that the best yield for Balder's shareholders is achieved through re-investing the profit generated. The objective remains the same for the future, and I am optimistic with regard to the possibility over time of being able to find investments with a reasonably good yield.

Several major investments during the year

During the year we made a large number of investments in investment properties, internally managed projects and development properties. These include the acquisition of centrally located investment properties and one well-situated residential building right in Gothenburg, as well as properties in both Stockholm and Helsinki.

It was also very pleasing at the beginning of the year to be able to complete our first acquisition in the

UK, a market that we have had our eyes on for a while. This first acquisition was also supplemented by another acquisition later on in the year.

We have noticed an increase in interest in our tenant owner projects in Gothenburg, which can be seen in apartments being sold out in many projects. At Frölunda Park, Brf Sjöstjärnan was completed and all tenants moved into the 130 apartments. The next stage of development has started, with occupancy planned during the current year.

Exciting partnerships under way

The ground was broken during the year for Clarion Hotel Draken, a partnership between Balder, Nordic Choice Hotels and Folkets Hus in Gothenburg. It feels great to be involved in such an exciting and important project, and I am convinced that this will be good not only for those living and working in the area, but also for the city as a whole.

We also became a new partner and half-owner of the company that will be developing Kungens kurva to create a complete city district with around 3,500 new homes, schools, shops and services. KF Fastigheter, the other partner in this project, is a company we already know well, including through our collaboration on part of Backaplan. Kungens kurva is also an exciting

“We have for many years been building up our project organisation and our project portfolio.”

place that will take on an important role in relieving the pressure on Stockholm's city centre with, among other things, homes and communications. We already have a strong relationship with Huddinge Municipality and I look forward to further extending it.

We have for many years been gradually building up our project organisation and our portfolio of ongoing and future projects. It feels very good to have this investment opportunity and I believe that we will create great values there over time.

Increased commitment to sustainability

Balder is a long-term property owner that assumes responsibility for the business's impact on not only the economy and the environment, but also on social issues. We are continuing to work on the development of our areas and have a high level of social engagement with a focus on security and well-being, children, young people and employment.

During the year we signed the Global Compact, the UN's principles for companies regarding human rights, labour rights, anti-corruption and the environment.

We have noticed a continued increase in engagement for sustainability-related issues from our stakeholders, for example from investors. Last spring we developed a Green Bond framework and issued our first green bond in order to finance green, energy-efficient buildings.

Stable group of associated companies

The property-related associated companies delivered consistently good profits from property management and positive changes in value. This year's disappointment was Collector, which following major one-off items produced a zero profit figure, accompanied by a number of 'crisis headlines'. Crisis is a relative term,

and spontaneously I personally would think of repeated, massive losses. But since its stock exchange introduction in 2015, Collector has so far generated a total profit of SEK 1.7 billion after tax.

The coronavirus

The outbreak of the new coronavirus has had an incredibly strong impact on society and on the world's stock exchanges in recent times. Sweden and the world at large have for some time been taking a number of measures aimed at delaying the spread of the virus. It is at present impossible to say when the spread will have reached its peak or when this will be over. The coronavirus is currently affecting all business activity, although different industries are affected to varying degrees.

Balder is of course also affected by the ongoing concerns, but has a strong balance sheet, very good cash flow and a stable customer structure in six countries, with 60% of our rental income coming from about 40,000 homes. It is our assessment that Balder has a strong base on which to move forward, but the company is monitoring the development of the coronavirus extremely closely and is in continuous contact with both tenants and financiers. Balder's annual report for 2019 was written before the outbreak of the coronavirus, and the annual report does not therefore reflect the financial concerns that now prevail.

Balder as a company and investment platform is getting better and better as time passes. On behalf of myself and the shareholders, I would like to take this opportunity to extend a great, heartfelt thank-you to all of you in the Balder family for your wonderful efforts during the year.

Erik Selin

Chief Executive Officer

Increase in
net asset
value during
the year

23%

Clarion Hotel Draken, Gothenburg

Construction starts on Clarion Hotel Draken

Construction started during the year on Gothenburg's new major hotel, Clarion Hotel Draken, a 35-storey high building that is a collaboration between Balder, Nordic Choice Hotels and Folkets Hus. The new hotel will be connected to existing buildings to form a whole with approxi-

mately 470 hotel rooms, a number of restaurants and conference facilities. The hotel is part of the development plan for Masthugskajen, where 1,300 homes, 5,000–6,000 workplaces, restaurants and hotels will emerge.

Continued positive development

Balder's Class B share is listed on Nasdaq Stockholm, Large Cap. The share price reported positive development during the year and the net asset value increased by 23%.

Balder's total market capitalisation as of 31 December totalled SEK 77,976 million (45,360), and the company had approximately 17,000 shareholders (13,000) at year-end. The price of Balder's Class B share was SEK 433.20 (252.00) at year-end, representing a rise of 72% (15) during the year.

During the year 77.9 million shares were traded (72.1), representing an average of 319,000 shares per trading day (292,000) or SEK 106 million (68) based on

the average price during the year. This turnover represents an annual turnover rate of 43% (40), and if Erik Selin Fastigheter AB's shares are excluded, the annual turnover amounts to 68% (62) of the outstanding shares. The proportion of foreign-owned shares is 25% (26).

Growth in equity

Equity per share (considering associated companies at market value) totalled SEK 276.34 (225.60) as of

31 December, representing an increase of 22% (22) during the year. The net asset value per share (NAV) during the period increased by 23% (22) to SEK 345.76 (280.17). The difference between equity and net asset value is that derivatives, net of deferred tax liabilities and deferred tax assets are reversed in net asset value.

The share price/net asset value ratio was 125% (90) at year-end. The profit from property management before tax attributable to the parent company's



Why invest in Balder?

- Stable growth since stock exchange launch
- Long-term, engaged principal owner
- Strong balance sheet and low financial risk
- Focus on capital cities and major cities with growth potential
- Customer-focused, efficient internal management
- Well-diversified portfolio
- Major potential in project portfolio

THE BALDER SHARE'S PERFORMANCE

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Data per share, including listed associated companies at market value¹⁾										
Average number of shares, thousand	180,000	180,000	180,000	173,598	162,753	161,786	159,537	159,537	158,656	149,487
Net profit for the year, SEK	49.77	51.71	38.71	30.38	28.98	18.10	10.11	6.69	4.87	8.95
Profit from property management before tax, SEK	22.35	18.35	14.74	11.89	9.71	6.64	4.57	3.73	3.00	2.79
Outstanding number of shares, thousand	180,000	180,000	180,000	180,000	172,397	162,397	159,537	159,537	159,537	149,487
Equity, SEK	276.34	225.60	185.02	157.63	128.03	70.10	52.14	42.15	35.57	31.13
Long-term net asset value (NAV), SEK	345.76	280.17	229.25	198.49	159.14	86.33	60.50	50.37	41.84	32.89
Share price on closing date, SEK	433.20	252.00	219.40	184.10	208.70	110.25	66.00	37.30	25.30	29.40
Change in share price, %	72	15	19	-12	89	67	77	47	-14	135
Dividend, SEK	–	–	–	–	–	–	–	–	–	–
Market capitalisation										
Market capitalisation, SEKm	77,976	45,360	39,492	36,371	39,099	21,404	13,889	7,800	5,104	4,395

1) Listed associated companies at market value refer to Collector AB (publ) and Brinova Fastigheter AB (publ). As of 2015, key ratios have been calculated based on the market value of listed associated companies.

INTRODUCTION | BALDER'S SHARE AND OWNERS

shareholders totalled SEK 4,023 million (3,304), which represents an increase of 22% (18) compared with the previous year. The profit from property management per share increased by 22% (25) during the year.

Dividend policy

Balder's goal is to generate the best long-term total yield for its shareholders. The assessment is that this is best achieved by reinvesting the profits in the business in order to create further growth. The dividend will therefore remain low or will not be declared at all in the next few years. Balder will instead continue to grow by investing in existing properties, new construction and the acquisition of new properties. The Board proposes to the Annual General Meeting that no dividend for the share should be paid for the financial year 2019.

Share capital

As of 31 December, the share capital in Balder totalled SEK 180,000,000 distributed among 180,000,000 shares, of which 11,229,432 shares are Class A shares and 168,770,568 are Class B shares. Each share has a quota value of SEK 1.00. Balder has no repurchased shares, which means that the total number of outstanding shares is 180,000,000. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

Shareholders

The principal owner of Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 36.4% of the capital and 49.9% of the votes. Other major owners are Arvid Svensson Invest AB and Swedbank Robur fonder. At the end of 2019, the total number

of shareholders was approximately 17,000 (13,000), and 47% (47) of the share capital was held by the Board and Management.

The share's performance over time

Balder's most important goal is to increase the profit from property management per share over time. The charts show the development of the share price in relation to net asset value and profit from property management. The chart on the left provides an illustration of the price per share, net asset value per share and profit from property management per share. Over the past five years, the net asset value has increased by an average of 32% per year and the profit from property management by an average of 27% per year. The chart on the right shows the price per share in relation to net asset value per share and profit from property management per share. Over the past five years, the share has been traded at an average of 107% of the net asset value and 17 times the profit from property management.

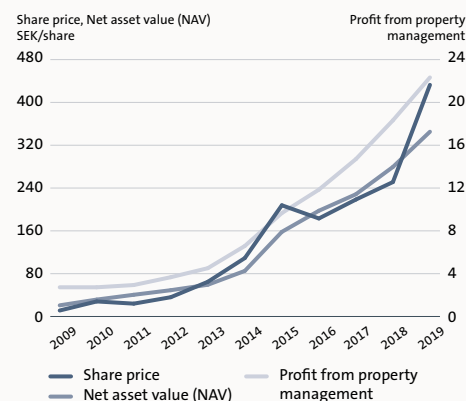


Analysts following Balder

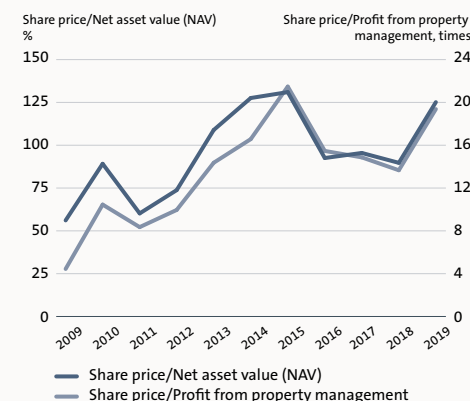
David Flemmich, Handelsbanken
Erik Granström, Carnegie
Fredrik Cyon, Carnegie
Tobias Kaj, ABG Sundal Collier
Jan Ihrfelt, Kepler Cheuvreux
Albin Sandberg, Kepler Cheuvreux

Philip Hallberg, Danske Bank
Niclas Höglund, Nordea
Stefan Andersson, SEB
Markus Henriksson, Pareto
Simen Mortensen, DNB

PERFORMANCE SHARE PRICE, NET ASSET VALUE AND PROFIT FROM PROPERTY MANAGEMENT



SHARE PRICE/NET ASSET VALUE AND SHARE PRICE/PROFIT FROM PROPERTY MANAGEMENT



OWNERSHIP LIST, 31/12/2019

Owners	Class A shares	Class B shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	65,520,228	36.4	49.9
Arvid Svensson Invest AB	2,915,892	13,542,540	16,458,432	9.1	15.2
Swedbank Robur fonder	—	8,430,474	8,430,474	4.7	3.0
SEB Investment Management	—	7,986,061	7,986,061	4.4	2.8
Länsförsäkringar fondförvaltning AB	—	7,715,684	7,715,684	4.3	2.7
Handelsbanken Fonder AB	—	4,586,982	4,586,982	2.5	1.6
Vanguard	—	3,407,145	3,407,145	1.9	1.2
Second Swedish National Pension Fund	—	2,916,325	2,916,325	1.6	1.0
Livförsäkringsbolaget Skandia	—	2,253,951	2,253,951	1.3	0.8
CBNY Norges Bank	—	2,148,948	2,148,948	1.2	0.8
Others	4,212	58,571,558	58,575,770	32.5	20.9
Total	11,229,432	168,770,568	180,000,000	100	100

Multi-year summary

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Rental income, SEKm	7,609	6,714	5,915	5,373	2,711	2,525	1,884	1,701	1,466	1,333
Profit from property management, SEKm ¹⁾	4,023	3,304	2,804	2,265	1,780	1,275	854	691	516	417
Changes in value of investment properties, SEKm	9,577	8,007	5,336	4,932	3,388	3,050	854	812	990	1,047
Changes in value of interest rate derivatives, SEKm	-180	-34	144	-114	227	-624	433	-71	-520	148
Net profit for the year, SEKm ¹⁾	8,958	9,308	7,118	5,474	4,916	3,128	1,738	1,162	812	1,338
Investment properties, SEKm	141,392	116,542	98,360	86,177	68,456	37,382	27,532	22,278	17,556	14,389
Development properties, SEKm	2,344	1,598	–	–	–	–	–	–	–	–
Property-related key ratios										
Rental value full year, SEK/sq.m.	1,921	1,802	1,724	1,583	1,508	1,325	1,216	1,247	1,163	1,087
Rental income full year, SEK/sq.m.	1,850	1,737	1,651	1,507	1,455	1,254	1,148	1,166	1,088	1,016
Economic occupancy rate, %	96	96	96	95	96	95	94	94	94	94
Vacancy rate, %	4	4	4	5	4	5	6	6	6	6
Surplus ratio, %	74	73	71	68	72	70	68	68	68	66
Carrying amount, SEK/sq.m.	31,613	28,013	24,952	21,473	18,622	17,172	13,985	14,439	12,467	10,887
Number of investment properties	1,298	1,185	1,148	1,220	1,177	486	498	432	433	432
Lettable area, thousand sq.m.	4,304	4,025	3,739	3,806	3,430	2,177	1,969	1,543	1,408	1,322
Financial key ratios, including listed associated companies at market value²⁾										
Return on equity per share, %	19.8	25.2	22.4	20.9	28.2	29.7	21.5	17.0	14.3	33.6
Interest coverage ratio, times	5.2	4.6	4.3	3.7	5.1	3.4	2.9	2.4	2.1	2.1
Equity/assets ratio, %	38.6	38.7	36.7	38.3	37.8	35.5	37.3	34.8	35.2	30.9
Interest coverage ratio, times	1.3	1.4	1.4	1.3	1.4	1.6	1.5	1.7	1.6	2.1
Net debt to total assets, %	48.2	49.9	50.9	50.0	51.6	54.6	53.3	57.3	56.0	62.3

1) Attributable to parent company's shareholders.

2) Listed associated companies at market value refer to Collector AB (publ) and Brinova Fastigheter AB (publ). As of 2015, key ratios have been calculated based on the market value of listed associated companies.



A changing external environment

Like all companies, Balder is affected by developments in the external environment. The company works continuously to monitor trends and take advantage of the opportunities that arise.



Societal development and urbanisation

Growing cities are contributing to higher demand for homes and commercial premises. But there is a risk that increased urbanisation might contribute to a housing shortage and segregation. This in turn affects security and well-being in areas, and increases the risk of illegal subletting.

As a major owner of rental properties in Sweden's Million Programme, Balder has an opportunity to influence this development. This is done, for example, through continuous projects around the physical environment in order to increase security and safety, and projects for greater mobility by simplifying travel using public transport, bikes and car pools.



Digitalisation

Digitalisation and AI bring opportunities for connected properties and greater transparency. This can also bring a risk of increased vulnerability and inadequate security, and it places greater demands on security when it comes to the information infrastructure and IT.

Balder works continuously to increase the degree to which properties are digitalised, partly to improve security and to realise the opportunity for better control and optimisation. There are also major opportunities to enhance service to customers by being able to offer new kinds of services.



Climate change

Buildings account for a significant proportion of emissions in society, both from existing buildings and from the construction process in new production. Financial risks associated with climate change are also becoming evident in many places, for example the negative impact of floods, fires or extreme heat and cold.

Balder adopts a structured approach to reduce the company's climate impact, for example by continuously optimising the running of its properties, increasing the proportion of renewable energy, reducing waste and increasing recycling and reuse. This also

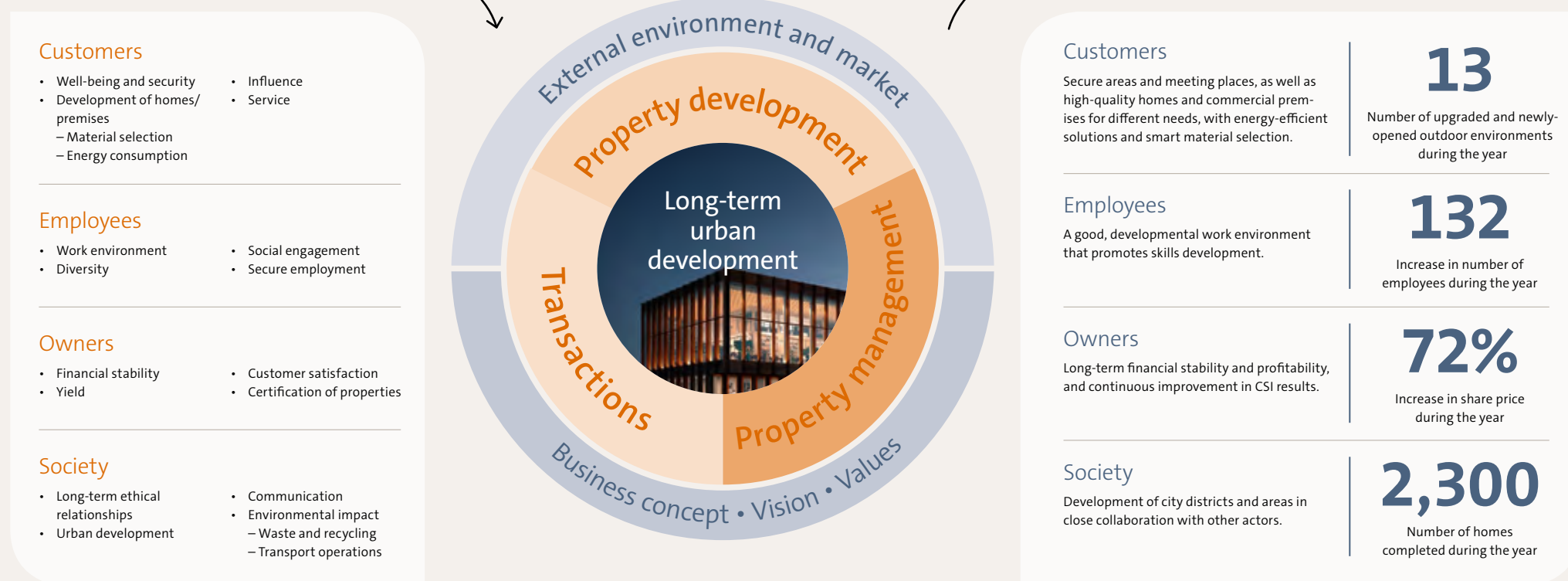
reduces the costs of consumption and waste management, while at the same time acquiring greater knowledge of physical and financial exposure to climate risks. All electricity purchased for the Swedish properties is green electricity, and all properties built on behalf of the company must be certified as a minimum according to the Miljöbyggnad Silver rating.

Long-term development creates value

In close collaboration with customers and other actors in society, Balder contributes to the long-term development of areas and city districts. This creates value for everyone who spends time every day in the company's homes, offices and hotels, and for other stakeholders.

Important issues

Value created for Balder's stakeholders





Västra Hamngatan,
Gothenburg

OPERATIONS | TRANSACTIONS

Continued acquisitions that enhance the offering

During the year, Balder has increased its property portfolio through a number of acquisitions, including two properties in London and several commercial properties in other markets.

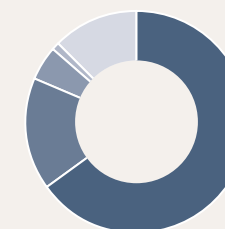
Balder strives to own centrally located properties in capital cities and major cities showing positive development. At present, just over 60% of the commercial portfolio consists of centrally located properties in Stockholm, Gothenburg, Malmö, Copenhagen, Berlin, Helsinki and London. Balder's property portfolio in the rest of the Nordic region and Germany consists primarily of hotel and residential properties.

Several acquisitions during the year

Balder conducted a number of acquisitions during the year that further enhanced the property portfolio. At the beginning of the year, the company's very first acquisition in the UK took place, with the takeover of a property in central London. This acquisition is an additional step in the diversification of the property portfolio that has taken place in recent years. Another property in central London was acquired in May. Between them, these properties have a lettable area of around 11,000 sq.m.

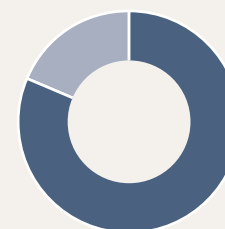
In June, possession was taken of a property portfolio in Gothenburg, consisting of hotel, offices, logistics and homes. The lettable area totals around 55,000 sq.m.

ACQUISITIONS
per property category, SEKm



- Office, 5 508
- Residential, 1 374
- Retail, 412
- Project, 105
- Others, 1 040

SALES
per property category, SEKm



- Residential, 855
- Office, 195

OPERATIONS | TRANSACTIONS



and the rental income approximately SEK 60 million. In August, Balder acquired two properties in the Östermalm district of Stockholm. These properties comprise primarily offices and educational premises.

At the end of the year, Balder acquired a property on Kungssportsavenyn in Gothenburg, containing a hotel, shops and offices, as well as building rights in central Gothenburg where the plan is to build about 290 apartments.

During the year, Balder signed a partnership agreement with KF Fastigheter in respect of the development of Kungens kurva in Stockholm. Balder acquired half the shares in the joint venture company that was created for the purpose of developing building rights, primarily for homes and social services in the form of school, pre-schools, healthcare centre, supermarket, home for the elderly and communications. The transaction also includes 20% of the building rights being assigned to Trenum, a company that is co-owned by Balder and the Third Swedish National Pension Fund,



and which is to construct rental apartments in the proposed city district that borders IKEA, Heron City and the Gömmaren nature reserve.

Divestment of investment properties

During 2019, Balder divested two properties and also sold owner apartments and land for a total sales price of SEK 1,050 million. The profit from the sales totalled SEK 14 million.

Divestment of development properties

The net profit from the sale of development properties is recognised in connection with the buyer taking possession of the property. In addition to the cost of acquisition, sales and marketing expenses are also included, which are recognised as expenses as they arise. The net profit from sales for the period totalled SEK 95 million (–) and includes the sales of the development property Sjöstjärnan's tenant owner apartments in Gothenburg.



Radisson Blu Scandinavia, Gothenburg

Customer-focused property management

With a wide variety of commercial premises and homes in areas that are growing, Balder creates value through its customer-focused, efficient property management.

Balder offers a wide range of premises and homes in different locations and at different rental levels. In all areas where Balder owns properties, the company has its own employees who are responsible for management, letting and operations. This produces fast decision-making paths, proximity to the customer, good awareness of areas and properties, and the opportunity to adopt a long-term approach to property management.

Having satisfied customers is one of the company's most important goals, and there is a major focus on this work in the organisation. The objective is that commercial customers shall develop in Balder's properties and that their various needs in terms of the size of premises and geographical location shall be met over time. For residential customers, the objective is that they shall be happy in their homes and in their residential area, and live in Balder's properties for a long time.

Every other year a Customer Satisfaction Index (CSI) survey is conducted, the results of which form the basis of future activities and prioritisations. In addition to this, Balder has continuous dialogues with customers, for example in the form of regular meetings with tenants.

Great variety in commercial premises

Balder's property portfolio contains a wide variety of commercial space, ranging from office, retail and warehouse space to floor space adapted for restaurant and educational activities, for example. When new tenants move in, or when needs change for existing tenants, modifications are undertaken in order to find the best solutions for each space.

Balder is also a large hotel property owners. The portfolio has around 50 hotel properties in total, in central Copenhagen, Gothenburg, Stockholm, Malmö, Berlin, Gelsenkirchen and Helsinki.

The company continues to have a high occupancy rate, at around 95% in the commercial portfolio. In total, Balder has approximately 2,300 commercial customers and a total floor space of approximately 1,700,000 sq.m.

Continued development of homes and areas

Balder offers apartments in both central locations and on the outskirts of cities, both in the form of newly produced rental apartments and rental apartments in older properties. At the end of the year the Group had about 39,500 residential contracts in total.



Balder is continuously undertaking wide-ranging initiatives to develop the areas where the company owns properties and to meet the demands and needs of tenants, both now and in the future. During the year there have been major investments in several residential areas, for example in the form of extensive

refurbishments of outdoor environments in order to promote security, well-being, sense of community and sustainability. Balder also upgrades properties internally and externally on an ongoing basis, including the communal areas of properties.

LEASE STRUCTURE, 31/12/2019

Maturity date	Number of leases	Share, %	Contracted rent, SEKm	Share, %
2020	1,095	33	237	3
2021	871	26	418	5
2022	553	17	428	5
2023	385	12	299	4
2024–	409	12	1,797	22
Total	3,313	100	3,178	40
Residential ¹⁾	39,546		4,737	59
Parking lots ¹⁾	5,021		19	0
Car park ¹⁾	5,117		66	1
Total	52,997		8,000	100

1) Normally has a period of notice of three months.

Growing urban development

With a continued upgrading of the existing property portfolio, combined with new land allocations and acquisitions, it is Balder's objective to be a long-term actor in the field of urban and property development.

As a major, long-term property owner, Balder develops entire areas and city districts, with properties, green spaces, meeting places, mobility solutions and other service solutions. Within the framework of property development, the company undertakes both new production and renovation projects of homes and premises.

Investments are being made in particular in areas where the company is already active, with an emphasis on Stockholm, Gothenburg, Helsinki and Copenhagen. The rates of growth and new occupancy have remained high in these markets, which is increasing demand for both homes and commercial premises.

The business has continued to grow during the year, and Balder has built up a significant portfolio of building rights for the production of not only rental and tenant owner's apartments, but also commercial properties. For Balder, it is important to control the whole value chain from land acquisition to the long-term management of buildings and environments. Development takes place in the form of long-term work in close collaboration with municipal authorities and other stakeholders. These processes extend over different phases and often take several years.

Several successful projects

Several major new production projects have been launched during the year, while at the same time wide-ranging projects have been initiated in the existing portfolio, where areas and city districts are being developed through renovations and densification.

During 2019, Balder completed just over 2,300 homes and started construction of approximately 770 homes in Sweden, Denmark and Finland, and at the year-end had approximately 3,200 homes in production as well as approximately 63,000 sq.m. of commercial premises.

In Denmark, the year saw the completion of Faelledkanten and Lavetten in Ørestad. In 2020 Balder will be completing the construction of another five properties in Denmark with approximately 1,000 apartments in total.

In Gothenburg, the first stages of both Frölunda Park and Bergsjön were completed, and the next stage has already started in both areas. Together with the upgrading of façades, vacant apartments and outdoor environments, this represents a transformation of these areas to create more secure, more pleasant



Øresund Park, Copenhagen

OPERATIONS | PROPERTY DEVELOPMENT



and more vibrant city districts. The development of Långströmsallén also proceeded during the year, and the next stage in this area will start during 2020. The ground was also broken during the year for the construction of Clarion Hotel Draken at Järntorget and the first stage of Fixfabriken in Majorna. Construction is planned to start next year of homes at locations including Heden in the city centre and in Hovås.

In Stockholm, Balder signed a partnership agreement during the year with KF Fastigheter in respect of the area around Kungens kurva, where there is a plan to develop a totally new city district with homes, shops and schools. In Vasastaden, construction started of a residential project, and next year the plan is for the construction of homes to start on Kungsholmen and in central Sundbyberg.



BoStad2021

Balder is involved in BoStad2021, a collaborative project between a number of construction actors and the City of Gothenburg. This initiative will see the completion of 7,000 new homes by the year 2021, in addition to regular residential construction. The initiative is part of Gothenburg's 400th anniversary celebrations and the aim is to make Gothenburg an even better city.

○ Read more about the initiative at Bostad2021.se.

BOVIERAN Togetherness and security for senior citizens

Bovieran AB is a wholly-owned subsidiary of the Balder Group. Over the years that this housing concept has been in existence, a large number of senior citizens around Sweden have found a new home in Bovieran's properties.

Bovieran's work is based on a vision of being the leading developer of homes with unique meeting places for togetherness and socialising. The properties have been designed to create the best possible conditions for getting to know new people. The goal is to tackle loneliness and provide new opportunities to build strong social networks for people over the age of 55.

The first building was completed in 2009, since then about 20 buildings have been completed at different locations in Sweden. For the last two years Bovieran has also been working on a number of projects in Denmark.

Regardless of where the new homes have been built, one important philosophy has always provided

the foundation for the work: to offer a housing concept based on security, togetherness and new friends.

BOVIERAN 2019

Sales started:

Staffanstorps

Construction started:

Salem, Staffanstorps, Frederikssund, Hedehusene – Nærheden

Occupied by tenants:

Växjö, Landskrona, Eskilstuna

Planned projects:

Falun, Trelleborg, Ystad, Svedala, Vadstena, Nykvarn, Haninge-Vega, Ishøj, Frederiksværk, Helsingør, Solrød

○ Read more at bovieran.se



A house

Innovative businesses in iconic building

A well-known building in Stockholm is the former architectural college in Östermalm, loved by many, but also controversial because of its striking architecture.



The building has a lettable area of around 10,400 sq.m. and has been renovated with a great feel for its architectonic values. The building currently houses the workspace facility A house – a creative and innovative meeting place offering co-working for entrepreneurs, with activities focused primarily on media, fashion, food and culture.

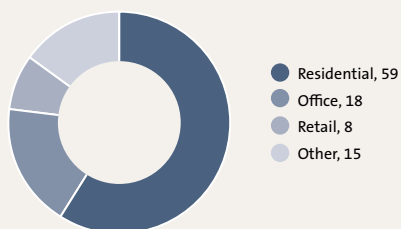


MARKET AND COMPANIES

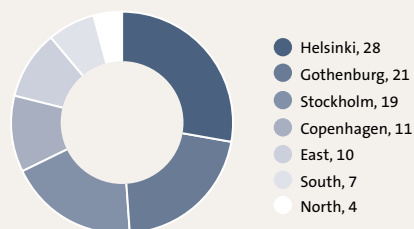
Strong presence in several markets

Balder has continued to grow during the year through a number of acquisitions in several markets. In addition to owning, managing and developing homes and commercial properties in Sweden, Denmark, Finland, Norway, Germany and the UK, Balder is also co-owner in a number of companies that focus on property management and project development.

CARRYING AMOUNT PER PROPERTY CATEGORY,
total property portfolio, %



CARRYING AMOUNT PER REGION,
total property portfolio, %



Hedmark University College

MARKET AND COMPANIES

Balder's property portfolio

PROPERTY PORTFOLIO AS OF 31/12/2019 ¹⁾

	Number of investment properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occu- pancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Helsinki	572	1,090,354	2,636	2,417	2,615	99	38,132	27
Stockholm	83	692,595	1,394	2,012	1,319	95	26,331	18
Gothenburg	179	1,051,164	1,648	1,568	1,566	95	28,966	20
Copenhagen	17	236,760	650	2,744	607	93	13,582	9
South	80	404,238	623	1,541	584	94	10,196	7
East	283	628,449	1,035	1,647	997	96	14,072	10
North	84	200,765	282	1,407	276	98	4,792	3
Total excluding projects	1,298	4,304,326	8,267	1,921	7,963	96	136,071	95
Internally managed projects			37		37		5,320	4
Total investment properties	1,298	4,304,326	8,304	1,921	8,000	96	141,392	98
Development properties							2,344	2
Total property portfolio	1,298	4,304,326	8,304	1,921	8,000	96	143,736	100
Distributed by property category								
Residential	1,024	2,567,727	4,975	1,938	4,837	97	78,141	54
Office	96	596,106	1,417	2,377	1,313	93	25,754	18
Retail	101	579,493	750	1,295	709	94	11,093	8
Other	77	561,000	1,125	2,005	1,104	98	21,083	15
Total excluding projects	1,298	4,304,326	8,267	1,921	7,963	96	136,071	95
Internally managed projects			37		37		5,320	4
Total investment properties	1,298	4,304,326	8,304	1,921	8,000	96	141,392	98
Development properties							2,344	2
Total property portfolio	1,298	4,304,326	8,304	1,921	8,000	96	143,736	100

1) The above table refers to properties that Balder owned at the end of the year. Properties sold have been excluded and acquired properties have been adjusted to full-year values. Other properties include hotel, educational, nursing, industrial and mixed-use properties.



Positive development in the property market

There was a very high level of interest in the Nordic property market in 2019. The total transaction volume in the Nordic region was SEK 481 billion, representing approximately 15% of the total volume within the EU.

Of the total transaction volume, non-Nordic buyers account for 34%. A continued low interest rate, a high level of liquidity in the global capital market, increased rental levels for office and logistics properties, low vacancy rates because of the low level of construction for office properties and a very strong residential rental market, where there is a housing shortage in virtually all major cities, all mean that the outlook for the property market in the Nordic region will probably remain positive during 2020.

Another important reason for a strong property market is the volatility prevailing in the stock exchanges as well as very low capital returns from interest-bearing securities. This is contributing to investments in directly-owned properties being viewed as a better, more secure alternative to capital investment.

Only one of the property categories, retail properties, is reporting a fall in interest and is difficult to assess in terms of value from the buyers' perspective. This is partly due to the increased impact of e-commerce on both FMCG and consumer discretionary

sectors, which has affected shopping centres outside prime locations. Interest in hotel properties has increased in all markets.

The Swedish property market

The Swedish economy remains healthy, although it is evident that it has moved into a phase of weaker growth. The slowdown is natural after a boom period lasting many years, but it is also being reinforced by a number of global concerns and weaker demand from the external environment.

There is still a high level of interest in property investments in Sweden, and 2019 was a very strong year. Buyers comprise primarily Swedish investors, although there is increasing interest from foreign actors, and there is a higher proportion of large transactions. The proportion of structural transactions has also increased, with some companies that had been listed being acquired. The volume remains concentrated primarily in Stockholm, Gothenburg and Malmö, as well as some regional cities.



Interior, Långströmsallén, Gothenburg

The residential market

A high rate of population growth and virtually non-existent vacancies in strong sub-markets has caused demand to invest in both newly produced rental properties and existing property portfolios to increase strongly in recent years. All in all, it is believed that the market conditions for residential rental properties continue to be good, on the condition that the properties are located within a growth region.

Stricter repayment requirements and tougher rules for granting credit have had a significant impact on tenant owner's properties. This together with the general shortage in housing and continued urbanisation has increased the demand for newly renovated and newly produced rental apartments with relatively high rent levels.

RENTAL LEVELS

Office CBD	SEK/sq.m.
Stockholm	6,500 – 8,500
Gothenburg	2,000 – 3,500
Malmö	2,500 – 3,000

VACANCY RATE

Office CBD	%
Stockholm	1 – 3
Gothenburg	2 – 7
Malmö	3 – 5

Source: Svefa

The office market

Demand in the office rental market was considered good at year-end, with strong rental growth and low vacancy rates especially in the major cities. The objects that attract both tenants and investors are characterised by flexible, space-efficient, environmentally certified buildings with high technical standards and proximity to public communications.

The strong rental development in recent years in attractive city centre locations has also affected rents outside CBDs. As rental levels rise in more central locations, so does interest among tenants to locate outside city centres. This in turn resulting in increased interest among investors who see rental potential in properties in locations on the edge of cities.

Outlook

The good rental development of recent years in the office market in central locations will probably level out as a consequence of an economy that is slowing down. There is not, however, considered to be a tangible risk of falling rents in sub-markets with low vacancy rates and a balanced supply of new production.

As far as demand for housing is concerned, the economic risks are limited. In this context it is rather adjustments to the granting of credit that may continue to change the market for both owned and rented housing.

Alongside the economic fluctuations, Riksbanken is indicating gradual, albeit very cautious, interest rate increases. This may result in somewhat higher borrowing costs for property companies, but scarcely any upward adjustments in the yield requirements for property acquisitions in the immediate future. Access

to capital remained good at year-end, underpinning high demand for property investments.

Source: Svefa

The Danish property market

Despite concerns about interest rate increases, recession, a proposed new property tax and weaker economic growth, the property market has recovered and reported a positive trend for the whole of 2019. The absence of interest rate increases and better economic growth makes it likely that the healthy trend in the property market will continue in the years ahead.

The transaction volume fell by almost 25% in 2019 compared with 2018. This is not, however, due to a decline in interest in investments in the Danish property market, but is more a consequence of a limited supply of properties for sale. Many of the properties in CBDs are owned by Danish pension funds and Denmark's biggest listed property company, Jeudan. They have a long-term ownership strategy and are not sellers, even if prices rise.

The reason why Copenhagen has not had the same favourable trend on the rental side is because there have been a number of large development projects around the city. Demand for office premises in Copenhagen is still higher than the supply available in existing properties and properties under construction. The vacancies that do exist of around 6% are largely attributable to older office properties a little way outside the CBD.

The Finnish property market

The property market in Finland can report another stable year in 2019. Despite a lower transaction volume compared with 2018, there has been a high level

of interest from foreign investors. There has been a focus above all on properties on the residential side and logistics properties, as there has been a limited supply of good, central office properties. Demand for city centre office properties has exceeded supply in the sales market. This is despite the fact that, according to Statistics Finland, around 107,000 sq.m. of new, modern office premises will be completed in the CBD (Helsinki Metropolitan Area) during 2020.

As demand is high from tenants for modern office premises in city centre locations, despite the fact that rental levels are already high, it is very likely that rental levels will rise more in the future. High rents in newly produced office properties will also push up the rental trend in existing properties.

The highest level of interest is in properties in Helsinki's CBD. The expansion of infrastructure in

public transport systems has resulted in secondary properties with potential for development outside the city centre also gaining market shares. The yield is higher here, while the risks are still limited.

The construction of new shopping centres in Helsinki has increased the competition for tenants. Retail properties in good locations and with shops in the FMCG sector, such as groceries, have been most attractive to investors. By contrast, properties that are more in the consumer discretionary sector have attracted less interest from tenants and investors.

When it comes to residential properties, there is a high level of interest among buyers in areas with a positive population trend. Despite major new construction projects for apartments, the level of vacancies is low, primarily because of the shift in the population towards bigger cities over the past decade.

KEY RATIOS 2019

	Sweden	Denmark	Finland	Norway
Total				
Transaction volume, SEK billion	235	72	71	103
Yield from office properties, CBD in capital cities, %	3.3	3.8	3.5	3.8
Rental levels, CBD ¹⁾ in capital cities (SEK sq.m./year)	8,000	3,000	4,500	5,000
Foreign buyers, %	29	63	43	22

1) CBD = Central Business District

Source: Pangea



SATO, Finland

MARKET AND COMPANIES | SATO OYJ

Strong player in the Finnish housing market

Balder owns 54.7% of SATO Oyj, which is Finland's second largest property company focused on housing. The company invests mainly in apartments located in Greater Helsinki, Tampere and Turku.

SATO aims to be a responsible lessor that plays a significant role in enabling urbanisation and offering housing solutions. The company owns around 26,000 rental apartments, of which 82% are located in Greater Helsinki, 12% in Tampere and Turku, 3% in Jyväskylä and Oulu, as well as 3% in St Petersburg.

SATO develops diverse housing solutions for various housing needs and provides customers with benefits that make their lives easier.

With extensive experience of property development, combined with a large share of its own land and plot reserves, SATO is continuously developing new apartments. The book value of plot reserves totalled EUR 63.1 million at the end of 2019. The value of new plots acquired totalled EUR 37.0 million.

During 2019, complementary urban planning projects were initiated in Tampere's Lentävänniemi

and Turtola districts (approx. 14,000 sq.m. of new permitted building volume). Complementary urban planning projects in Espoo's Karakallio and Finnoo districts reached the plan proposal phase (approx. 17,500 sq.m. of new permitted building volume).

Rental services are offered primarily by SATO's rental offices. SATO's digital channels also make it easy for customers to find a home. The significant development in customer service is reflected in the economic occupancy rate, which was 98.1% on average.

The fair value of SATO's investment properties is approximately EUR 4.7 billion, and at the year-end the company had a total of almost 900 apartments under construction. At the end of 2019, SATO had 229 employees.

○ Read more at www.sato.fi

Denmark

Communal spaces give added value

Balder strives to provide its tenants with more than just a roof and four walls.



Apart from executing high-quality construction processes, there is a strong focus on the outdoor environment and communal spaces, with the intention of creating a sense of security and community among tenants.

One example of this is Balder's first residential project produced in-house in Denmark, which was opened during the year. Fælledkanten is in Ørestad, next to a nature reserve in the south of Copenhagen, and consists of 224 apartments. In addition to its unique location, the property is characterised by a communal roof terrace covering more than 1,300 square metres, housing greenhouses, allotments and areas for socialising.



Västra Hamngatan, Gothenburg

MARKET AND COMPANIES | ASSOCIATED COMPANIES

Stable development in joint companies

Balder is co-owner of associated companies that manage properties, associated companies that are project developers and the bank Collector.

The 50%-owned associated companies that manage properties (Trenum AB, Fastighets AB Centur, Tulia AB) and Balder's holding in Serena Properties and Sinoma Fastighets AB between them own 170 investment properties (127) and project properties with a total carrying amount of SEK 23,682 million (20,364), a total lettable area of approximately 1,038,000 sq.m. (841,000) and a total rental value of SEK 1,418 million (1,170).

The profit from property management for all associated companies, i.e. profit excluding changes in value and tax, totalled SEK 1,749 million (1,467),

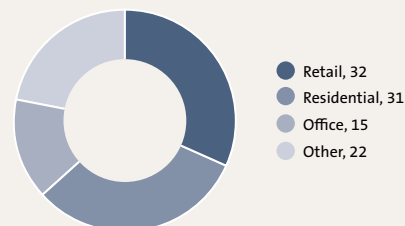
of which Balder's share totalled SEK 787 million (658). The company's profit after tax totalled SEK 1,940 million (1,961), of which Balder's share totalled SEK 876 million (881).

Balder's profit was affected by changes in value in respect of properties and derivatives, together with the extra reservation for credit losses and impairment that took place in Collector, to a total of SEK 297 million (407) before tax.

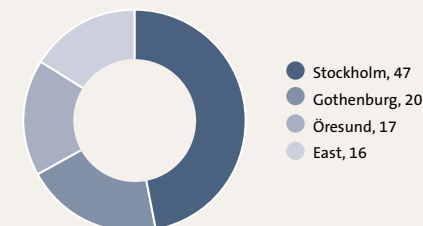
For more information about Balder's associated companies, see Note 14, Participations in associated companies/joint ventures.

○ See also table Summary of Balder's associated companies on page 25.

CARRYING AMOUNT PER PROPERTY CATEGORY, associated companies, %



CARRYING AMOUNT PER REGION, associated companies, %



MARKET AND COMPANIES | ASSOCIATED COMPANIES

BALDER'S SHARE OF 50%-OWNED ASSOCIATED COMPANIES' PROPERTY PORTFOLIO ^{1, 2)}

31/12/2019	Number of investment properties ³⁾	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	81	208,052	310	1,488	292	94	5,475	46
Gothenburg	40	154,215	172	1,116	161	94	2,243	19
Öresund	22	65,018	100	1,534	88	88	1,555	13
East	27	102,219	140	1,368	135	97	1,875	16
Total excluding projects	170	529,504	721	1,362	676	94	11,148	93
Internally managed projects			1		1		856	7
Total property portfolio	170	529,504	722	1,362	677	94	12,004	100
Distributed by property category								
Residential	41	73,523	141	1,916	139	98	2,968	25
Office	28	75,301	114	1,512	103	91	1,708	14
Retail	61	241,748	293	1,213	279	95	3,827	32
Other	40	138,932	173	1,247	156	90	2,645	22
Total excluding projects	170	529,504	721	1,362	676	94	11,148	93
Internally managed projects			1		1		856	7
Total property portfolio	170	529,504	722	1,362	677	94	12,004	100

1) The above table refers to properties that the associated companies owned at the end of the year. Properties sold have been excluded and acquired properties have been adjusted to full-year values.

Other properties include hotel, educational, nursing, industrial and mixed-use properties.

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

3) Refers to the entire associated companies' portfolio.

SEKm	2019	2018	2017		31/12/2019	31/12/2018	31/12/2017
Rental income	659	521	386	Assets			
Property costs	-115	-96	-73	Properties	12,004	10,356	7,999
Net operating income	543	425	313	Other assets	243	50	41
				Cash and cash equivalents	204	111	105
				Total assets	12,450	10,517	8,145
				Equity and liabilities			
				Equity/shareholders' loans	5,635	4,499	3,474
				Deferred tax liability	657	529	443
				Interest-bearing liabilities	5,671	5,199	4,107
				Other liabilities	488	290	121
				Total equity and liabilities	12,450	10,517	8,145



MARKET AND COMPANIES | ASSOCIATED COMPANIES

SUMMARY OF BALDER'S ASSOCIATED COMPANIES

Company	Operations	Geographical focus	Balder's holding, %	Other owners, %	Number of investment properties	Lettable area, thousand sq.m.	Rental value, SEKm	Number of project properties	Carrying amount, SEKm
Trenum AB	Residential properties (new production of rental apartments)	Apart from the three metropolitan regions, there is also a focus on growth locations with a positive population trend	50%	Third Swedish National Pension Fund 50%	34 (28)	216 (186)	363 (286)	18 (9)	7,223 (6,320)
Fastighets AB Centur	Property management, project development and property investments	Stockholm, Gothenburg and Öresund regions	50%	Peab 50%	34 (34)	327 (312)	385 (338)	2 (2)	6,621 (6,085)
Tulia AB	Owns, manages and acquires properties in Stockholm's inner city and suburbs	Central locations in Stockholm	50%	André Åkerlund AB 50%	35 (31)	102 (91)	233 (204)	0 (0)	4,527 (3,692)
Brinova Fastigheter AB	Focus on public properties and homes	Southern Sweden/Öresund region	25%	Listed	84 (73)	240 (218)	313 (275)	5 (3)	4,321 (3,759)
Tornet Bostadsproduktion AB	Property management, project development and property investments. Project development relates to the new construction of residential properties	Stockholm, Gothenburg and Öresund regions	33%	Peab 33% Folksam 33%	21 (20)	83 (76)	161 (144)	7 (6)	4,298 (3,428)
Serena Properties AB	Property investments in the Nordic region with a focus on properties in strong retail locations	Mainly Finland.	56%	Varma 43% Redito 1%	26 (26)	207 (204)	247 (251)	0 (0)	3,081 (2,905)
Sinoma Fastighets AB	Office, warehouse and logistics properties	Stockholm and Gothenburg	49%	Folksam 50% Redito 1%	40 (38)	186 (174)	193 (152)	0 (0)	2,231 (1,800)
Rosengård Fastigheter AB	Homes in the city district of Rosengård in Malmö	Malmö	25%	Heimstaden 25% MKB Fastighets AB 25% Victoria Park AB 25%	10 (10)	134 (134)	146 (143)	0 (0)	1,443 (1,217)
						Net sales, SEKm	Profit after tax, SEKm	Total assets, SEKm	Market capitalisation, SEKm
Collector AB	Niche bank offering financing solutions for private and business customers	The company has offices in Gothenburg, Stockholm, Helsinki and Oslo	44%	Listed		2,553 (2,083)	-8 (566)	37,436 (29,818)	5,186 (5,083)
SHH Bostad AB	Housing development	National coverage in Sweden	20%	Company management 80%		407 (606)	13 (-5)	862 (952)	-
Sjaelsö Management ApS	Project development and construction management	Denmark	49%	Company management 51%		104 (121)	62 (30)	116 (127)	-

Continued improvement in earnings

The earning capacity is based on the property portfolio's contracted rental income, estimated property costs during a normal year as well as administrative expenses.

Balder presents its earning capacity on a 12-month basis in the accompanying table. The earning capacity is based on the property portfolio's contracted rental income, estimated property costs during a normal year as well as administrative expenses. The costs of the interest-bearing liabilities are based on the Group's average interest rate level including the effect of derivative instruments. Tax is calculated using the effective tax rate during each period.

The current earning capacity should not be placed on a par with a forecast for the next 12 months. The earning capacity does not contain, for example, an estimate of rental, vacancy, currency or interest rate changes.

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



CURRENT EARNING CAPACITY ON A 12-MONTH BASIS

SEKm	2019 31 Dec	2018 31 Dec	2017 31 Dec	2016 31 Dec	2015 31 Dec	2014 31 Dec
Rental income	8,000	7,000	6,240	5,800	5,045	2,730
Property costs ¹⁾	-2,080	-1,885	-1,720	-1,695	-1,635	-800
Net operating income	5,920	5,115	4,520	4,105	3,410	1,930
Management costs and administrative expenses	-670	-595	-550	-490	-425	-165
Profit from property management from associated companies	785	735	640	505	340	220
Operating profit	6,035	5,255	4,610	4,120	3,325	1,985
Net financial items incl. ground rent ¹⁾	-1,330	-1,125	-1,060	-1,040	-880	-585
Minus non-controlling interests	-675	-565	-525	-445	-410	-
Profit from property management²⁾	4,030	3,565	3,025	2,635	2,035	1,400
Tax ³⁾	-875	-750	-650	-570	-439	-308
Profit after tax	3,155	2,815	2,375	2,065	1,596	1,092
Profit from property management per share, SEK	22.39	19.81	16.81	13.52	10.64	7.39

1) Because of new accounting rules, as of 1 January 2019 ground rent is recognised within net financial items. Previous periods have not been converted.

2) Attributable to parent company's shareholders.

3) Refers primarily to deferred tax, which has no effect on cash flow.

In the current earning capacity, the closing day rate was used to translate foreign subsidiaries' income statement items.

Larger proportion of green financing

Balder secures financing that is sustainable in the long term through a diversified financing structure. During the year, the company also established a framework for green bonds.

Balder has assets in Sweden, Denmark, Finland, Norway, Germany and the UK, which means that the Group is exposed to currency risks. To reduce the risks and secure financing that is sustainable in the long term, the company therefore has a well-diversified financing structure with bonds and bank financing in several different currencies. Balder values long-term relationships with its credit providers and collaborates with a number of Nordic banks.

When a credit provider assesses the credit risk, factors considered include the properties' location and the diversification of the property portfolio with regard to geography and asset types. Balder's assets consist primarily of residential properties, which are characterised by cash flows that are stable in the long term since the risk is spread among a large number of customers. The long-term security in the cash flow from residential properties means these assets can be pledged to a higher degree than commercial properties.

Balder's property portfolio currently consists of around 59% residential properties, and a large proportion of these are located in Copenhagen, Helsinki,

Stockholm, Gothenburg and some other growth areas in Sweden and Finland. The majority of Balder's commercial properties are located in the central parts of Stockholm, Gothenburg and Malmö.

Several financing sources

The single largest financing source is euro bonds issued in the European bond market, followed by bank loans in various currencies, a domestic MTN programme and an EMTN programme, as well as a commercial paper programme in euros and Swedish kronor. Aside from these financing sources, Balder has also issued hybrid capital with a maturity of 60 years. The hybrid capital is subordinate to other financial liabilities and therefore half of it is treated as equity by credit rating agencies.

Balder has green loans with Swedish banks, both within the Balder Group and in associated companies, and a green loan agreement with the European Investment Bank for EUR 100 million for the development of two residential projects in Copenhagen with nearly zero-energy building (NZEB) standards.

FINANCIAL GOALS

		Goal	Outcome ¹⁾
Equity/assets ratio, %	min.	40.0	38.6
Net debt to total assets, %	max.	50.0	48.2
Interest coverage ratio, times	min.	2.0	5.2

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

FINANCIAL KEY RATIOS

	2019 31 Dec	2018 31 Dec
Interest-bearing liabilities excluding Hybrid capital, SEKm	77,590	63,609
Hybrid capital, SEKm	3,652	3,596
Available liquidity including confirmed loan commitments, SEKm	11,925	10,148
Average fixed credit term, years	5.8	5.6
Average fixed interest rate term, years	3.1	3.1
Net debt to total assets (financial obligation ¹⁾ < 65), %	48.2	49.9
Interest coverage ratio (financial obligation ¹⁾ > 1.8), times	5.2	4.6
Secured debt/Total assets (financial obligation ¹⁾ < 45), %	16.2	20.0
Net debt/EBITDA, times	13.0	12.9
Credit rating, S&P	BBB Stable outlook	BBB Stable outlook

Calculation of net debt

Interest-bearing liabilities excluding Hybrid capital, SEKm	77,590	63,609
Hybrid capital (50% treated as equity by the rating agencies), SEKm	1,826	1,798
Cash and cash equivalents and financial investments, SEKm	-2,902	-1,328
Net debt	76,514	64,079

1) Financial obligations refer to obligations that Balder has to its financiers in the form of financial key ratios, so-called covenants.

FINANCE | FINANCING

During the year, the company also launched a Green Bond framework that provides an opportunity to issue green bonds, for the purpose of financing in particular green and energy-efficient buildings, but also investments in measures to improve energy efficiency and in renewable energy.

Balder's Green Bond framework has been developed in line with the industry standard Green Bond Principles 2018. The framework has undergone an independent evaluation by Cicero Shades of Green and been awarded the rating Medium Green.

During the year, the framework of Balder's MTN programme was increased from SEK 10,000 million to SEK 15,000 million. In total there was SEK 11,506 million outstanding at the year-end. Issues totalling SEK 6,000 million were carried out during the year, of which SEK 3,500 million relates to green bonds. The company has also set up an EMTN programme of EUR

2,000 million, and carried out a first issue within the programme in September with an issue of EUR 500 million.

External rating

Balder has an investment grade rating from S&P of BBB with a stable outlook. Among other things, the rating reflects the fact that Balder has a large, well-diversified property portfolio, in terms of property types, geography and tenants, and that the company has stable rental income and a high, stable occupancy rate.

The rating from S&P means that Balder can continue to access the European capital market, obtain long terms for tying-up of capital, diversify its funding base and thus secure long-term capital for continued growth. Balder's subsidiary SATO has a rating from S&P of BBB with a stable outlook.

INTEREST MATURITY STRUCTURE AS OF 31/12/2019

Year	Fixed interest term		
	SEKm	Interest, %	Share, %
Within one year	35,789	0.9	44
1–2 years	4,493	2.4	6
2–3 years	6,279	1.4	8
3–4 years	4,712	3.0	6
4–5 years	4,285	1.6	5
5–6 years	7,492	2.1	9
6–7 years	7,561	2.2	9
7–8 years	6,217	1.1	8
8–9 years	–	–	–
9–10 years	2,907	1.6	4
>10 years	1,507	3.2	2
Total	81,242	1.5	100

FIXED CREDIT TERM AS OF 31/12/2019

Year	Fixed credit term	
	SEKm	Share, %
Within one year	11,578	14
1–2 years	8,052	10
2–3 years	8,588	11
3–4 years	8,098	10
4–5 years	10,684	13
5–6 years	8,705	11
6–7 years	8,017	10
7–8 years	5,419	7
8–9 years	146	0
9–10 years	960	1
>10 years	10,995	14
Total	81,242	100

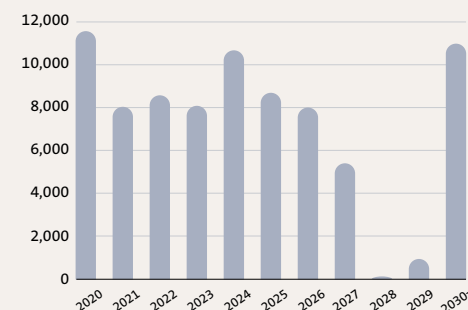
NET DEBT TO TOTAL ASSETS



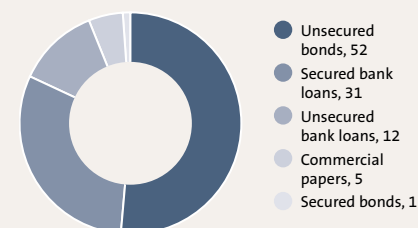
FIXED INTEREST TERM



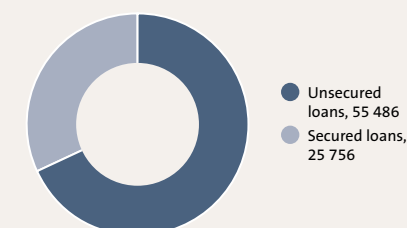
DEBT MATURITIES AS OF 31/12/2019



FINANCING SOURCES, %



DISTRIBUTION OF SECURED AND UNSECURED FINANCING, SEKM



Increased value of the property portfolio

Balder owns around 1,300 investment properties, more than 1,000 of them residential properties. At the end of 2019, the market value of these investment properties was SEK 141,392 million.

The value of the investment properties is based on internal valuations. The valuation assumes that the rental trend for the property portfolio will reflect inflation over time. Commercial contracts contain an index clause, which means that the rent develops at the same rate as the consumer price index (CPI) during the term of the contract. Residential properties have performed a little better than the CPI historically, but in its valuations Balder has assumed that rents develop in line with inflation. The total rental value of Balder's property portfolio as of 31 December was SEK 8,304 million.

Valuation methods

Two different valuation methods are used in the internal valuations. These are the yield method and the acquisition cost method. Properties in Sweden, Denmark, Finland, Norway, Germany and UK are valued using the yield method. In Finland and Russia, the acquisition cost method is used in addition to the yield method.

The yield method

When valuing according to the yield method, the market value of the properties reflects the future cash flow, which is calculated at current value using a yield requirement. The more predictable the future cash flow, the easier it is to determine the market value of the properties. The cash flows of residential properties are usually very predictable, as the income is divided among a large number of customers, which makes it easy to determine at what rent an apartment will be let out at in the event of a vacancy. Balder's commercial properties have an average lease term of 7.1 years. The ten largest leases represent 4.6% of the total rental income, with an average lease term of 12.7 years. These circumstances mean that a large proportion of Balder's future cash flows that make up the future market value are known.

The properties where the future cash flow is least predictable are mainly concentrated in the central areas of the major cities of Stockholm, Gothenburg and Malmö. It is in these properties that Balder is



Interior, Antikhallarna, Gothenburg

most dependent on future lettings and it is also here where an estimate must be performed in the valuations of what level of rent an object can command if it becomes vacant. The major cities offer good transparency for a comparison of rental rates, which means that rental rates can be determined with a high degree of certainty. The timing of subsequent letting is, however, more difficult to determine, which means that an assumption has to be made based on market demand, historical interest and similar premises. An assessment is also made of the future development of the immediate sur-

RESIDENTIAL AND COMMERCIAL PROPERTIES

Region	Mean value of yield requirements for assessment of residual value. %
Helsinki	4.35
Stockholm	4.16
Gothenburg	4.66
Copenhagen	3.93
South	4.92
East	4.67
North	4.43

FINANCE | PROPERTY VALUATION

roundings as well as the property's position within its market segment.

Properties under construction and internally managed project properties are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at cost.

The acquisition cost method

The acquisition cost method is applied for properties including those under construction and those subject to rent control in Finland. Initially, these properties are valued at cost of acquisition plus transaction costs and subsequently at cost of acquisition minus depreciation and impairment losses. See also Note 12, Investment properties.

Operating and maintenance payments

When valuing properties, assumptions are made regarding future operating and maintenance payments. These assumptions are based on historic

outcomes and future projections as well as estimated standardised costs. Operating and maintenance payments are adjusted annually in line with inflation.

Yield requirement and cost of capital

The yield requirements and cost of capital used in valuations have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental rate, vacancy rate and the condition of the property. Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made. The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5–10%. Balder continually monitors transactions completed in the market in order to substantiate and guarantee the internal valuations. Balder also conducts continual discussions with external actors regarding the acquisition and divestment of properties, which provides additional guidance.

As of 31 December, Balder's average yield was 4.5% (4.8). The average yield requirement for commercial properties was 4.7% (5.0) and for residential properties 4.3% (4.6).

Change in value of investment properties

In 2019, Balder acquired properties for a total of SEK 8,439 million (3,861). Divestments during the year totalled SEK 1,050 million (311), generating a profit of SEK 14 million (86). According to Balder's internal valuations, the carrying amount of the investment properties at year-end totalled SEK 141,392 million (116,542), representing an unrealised change in value of SEK 9,562 million (7,922). The largest proportion of the market value is found in the Stockholm, Helsinki and Gothenburg regions, which between them represent a property value of SEK 76,852 million, excluding projects.

External valuations

In order to quality-assure its internal valuations, the company allows parts of the portfolio to be valued

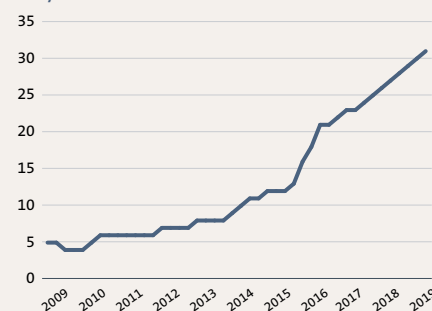
externally on an ongoing basis and obtains second opinions on the internal valuations. Historically, deviations between Balder's internal and external valuations have been insignificant. During the year, external valuations or second opinions were obtained for approx. 56% (43) of the properties, equivalent to around SEK 76 billion (50). The difference between the external valuations and the internal valuations was less than 1%.

The external valuations were carried out during the year by Newsec, Cushman & Wakefield and JLL. Second opinions were obtained during the year from JLL.

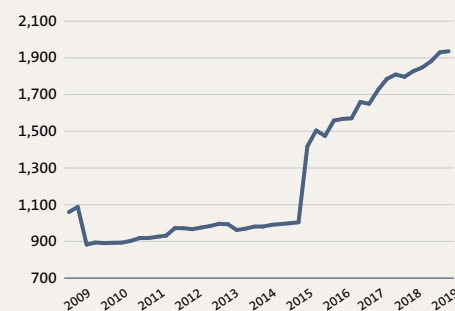
Development properties

A development property is a property that is owned for upgrading with a view to being divested. These properties are recognised at cost on an ongoing basis, and a profit/loss is recognised when each property is completed, sold and handed over to the buyer. As of 31 December, the value of Balder's development properties totalled SEK 2.3 billion.

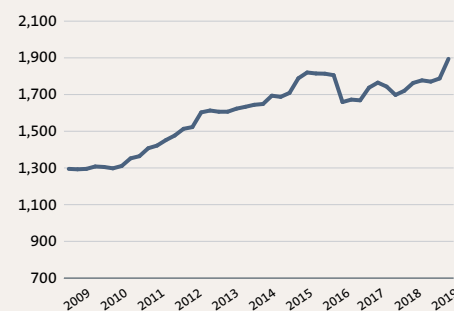
NET OPERATING INCOME, ROLLING ANNUAL VALUE, SEK/SHARE



RENTAL VALUE, RESIDENTIAL, SEK/SQ.M.



RENTAL VALUE, COMMERCIAL, SEK/SQ.M.



Sustainability framework

Balder's framework for sustainability comprises five general elements that bring together the company's material topics in respect of social, environmental and economic sustainability. Examples of activities linked to this framework are presented on the following pages. In addition to this, more detailed information about sustainability may be found in the section entitled Sustainability notes on pages 99–105.



Properties

MATERIAL TOPICS

- Minimise consumption of energy, water and chemicals
- Select renewable energy sources and less harmful materials
- Minimise waste and increase degree of sorting

○ Read more on page 33.



Areas

MATERIAL TOPICS

- Security and well-being in the company's property portfolio
- Responsible, efficient transport operations

○ Read more on page 34.



Partnerships

MATERIAL TOPICS

- Good, ethical external relationships
- Responsible suppliers

○ Read more on page 35.



Coworkers

MATERIAL TOPICS

- Satisfied employees and a good work environment
- Responsible, efficient travel

○ Read more on page 37.



Finances

MATERIAL TOPICS

- Continued satisfied customers
- Long-term financial stability and profitability

○ Read more on page 38.

SUSTAINABILITY | FRAMEWORK

Balder's work on global sustainable development goals

Balder strives to contribute to achieving the UN's Sustainable Development Goals and has selected six of the 17 goals that are considered most relevant to the company's business activities and where the company has the greatest opportunity to have an influence.



Sustainable cities and communities

Sustainable cities have a very strong link to Balder's business, and the company plays an active role in the development of entire areas and city districts. By building new homes with varied forms of tenure, Balder contributes to developing residential areas and improving security. A blend of work-place and homes also creates more job opportunities in the local environment and creates new meeting places. Solutions for increased mobility, such as proximity to public transport, cycle paths and electric car pools are also given priority in the development of properties and areas.



Balder has signed the Global Compact, the UN's international principles for companies in the area of human rights, labour, the environment and anti-corruption. The principles are based on the UN's Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration and the UN's Convention Against Corruption.



Sustainable energy for all

Environmental sustainability is an important element of Balder's long-term value creation. In addition to maintaining a strong focus on efficient energy utilisation, the company is adapting to the increased use of renewable energy. All electricity purchased for the properties in Sweden is green electricity, and Balder also owns several wind farms in Sweden.



Decent working conditions and economic growth

Balder strives to achieve greater diversity and a good work environment. A larger number of young people who live in the company's areas are hired as summer workers every year, and Balder also offers work experience and work placements to students on property-related study programmes, and within the framework of various local initiatives.



Sustainable industry, innovation and infrastructure

Balder supports sustainable industrialisation and innovation, and works continuously on more efficient resource utilisation, in particular by adopting new, innovative methods. Wherever possible, local suppliers are contracted in order to promote local business.



Responsible consumption and production

To promote sustainable consumption and production, Balder strives to be prudent in its consumption of materials, with a focus on increased recycling. Tenants are also encouraged in various ways to increase their recycling. The company will also continue to increase the level of reuse and recycling in renovation projects, for example, to contribute to increased circularity.



Climate action

Buildings account for a large proportion of the overall climate impact in society, so reducing this is an important issue for Balder. This includes both the management of properties and the construction phase. In Balder's business activities, transport operations also account for a large impact on the environment and climate, and various measures are being taken to reduce this. The company's travel policy, for example, supports more environment-friendly means of transport, and alternatives to business trips such as videoconferencing and phone meetings are encouraged.



PROPERTIES

Focus on reduced consumption

During the year, Balder has continued with the digitalisation and connection of control systems for optimisation of the properties. Among other things, work has started to install a new system for energy monitoring, which will further improve the opportunities for follow-up.

Balder's largest environmental impact takes place through the properties' energy consumption. This is the top priority from an environmental perspective, and Balder is working continuously to reduce energy consumption in its properties.

All electricity purchased for the properties in Sweden is green electricity from renewable sources. Balder also owns two wind farms, one to the north of Falkenberg and one on Öland. Every year, the ten wind power plants contribute renewable energy corresponding to the domestic electricity for about 7,800 apartments.

Other measures implemented to reduce consumption include window replacements, supplementary insulation of façades, adjustment or replacement of ventilation units and the replacement of light fittings. Balder has also made good progress in the installation and use of smart technical control systems that improve both comfort and energy consumption.

Reduced water consumption

Supplies of fresh water did not use to be a major issue in the Nordic countries, but following the dry summers of recent years and reduced groundwater stocks, the issue has attracted more and more attention. Balder

works continuously to monitor and reduce water consumption. Measures include fitting constant flow valves to mixer taps and shower heads, and proactive work is taking place to map out the risks of leaks.

Work to digitalise the properties has continued during the year, including the upgrading and connection of water meters for better monitoring. Tools are being installed in all new buildings for the individual metering of cold and hot water, and the same is being done on an ongoing basis in the existing portfolio. In properties where tenants have been made aware of their consumption and the costs this involves, consumption has fallen by an average of 15%.

Facilities for sorting waste

Balder's objective is to reduce the volume of waste that goes to landfill sites and to maximise recycling, by such means as providing effective waste management facilities in the properties. Sorting of waste is encouraged and facilitated by making sure that the waste rooms are clean, light and secure, that the containers are clearly labelled and that information is clear.



Bergsjön, Gothenburg

Sustainable materials

During renovations and new construction, Balder strives to minimise waste as far as possible. Through coordinated purchasing, the volume of material purchased can be optimised to a greater extent, and what is left over from one project can be used in another one.

Balder also wants to contribute to increasing the circular flows in society and strives to identify occasions when it is possible to reuse materials, for example from demolition and renovation works.

Regular self-monitoring

There are regular inspections of the properties, and procedures are in place for systematic work on fire safety.

Once a year, a large proportion of employees gather to do what is known as a Night Run. This

01 Certification of properties

Balder is striving to increase the proportion of properties that are certified. The goal for new in-house production is that the properties shall be certified as a minimum in accordance with the Miljöbyggnad Silver rating or equivalent, which means, for example, BREEAM Very Good, LEED Excellent or Nordic Swan Ecolabel.

involves in-depth inspections of the properties to investigate how they are running at night.

A similar initiative is also undertaken in the daytime, when all employees take part in a joint cleaning day in and around Balder's properties.



AREAS

Security and well-being in the property portfolio

For Balder, it is important to contribute to developing entire areas and city districts where the company owns properties, and in doing so to create security and well-being among tenants.

In order to increase security in the company's areas, Balder is involved in a number of different projects, often together with local actors such as municipal authorities, schools, the police, local associations and the local business community. The purpose is to work actively with integration, security and well-being in the city districts and areas where Balder owns properties.

Examples include various kinds of projects with security patrols, neighbourhood partnerships and security staff, as well as activities of a more social nature such as communal barbecue evenings and cultivation projects. Every year Balder also hires a large number of young people as summer workers in the company's areas.

Improved customer satisfaction

In autumn 2018, for the fifth time Balder conducted a major customer survey, CSI, via AktivBo. This survey takes place on an ongoing basis every two years and involves half of all residential tenants and all commercial tenants. Balder's results have shown a continuous improvement since the surveys began, for both residential and commercial tenants.

The result in what is known as the service index, which is measured in the CSI, increased once more in

the last survey compared with previous results. Improved results included those relating to opportunities for sorting at source, equipment in the apartments and property maintenance. Very high results were also achieved throughout in terms of service from caretakers and facilities for reporting faults.

During the year Balder carried out major initiatives in the outdoor environment in several areas around Sweden, in order to promote security, well-being, togetherness and sustainability. The aim is to create places that encourage people to socialise with neighbours, to join in with spontaneous sporting activities, to play with their children, to invite friends to a barbecue or to just sit and enjoy the greenery. This has resulted in, among other things, new communal barbecue sites with tables and chairs, the planting of new flowers, bushes and trees and the laying of new lawns, new asphalt and paving of paths between the buildings, the upgrading and expansion of lighting, new play areas for both small children and games for bigger children, spaces for various ball games and outdoor gyms. New outdoor environments were opened during the year in locations including Helsingborg, Västerås, Skövde, Trollhättan, Nynäshamn and Uddevalla.



Participants at the Bergsjö Gala

The Bergsjö Gala

The Bergsjö Gala was held for the first time in 2019 through a partnership between Balder and Familjebostäder in Gothenburg. The purpose of the gala is to recognise people, organisations and businesses that contribute towards a positive development in Bergsjön. Prizes presented at the gala were in the categories Association of the Year, Popular Educator of the Year, Cultural Practitioner of the Year, Driving Force of the Year, Business of the Year, Sportsperson of the Year, Teacher of the Year, Leader of the Year and Special Award of the Year.

A large number of local activities are arranged on an ongoing basis, and during the year these included a football tournament for young people in Skövde, a food festival at Bergsjön in Gothenburg and family days with activities for all ages in many areas. In Sundsvall a football school was organised over a couple of weeks during the summer in partnership with Sundsvalls DFF and the Swedish national team's football school, with 170 children taking part.

Sustainable, responsible transport operations

Another important issue involves creating the conditions for sustainable transport operations. This relates to transport operations to and from the properties, for example with Balder's own vehicles in the form of deliveries and the like, but also the opportunities for those who live and work in Balder's properties to be able to optimise their travel. In recent years Balder has increased its activities in the areas of property development and new production, which means an increased environmental impact from transport operations and materials in connection with construction work.

Most of the company's properties are located in metropolitan regions, and also in areas that are grow-

ing and becoming more densely populated, where there are often good opportunities for reduced transport services to and from the properties, for example in the form of public transport and cycle paths. Balder is also working actively together with municipal authorities and other actors in order to develop mobility solutions that reduce emissions from transport. In many areas, such as Frölunda Park, where Balder has built new homes, there is an electric car pool, a cycle pool and a cycle workshop. During the year Balder has continued to install charging posts for electric cars, including at Citygaraget in central Malmö.



PARTNERSHIPS

Joint work generates positive results

Social engagement is a natural element of Balder's work and a way of contributing to sustainable development. To succeed with this, it requires a high level of engagement among employees, but also that the company collaborates with municipal authorities and other actors.

Balder engages in community-related issues at both local and regional level, and strives to ensure that people are happy in and around their homes, offices and commercial premises.

Through its involvement in Fastighetsakademin, a vocational training college in Gothenburg, Balder has a great opportunity to support students who show an interest in learning more about different professions in the property sector. Balder contributes with knowledge about its business activities in order to give the training courses a clearer connection to working life. The company also offers a number of work placements in various occupational roles.

Balder also collaborates with other actors in order to increase employment by offering work placements and mentoring. These initiatives are often linked to specific areas, to support young adults who find themselves outside the labour market. Initiatives currently under way include those at Hallonbergen in Stockholm and at Bergsjön in Gothenburg.

Balder often collaborates with schools in the areas where the company offers homes. One example is the Backegårdsskolan school in Bergsjön, where Balder offers all children breakfast before the school day. A

project was also carried out during the year in Hallonbergen, where schoolchildren were able to get involved in redesigning the waste bins in the area, to encourage people to drop less litter.

Good, ethical external relationships

Balder's Code of Conduct has been adopted by the company's Board and offers guidance for all employees, and is to be used as a tool in day-to-day activities, both internally and externally.

Balder does not tolerate any form of corruption, extortion or bribery. The company's business activities must be carried out in an open and honest way that does not in any way impede competitiveness or benefit any particular party. This applies internally and externally in relation to business partners, customers and other stakeholders. Situations in which personal interests come into conflict with the company's interests must be avoided, and all employees are expected to be careful with the company's resources and handle information with the best interests of the company in mind.

All forms of harassment, abuse and crimes are prohibited and must be reported to the line manager



Frölunda Park, Gothenburg

or handled according to the established procedure. Balder has also established a whistleblowing function, which provides an opportunity to submit anonymous reports of infringements. This is managed by the company's security company.

All letting of apartments is handled according to the company's selection policy, which has been drawn up to produce an impartial assessment when choosing tenants. No party may be disadvantaged in the selection process due to gender, sexual orientation, ethnic origin, religion or other belief, disability, transgender identity/expression or age.

Responsible suppliers

Balder works with suppliers in both product and service sectors. Suppliers are primarily in the construction, property, energy and media sectors. All major procurements are put out to competition and central procurement processes are conducted in order to increase control of suppliers and the whole procurement chain.

When selecting suppliers and during follow-up on quality delivered, internal criteria are used to guarantee compliance with laws and regulatory requirements

Sponsorship and partnerships

Balder has chosen to focus sponsorship and support on organisations that are active in areas that promote young people, education and integration. The company attaches great importance to security and well-being in its own property areas and is therefore keen, when appropriate, to sponsor youth activities and security-enhancing activities at a local level, adapted according to the needs that exist in each area.

Balder sponsors, for example, the Childhood Cancer Gala and is a partner of the Swedish Crown Princess Couple's Foundation, which focuses on projects that promote good health and strengthen solidarity among children and young people in Sweden.

and also with the company's adopted policies and guidelines. The focus is always on the total cost of a purchase, with consideration of quality, service, logistics, environment and price.

Frölunda Park

A totally new area emerges

At the end of the year, the 130 apartments in stage one of Brf Sjöstjärnan, Frölunda Park were ready for occupancy.

In parallel with this new development, the 14 distinctive Stjärnhusen buildings in the area were also upgraded, with measures including refurbished façades and balconies.

Wide-ranging work is also under way on the ground to create more communal spaces and increase accessibility. Playgrounds, footpaths and cycle paths, trees and bushes, communal barbecue sites and allotments all create a pleasant setting Frölunda Park. To make travel and transport operations easier for residents, Balder has also installed an electric car pool, a cycle pool with several bikes for hire and a cycle service room.

When residents moved in, a CSI survey was conducted among buyers, in which Brf Sjöstjärnan achieved 75.8, a high result compared with other tenant owner property projects. No fewer than 91% of home-buyers are happy in their new home, and as many as 97% like the appearance of the building. Many home-buyers also mention the personal contact as something they are particularly happy with.



Frölunda Park, Gothenburg



COWORKERS

A developing workplace

Balder's employees contribute to continuously developing the company. A precondition for this being possible is good working conditions that promote diversity, innovation and collaboration, while at the same time supporting the company's values.

Balder must be an attractive employer, which demands that the company has an ability to recruit and retain coworkers with the right competence. It is also crucial that these coworkers are happy and feel a sense of engagement for Balder and feel that they have an opportunity to develop within the company. Balder works continuously to create the conditions to make this possible. All employees are offered a wellness grant and have ongoing employee appraisals in order to promote health and personal development.

Continuous skills development

Balder is dependent on employees with the right competence in order to continue to run and develop the business. Training and development are important factors in retaining employees and creating internal engagement. It is also a precondition for being able to retain employees and give them opportunities to grow and make a career internally within Balder.

Balder works continuously with internal courses and information to employees. The Balder Academy is the company's digital training tool and offers, among other things, induction courses for new employees, to

provide them with an insight into how Balder works, what values the company has and what different functions within the company work with.

All employees also get an adapted training package, depending on which role in the company the individual will be taking on. The training courses are available as a knowledge database in which employees can access the content at any time. The Balder Academy is also responsible for skills development when, for example, new roles and functions arise in the company.

Balder also has an internal training course for central functions that involves work placement in the area of property management. The purpose is to increase the employees' understanding of each other's roles and the work that is carried out in the property management process, which is Balder's core business. By being involved and seeing each other's working days, employees can learn from each other, increase their understanding and hopefully create an even better working climate.

A focus on gender equality and diversity

Balder strives to create a good work environment



Göteborgsvarvet Half Marathon 2019

based on gender equality and diversity, where the integrity of employees is safeguarded. There are major opportunities to build a career in the company, and many employees change position internally.

The company has grown continuously since the beginning, and the recruitment of new employees is therefore a constant theme. Balder takes part in several job fairs at institutes of higher education, and also offers opportunities for both work placements and degree projects.

Responsible travel

When it comes to travel, Balder has a travel policy that aims to simplify booking and the choice of environment-friendlier means of transport. Alternatives to business trips, such as video conferences and phone meetings, are also encouraged in order to reduce emissions.

Increased efficiency with digital support

In 2019, several new systems were introduced in order to prepare the organisation ahead of upcoming digitalisation initiatives. These include the introduction of a new business support system, which forms

Full speed around the track

Every year about 100 colleagues take part in the Göteborgsvarvet Half Marathon, which is held in May. Balder provides sponsorship in the form of registration fees and running tops, and those colleagues who are not running take part in the role of supporters and officials at Balder's tent in the event area.

the basis of the whole property management process, and which will in due course be collecting and visualising data from the properties. Preparations have also been made to start process optimisation and automation of internal processes, which will improve security and control while also saving time for the organisation. In 2020, Balder will also be continuing work to digitalise the physical properties.



FINANCES

Long-term ownership with stable cash flows and satisfied customers

Balder aims to generate a good profit from property management through a high level of activity and efficient management. Having customers who are happy and stay in the company's properties is crucial for long-term financial sustainability.

Thanks to property management with presence, in-house customer service and central functions, Balder has good knowledge of the company's properties and areas, and can offer quick, knowledgeable service to its tenants. Tenants are involved on an ongoing basis through surveys, discussions and meetings about ideas and suggestions relating to the development of the properties and entire areas. Based on this, measures are ranked and prioritised in order to best contribute to increased customer satisfaction.

Balder conducts regular customer surveys, and since the beginning the results have improved continuously for both residential and commercial tenants. In the most recent survey, the result for commercial customer increased, partly because of a higher result in terms of maintenance of the premises and the properties. Customers also feel they have very good facilities for obtaining help from Balder's staff when they need it. There was also an improved rating for Balder's environmental work, as was the perception that as a tenant you have good conditions for environment-friendly actions.

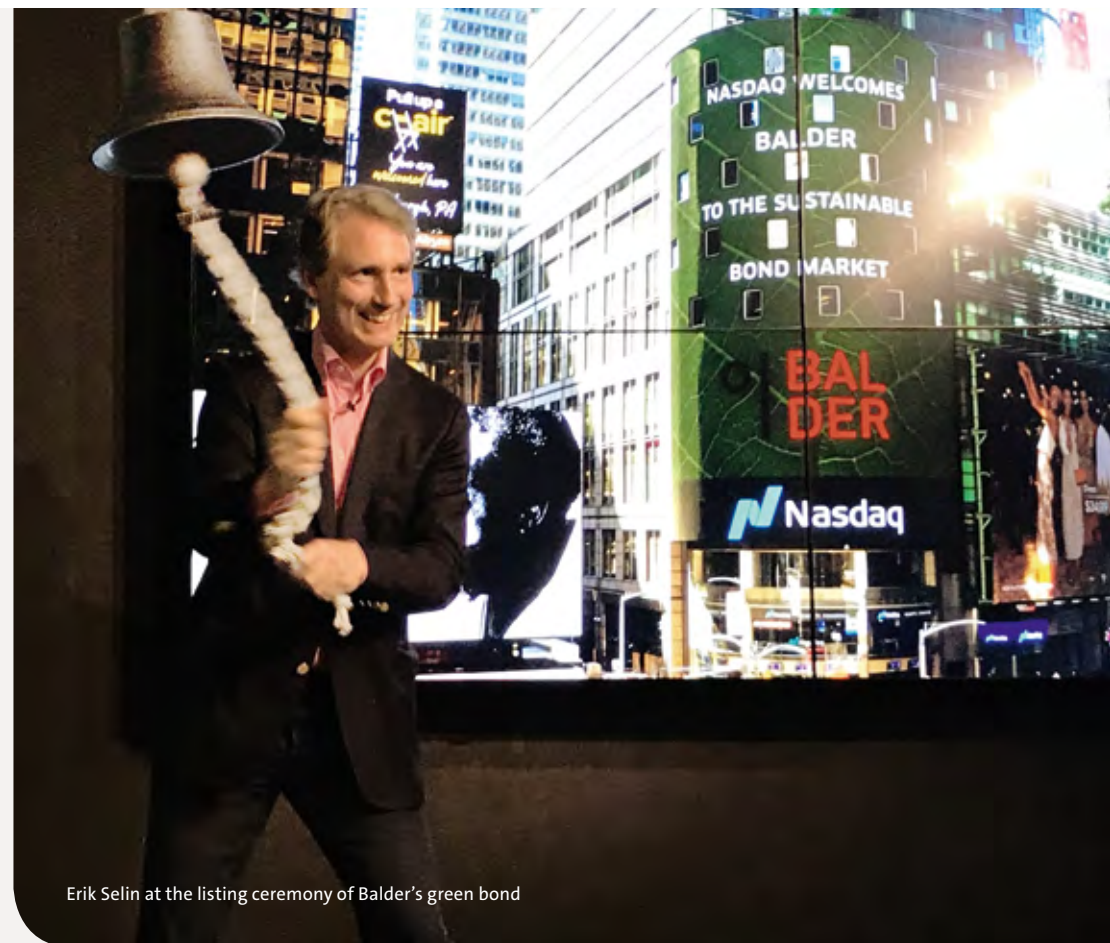
The result also improved for residential customers in the latest survey. An improved result was achieved, among other things, in terms of facilities to report faults, and for contact, availability and responses from Balder's staff.

Financial stability with green financing

Balder secures financing that is sustainable in the long term through a diversified financing structure. Thanks to a strong cash flow, the company has the opportunity for flexibility, for example in terms of choice of letting form and when construction starts. Good financing is founded on a stable income statement and a stable balance sheet. Balder also has a goal that net debt to total assets shall not exceed 50% over time.

For the last couple of years, Balder has had what are known as green loans as an element of financing for new projects. Green loans are arranged using a green asset as security, which in the property sector usually consists of buildings that have been built with a low environmental impact and have certification.

During the year the company also produced a Green Bond framework in order to finance projects



Erik Selin at the listing ceremony of Balder's green bond

that contribute to a reduced environmental impact. This framework gives Balder the opportunity to issue green bonds, with the addition that the proceeds from the issue are only used to finance those projects and assets that fall within the Green Bond framework. This relates primarily to green and energy-efficient buildings, but also investments in energy efficiency improvement measures and renewable energy.

Balder's Green Bond framework has been developed in line with the industry standard Green Bond Principles 2018 and has undergone an independent evaluation by Cicero Shades of Green and been awarded the rating Medium Green. Every year, Balder will be publishing a Green Bond Impact Report with an account of how the funds have been used. During the year, green bonds were issued to a value of SEK 3,500 million.

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Consolidated statement of financial position incl. listed associated companies at market value

According to IFRS, Collector AB (publ) and Brinova Fastigheter AB (publ) shall not be recognised at market value when Balder reports participations in associated companies from these companies. In order to clarify the listed associated companies' market value, Collector and Brinova are recognised below at the market price as of 31 December.

SEKm	31 Dec 2019	31 Dec 2018
Assets		
Investment properties	141,392	116,542
Development properties	2,344	1,598
Leases; right of use	1,541	–
Other property, plant and equipment	166	123
Participations in associated companies ^{1,2)}	7,749	6,682
Receivables	2,566	2,198
Cash and cash equivalents and financial investments	2,902	1,328
Total assets	158,659	128,471
Equity and liabilities		
Equity ³⁾	59,456	47,871
Deferred tax liability	11,285	8,857
Interest-bearing liabilities	81,242	67,205
– of which Hybrid capital ⁴⁾	3,652	3,596
Derivatives	1,210	965
Lease liability	1,543	–
Other liabilities	3,923	3,573
Total equity and liabilities	158,659	128,471
1) Including Balder's market value of Collector AB (publ)	2,285	2,240
Collector's share price (SEK)	50.50	49.50
2) Including Balder's market value of Brinova Fastigheter AB (publ)	582	319
Brinova's share price (SEK)	31.60	17.30
3) Of which non-controlling interests	9,714	7,262
4) 50% of the Hybrid capital is treated as equity by the ratings agencies and thereby reduces interest-bearing liabilities when calculating the debt/equity ratio and loan-to-value ratio, and increases equity when calculating the equity/assets ratio.	1,826	1,798

Consolidated statement of changes in equity

SEKm	31 Dec 2019	31 Dec 2018
Opening equity	47,871	39,725
Transition impact IFRS 9	–	–92
Amended accounting policies in SATO Oyj (IAS 12)	–	–124
Comprehensive income for the year	11,482	10,143
Transactions with non-controlling interests	–35	–111
Dividends to non-controlling interests	–137	–135
Non-controlling interests arising from the acquisition of subsidiaries	8	8
Change in listed associated companies at market value during the year	268	–1,545
Closing equity	59,456	47,871

Report of the Board of Directors

The Board of Directors and the CEO of Fastighets AB Balder (publ), corporate registration number 556525-6905, hereby submit the following annual accounts and consolidated accounts for the financial year 2019.

Fastighets AB Balder is listed on Nasdaq Stockholm, Large Cap segment. Comparisons stated in parenthesis refer to the corresponding period of the previous year.

Operations

Balder's business concept is to create value by acquiring, developing and managing residential properties and commercial properties based on local support and to create customer value by meeting the needs of different customer groups for commercial premises and housing.

Balder shall strive to achieve a position in each region whereby the company is a natural partner for potential customers that are in need of new commercial premises and/or housing. Growth shall take place on the basis of continued profitability and positive cash flows.

Financial goals

Balder's goal is to achieve a stable, good return on equity, while the equity/assets ratio over time shall be no less than 40% and the interest coverage ratio shall be no less than 2.0 times and the net debt to total assets should not exceed 50%. The outcomes for 2019 were 38.3% (38.4), 5.2 times (4.6) and 48.4% (50.1).

Including the listed associated companies at market value, the equity/assets ratio was 38.6% (38.7) and net debt to total assets was 48.2% (49.9).

Employees and organisation

Balder's business areas consist of the regions Helsinki, Stockholm, Gothenburg, Copenhagen, South, East and North. The regional organisations follow the same basic principles, but differ depending on the size and property holdings of each region. The regional offices are responsible for letting, operations, environmental matters and technical management.

The Balder Group, with Fastighets AB Balder as Parent Company, is composed of a large number of limited liability companies and limited partnership companies. Balder's operational organisation is supported by a central accounting, property management and finance function. On 31 December the Group had a total of 784 employees (652), of whom 327 were female (290).

Balder's management team consists of six people, one of whom is female. For information regarding adopted guidelines for remuneration to senior executives, see Note 4, Employees and staff costs. The Board will not propose any changes in the guidelines to the Annual General Meeting 2020.

Significant events during the financial year

Financing

During the year, Balder issued bonds within the framework of the MTN programme totalling SEK 6,000 million, of which SEK 3,500 million relates to green bonds. EUR 500 million was also issued within the framework of the EMTN programme.

Acquisitions

During the year a total of 44 properties were acquired at a property value of SEK 8,439 million. In terms of value, the largest acquisitions during the year are Balder's purchases of two office properties in central London and one office property alongside Kungälvsvägen in central Gothenburg.

Divestments

During the year, Balder only sold two investment properties, as well as owner apartments and land for a sales value of SEK 1,050 million. The profit from the sales totalled SEK 14 million.

Other

During the year, for the first time there was profit from Balder's investment in development projects. One project has been recognised in revenue, involving the sale of the development property Sjöstjärnan's

(Rud 8:15) tenant owner's apartments in Gothenburg. The profit from sales totalled SEK 95 million.

Investment properties

Balder's commercial properties are located primarily in the central areas of big cities, and the residential properties are located in metropolitan areas and in places that are growing and developing positively.

On 31 December, Balder owned 1,298 development properties (1,185) with a lettable area of 4,304,000 sq.m. (4,025,000) at a carrying amount of SEK 141.4 billion (116.5), including internally managed project properties. During the year, 44 investment properties (35) with a lettable area of 222,000 sq.m. (200,000) were acquired for SEK 8,439 million (3,861). Two investment properties (–) were sold during the year, as well as sales of owner apartments and land to a value of SEK 1,050 million (311), which generated a profit of SEK 14 million (86). Balder will continue work to concentrate its property portfolio during 2020.

When allocating the total property portfolio's carrying amount by region, the share for Helsinki totalled 28% (28), Stockholm 19% (20), Gothenburg 21% (19), Copenhagen 11% (11), South 7% (7), East 10% (11) and North 4% (4). Of the carrying amount,

41% (41) relates to commercial properties and 59% (59) to residential properties.

Development properties

A development property is a property that is owned for upgrading with a view to being divested. These properties are recognised at cost on an ongoing basis, and a profit/loss is recognised when each property is completed, sold and handed over to the buyer. As of 31 December 2019, the value of Balder's development properties totalled SEK 2,344 million (1,598).

Profit from property management

Profit from property management for the year totalled SEK 4,604 million (3,877), of which the effect of exchange rate fluctuations totalled SEK 55 million (95). The profit from property management attributable to the parent company's shareholders increased by 22% and totalled SEK 4,023 million (3,304), representing SEK 22.35 per share (18.35). Profit from property management includes SEK 787 million (658) in respect of associated companies, which is included in the income statement in participations in profits from associated companies.

Profit after tax

Net profit after tax for the year totalled 11,526 million (10,169). Profit after tax attributable to the parent company's shareholders totalled SEK 8,958 million (9,308), corresponding to SEK 49.77 per share (51.71).

Net profit before tax was impacted by changes in the value of investment properties of SEK 9,577

Sensitivity analysis

Factor	Change	Profit before tax, SEKm
Rental income	+/- 1%	+/- 80
Economic occupancy rate	+/- 1 percentage point	+/- 83
Interest rate level of interest-bearing liabilities	+ 1 percentage point	-329
Property costs	+/- 1%	-/+ 21
Changes in value of investment properties	+/- 5%	+/- 7,070

million (8,007), changes in the value of development properties of SEK 95 million (-), changes in value in interest rate derivatives of SEK -180 million (-34) and profit from participations in associated companies of SEK 876 million (881).

Rental income

Rental income increased by 13% to SEK 7,609 million (6,714), of which the effect of exchange rate fluctuations totalled SEK 124 million (220). This increase is due primarily to acquisitions, new lettings and completed projects for in-house management. The lease portfolio was estimated to have a rental value on a full-year basis of SEK 8,304 million (7,260) as of 31 December. The average rental level for the whole property portfolio totalled SEK 1,921/sq.m. (1,802) excluding project properties.

The rental income in a comparable portfolio increased by 3.8% (2.7) after adjustment for exchange rate fluctuations.

The rental income shows a considerable diversification of risk with regard to tenants, sectors and locations. The economic occupancy rate as of the closing date was 96% (96). The total rental value of unlet areas on 31 December totalled SEK 304 million (260) on an annual basis.

Property costs

Property costs for the year totalled SEK -1,966 million (-1,824), of which the effect of exchange rate fluctuations totalled SEK -36 million (-65). Net operating income increased by 15% to SEK 5,643 million

(4,890), representing a surplus ratio of 74% (73). Because of new accounting rules, as of 1 January 2019 ground rents are recognised within net financial items, which has a positive impact on property costs of SEK 63 million.

Operating costs usually 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.

Management costs and administrative expenses

Management and administrative expenses for the year totalled SEK -664 million (-592), of which the effect of exchange rate fluctuations totalled SEK -13 million (-23).

Net financial items and changes in the value of derivatives

Net financial items, excluding changes in the value of derivatives, totalled SEK -1,170 million (-1,076), of which the effect of exchange rate fluctuations totalled SEK -21 million (-37). Because of new accounting rules, as of 1 January 2019 ground rents are recognised within net financial items, which had a negative impact on net financial items of SEK -63 million.

Changes in value in respect of interest rate derivatives totalled SEK -180 million (-34). The negative change in value during the year in respect of derivatives was due to the decrease in the level of interest rates during the year, which means that the difference in relation to the contracted interest rate level of the interest rate derivatives has increased.

Derivatives are recognised on an ongoing basis at fair value in the balance sheet. Changes in value from derivatives arise when there are changed interest rate levels/exchange rates and do not affect cash flow, as long as they are not sold during the term. Balder has protected itself against higher interest rate levels, which means that the market value of derivatives falls in when interest rate levels fall. The deficit in respect of derivatives (interest and currency) totalled SEK 1,210 million (965) at the year-end. The deficit on derivatives

will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 1,210 million, which will be reversed in full to equity, adjusted with deferred tax via the income statement, in line with the maturity of the derivatives.

The average interest rate was 1.5% (1.7) on the closing date and 1.7% (1.8) for the year.

Changes in value of investment properties

Balder performed internal valuations of all investment properties as of 31 December. The investment properties in Sweden, Denmark, Finland, Norway, Germany and the UK were valued using the yield method, which is based on a ten-year cash flow model. Each property is individually valued by computing the present value of future cash flows, i.e. future rental payments minus estimated operating and maintenance payments. The cash flow is adapted to the market by taking account of any changes in letting levels and occupancy rates, as well as operating and maintenance payments.

The valuation is based on an individual assessment for each property of both future cash flows and the required yield. Balder's subsidiary SATO in Finland started to use a yield-based valuation method during the fourth quarter in order to determine the market value of the company's properties. The yield requirement has fallen in recent years, which means that the yield method better reflects the fair value of the properties. This change has meant that the company's property value increased during the fourth quarter by EUR 487 million.

In Finland and Russia, the acquisition cost method is used in addition to the yield method.

Investment properties under construction and project properties for in-house management are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at the cost of acquisition.

For a more detailed description of Balder's property valuation, see Note 12, Investment properties.

Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made. In order to quality-assure its internal valuations, the company allows parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions on the internal valuations.

During the year, external valuations or second opinions were obtained for 56% (43) of the investment properties excluding internally managed projects, equivalent to SEK 76 billion (50). The difference between the external valuations and the internal valuations was less than 1%. Historically, deviations between external and internal valuations have been insignificant.

As of 31 December, Balder's average yield requirement was 4.5% (4.8) excluding internally managed project properties. The change in value during the year was attributable to lower yield requirements and improved net operating income.

On 31 December, the carrying amount of the investment properties according to the individual internal valuation totalled SEK 141,392 million (116,542), which includes an unrealised change in value during the year of SEK 9,562 million (7,922).

Profit from divestment, development properties

During the year, for the first time there was a profit from Balder's investment in development projects. A first project has been recognised in revenue and is reported on two new lines in the consolidated income statement.

The profit from the divestment of development properties is recognised in connection with the buyer taking possession of the property. In addition to the cost of acquisition, sales and marketing expenses are also included, which are recognised as expenses as they arise. The net profit from sales for the period totalled SEK 95 million (–) and includes the sales of the development property Sjöstjärnan's (Rud 8:15) tenant owner apartments in Gothenburg.

Tax

The Group's total tax expense was SEK –2,659 million (–1,897), of which the effect of exchange rate fluctuations totalled SEK –52 million (–46). The current tax expense for the year totalled SEK –259 million (–306), which is attributable primarily to SATO Oyj, and a deferred tax expense of SEK –2,400 million (–1,591). The current tax expense attributable to the parent company's shareholders totalled SEK –157 million (–188).

Tax has been calculated using the current tax rate in each country. In Sweden, tax was calculated at 21.4% of ongoing taxable net profit. Deferred tax liabilities and tax assets were calculated at the lower tax rate of 20.6% that will apply as of 2021.

The new tax rules apply as of 1 January 2019 in Sweden. Balder is of the view that the new rules will not have any significant impact on tax paid in the immediate future. For 2019, the new rules caused an increased use of the deficit, which resulted in an increase in the deferred tax expense.

Deferred tax is calculated on the temporary differences arising after the acquisition date. The Group's deferred tax liability has been calculated as the value of the net of fiscal deficits and the temporary difference between mainly the carrying amounts and values for tax purposes of properties and interest rate derivatives. The deferred tax liability totalled SEK 11,285 million (8,857). For more detailed information, see Note 10, Income tax.

Cash flow and financial position

Balder's assets on 31 December totalled SEK 157,928 million (128,008). These were financed by equity of SEK 58,725 million (47,408) and liabilities of SEK 99,203 million (80,600), of which SEK 81,242 million (67,205) are interest-bearing.

Cash flow from operating activities before changes in working capital totalled SEK 3,288 million (2,871). Investing activities charged cash flow with SEK –15,867 million (–11,435).

During the year, acquisitions of development properties of SEK –7,972 million (–3,861), investments in existing properties and projects of SEK –8,133 million (–6,210), investments in property plant and equipment, financial investments, associated companies and transactions with non-controlling interests of SEK –1,315 million (–1,832), amortisation of lease liability of SEK –26 million (–) and dividend to non-controlling interests of SEK –137 million (–135) totalled SEK –17,583 million (–12,037).

These were financed through cash flow from operating activities of SEK 3,209 million (3,667), by divestments of investment properties of SEK 1,050 million (311), development properties of SEK 387 million (–), financial investments of SEK 60 million (133), dividend from associated companies of 42 million (24), sale of shares in associated companies of SEK 15 million (–) and net borrowing of SEK 13,641 million (7,180), which totalled SEK 18,404 million (11,314).

Total cash flow for the year was SEK 821 million (–723).

Liquidity

Apart from unutilised credit facilities of SEK 8,673 million (8,470), the Group's cash and cash equivalents, financial investments and unutilised credit facilities totalled SEK 3,252 million (1,678) as of 31 December.

Equity

Equity totalled SEK 58,725 million (47,408) on 31 December, of which non-controlling interests totalled SEK 9,714 million (7,262), corresponding to SEK 272.28 per share (223.03) excluding non-controlling interests. The equity/assets ratio was 38.3% (38.4). Including the listed associated companies at market value, the equity/assets ratio was 38.6% (38.7) and equity per share was SEK 276.34 (225.60).

Interest-bearing liabilities

The Group's interest-bearing liabilities totalled SEK 81,242 million (67,205) as of 31 December. The propor-

tion of loans with interest maturity dates during the coming 12-month period totalled 44% (44) and the average fixed credit term was 5.8 years (5.6). Derivatives contracts have been concluded in order to limit the impact of a higher market interest rate.

The above-mentioned derivatives are recognised at fair value on an ongoing basis in the balance sheet with changes in value recognised in the income statement. Changes in value during the year totalled SEK –180 million (–34). Interest-bearing liabilities are described in greater detail in Note 21, Financial risk management.

Rating

Balder has an investment grade rating from the S&P credit agency of BBB with a stable outlook. The rating from S&P means that Balder can continue to access the European capital market, obtain long terms for tying-up of capital, diversify its funding base and thus secure long-term capital for continued growth. Credit ratings from credit agencies have a major impact on Balder's financing costs, and therefore it is important to maintain an investment grade rating.

Investments

Property investments during the year totalled SEK 15,006 million (10,071), of which SEK 8,439 million (3,861) relates to acquisitions and SEK 6,567 million (6,210) relates to investments in existing investment properties and internally managed projects. Of total investments in investment properties, SEK 3,398 million (2,360) relates to Helsinki, SEK 2,260 million (2,397) to Stockholm, SEK 5,225 million (1,202) to Gothenburg, SEK 1,590 million (1,824) to Copenhagen, SEK 1,607 million (1,320) to South, SEK 472 million (275) to East and SEK 454 million (693) to North.

Associated companies

Balder owns 50% of a number of property companies in which Balder handles management and adminis-

tration. For more information, see Note 14, Participations in associated companies/joint ventures.

In addition to the 50%-owned associated companies, Balder owns, among others, 44.1% (44.1) of Collector AB (publ), 33% (33) of Tornet Bostadsproduktion AB, 25.5% (25.5) of Brinova Fastigheter AB (publ), 49% (49) of Sjaelsö Management ApS, 20% (20) of SHH Bostad AB, 56% (56) of Serena Properties AB, 49% (49) of Sinoma Fastighets AB and 25% (25) of Rosengård Fastighets AB.

Balder's associated companies Brinova Fastigheter AB and Collector AB are listed companies. In order to clarify the value of these two associated companies in Balder, the consolidated statement of financial position includes recognition of listed associated companies at market value, see page 40.

On pages 23–25, Balder's participations in the balance sheets and property portfolios of the 50%-owned property-managing associated companies are reported and presented in accordance with IFRS accounting policies.

The 50%-owned associated companies own a total of 170 investment properties (127) and 20 project properties (11). Balder's proportion of the property portfolio's lettable area is approximately 530,000 sq.m. (433,000) with a rental value of SEK 722 million (599). The economic occupancy rate was 94% (97).

Parent Company

The parent company's operations consist primarily of the performance of Group-wide services. Balder has centralised the Group's credit supply, risk management and cash management through the parent company having an internal bank function. Net sales in the parent company totalled SEK 361 million (289) during the year, of which intra-Group services represented SEK 266 million (218) and the remainder related primarily to management assignments for associated companies.

Net profit after tax for the year totalled 1,025 million (1,590). A dividend from subsidiaries was included at

SEK 800 million (1,608), net interest items totalled SEK 194 million (110) and exchange rate difference totalled SEK –251 million (–729), changes in value in respect of interest rate derivatives totalled SEK –180 million (–34) and Group contributions paid/received totalled SEK 229 million (–87). Recognised exchange differences related primarily to the translation of euro bonds, which from a Group perspective are used for the hedging of net investments in euros and Danish kroner.

The parent company's financial investments and cash and cash equivalents, including unutilised credit facilities, totalled SEK 2,345 million (1,350) on 31 December Receivables from Group companies totalled SEK 52,646 million (38,337) on the closing date and interest-bearing liabilities SEK 43,862 (33,275).

Sustainability Report in accordance with the Swedish Annual Accounts Act

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Fastighets AB Balder has chosen to produce the sustainability report as a separate report from the Annual Report. The scope of the sustainability report is described on page 99 of this document.

Multi-year summary

See page 8.

The share and the owners

As of 31 December, the share capital totalled SEK 180,000,000 distributed among 180,000,000 shares. Each share has a quota value of SEK 1. The shares are distributed across 11,229,432 Class A shares and 168,770,568 Class B shares. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

The largest owners are Erik Selin via company with 49.9% of votes and Arvid Svensson Invest AB with 15.2% of votes. There are no restrictions in the articles of association as to the form of transfer of shares or voting rights at the shareholders' general meeting.

Since Balder will be prioritising growth, capital

structure and liquidity over the next few years, the dividend for the share will be low or will not be declared at all.

Report on the Board's work during the year

The Board held ten board meetings during the financial year, one of which was the statutory meeting. The work follows a formal work plan adopted by the Board. The formal work plan regulates the Board's working methods and the allocation of responsibility between the Board and CEO, as well as the forms of ongoing financial reporting. During the year, strategic questions and other important matters for the company's development were discussed, as well as ongoing financial reporting and decision-making matters. The company's auditors participated in one board meeting and reported on their completed audit of the management's administration and of the accounts.

Corporate governance

Balder is governed by the corporate governance rules prescribed in the Swedish Companies Act, the Articles of Association and the listing agreement with Nasdaq Stockholm. The Board aims to make it easy for the individual shareholder to understand where in the organisation responsibility and authority lie. Corporate governance in the company is based on Swedish legislation, principally on the Swedish Companies Act, the listing agreement with the Swedish Stock Exchange, the Swedish Code of Corporate Governance as well as other rules and guidelines. Some of the Code's principles are about creating a good basis for exercising an active balance of power between owners, the Board and Management, which Balder views as a natural element of the principles for the operation. See pages 91–96 for the Corporate Governance Report.

Remuneration to the CEO and other senior executives

Guidelines for remuneration to senior executives were adopted at the last Annual General Meeting. The guidelines essentially state that competitive mar-

ket salaries and other terms of employment shall be applied for company management. Remuneration shall be paid in the form of a fixed salary. Redundancy pay and severance payment shall not exceed 18 monthly salaries in total for the company's CEO, and for other members of company management the figure is a maximum of six months with no severance payment. Company management comprises the CEO and other members of Group Management.

The Board's proposal on guidelines for the next AGM corresponds with the current guidelines and shall apply until the 2024 AGM unless circumstances arise that necessitate an earlier revision. See also Note 4, Employees and staff costs.

Significant events since the end of the financial year

See Note 28 Significant events since the end of the financial year.

Expectations regarding the future trend

Balder's objective is to grow with maintained profitability by means of direct or indirect acquisitions together with our partners in locations that are considered to be of interest.

Proposed distribution of earnings

The following amount in SEK is at the disposal of the Annual General Meeting:

Retained earnings	11,047,452,521
Net profit for the year	1,025,433,538
Total ¹⁾	12,072,886,060

1) See change in parent company's equity, page 55.




The Board proposes that the amount be allocated as follows:

Carried forward	12,072,886,060
Total	12,072,886,060





Opportunities and risks

AREA	DESCRIPTION	APPROACH	ASSESSMENT
OPERATIONAL RISKS			
The risk of reduced occupancy rate, reduced rental income and negative rental development	Balder's income is affected by the occupancy rate of the properties, the possibility of charging competitive market rents and the ability of customers to pay. The occupancy rate and rental levels are determined largely by the economic trend. Naturally, the risk of major fluctuations in vacancies and loss of rental income increases when the property portfolio contains more large individual customers.	Balder's ten biggest contracts account for 4.6% of the total rental income, and their average contract term is 12.7 years. No single contract accounts for more than 0.7% of Balder's total rental income, and no single customer accounts for more than 3.6% of total rental income. Balder's leases for premises are usually wholly or partly linked to the consumer price index. Residential properties in Sweden are subject to regulations, the effects of which include rental levels being determined by what is known as the utility value principle.	
Risk of increased property costs due to increased operating and maintenance costs	Property costs include direct costs such as costs of operation, media, maintenance and property tax. Extensive needs to perform repairs can have a negative impact on profits. Operating costs are primarily tariff-based costs of electricity, cleaning, water and heating. Many of these goods and services can only be purchased from one actor, which can affect the price. Cost increases that are not compensated by regulation in leases or rental increases through re-negotiation can have a negative impact on profits. A change of +/-1% in property costs would affect the total cost figure by SEK +/- 21 million.	Balder works constantly to achieve continuous improvement in cost-efficiency with the aid of rational technical solutions, practical initiatives and continuous follow-up. Each region is responsible for ensuring that the property portfolio is well-maintained and in good condition. Having a local presence increases the knowledge of each property's needs for preventive measures, which is more cost-efficient in the long run than extensive repairs.	
Risk of incorrect assessment of the rental market's development and the execution of projects	One way of increasing the yield is to construct new properties and develop existing ones through investments. Project development risks exist in assessments of the market's development, but also in the design of the product and the execution of the project itself.	Quality-assured internal processes and a high level of competence in the project organisation guarantee high quality in both execution and the product itself. When new buildings are constructed, it is always a requirement that large parts of the property must be let before the investment commences. Most of the projects in progress therefore have a high occupancy rate. The risks are also limited by the fact that investments are only made in markets where Balder has good market knowledge, and where there is high demand for homes and commercial premises.	




Assessment of risk level

 Low
  Medium
  High

FINANCIAL INFORMATION | OPPORTUNITIES AND RISKS

AREA	DESCRIPTION	APPROACH	ASSESSMENT
IT AND DIGITALISATION			
Risk of inadequate digital development	Digitalisation in the property sector is primarily about digitalising the properties themselves in order to, for example, improve follow-up on consumption etc., and to build smarter homes and offer commercial customers digital services that promote business.	The digitalisation process is relatively simple to undertake in connection with new production, where a lot can be planned for in the development phase, for example in the form of fibre networks and sensors. Work to digitalise an existing property is a major challenge, but Balder is equipped for this. The company has created special roles with a focus on digitalisation in order to drive developments forward.	
Risk of inadequate IT security	Inadequate IT security can have major consequences, for example in the form of data being destroyed or lost, confidential information being leaked, etc. There is also a certain risk of infringing statutory provisions on the processing of personal data.	Balder works with the layered security principle in order to minimise the areas for intrusion and in recent years has continuously extended the level of protection. Apart from tried and tested technologies such as firewalls, antivirus and backup systems, Balder has also supplemented its protection with sandboxing systems, advanced email filtering and virtualisation to secure the internal IT environment. Balder has also carried out extensive internal work in order to guarantee compliance with the requirements of GDPR, in terms of both internal systems and structures as well as employee training.	
FINANCIAL RISKS			
Refinancing risk	Balder's greatest financial risk is a lack of financing. Refinancing risk refers to the risk that financing cannot be obtained at all, or only at a significantly increased cost.	Balder conducts ongoing discussions with banks and credit institutions aimed at securing long-term financing and also renegotiating loans and diversifying the maturity structure of loans. Meanwhile, this work ensures that competitive long-term financing is maintained. Balder's average fixed credit term was 5.8 years (5.6).	
Interest rate risk	The interest expense is Balder's single largest cost item. Interest expenses are affected primarily by the current level of market interest rates and the credit institutions' margins, and also by what strategy Balder chooses for fixed terms for interest rates. A higher market interest rate means an increased interest expense, but this often also coincides with higher inflation and economic growth.	Higher interest expenses are partly offset by lower vacancy rates and higher rental income through increased demand, and by the fact that rents are indexed. Balder has also chosen to use interest rate derivatives to limit the risk of financing costs increasing significantly in the event of higher market interest rates. In the event of an increase in the market interest rate of one percentage point and assuming an unchanged loan and derivative portfolio, the interest expense would increase by SEK 329 million. Of Balder's total loan stock at the year-end, 56% (56) had a fixed interest rate period of more than one year.	
Credit risk	Credit risk is defined as the risk that Balder's counterparties cannot fulfil their financial obligations towards Balder. Credit risk in financial operations arises, for example, in connection with the investment of excess liquidity, on entering into interest rate swap contracts and in connection with the issuing of credit agreements.	Balder conducts the customary credit checks before entering into a new lease and calculates the credit risk in connection with new letting and the adaptation of premises for an existing customer.	




Assessment of risk level

 Low
  Medium
  High



FINANCIAL INFORMATION | OPPORTUNITIES AND RISKS

AREA	DESCRIPTION	APPROACH	ASSESSMENT
Currency risk	Balder owns properties via subsidiaries in Denmark, Finland, Norway, Germany and the UK. The companies have income and expenses in local currency and are thereby exposed to exchange rate fluctuations from the Group's perspective. Exchange rate fluctuations also occur when translating the foreign subsidiaries' assets and liabilities into the parent company's currency.	The translation differences are mainly handled through borrowing spread among different currencies based on the net assets in each currency. Loans taken out in the same currencies as the net assets in the Group reduce these net assets and thereby reduce translation exposure.	
CHANGE IN VALUE			
Risk of negative development in value of properties	The value of the properties is affected by a number of factors, including property-specific factors such as occupancy rate, rental level and operating costs, as well as market-specific factors such as yield requirements and cost of capital. Both property-specific and market-specific changes affect the value of investment properties, which in turn impacts on the Group's financial position and profits. 79% of the value of Balder's property portfolio is in the four metropolitan regions of Helsinki, Stockholm, Gothenburg and Copenhagen.	Balder carries out an internal valuation of the property portfolio in connection with quarterly reports. Parts of the property portfolio are also valued externally and compared with the internal valuation. Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made. The profit before tax would be affected by SEK +/-7,070 million if there were a change in value of the investment properties of +/-5%. The equity/assets ratio would be 40.1% in the event of a positive change in value and 36.4% in the event of a negative change in value. See also Note 12, Investment properties.	
TAX			
Risk of changes in tax legislation	The possibility cannot be ruled out that tax rates will change in the future or that other changes will occur in the state system that affect property ownership. Changes in tax levels and tax legislation, for example new rules in respect of depreciation, a ban on the packaging of properties and the opportunity to utilise loss carryforwards can affect Balder's future tax expense and thereby affect the profit.	Balder monitors the development of legislation in markets where the company is active and where relevant prepares the business and the financial statements for any adaptations that may be necessary.	
ENVIRONMENT			
Risk of hazardous substances and choice of materials	The main challenges that Balder has identified in connection with the environmental area are hazardous substances built into the properties such as PCB and asbestos, increased radon values and transport operations to and from the properties.	An ongoing inventory is kept of the existing portfolio, and action plans are drawn up to manage the risks in connection with planned measures or as separate projects. As new buildings become more energy-efficient, the construction phase accounts for a bigger part of the total environmental impact of buildings. These issues are taken into account in connection with new production and densification, both internally and in dialogue with external parties such as business partners, city planning offices, consultants' or architects' offices and contractors.	




Assessment of risk level

 Low
  Medium
  High

FINANCIAL INFORMATION | OPPORTUNITIES AND RISKS

AREA	DESCRIPTION	APPROACH	ASSESSMENT
Risk of increased impact from transport operations	Both Balder's internal transport operations and customer transport operations to and from the properties have a major environmental impact.	When developing areas, opportunities for more efficient transport are considered, and in many areas car pools and bike pools, for example, are offered. Together with suppliers, Balder's internal transport and logistics solutions are being reviewed so that the number of transport operations to the properties is minimised and streamlined. The company's travel policy regulates business travel, and all local offices have video equipment to minimise the number of trips for meetings.	
Climate risks	Rising sea levels, higher rainfall and increased risks of landslides are climate risks that have been highlighted and need to be dealt with in social planning in order to reduce the risks of damage to properties and infrastructure going forward. In the event of floods there is a risk that vermin will find their way into properties, resulting in a risk of the spread of contagion and damage.	Investigations into which climate adaptations might be necessary are conducted in the planning process and managed in detailed development plans. Aside from this, Balder strives to review work on climate risks, including the preparation of plans for how existing properties that may be in the risk zone should be registered and what action plans need to be prepared.	
SOCIAL CONDITIONS AND EMPLOYEES			
Risk of deficiencies in the skills supply, work environment and respect for human rights	As Balder has grown, both geographically and in terms of the number of colleagues, challenges have arisen, including the new recruitment and retention of existing colleagues, identifying and utilising Group-wide resources and developing common work methods. Another challenge resulting from the company's strong growth is to get every colleague to feel that they are part of Balder's corporate culture.	Balder's Code of Conduct is based on the principles of the UN's Global Compact and deals with issues relating to the work environment and human rights. Good internal control, fit-for-purpose administrative systems, skills development and good access to reliable valuation and risk models provide a sound basis for reducing operational risks and thereby retaining the competence that exists within the company. In order to attract new employees, Balder continuously participates in job fairs at institutes of higher education, and offers work placements and opportunities for students to do their degree projects.	
ETHICS AND ANTI-CORRUPTION			
Risk of fraud and bribery	For property companies processes such as those in the areas of letting, recruitment and supplier selection are particularly important.	Balder has a Code of Conduct as well as policies and procedures, which are intended to guide and ensure respectful and business-like relationships, while minimising risks of, for example, discrimination and corruption. When selecting suppliers and during follow-up on delivered quality, internal criteria are used to guarantee compliance with laws and regulatory requirements and also with the company's adopted policies and guidelines. There is a whistleblowing function for the reporting of infringements.	

Assessment of risk level

 Low
  Medium
  High

Financial statements

Consolidated statement of comprehensive Income

SEKm	Note	2019	2018
Rental income	2, 3	7,609	6,714
Property costs	2, 6, 7	-1,966	-1,824
Net operating income		5,643	4,890
Management costs and administrative expenses	4, 5, 6	-664	-592
Participation in profits of associated companies	14	876	881
– of which profit from property management		787	658
– of which changes in value		297	407
– of which tax		-209	-184
Other income/expenses		7	-3
Profit before net financial items		5,863	5,176
<i>Financial items</i>			
Financial income	9	395	128
Financial expenses	9	-1,565	-1,204
– of which lease expense/ground rent	8	-63	–
Net financial items		-1,170	-1,076
Profit including changes in value and tax in associated companies		4,693	4,100
– of which Profit from property management	2, 3, 4, 5, 6, 7, 8, 9	4,604	3,877
<i>Changes in value</i>			
Changes in value of investment properties, realised	12	14	86
Changes in value of investment properties, unrealised	12	9,562	7,914
Changes in value of derivatives	21	-180	-34
Profit from divestment of development properties	16	387	–
Expenses from divestment of development properties	16	-292	–
Changes in value, total		9,492	7,965
Profit before tax		14,185	12,065
Income tax	10	-2,659	-1,897
Net profit for the year		11,526	10,169
<i>Net profit for the year attributable to</i>			
The parent company's shareholders		8,958	9,308
Non-controlling interests		2,568	861
		11,526	10,169

SEKm	Note	2019	2018
Other comprehensive income – items that may be reclassified to profit or loss			
Translation difference relating to foreign operations (net after hedge accounting)		8	-45
Cash flow hedges after tax		-55	9
Participation in other comprehensive income from associated companies		3	10
Comprehensive income for the year		11,482	10,143
<i>Comprehensive income for the year attributable to</i>			
The parent company's shareholders		8,865	9,003
Non-controlling interests		2,617	1,140
		11,482	10,143

SEKm	Note	2019	2018
Profit from property management		4,604	3,877
Minus non-controlling interests' participation in the profit from property management		-581	-573
Profit from property management attributable to parent company's shareholders		4,023	3,304
Profit from property management per share, SEK		22.35	18.35
Profit after tax per share, SEK	11	49.77	51.71

There is no dilution effect as there are no potential shares.

Consolidated statement of financial position

SEKm	Note	31 Dec 2019	31 Dec 2018
Assets			
Non-current assets			
Investment properties	12, 24	141,392	116,542
Leases; right of use	8	1,541	–
Other property, plant and equipment	13	166	123
Participations in associated companies	14	7,018	6,219
Other non-current receivables	15	1,448	1,293
Total non-current assets		151,565	124,178
Current assets			
Development properties	16	2,344	1,598
Trade receivables	17	241	183
Other receivables		399	399
Prepaid expenses and accrued income	18	478	324
Financial investments	19	1,523	770
Cash and cash equivalents	25	1,379	558
Total current assets		6,363	3,831
Total assets		157,928	128,008
Equity and liabilities			
Equity	20		
Share capital		180	180
Other contributed capital		7,806	7,806
Translation differences		–432	–369
Reserves		26	56
Retained earnings including net profit for the year		41,432	32,473
Equity attributable to the parent company's shareholders		49,011	40,146
Non-controlling interests		9,714	7,262
Total equity		58,725	47,408

SEKm	Note	31 Dec 2019	31 Dec 2018
Provisions			
Deferred tax liability	10	11,285	8,857
Total provisions		11,285	8,857
Liabilities			
Non-current liabilities			
Long-term interest-bearing liabilities ^{1, 2)}	21	69,436	57,716
Other non-current liabilities		542	423
Lease liability	8	1,494	–
Derivatives	21	1,108	953
Total non-current liabilities		72,580	59,093
Current liabilities			
Current interest-bearing liabilities ¹⁾	21	11,806	9,489
Trade payables		660	488
Lease liability	8	49	–
Derivatives	21	102	11
Other liabilities		605	725
Accrued expenses and prepaid income	23	2,115	1,937
Total current liabilities		15,338	12,650
Total liabilities		99,203	80,600
Total equity and liabilities		157,928	128,008

1) Interest-bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.

2) The line item Long-term interest-bearing liabilities includes Hybrid capital of SEK 3,652 million (3,596). 50% of the Hybrid capital, or equivalent to SEK 1,826 million (1,798), is treated as equity by the ratings agencies and thereby reduces interest-bearing liabilities when calculating the debt/equity ratio and net debt to total assets, and increases equity when calculating the equity/assets ratio.

Consolidated statement of changes in equity

SEKm	Attributable to parent company's shareholders						Non-controlling interests	Total equity
	Share capital	Other contributed capital	Reserves	Translation differences	Retained earnings incl. net profit for the year	Total		
Opening equity, 01/01/2018	180	7,806	51	−59	23,318	31,295	6,422	37,718
Transition impact IFRS 9					−85	−85	−7	−92
Amended accounting policies in SATO Oyj (IAS 12)					−68	−68	−56	−124
Adjusted opening balance as of 01/01/2018	180	7,806	51	−59	23,165	31,143	6,359	37,502
Net profit for the year					9,308	9,308	861	10,169
Other comprehensive income			5	−310		−305	279	−26
Total comprehensive income	−	−	5	−310	9,308	9,003	1,140	10,143
Transactions with non-controlling interests							−111	−111
Dividends to non-controlling interests							−135	−135
Non-controlling interests arising from the acquisition of subsidiaries							8	8
Total transactions with the company's owners	−	−	−	−	−	−	−237	−237
Closing equity, 31/12/2018¹⁾	180	7,806	56	−369	32,473	40,146	7,262	47,408
Opening equity, 01/01/2019	180	7,806	56	−369	32,473	40,146	7,262	47,408
Net profit for the year					8,958	8,958	2,568	11,526
Other comprehensive income			−30	−63		−93	49	−44
Total comprehensive income	−	−	−30	−63	8,958	8,865	2,617	11,482
Transactions with non-controlling interests							−35	−35
Dividends to non-controlling interests							−137	−137
Non-controlling interests arising from the acquisition of subsidiaries							8	8
Total transactions with the company's owners	−	−	−	−	−	−	−164	−164
Closing equity, 31/12/2019¹⁾	180	7,806	26	−432	41,432	49,011	9,714	58,725

1) For more information, see Note 20, Equity.

Consolidated cash flow statement

SEKm	Note	2019	2018
Operating activities			
Net operating income		5,643	4,890
Other income/expenses		7	-3
Management costs and administrative expenses		-664	-592
Reversal of depreciation and amortisation		42	20
Interest received	25	176	110
Interest paid	25	-1,596	-1,209
Tax paid		-321	-345
Cash flow from operating activities before change in working capital		3,288	2,871
Cash flow from changes in working capital			
Change in operating receivables		-262	-394
Change in operating liabilities		183	1,189
Cash flow from operating activities		3,209	3,667
Investing activities			
Acquisition of investment properties		-7,972	-3,861
Acquisition/divestment of property, plant and equipment		-85	-44
Acquisition of financial investments		-594	-593
Acquisition of shares in associated companies/capital contribution/borrowing from and lending to associated companies		-601	-1,085
Investments in existing properties and projects		-8,133	-6,210
Transactions with non-controlling interests		-35	-111
Divestment of investment properties		1,050	311
Divestment of investment properties		387	-
Divestment of financial investments		60	133
Divestment of shares in associated companies		15	-
Dividend paid from associated companies		42	24
Cash flow from investing activities		-15,867	-11,435

SEKm	Note	2019	2018
Financing activities	25		
Dividend paid to non-controlling interests		-137	-135
Amortisation of lease liability		-26	-
Borrowings		25,169	12,148
Amortisation/redemption of loans		-11,527	-4,967
Cash flow from financing activities		13,479	7,046
Cash flow for the year		821	-723
Opening cash and cash equivalents		558	1,281
Closing cash and cash equivalents	25	1,379	558

Available liquidity, SEKm	Note	2019	2018
Cash and cash equivalents		1,379	558
Unutilised overdraft facilities	22	350	350
Unutilised credit facilities		8,673	8,470
Financial investments	19	1,523	770
Available liquidity including confirmed credit commitments		11,925	10,148

Parent Company income statement

SEKm	Note	2019	2018
Net sales	3	361	289
Administrative expenses	4, 5	–363	–292
Operating profit		–2	–4
Profit from financial items			
Dividends from subsidiaries		800	1,608
Interest income and similar profit/loss items	9	1,420	1,816
Interest expenses and similar profit/loss items	9	–1,226	–1,706
– of which exchange rate differences		–251	–729
Changes in value of derivatives	21	–180	–34
Profit before appropriations and tax		812	1,680
Appropriations			
Group contribution		229	–87
Profit before tax		1,042	1,594
Income tax	10	–16	–3
Net profit for the year/comprehensive income ¹⁾		1,025	1,590

1) The Parent Company has no items that are recognised in Other comprehensive income and therefore total comprehensive income corresponds to net profit for the year.

Parent Company balance sheet

SEKm	Note	31 Dec 2019	31 Dec 2018
Assets			
Non-current assets			
Property, plant and equipment	13	23	18
<i>Financial assets</i>			
Participations in Group companies	24, 26	10,111	8,449
Participations in associated companies	14, 24	1,972	1,880
Other non-current receivables	15	1,190	904
Receivables from Group companies	27	52,646	38,337
<i>Total financial assets</i>		<i>65,919</i>	<i>49,571</i>
Deferred tax assets	10	74	85
Total non-current assets		66,016	49,674
Current assets			
<i>Current receivables</i>			
Other receivables		70	42
Prepaid expenses and accrued income	18	137	155
<i>Total current receivables</i>		<i>206</i>	<i>197</i>
Financial investments	19	1,051	770
Cash and cash equivalents	25	944	230
Total current assets		2,201	1,197
Total assets		68,217	50,870

SEKm	Note	31 Dec 2019	31 Dec 2018
Equity and liabilities			
Equity	20		
<i>Restricted equity</i>			
Share capital		180	180
<i>Non-restricted equity</i>			
Share premium reserve		4,366	4,366
Retained earnings		6,681	5,091
Net profit for the year		1,025	1,590
Total equity		12,253	11,227
Non-current liabilities			
Liabilities to credit institutions ^{1, 2)}	21	39,449	28,659
Other non-current liabilities		–	108
Derivatives	21	624	446
Liabilities to Group companies	27	10,966	5,282
Total non-current liabilities		51,038	34,494
Current liabilities			
Liabilities to credit institutions ¹⁾	21	4,414	4,616
Trade payables		19	18
Derivatives	21	2	0
Other liabilities		96	153
Accrued expenses and prepaid income	23	396	361
Total current liabilities		4,926	5,149
Total equity and liabilities		68,217	50,870

1) Interest-bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.

2) The line item Long-term interest-bearing liabilities includes Hybrid capital of SEK 3,652 (3,596). 50% of the Hybrid capital, or equivalent to SEK 1,826 million (1,798), is treated as equity by the ratings agencies and thereby reduces interest-bearing liabilities when calculating the debt/equity ratio and net debt to total assets, and increases equity when calculating the equity/assets ratio.

Parent Company statement of changes in equity

SEKm	Number of shares	Restricted equity		Non-restricted equity		Total equity
		Share capital	Share premium reserve	Retained earnings	Net profit for the year	
Opening equity, 01/01/2018	180,000,000	180	4,366	3,857	1,234	9,637
Net profit for the year/comprehensive income	–	–	–	–	1,590	1,590
Appropriation of profits				1,234	–1,234	–
Total transactions with the company's owners	–	–	–	1,234	–1,234	–
Closing equity, 31/12/2018¹⁾	180,000,000	180	4,366	5,091	1,590	11,227
Opening equity, 01/01/2019	180,000,000	180	4,366	5,091	1,590	11,227
Net profit for the year/comprehensive income	–	–	–	–	1,025	1,025
Appropriation of profits				1,590	–1,590	–
Total transactions with the company's owners	–	–	–	1,590	–1,590	–
Closing equity, 31/12/2019¹⁾	180,000,000	180	4,366	6,681	1,025	12,253

1) For more information, see Note 20, Equity.

Parent Company cash flow statement

SEKm	Note	2019	2018
Operating activities			
Operating profit		–2	–4
Reversal of depreciation/impairment		4	2
Interest received	25	137	36
Interest paid	25	–783	–706
Tax paid		–5	–
Cash flow from operating activities before change in working capital		–649	–671
Cash flow from changes in working capital			
Change in operating receivables		–78	118
Change in operating liabilities		5	175
Cash flow from operating activities		–722	–378
Investing activities			
Acquisition of property plant and equipment		–9	–10
Acquisition of participations in Group companies/shareholder contributions paid		–1,662	–5,104
Acquisition of financial investments		–73	–674
Change in lending to Group companies		–6,819	2,375
Change in lending to associated companies		–367	–82
Divestment of financial investments		60	76
Acquisition of shares in associated companies/capital contribution		–91	–640
Cash flow from investing activities		–8,961	–4,059

SEKm	Note	2019	2018
Financing activities	25		
Borrowings		12,127	4,079
Amortisation/redemption of loans		–1,729	–366
Cash flow from financing activities		10,398	3,713
Cash flow for the year		714	–725
Opening cash and cash equivalents		230	955
Closing cash and cash equivalents	25	944	230
Available liquidity, SEKm	Note	2019	2018
Cash and cash equivalents		944	230
Unutilised overdraft facilities	22	350	350
Unutilised credit facilities		4,500	4,360
Financial investments	19	1,051	770
Available liquidity including confirmed credit commitments		6,845	5,710

Notes to the financial statements


Note 1 Accounting policies


General information


The financial statements for Fastighets AB Balder, as of 31 December 2019, were approved by the Board of Directors and Chief Executive Officer on 18 March 2020 and will be submitted for adoption by the Annual General Meeting on 11 May 2020.

Fastighets AB Balder (publ), corporate identity number 556525-6905, with its registered office in Gothenburg, constitutes the parent company of a Group with subsidiaries according to Note 26, Participations in Group companies. The company is registered in Sweden and the address of the company's head office in Gothenburg is Fastighets AB Balder, Box 53121, 400 15 Gothenburg, Sweden. The visiting address is Parkgatan 49. Balder is a listed property company which aims to meet the needs of different customer groups for commercial premises and housing based on local support.

The accounting policies are described in association with each note in order to provide a better understanding of each accounting area. The general accounting policies and information about the consolidated financial statements are set out below. Accounting policies, risks, estimates and assessments are then presented more specifically for each note in order to provide the reader with a greater understanding of each income statement and balance sheet item.

– Accounting policies are indicated by 

– Risks are indicated by 

– Estimates and assessment are indicated by 

Accounting policies

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and statements on interpretations announced by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The Swedish Financial Accounting Standards Council's recommendation RFR 1, Complementary Accounting Rules for Groups, was also applied.

The annual accounts of the parent company have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Accounting Standards Council's recommendation RFR 2 (Accounting for Legal Entities) and statements from the Swedish Financial Reporting Board. The parent company applies the same accounting policies as the Group except in the cases specified below in the section entitled "Parent Company accounting policies". The deviations that occur between the parent company and Group accounting policies are due to limitations in the possibilities of applying IFRS in the parent company as a consequence of the Annual Accounts Act.

The parent company's functional currency is the Swedish krona (SEK), which is also the presentation currency of the parent company and the Group.

Unless otherwise specified, the financial statements are presented in Swedish kronor rounded off to millions of kronor.

Preparation of financial statements in conformity with IFRS requires company management to make estimates and assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses.

The estimates and assumptions are based on historical experiences and a number of other factors that are considered reasonable in the prevailing circumstances. The result of these estimates and assumptions is subsequently used to estimate the carrying amounts of assets and liabilities that are not otherwise clear from other sources. The actual outcome may diverge from these estimates and judgements.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which they arise if the change affects that period alone or, alternatively, in the period in which they arise and during future periods if the change affects both the period in question and future periods.

Assumptions made by company management in the application of IFRS, which have a material impact on the financial statements, and estimates which may give rise to significant adjustments in subsequent financial statements are presented in more detail in Note 10, Income tax and in Note 12, Investment properties.

Unless otherwise stated below, the accounting principles set out for the Group have been applied consistently for all periods presented in the Group's financial statements. The Group's accounting policies have been applied consistently in the reporting and consolidation of subsidiaries.

Classification, etc.

Non-current assets and non-current receivables essentially consist of amounts that are expected to be recovered or paid after more than twelve months, calculated from the end of the reporting period. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within twelve months, calculated from the end of the reporting period. Current liabilities to credit institutions include the interest-bearing liabilities that formally mature within one year and one year's agreed amortisation. The company's interest-bearing liabilities are non-current in nature, as they are continually extended, see Note 21, Financial risk management. In the parent company, receivables and liabilities from/to Group companies are recognised as non-current, as there is no approved amortisation plan.

Basis of consolidation

Subsidiaries are all companies (including structured companies) over which the Group has control. The Group controls a company when it is exposed to or has the right to a variable return from its holding in the company and can affect the return through its control of the company. When determining whether control exists, potential voting shares that can be called upon or converted without delay should be considered.

Subsidiaries are reported according to the acquisition method. This method means that acquisition of a subsidiary that is classified as a business combination is treated as a transaction by which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The analysis establishes the cost of the shares or entity, as well as the fair value on the acquisition date of the company's identifiable assets, liabilities assumed and contingent liabilities. The consideration also includes the fair value of all assets or liabilities which are a result of an agreement on contingent consideration. Expenses relating to the acquisition are recognised as expenses as they arise. For each acquisition, the Group determines if non-controlling interests in the acquired entity are recognised at fair value or at the non-controlling interest's proportionate share of the acquired company's net assets. The cost of acquisition of a subsidiary's shares and operations consists of the fair values of the assets on the date of exchange, liabilities incurred or assumed and equity instruments issued as consideration in exchange for the acquired net assets, as well as transaction costs that are directly attributable to the acquisition.

In business combinations where the cost of acquisition exceeds the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement. When a company is acquired, the acquisition constitutes either the acquisition of an entity or the acquisition of an asset. An acquisition of an asset is identified if the acquired company only owns one or more properties. There are leases for these properties, but no members of staff are employed in the company who can conduct business. In a business combination based on joint control, de facto control, the acquisition is recognised at historical cost, which means that assets and liabilities are recognised at the values they have been carried at in each company's balance sheet. In this way, no goodwill arises.

When an acquisition occurs of a group of assets or net assets which do not constitute an entity, the cost for the Group is allocated according to the individually identifiable assets and liabilities in the Group based on their relative fair values on the acquisition date.

The subsidiaries' financial statements are included in the consolidated financial statements from the date on which control arises until the date on which control ceases.

*Cont. **Note 1** Accounting policies***Transactions eliminated on consolidation**

Transactions with non-controlling interests that do not result in a loss of control are recognised as equity transactions, i.e. transactions with owners in their capacity as owners. In the case of acquisitions from non-controlling interests, the difference between the fair value of consideration paid and the proportion of the carrying amount of the subsidiary's net assets actually acquired is recognised in equity. Gains and losses on divestments to non-controlling interests are also recognised in equity.

Intra-Group receivables and liabilities, income or expenses, and unrealised gains or losses arising from transactions between Group companies, are eliminated in full on preparation of the consolidated financial statements.

Foreign currency**Financial statements of foreign operations**

Assets and liabilities in foreign operations are translated to Swedish kronor at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that represents an approximation of the prevailing exchange rates on the date of each transaction.

Translation differences arising on currency translation of foreign operations are recognised via other comprehensive income as a translation reserve.

Transactions in foreign currency

Transactions in foreign currencies are converted to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency used in the primary economic environments where the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing at the end of the reporting period. Exchange differences are recognised in the income statement, apart from non-current internal balances, which are treated as a part of the net investment in subsidiaries and are recognised via other comprehensive income. Non-monetary assets and liabilities that are recognised at historical cost are translated at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities that are recognised at fair value are translated into the functional currency at the rate prevailing on the date of fair value measurement.

Impairments

The carrying amounts of the Group's assets, with the exception of investment properties, financial instruments and deferred tax assets, are tested on each balance sheet date to determine if there is any indication of an impairment requirement. If any such indication exists, the asset's recoverable amount is estimated. For exempted assets, as above, the carrying amount is tested in accordance with each standard.

If it is impossible to determine significant independent cash flows to an individual asset, the assets should be grouped, in conjunction with impairment

testing, at the lowest level at which it is possible to identify significant independent cash flows – this is known as a cash generating unit. An impairment is recorded when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. An impairment loss is recognised in the income statement.

Assets with short maturities are not discounted. The recoverable amount of other assets is the higher of the fair value minus selling expenses and the value in use. In calculating value in use, future cash flows are discounted using a discount factor that takes into account the risk-free rate of interest and the risk associated with the specific asset. For an asset that does not generate cash flows, which is significantly independent of other assets, the recoverable amount is estimated for the cash generating unit to which the asset belongs.

Provisions

A provision is recognised in the balance sheet when the Group has an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and that the amount can be reliably estimated. In cases where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks specific to the liability.

New and amended standards that have not yet been applied by the Group

A number of new standards and interpretations come into force for the financial year that commences on 1 January 2020 or thereafter and have not been applied in the preparation of this financial statement. It is not considered that any of the published standards that have not yet come into force will have any significant impact on the Group.

Parent Company accounting policies

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. This recommendation means that the parent company in the annual accounts for the legal entity should apply all rules of the International Financial Reporting Standards and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, and taking into account the connection between recognition and taxation. The recommendation states which exemptions and amendments are applied with regard to IFRS.

Differences between the accounting policies of the parent company and the Group

The accounting policies set out for the parent company have been applied consistently for all periods presented in the parent company's financial statements. In those instances where the accounting policies deviate from the Group's accounting policies, this is specified in the notes or below.

Classification and presentation

The parent company's income statement and balance sheet are prepared in accordance with the layout described in the Swedish Annual Accounts Act. The difference from IAS 1 Presentation of Financial Statements, which is applied in the presentation of the consolidated financial statements, relates primarily to recognition of financial income and expenses and of equity.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised in cases where the parent company has the exclusive right to decide on the size of the dividend and the parent company has made a decision on the size of the dividend before having published its financial statements.

Group contributions and shareholders' contributions

The company recognises Group contributions and shareholders' contributions in accordance with the Swedish Financial Reporting Board's recommendation RFR 2. Shareholders' contributions are recognised directly in equity at the recipient and are capitalised as shares and participations at the donor, if impairment is not required. Group contributions are recognised as income in the income statement of the recipient and as an expense for the donor. The tax effect is recognised in accordance with IAS 12 in the income statement.

Income

Recognised in accordance with the principles described in Note 3, Distribution of income.

Leases

Recognised in accordance with the principles described in Note 8, Leases.

Taxes

Recognised in accordance with the principles described in Note 10, Income tax.

Associated companies

Recognised in accordance with the principles described in Note 14, Participations in associated companies/joint ventures.

Subsidiaries

Recognised in accordance with the principles described in Note 26, Participations in Group companies.

Financial guarantees

Recognised in accordance with the principles described in Note 24, Pledged assets and contingent liabilities.

Note 2 Segment reporting



ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocation of resources and evaluation of the operating segments' results. In the Group, this function has been identified as the Management team, which takes strategic decisions. Management primarily follows up on operating segments in terms of their operating

surplus, where the distribution of shared property administration expenses has taken place through the cost principle. The Group's internal reporting of the operations is divided into the segments Helsinki, Stockholm, Gothenburg, Öresund, East and North, which are harmonised with the Group's internal reporting system.

Regions	Helsinki		Stockholm		Gothenburg		Copenhagen		South		East		North		Group	
SEKm	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rental income	2,433	2,302	1,234	1,057	1,426	1,255	566	475	589	444	1,083	940	277	240	7,609	6,714
Property costs	−686	−719	−261	−236	−327	−304	−130	−97	−118	−102	−366	−295	−78	−71	−1,966	−1,824
Net operating income	1,747	1,583	973	821	1,099	951	436	378	471	343	717	645	199	168	5,643	4,890
Changes in value of properties																
Commercial properties	–	–	319	1,925	1,390	1,318	76	190	398	488	26	51	113	64	2,322	4,035
Residential properties	5,423	947	192	604	244	541	669	977	132	185	498	511	98	208	7,255	3,972
Development properties	–	–	–	–	95	–	–	–	–	–	–	–	–	–	95	–
Wind farms	–	–	–	–	–	–	–	–	–	–	–	–8	–	–	–	–8
Net operating income including changes in value	7,169	2,530	1,484	3,351	2,828	2,810	1,181	1,545	1,000	1,015	1,241	1,199	411	440	15,315	12,889
<i>Non-allocated items:</i>																
Other income/expenses															7	−3
Management costs and administrative expenses															−664	−592
Participations in profits of associated companies															876	881
Operating profit															15,534	13,176
Net financial items															−1,170	−1,076
Changes in value of derivatives															−180	−34
Income tax															−2,659	−1,897
Net profit for the year															11,526	10,169
Other comprehensive income															−44	−26
Comprehensive income for the year															11,482	10,143

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Cont. **Note 2** Segment reporting

Regions	Helsinki		Stockholm		Gothenburg		Copenhagen		South		East		North		Group	
SEKm	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Assets																
Commercial properties	647	—	21,016	19,225	22,881	16,929	2,504	2,371	8,290	6,450	1,640	2,103	1,552	1,202	58,530	48,278
Residential properties	40,064	32,589	5,368	4,346	6,490	5,700	12,902	10,339	1,906	1,701	12,722	10,519	3,410	3,069	82,862	68,263
Investment properties	40,711	32,589	26,383	23,570	29,371	22,629	15,407	12,710	10,196	8,151	14,362	12,622	4,962	4,271	141,392	116,542
Development properties	—	—	448	239	1,422	888	265	42	42	277	11	109	156	45	2,344	1,598
Total property portfolio	40,711	32,589	26,831	23,809	30,794	23,516	15,672	12,752	10,238	8,428	14,373	12,730	5,117	4,315	143,736	118,140
<i>Non-allocated items:</i>																
Property, plant and equipment															166	123
Leases; right of use															1,541	—
Other non-current receivables															2,566	1,293
Participations in associated companies															7,018	6,219
Current assets															2,902	2,233
Total assets															157,928	128,008
Equity and liabilities																
<i>Non-allocated items:</i>																
Equity															58,725	47,408
Lease liability															1,543	—
Deferred tax liability															11,285	8,857
Interest-bearing liabilities															81,242	67,205
Derivatives															1,210	965
Non interest-bearing liabilities															3,923	3,573
Total equity and liabilities															157,928	128,008
Investments (including company acquisitions)																
Commercial properties	120	—	1,664	2,112	4,593	633	1,367	139	1,444	1,057	24	22	87	56	9,300	4,020
Residential properties	3,278	2,360	596	285	632	569	223	1,685	162	263	448	253	368	637	5,707	6,051
Investment properties	3,398	2,360	2,260	2,397	5,225	1,202	1,590	1,824	1,607	1,320	472	275	454	693	15,006	10,071
Development properties	—	—	299	—	950	—	177	—	28	—	7	—	104	—	1,566	—
Total property portfolio	3,398	2,360	2,559	2,397	6,175	1,202	1,767	1,824	1,635	1,320	479	275	558	693	16,572	10,071

The Group's registered office is in Sweden. Income from external customers in Sweden totals SEK 3,481 million (3,067) and total income from external customers in Denmark, Finland, Norway, Germany and the UK totals SEK 4,127 million (3,647). The total of non-current assets, other than financial instruments and deferred tax receivables that are located in Sweden, is SEK 73,023 million (60,022) and the total of such non-current assets located in other countries is SEK 70,878 million (56,643).

Note 3 Distribution of income



ACCOUNTING POLICY

Group – Rental income and service income

Rental income refers to income from leases in which the Group is the lessor. Rental income includes rent, supplements for investments and property tax, as well as other additional charges such as heating, water, air conditioning, waste management, etc. as it is not considered necessary to report these separately. Both rental income and additional charges are recognised on a straight-line basis in the consolidated income statement based on the terms and conditions of the lease. The aggregated cost of discounts provided is recognised as a reduction in rental income on a straight-line basis over the lease term. Rental income and additional charges are paid in advance and recognised as prepaid income in the balance sheet.

Group – Income from divestments of investment properties and development properties

For policies in respect of income and profits from divestments of investment properties and development properties, see Note 12, Investment properties and Note 16, Development properties.

Parent company – Service assignments

The parent company's net sales consist of property management services for subsidiaries and associated companies. This income is recognised in the period to which it relates.

There is no division between rental income and income from contracts with customers, as this income is not significant. The categories of rental income presented below include service income.

SEKm	Group		Parent Company	
	2019	2018	2019	2018
Rental income	7,609	6,714	–	–
Service assignments	–	–	361	289
Total	7,609	6,714	361	289

Rental income distributed by country

SEKm	Group	
	2019	2018
Sweden	3,481	3,067
Denmark	566	475
Finland	3,354	3,087
Norway	76	55
Germany	51	30
UK	80	–
Total	7,609	6,714

Rental income distributed by property category

SEKm	Group	
	2019	2018
Residential	4,600	4,191
Office	1,249	887
Retail	674	745
Other	1,050	883
Internally managed projects	35	8
Total	7,609	6,714

Rental income distributed by region

SEKm	Group	
	2019	2018
Helsinki	2,433	2,302
Stockholm	1,234	1,057
Gothenburg	1,426	1,255
Copenhagen	566	475
South	589	444
East	1,083	940
North	277	240
Total	7,609	6,714

Note 4 Employees and staff costs



ACCOUNTING POLICY

Employee benefits

Short-term benefits

Employee benefits are calculated without discount and recognised as an expense when the related services are received.

Pensions

Pension plans are classified as either defined contribution or defined benefit. Most of the plans are defined contribution plans. Defined benefit plans only occur in exceptional cases.

Defined contribution plans

For defined-contribution pension plans, the Group pays contributions to privately managed pension insurance plans on a voluntary basis. The Group has no other payment commitments once the contributions have been paid, i.e. the individual bears the risk. The contributions are recognised as staff costs when they fall due for payment. Prepaid contributions are recognised as an asset to the extent that cash repayment or a reduction of future payments may be credited to the Group.

Redundancy compensation

A provision is recognised in connection with redundancies of staff only if it can be proven that the company is obliged to terminate a period of employment before the normal time or if compensation is paid in order to encourage voluntary redundancy.

At the year-end, the Group had 784 employees (652), of whom 327 were female (290). The number of employees in the parent company at the year-end was 360 (271), of whom 111 were female (85).

During 2019, Fastighets AB Balder had 5 Board members (5) including the Chairman, of whom 1 (1) was female. The Group together with the parent company had 6 senior executives (6) including the CEO, of whom 1 (1) was female.

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Cont. **Note 4** Employees and staff costs

Number of employees	Group		Parent Company	
	2019	2018	2019	2018
Average number of employees	725	650	325	287
of whom women	267	295	99	99
of whom male	458	355	226	188

Salaries, fees and benefits SEKm	Group		Parent Company	
	2019	2018	2019	2018
Chairman of the Board	0.2	0.2	0.2	0.2
Other Board members	0.3	0.3	0.3	0.3
Chief Executive Officer				
Basic salary	0.9	0.9	0.9	0.9
Benefits	–	–	–	–
Deputy CEO				
Basic salary	0.7	0.7	0.7	0.7
Benefits	–	–	–	–
Other senior executives				
Basic salary	6.7	6.3	6.7	6.3
Benefits	0.4	0.4	0.4	0.4
Other employees				
Basic salary	339.1	296.3	145.2	114.6
Benefits	3.8	3.2	2.7	2.2
Total	352.1	308.3	157.1	125.6

Statutory social security contributions including payroll tax SEKm	Group		Parent Company	
	2019	2018	2019	2018
Board of Directors	0.1	0.1	0.1	0.1
Chief Executive Officer	0.4	0.4	0.4	0.4
Deputy CEO	0.2	0.2	0.2	0.2
Other senior executives	2.6	2.2	2.6	2.2
Other employees	103.6	92.4	49.5	39.0
Total	106.9	95.3	52.8	41.9

Remuneration to senior executives and other benefits during the year

SEKm	01/01/2019 – 31/12/2019				01/01/2018 – 31/12/2018			
	Basic salary, directors' fee	Benefits	Pension expense	Total	Basic salary, directors' fee	Benefits	Pension expense	Total
Christina Rogestam, Chairman of the Board	0.2	–	–	0.2	0.2	–	–	0.2
Fredrik Svensson, Board member	0.1	–	–	0.1	0.1	–	–	0.1
Sten Dunér, Board member	0.1	–	–	0.1	0.1	–	–	0.1
Anders Wennergren, Board member	0.1	–	–	0.1	0.1	–	–	0.1
Chief Executive Officer	0.9	–	0.3	1.2	0.9	–	0.3	1.2
Deputy Chief Executive Officer	0.7	–	–	0.7	0.7	–	–	0.7
Management team (4 persons)	6.7	0.4	1.4	8.5	6.3	0.4	1.0	7.7
Total	8.8	0.4	1.7	10.9	8.4	0.4	1.3	10.1

No variable remuneration is paid to any of the company's senior executives.

A defined benefit pension plan agreement has been entered into with the CEO which means that an amount of SEK 0.3 million (0.3) will be paid annually to the CEO from the age 55 until he reaches the age of 65. Future payments will be limited according to agreement by the fund's assets. The payments are not dependent on future employment. The current value of the commitment totalled SEK 3.4 million (2.8). The commitment has been secured by a provision to a pension fund, whose plan assets totalled SEK 3.4 million (2.8). The value of the pension commitment has been calculated in accordance with the Swedish Pension Obligations Vesting Act, which does not correspond with IAS 19. The

difference in cost according to the two methods of calculation is not, however, significant.

Remuneration to senior executives follows the guidelines adopted at the latest Annual General Meeting. The remuneration must be at competitive market rates. Remuneration is paid in the form of a fixed salary. Pension terms must be at competitive market rates and based on defined contribution pension solutions. Other benefits relate to car benefits. Redundancy pay and severance payment shall not exceed 18 months' salary in total. The CEO's salary and benefits are determined by the Board. Salaries and benefits of other senior

Contractual pension expenses SEKm	Group		Parent Company	
	2019	2018	2019	2018
Chief Executive Officer	0.3	0.3	0.3	0.3
Deputy CEO	–	–	–	–
Other senior executives	1.4	1.0	1.4	1.0
Other employees	39.0	37.7	10.0	7.2
Total	40.7	39.0	11.7	8.5
Total staff costs	499.6	442.6	221.6	176.0

executives are determined by the CEO. In the event of termination of the CEO's employment, a mutual period of notice of six months applies. In the event of termination by the company, a severance payment of 12 months' salary is paid (not qualifying for pension or holiday pay). A mutual period of notice of six months applies for other members of the management team. There is no severance payment.

The Board has the right to depart from the guidelines adopted by the Annual General Meeting for remuneration to senior executives, if special grounds exist.

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Note 5 Remuneration to auditors

The audit assignment refers to the review of the financial statements and accounting records as well as the administration of the Board of Directors and CEO. This item also includes other duties that the company's auditors are obliged to perform as well as advice or other assistance that is occasioned by review or implementation of such other duties. Everything else is consultancy. Audit expenses are included in Group-wide expenses, which are levied on the subsidiaries.

SEKm	Group		Parent Company	
	2019	2018	2019	2018
PwC				
Audit assignment	5.0	5.4	3.1	3.6
—of which to ÖhrlingsPrice-waterhouseCoopers AB	3.2	3.7	3.1	3.6
Auditing work apart from the audit assignment	1.2	0.4	1.2	0.4
—of which to ÖhrlingsPrice-waterhouseCoopers AB	1.2	0.4	1.2	0.4
Tax advice	0.9	0.8	0.9	0.8
—of which to ÖhrlingsPrice-waterhouseCoopers AB	0.9	0.8	0.9	0.8
Deloitte				
Audit assignment	2.1	1.6	—	—
Tax advice	0.1	—	—	—
Other services	0.9	0.1	—	—
Total	10.1	8.3	5.2	4.9

Note 6 Operating costs distributed according to function and type of cost



ACCOUNTING POLICY

Property costs

The Group's property costs comprise costs that arise in connection with property management such as media (electricity, district heating, air conditioning, gas, water), property maintenance, cleaning, repairs, maintenance, property tax and other operating costs. These property costs are recognised in the period to which they relate.

Management costs and administrative expenses

Management costs and administrative expenses comprise the Group's administrative expenses such as HR, office, property, IT, consultancy and marketing expenses as well as the depreciation of equipment. These costs are recognised in the period to which they relate.

Group, SEKm	2019	2018
Property costs	1,966	1,824
Management costs and administrative expenses	664	592
Total	2,629	2,416

Group, SEKm	2019	2018
Staff costs	500	443
Depreciation	40	20
Media expenses	665	610
Property tax	338	273
Ground rent ¹⁾	—	63
Maintenance and other costs ²⁾	1,086	1,007
Total	2,629	2,416

1) Because of new accounting rules, as of 1 January 2019 ground rent is recognised within net financial items. Previous periods have not been converted.

2) Refers to operating costs and administration excluding staff costs.

Note 7 Specification of property costs

Group, SEKm	2019	2018
Operating and maintenance costs ¹⁾	963	874
Media expenses ²⁾	665	614
Property tax	338	273
Ground rent ³⁾	—	63
Total	1,966	1,824

1) Operating costs include staff costs relating to property maintenance.

2) Includes depreciation of wind farms.

3) Because of new accounting rules, as of 1 January 2019 ground rent is recognised within net financial items. Previous periods have not been converted.

Note 8 Leases



ACCOUNTING POLICIES

– LEASES WHERE THE GROUP IS THE LESSEE

Leases in which a significant element of the risks and benefits of ownership are retained by the lessor are classified as operational leases. Lease payments received during the lease term are recognised in the statement of comprehensive income on a straight-line basis over the lease term.

Leases in which the financial risks and benefits associated with ownership are essentially assigned from the lessor to the lessee are classified as finance leasing. A finance lease is recognised in the balance sheet at the beginning of the lease term at the lower of the lease object's fair value and the current value of the minimum lease charges.

At present the Group only has leases that are classified as operating leases.

The Group lets out its investment properties under operating leases. The future non-retractable lease payments are as set out in the table below.

Commercial leases are usually entered into for 3–5 years with a period of notice of 9 months. Residential leases usually have a period of notice of 3 months.

The average lease term in the portfolio's commercial leases totalled 7.1 years (7.8).

Group, SEKm	2019	2018
Residential, parking lots, car park, etc. (within one year)	4,822	4,303
<i>Commercial premises</i>		
Within one year	3,178	2,698
1–5 years	10,739	8,076
>5 years	13,126	11,902
Total	31,866	26,979



ACCOUNTING POLICIES

– LEASES WHERE THE GROUP IS THE LESSEE

Accounting policies for the Group applied from 1 January 2019

The Group's leases consist essentially of site leasehold agreements and leases. There are also a number of leases relating to the renting of offices within the Group. In addition to these leases, there are smaller leases in the form of leases for cars and office equipment, etc. These leases have been defined by the Group as agreements in which the underlying asset is of low value. For these agreements, the practical exemption in IFRS 16 has been applied, which means that the lease charge is recognised as an expense on a straight-line basis over the lease term in the income statement and no right of use asset or lease liability is thus recognised in the balance sheet. There are no leases shorter than 12 months (short-term leases) in the Group.

A right of use asset and a lease liability are recognised in the balance sheet attributable to all leases that have not been defined as agreements in which the underlying asset is of low value.

Site freehold leases and leases

Site freehold leases and leases are treated as perpetual leases and are recognised at fair value. A right of use asset will thus not be depreciated, but its value will remain until renegotiation of each ground rent takes place. Right of use assets attributable to site leasehold agreements do by definition form part of the value of the investment properties, but the Group has chosen to recognise these in a separate line item in the balance sheet in the item "Leases: right of use". A non-current liability is recognised in the balance sheet in the item "Lease liability" corresponding to the value of the right of use asset. The lease liability is not amortised, but the value remains unchanged until renegotiation of each ground rent takes place. Leases are recognised as rights of use or a lease liability on the date on which the leased asset became available for use by the Group, which normally takes place on the date of taking possession. The cost of ground rents is recognised in full in the income statement as a financial expense, as these are considered to constitute interest according to IFRS 16.

Rent of office premises

For all leases, a right of use asset and a corresponding lease liability are recognised on the date on which the leased asset is available for use by the Group. The lease liability includes the current value of lease payments in the form of fixed charges. When valuing the liability, options to extend are included if it is very likely that these will be exercised.

Each lease payment is divided between amortisation of the liability and financial expense. The financial expense must be divided over the lease term so that each accounting period is charged with an amount corresponding to a fixed interest rate for the debt recognised during each period.

Right of use assets are initially recognised at the cost of acquisition and include the following:

- Initial value of lease liability
- Lease charges paid at or before the start of the lease term
- Initial direct expenses
- Expenses for restoring the asset to the condition prescribed in the terms of the lease

Right of use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Leases run for periods of 2–10 years, but there are options to extend or terminate.

Reporting in subsequent periods

The lease liability is revalued if there are any changes to the lease or if there are changes in cash flow that are based on the original terms of the lease. Changes in cash flow based on original terms of the lease arise when: the Group changes its initial assessment of whether options to extend and/or terminate will be exercised, there are changes in previous assessments if an option to purchase will be exercised or lease charges changed because of changes in an index or interest rate. A revaluation of the lease liability results in a corresponding adjustment of the right of use asset. If the carrying amount of the right of use asset has already been reduced to zero, the remaining revaluation is recognised in the income statement. The right of use asset undergoes impairment testing whenever events or changes in conditions indicate that the carrying amount of an asset cannot be recovered.

Accounting policies for the parent company applied from 1 January 2019

The parent company essentially has leases in respect of cars. IFRS 16 is not applied in the parent company, but RFR 2 is applied instead, (IFRS 16 Leases p. 2–12). In instances where the parent company is the lessee, this means that lease charges are recorded as an expense on a straight-line basis over the lease term. The cost of the lease is recognised in the item "Administrative expenses". The right of use and the lease liability are thus not recognised in the balance sheet.

Accounting principles 2018, Group

Leases are classified as either financial or operating leases, depending on whether the financial risks and benefits associated with ownership are essentially transferred to the lessee. All leases have been classified as operating leases. Payments made during the lease term are recognised as expenses in the statement of comprehensive income on a straight-line basis over the lease term.

Accounting principles 2018, parent company

In the parent company, all leases are classified as operating leases and payments made during the lease term are recognised as expenses on a straight-line basis over the lease term.

FINANCIAL INFORMATION | NOTES

Cont. **Note 8 Leases**

Leases; right of use	31/12/2019
Ground rent/leases	1,460
Office premises	81
Total	1,541
Lease liability	
Long-term lease liability	1,494
Current lease liability	49
Total	1,543

Site leasehold agreements

Use of right assets – site freehold leases are by definition part of the value of the investment properties. The Group has chosen to recognise data linked to use of right assets and site leasehold rights separately from other data about the development properties in both the notes and the balance sheet. In the balance sheet, site leasehold rights are included in the item “Leases: right of use”. For information about other development properties, see Note 12, Development properties. The change in the right of use asset attributable to site leasehold rights is set out in the table below:

Use of right assets – site leasehold rights	2019
Beginning of the period (introduction of IFRS 16)	1,456
Acquisitions	22
Divestments	–
Change in ground rent and effect of changed exchange rates	–18
Fair value of site leasehold rights at end of period	1,460

Lease liabilities to site leasehold rights total SEK 1,461 million and is recognised as a lease liability under the item non-current liabilities at SEK 1,425 million and current liabilities at SEK 36 million.

Rent of premises

Use of right assets in respect of rent of premises total SEK 81 million. The change in use of right assets associated with office premises, including the effect of changed exchange rates, totalled SEK 3 million during the year.

Leases run for periods of 2–10 years, but there are options to extend or terminate.

Information about all leases	2019
The following amounts relating to leases are recognised in the income statement:	
<i>Management costs and administrative expenses</i>	
Amortisation of rights of use (office premises)	–19
Total	–19
<i>Financial expenses</i>	
Interest expenses, rent of premises	–1
Interest expenses – ground rent	–62
Total	–63

Total cash flow in respect of leases was SEK –91 million, of which amortisation of lease liability totalled SEK –26 million.

For information about the lease liability's maturity linked to rent of premises, see Note 21, Financial risk management.

The part of the lease liability attributable to site leasehold rights comprises contractual non-discounted cash flows of annual ground rents of SEK –62 million, which are paid annually in perpetuity. The annual ground rent that will be paid in future will be affected by changes in the ground rent.

Effect of the introduction of IFRS 16 Leases

The Group applies IFRS 16 Leases as of 1 January 2019. No distinction is made between operating and finance leases any more. As a lessor/landlord, Balder's accounts are not affected by this change. According to the new standard, a non-current asset (right to use a leased asset) and a financial liability relating to the liability to pay lease payments must be recognised in the balance sheet. Balder has conducted a detailed review of all leases where the Group is a lessee. During the review, site leasehold agreements were identified as the most important leases, together with a number of leases. As of 1 January 2019, the lease liability for ground rents and leases totalled SEK 1,534 million. This liability is recognised in a separate line item, “Lease liability”. The corresponding right of use asset is recognised in the balance sheet in the line item “Leases; right of use”.

The Group has applied the modified retrospective method, which means that right of use assets (site leasehold agreements), are measured at an amount equivalent to the lease liability as of 1 January 2019. The transition to IFRS 16 has thus not had any impact on the Group's equity. As the modified retrospective method was applied, comparative figures for 2018 were not restated.

As one effect of the transition to IFRS 16, the cost of ground rents has been recognised in full as financial expense, as these are deemed to constitute interest according to IFRS 16, which is a difference compared with the previous principle, under which this was recognised as part of property costs and was charged to net operating income. The profit from property management is not affected.

The Group has chosen to apply the exemption not to recognise short-term leases and leases of low value assets as right of use assets and lease liabilities in the balance sheet. Payments related to these leases will instead be recognised as an expense on a straight line basis over the lease term.

Transition information

The future non-retractable lease payments as of 31/12/2018 were as shown in the table below:

Group, SEKm	2018
Within one year	85
1–5 years	312
>5 years	1,721
Total	2,118

The table below refers to a reconciliation of future minimum lease charges as of 31/12/2018, with the lease liability that was recognised on 1 January 2019 (“transitional bridge”).

Reconciliation of operating lease commitments	SEKm
Commitments for operating leases as of 31 December 2018	2,118
Discounting at lessee's marginal loan rate	–726
Effect of calculation of lease liability, site leasehold rights	136
Agreements in respect of short-term leases recognised as expenses	–1
Other adjustments	6
Lease liability as of January 1, 2019	1,534
<i>Of which:</i>	
Long-term lease liabilities	1,480
Current lease liabilities	54
Total	1,534

Note 9 Financial income and expenses



ACCOUNTING POLICY

Financial income and expenses consists of interest income on bank balances and receivables as well as interest expenses on liabilities.

Interest income from receivables and interest expenses from debts are calculated using the effective interest method. The effective interest is the interest that means that the current value of all future payments received and made during the fixed-rate interest term are equal to the reported value of the receivable or debt. Interest income and interest expenses include allocated amounts of transaction costs and possible discounts, premiums and other differences between the initial carrying amount of the receivable or liability and the amount that is settled at maturity. The interest component in financial lease payments is recognised in the consolidated statement of comprehensive income by application of the effective interest method.

Borrowing costs directly attributable to the construction or production of an asset that requires a significant time to complete for use or sale are included in the cost of the asset. Capitalisation of borrowing costs takes place provided that it is likely to lead to future economic benefits and that the costs may be measured in a reliable manner.

Interest income is primarily attributable to receivables from associated companies. Other financial income relates primarily to dividends and both realised and unrealised changes in value of listed shares.

Financial income SEKm	Group		Parent Company	
	2019	2018	2019	2018
Interest income	114	78	72	51
Interest income, subsidiaries	–	–	978	1,742
Other financial income	281	50	370	23
Total	395	128	1,420	1,816

Other financial expenses are attributable to interest-bearing liabilities.

Financial expenses SEKm	Group		Parent Company	
	2019	2018	2019	2018
Interest expenses, borrowings	1,327	1,006	595	458
Interest expenses, interest rate derivatives	139	137	139	137
Interest expenses, subsidiaries	–	–	178	258
Leases/ground rent	63	–	–	–
Other financial expenses ¹⁾	36	61	313	853
Total	1,565	1,204	1,226	1,706

1) Other financial expenses in the parent company totalled SEK 313 million (853), of which exchange differences totalled SEK 251 million (729). The recognised exchange differences relate primarily to the translation of euro bonds, which from a Group perspective are used for hedging of net investments in foreign operations.

Note 10 Income tax



ACCOUNTING POLICY

Group – Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement when an underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity. Current tax is tax that must be paid or received in respect of the current year, using the tax rates which are enacted or which in practice are enacted on the balance sheet date. This also includes adjustment of current tax attributable to previous periods.

Deferred taxes are estimated in accordance with the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts. The following temporary differences are not considered: temporary differences arising on the initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and which on the transaction date did not affect the recognised or taxable result. Furthermore, temporary differences are not taken into consideration that are attributable to investments in subsidiaries and which are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is measured using the tax rates and tax regulations which are enacted or are in practice enacted on the balance sheet date. Deferred tax assets and liabilities are recognised net if they concern the same tax authority (country).

Deferred tax assets relating to deductible temporary differences and loss carryforwards are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

When a company is acquired, the acquisition constitutes either the acquisition of an entity or the acquisition of an asset. An acquisition of an asset is identified if the acquired company only owns one or more properties. There are leases for these properties, but no members of staff are employed in the company who can conduct business. When recognising an asset acquisition, no deferred tax is recognised. All of Balder's completed acquisitions during the year were classified as asset acquisitions and therefore no deferred tax is recognised relating to properties in respect of these acquisitions.

Parent company – Taxes

In the parent company, untaxed reserves are recognised including deferred tax liability. In the consolidated financial statements however, untaxed reserves are allocated between tax liability and equity.

Cont. **Note 10** Income tax

ESTIMATES AND JUDGEMENTS

Deferred tax

Balder has loss carryforwards at its disposal, which it is estimated can be utilised against future profits, under current tax rules. However, Balder cannot provide any guarantees that current or new tax rules will not restrict the possibilities of utilising the loss carryforwards. When measuring loss carryforwards, a judgement is performed of the probability that the loss can be utilised in future and at which time. Confirmed losses that can, with a high degree of certainty, be utilised against future profits form the basis of calculating the deferred tax asset. For an asset acquisition, no deferred tax attributable to the acquisition is recognised.

Recognised in the income statement

	<i>Group</i>		<i>Parent Company</i>	
SEKm	2019	2018	2019	2018
Current tax expense (-)/tax revenue(+)				
Current tax	-259	-306	-5	-0
Deferred tax expense (-)/tax revenue (+)				
Deferred tax in respect of temporary differences	-2,275	-1,929	-10	10
Deferred tax on changes in loss carryforwards	-138	0	-2	-8
Change in other temporary differences	-25	-6	-	-
Remeasurement of deferred tax due to new tax rate	37	345	0	-6
Total deferred tax	-2,400	-1,591	-11	-3
Total recognised tax	-2,659	-1,897	-16	-3

Reconciliation of effective tax

Group, SEKm	2019, %	2019	2018, %	2018
Profit before tax		14,185		12,065
Tax according to applicable tax rate for the parent company	21.4	-3,036	22.0	-2,654
Difference between profit for tax purposes and the recognised profit on sale of property	-0.1	15	-0.0	4
Tax on participations in profits from associated companies	-1.3	180	-1.6	194
Tax attributable to previous years	0.0	-5	0.1	-17
Differences in foreign tax rates	-0.7	98	-0.4	47
Non-taxable income/non-deductible expenses	-0.4	53	-1.5	184
Remeasurement of deferred tax due to new tax rate	-0.3	37	-2.9	345
Reported effective tax	18.7	-2,659	15.7	-1,897
Parent Company, SEKm	2019, %	2019	2018, %	2018
Profit before tax		1,042		1,594
Tax according to applicable tax rate for the parent company	21.4	-223	22.0	-351
Non-taxable income/non-deductible expenses	-3.4	35	0.1	-1
Tax-exempt dividend	-16.5	172	-22.2	354
Tax attributable to previous years	0.1	-1	0.0	-0
Remeasurement of deferred tax due to new tax rate	-0.0	0	0.4	-6
Reported effective tax	1.6	-16	0.2	-3

The Swedish Parliament has decided that corporation tax shall be reduced in two stages. The first reduction took place in 2019 to 21.4% and the second reduction will take place in 2021 to 20.6%.

Deferred taxes are remeasured based on the tax rate that applies at the time when the deferred tax is expected to be settled.

FINANCIAL INFORMATION | NOTES

Cont. **Note 10** Income tax

Recognised in the balance sheet

Deferred tax assets and tax liabilities

Group 2019, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Properties	–	–11,609	–11,609
Derivatives	199	–	199
Loss carryforwards	235	–	235
Other temporary differences	–	–110	–110
Set-off	–434	434	–
Total	–	–11,285	–11,285

No non-capitalised assessed loss carryforwards exist.
The measured deficit totals SEK 1,140 million (1,744).

Parent Company 2019, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Derivatives	129	–	129
Loss carryforwards	–	–	–
Other temporary differences	–	–54	–54
Set-off	–54	54	–
Total	74	–	74

No non-capitalised assessed loss carryforwards exist. The measured deficit totals SEK 0 million (7).

Change in deferred tax in temporary differences and loss carryforwards

Group, SEKm	Balance as of 01/01/2018	Recognised in the income statement	Acquisitions and divestments of companies	Balance as of 31/12/2018
Properties	–7,469	–1,568	–258	–9,295
Derivatives	142	–1	7	149
Capitalisation of the value of loss carryforwards	378	–24	6	359
Other temporary differences	–92	2	20	–70
Total	–7,041	–1,591	–225	–8,857

Group, SEKm	Balance as of 01/01/2019	Recognised in the income statement	Acquisitions and divestments of companies	Balance as of 31/12/2019
Properties	–9,295	–2,292	–22	–11,609
Derivatives	149	48	2	199
Capitalisation of the value of loss carryforwards	359	–133	8	235
Other temporary differences	–70	–24	–16	–110
Total	–8,857	–2,400	–28	–11,285

Parent Company, SEKm	Balance as of 01/01/2018	Recognised in the income statement	Balance as of 31/12/2018
Derivatives	91	1	92
Capitalisation of the value of loss carryforwards	9	–8	2
Other temporary differences	–11	3	–8
Total	88	–3	85

Parent Company, SEKm	Balance as of 01/01/2019	Recognised in the income statement	Balance as of 31/12/2019
Derivatives	92	37	129
Capitalisation of the value of loss carryforwards	2	–2	–
Other temporary differences	–8	–46	–54
Total	85	–11	74

Note 11 Earnings per share



ACCOUNTING POLICY

Earnings per share before dilution are calculated by dividing the profit for the year attributable to the parent company's shareholders by the parent company's weighted average number of outstanding shares for the financial year. Earnings per share after dilution are calculated by dividing the profit for the year attributable to the parent company's shareholders by the weighted average number of outstanding shares after dilution.

Earnings per share were computed in the following way:

Parent Company, SEKm	2019	2018
Net profit for the year attributable to the parent company's shareholders	8,958	9,308
Total	8,958	9,308
<i>Weighted average number of shares</i>		
Total number of shares on 1 January	180,000,000	180,000,000
Weighted average number of shares before dilution	180,000,000	180,000,000
Effect of newly issued shares	—	—
Weighted average number of shares after dilution	180,000,000	180,000,000
Earnings per share before dilution, SEK	49.77	51.71
Earnings per share after dilution, SEK	49.77	51.71

Note 12 Investment properties



ACCOUNTING POLICY

Investment properties

Investment properties are properties that are held with the aim of receiving rental income or appreciation in value or a combination of both. Investment properties are initially recognised at cost, which includes expenses and borrowing costs directly related to the acquisition. Investment properties are recognised according to the fair value method. The fair value is based on internal valuations which are reconciled as required with external independent valuation institutes. Fair value is based on the market value, which is the estimated amount that would be received in a transaction on the valuation date between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion. Both unrealised and realised changes in value are recognised in the income statement. Valuations are performed at the end of each quarter.

Revenue from the sale of properties is recognised when the control of the property has been transferred to the buyer. However, an enforceable right to payment does not arise until ownership has been transferred to the buyer. Revenue is therefore recognised at the time when ownership is transferred to the buyer. Ownership of the property (regardless of whether the property is sold separately or via a company transaction) is normally transferred on the date of taking possession. The revenue is valued at the contractual transaction price as the consideration usually falls due for payment when ownership has been transferred.

If the Group starts a conversion of an existing investment property for continued use as an investment property, the property will continue to be recognised as an investment property. The property is recognised according to the fair value method and is not reclassified as property, plant and equipment during the conversion period.

Additional expenditure is added to the carrying amount only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. Other additional expenditure is recognised as a cost in the period in which it arises. The assessment of whether additional expenditure is added to the carrying amount depends on whether the expenditure concerns the replacement of identified components, or parts thereof, whereupon such expenditure is capitalised. Even in cases where new components are created, the expenditure is added to the carrying amount.



ESTIMATES AND JUDGEMENTS

Investment properties

When valuing investment properties, estimates and judgements can have a significant impact on the Group's recognised profit and position. Internal valuations of investment properties require estimates and judgements of and assumptions about, for example, future cash flows and definitions of yield requirements for each individual property. Judgements made affect the carrying amount in the balance sheet for the item Investment properties and in the income statement for the item Changes in value of investment properties, unrealised. When a transaction is completed, Balder performs a reconciliation with judgements made. Balder also monitors relevant property transactions completed on an ongoing basis. Internal valuations of the whole property portfolio are conducted in connection with each quarterly report. In order to reflect the uncertainty that exists in assumptions, estimates and judgements performed, the values normally include what is known as a valuation range of +/- 5–10%. In order to quality-assure Balder's internal valuations, the company arranges for parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions on the internal valuations. Historically, deviations between external and internal valuations have been insignificant.

Classification of acquisitions

The accounting standard IFRS 3 contains a rule that acquisitions must be classified as business combinations or asset acquisitions, which means that an individual assessment must be made of each particular transaction. The assessments of acquisitions made during the year resulted in all transactions being classified as asset acquisitions. See also Note 1, Accounting policies, under the heading Basis of consolidation.

FINANCIAL INFORMATION | NOTES

Cont. Note 12 Investment properties

Group, SEKm	2019	2018
Opening fair value	116,542	98,360
Acquisitions	8,439	3,861
Investments in existing properties and projects	6,567	6,210
Changes in value, unrealised	9,562	7,922
Divestments	-1,036	-225
Currency changes	789	2,012
Reclassification from/to development properties	528	-1,598
Closing fair value	141,392	116,542

Right of use assets attributable to site leasehold agreements and leases do by definition form part of the value of the investment properties. The Group has chosen to recognise these in a separate line item in the balance sheet and also to recognise these separately in disclosures. Disclosures about the change in value of site leasehold rights may be found in Note 8, Leases.

Valuation model

Investment properties are recognised at fair value in the consolidated statement of financial position and changes in value are recognised in the consolidated income statement. All investment properties are deemed to be at Level 3 in the fair value hierarchy according to IFRS 13 Fair Value Measurement. The fair value of the properties is based on internal valuations. Properties in Sweden, Denmark, Finland, Norway, Germany and the UK are valued using the yield method.

Balder's subsidiary SATO in Finland started to use a yield-based valuation method during the fourth quarter in order to determine the market value of the company's properties. The yield requirement has fallen in recent years, which means that the yield method better reflects the fair value of the properties. This change has meant that the company's property value increased during the fourth quarter by EUR 487 million.

In Finland and Russia, the acquisition cost method is used in addition to the yield method. The Group's building rights are valued at cost.

Properties under construction and internally managed project properties are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at cost. Fair value is the estimated amount that would be received in a transaction on the valuation date between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion.

Balder carried out an internal valuation of the entire property portfolio as of the closing date.

The yield method

When valuing using the yield method, each property is valued by computing the present value of future cash flows, i.e. future rental payments minus estimated operating and maintenance payments as well as the residual value in ten years. Estimated rent payments as well as operating and maintenance payments have been derived from current rental income as well as operating and maintenance costs. The cash flow is adapted to the market by taking account of any changes in the occupancy rate and letting levels, as well as operating and maintenance payments. An inflation rate of 2% has been assumed in all cash flow calculations. Properties equivalent to about 97% of the total market value were valued by the yield method.

The acquisition cost method

The acquisition cost method is applied for properties including those under construction and those subject to rent control in Finland. Properties equivalent to about 3% of the total market value were valued at cost. Initially, these properties are valued at cost of acquisition plus transaction costs and subsequently at cost of acquisition minus any impairment losses.

Internal and external valuations

Market value assessments of properties always involve a certain degree of uncertainty in assumptions and estimates. The uncertainty in respect of individual properties is normally considered to be in the range of +/-5–10% and should be regarded as the uncertainty, which is part of the assumptions and estimates made. The range can be greater in a less liquid market. For Balder, a range of uncertainty of +/-5% means a value range of SEK +/- 7,070 million, equivalent to a range of SEK 134,322–148,462 million.

In order to quality-assure Balder's internal valuations, the company arranges for parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions on the internal valuations. During the year, external valuations or second opinions were obtained for 56% of the properties excluding internally managed projects, equivalent to SEK 76 billion. The difference between the external valuations and the internal valuations was less than 1%. Historically, deviations between external and internal valuations have been insignificant. For more information about Balder's valuation methods, see pages 29–30.

Changes in value

Balder performed an individual internal valuation on the entire property portfolio as of 31 December. Unrealised changes in value during the year totalled SEK 9,562 million (7,922). Realised changes in value totalled SEK 14 million (86).

Rent payments

The rental trend is estimated to follow inflation taking account of prevailing index clauses in leases during their terms. When leases expire, an assessment is made of whether the lease is deemed to be extended at the prevailing market rent level and whether there is a risk of the premises becoming vacant. Vacancies are considered on the basis of the current vacancy situation with a gradual adjustment to expected market-related vacancy rates taking account of the property's individual conditions.

Operating and maintenance payments

Outcomes, budgetary and projection data as well as estimated standardised costs have been used in the assessment of the property's future property costs.

Yield

Yield requirements and cost of capital used in calculations have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental rate, vacancy rate and the condition of the property. The yield requirement is shown in the table below.

The average yield as of the closing date was 4.5% (4.8).

As of 31 December 2019, according to Balder's valuation, the total property value was SEK 141,392 million (116,542). For more information, see the Report of the Board of Directors and the Sensitivity Analysis on page 42.

Internally managed projects

Balder had internally managed development projects totalling SEK 5.3 billion as of 31 December. This included projects with construction in progress of SEK 4.7 billion and projects where construction has not started of SEK 0.6 billion. Construction works in progress have an estimated total investment of around SEK 7.2 billion, which means that SEK 2.5 billion remains to be invested. Most of the projects in progress refer to residential projects. The projects involve around 2,200 apartments and relate primarily to about 700 apartments in Copenhagen and about 900 apartments in Helsinki. The investments relate to owner apartments, which are let.

Sensitivity analysis, excluding project properties

Impact on value, SEKm	Residential properties	Commercial properties
+/- 5% change in value	+/-3,907	+/-2,897

Cont. **Note 12** Investment properties

Region	Mean value of yield requirement for estimation of residual value, %
Helsinki	4.35
Stockholm	4.16
Gothenburg	4.66
Copenhagen	3.93
South	4.92
East	4.67
North	4.43

The yield requirement is the single most important parameter during valuation. Generally speaking, residential has a lower yield requirement, mainly due to a secure cash flow and low risk.



ACCOUNTING POLICY

Property, plant and equipment

Owned assets

Property, plant and equipment are recognised as an asset in the consolidated statement of financial position if it is probable that future economic benefits will accrue to the company and the cost of the asset can be reliably measured.

Property, plant and equipment are recognised in the Group at cost minus accumulated depreciation and any impairment losses. The purchase price is included in the cost as well as expenses directly attributable to the asset in order to bring it to the location and in the condition to be used in accordance with the aim of the acquisition.

The carrying amount of an item of property, plant and equipment is derecognised on retirement, disposal or when no future economic benefits can be expected from use of the asset. Gains or losses arising from disposal or retirement of an asset consist of the difference between the selling price and the asset's carrying amount minus directly related selling expenses. Gains and losses are recognised as other operating income/expenses.

Additional expenditure

Additional expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. Other additional expenditure is recognised as a cost in the period in which it arises. The assessment of whether additional expenditure is added to cost depends on whether the expenditure concerns the replacement of identified components, or parts thereof, whereupon such expenditure is capitalised. Even in cases where new components are created, the expenditure is added to the cost. Repairs are recognised as expenses on an ongoing basis.

Depreciation methods

Assets are depreciated on a straight-line basis over their estimated useful lives.

Property, plant and equipment	Useful life
Equipment	3–10 years
Wind farms	10–20 years

There is an annual review of an asset's residual value and useful life.

Note 13 Other property, plant and equipment

Equipment SEKm	Group		Parent Company	
	2019	2018	2019	2018
<i>Cost</i>				
Opening balance	200	159	28	18
Purchases	66	45	9	10
Disposals and retirements	–9	–4	–6	–
Closing balance	257	200	31	28
<i>Depreciation</i>				
Opening balance	–85	–72	–11	–9
Disposals and retirements	8	4	6	–
Depreciation	–21	–16	–4	–2
Closing balance	–98	–85	–8	–11
Carrying amount	159	115	23	18
Wind farms SEKm	Group		Parent Company	
	2019	2018	2019	2018
<i>Cost</i>				
Opening balance	164	164	30	30
Closing balance	164	164	30	30
<i>Depreciation and impairments</i>				
Opening balance	–156	–144	–30	–30
Impairments	–	–8	–	–
Depreciation	–2	–4	–	–
Closing balance	–158	–156	–30	–30
Carrying amount	7	8	–	–
Total carrying amount	166	123	23	18

Depreciation is recognised in administrative expenses and media expenses. Impairment losses on wind farms are recognised in the Group in the line item Changes in value investment properties, unrealised and in the parent company in the line item Administrative expenses.

Note 14 Participations in associated companies/joint ventures



ACCOUNTING POLICY

Group

Associated companies

Associated companies are companies over which Balder has significant influence. Significant influence means the opportunity to participate in decisions relating to the company's financial and operational strategies, but does not imply control or joint control. Normally, ownership equivalent to at least 20% and up to 50% of the votes means that a significant influence is held. Circumstances in the individual case can result in a significant influence even with ownership of less than 20% of the votes.

Joint ventures

A joint venture is a joint arrangement whereby the parties that exercise joint control over the arrangement are entitled to the net assets from the arrangement. Joint control exists when the joint exercise of control over an operation is regulated through an agreement. It only exists when the parties that share control must give their consent in connection with decisions regarding the operation.

Associated companies and joint ventures are recognised in the Group according to the equity method. The equity method means that participations in an associated company are recognised at cost at the date of acquisition and are subsequently adjusted by the Group's participation in the change in the associated company's net assets. Dividends received from associated companies are deducted from the carrying amount. Profit participations in associated companies are recognised on separate lines in the consolidated statement of comprehensive income and in the consolidated statement of financial position. Participations in the profits of associated companies are recognised after tax. The equity method is applied until the date when the significant influence ceases.

Parent Company

Participations in associated companies are recognised in the parent company in accordance with the cost method. Received dividends are only recognised as income provided that they pertain to profits earned subsequent to the acquisition. Dividends which exceed this earned profit are treated as a repayment of the investment and reduce the carrying amount of the participation.

Group holdings of participations in associated companies 2019

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB ¹⁾	556560-0797	Gothenburg	45,250,590	44	1,752	744
Tulia AB	556712-9811	Gothenburg	50,000	50	901	–
Fastighets AB Centur	556813-6369	Stockholm	5,000	50	775	4
Fixfabriken Holding AB	556949-3702	Gothenburg	50,000	50	3	–
Chirp AB	556915-7331	Stockholm	17,000	34	6	–
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,666,667	33	500	–
Brinova Fastigheter AB ²⁾	556840-3918	Helsingborg	18,420,302	25	384	–
Fastighets AB Tornet	559008-2912	Gothenburg	500	50	162	–
Trenum AB	556978-8291	Gothenburg	500	50	1,022	350
Norra Backaplan Bostads AB	556743-0276	Gothenburg	33,333	33	170	–
Sjaelsö Management ApS	35394923	Copenhagen	392	49	63	–
SHH Bostad AB	559007-1824	Stockholm	808,088	20	95	100
SB Bostad i Stockholm AB	559094-8914	Stockholm	250	50	1	–
Serena Properties AB ³⁾	559023-2707	Stockholm	2,799,998	56	437	268
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	158	73
Sinoma Fastighets AB	559161-0836	Stockholm	245	49	582	434
Grunnsteinen AS	919,424,427	Asker	1,000	50	0	–
Zenit AS	918,773,924	Asker	180,000	50	2	–
Bostadsutveckling Kungens Kurva AB	559056-7888	Solna	250	50	3	–
Homestate AB	559179-2253	Jönköping	167	50	0	0
Heimdal Sentrum Utvikling AS	822,336,752	Trondheim	15,000	50	0	–
Steinan Holding AS	822,404,502	Oslo	30,000	50	1	–
Boo AS	921,580,614	Oslo	850,000	33	1	–
Total					7,018	1,972

1) Balder's market value of Collector AB (publ) as of 31 December 2019 totalled SEK 2,285 million (2,240).

2) Balder's market value of Brinova Fastighets AB (publ) as of 31 December 2019 totalled SEK 582 million (319).

3) Balder owns 56% of Serena Properties AB. Balder exercises joint control through an agreement, and the company is thus recognised according to the equity method in the Group.

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Cont. **Note 14** Participations in associated companies/joint ventures

Accumulated cost, SEKm

	Group		Parent Company	
	2019	2018	2019	2018
Opening balance	6,219	4,699	1,880	1,240
Transition impact IFRS 9 Collector AB	–	–76	–	–
Acquisition of associated companies ¹⁾	4	451	0	434
Divestment of associated companies	–15	–	–15	–
Associated companies that were reclassified as subsidiaries ²⁾	–471	–5	–	–
Dividend from associated companies	–41	–24	–	–
Participations in the profits of associated companies after tax	876	881	–	–
Change in equity of associated companies (shareholders' contribution)	446	293	106	207
Closing balance	7,018	6,219	1,972	1,880

1) Acquisitions of associated companies during the year referred primarily to participations in Bostadsutveckling Kungens Kurva AB.

2) This item during 2019 referred to Första Långgatan Fastigheter i GBG HB and Balder Skåne AB, during 2018 it referred to Brahestad AB.

Group holdings of participations in associated companies 2018

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB	556560-0797	Gothenburg	45,250,590	44	1,756	744
Tulia AB	556712-9811	Gothenburg	50,000	50	711	–
Fastighets AB Centur	556813-6369	Stockholm	5,000	50	654	4
Mötesplatsen Alingsås Intressenter AB	556859-0417	Alingsås	32,000	32	4	15
Fixfabriken Holding AB	556949-3702	Gothenburg	50,000	50	3	–
Chirp AB	556915-7331	Stockholm	17,000	34	6	–
Balder Skåne AB	556699-9230	Gothenburg	500	50	116	–
Första Långgatan Fastigheter i GBG HB	916851-7259	Gothenburg	–	50	324	–
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,666,667	33	248	–
Brinova Fastigheter AB	556840-3918	Helsingborg	18,420,302	25	340	–
Fastighets AB Tornet	559008-2912	Gothenburg	500	50	38	–
Trenum AB	556978-8291	Gothenburg	500	50	767	244
Norra Backaplan Bostads AB	556743-0276	Gothenburg	33,333	33	161	–
Sjalsö Management ApS	35394923	Copenhagen	392	49	72	–
SHH Bostad AB	559007-1824	Stockholm	808,088	20	105	100
Serena Properties AB	559023-2707	Stockholm	2,799,998	56	363	268
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	115	73
Sinoma Fastighets AB	559161-0836	Stockholm	245	49	434	434
Total					6,219	1,880

Associated companies' statement of comprehensive Income

SEKm	Total (100%)		Balder's holding	
	2019	2018	2019	2018
Rental income	1,864	1,535	816	662
Property costs	–442	–381	–173	–147
Net operating income	1,422	1,154	643	515
Changes in value	679	905	297	407
Management costs and administrative expenses	–145	–123	–64	–52
Other operating income ¹⁾	860	763	385	339
Operating profit	2,816	2,699	1,262	1,209
Net interest	–385	–323	–175	–144
Profit before tax	2,431	2,376	1,087	1,065
Minus non-controlling interests	–4	–4	–2	–0
Tax	–488	–410	–209	–184
Net profit for the year	1,940	1,961	876	881
– of which Profit from property management	1,749	1,467	787	658

1) Mostly relates to Collector AB. Of which the profit from property management from Collector totals SEK 341 million (318).

Associated companies' statement of financial position

SEKm	Total (100%)		Balder's holding	
	2019	2018	2019	2018
Assets	38,541	33,750	17,016	16,344
Equity	18,299	16,136	8,236	6,219
Liabilities	20,242	17,615	8,780	10,125

Not 15 Other non-current receivables



ACCOUNTING POLICY

Other non-current receivables are recognised in accordance with the principles described in Note 21 in respect of financial assets measured at accrued cost.

SEKm	Group		Parent Company	
	2019	2018	2019	2018
Receivables from the Group's associated companies	1,392	1,058	1,189	903
Other non-current receivables	56	235	1	1
Total	1,448	1,293	1,190	904

Note 16 Development properties



ACCOUNTING POLICY

A development property is a property that is owned for upgrading with a view to being divested. These properties are continually recognised at cost and in the line item "Development properties" among current assets in the balance sheet and are valued at the lower of cost and net realisable value. Profit/loss is recognised when each property is completed, sold and handed over to the buyer.

In addition to investment properties, Balder owns development properties to a value of SEK 2,344 million (1,598).

Balder had development projects totalling SEK 2.3 billion as of 31 December. This included projects with construction in progress of SEK 1.1 billion and projects where construction has not started of SEK 1.2 billion. Construction works in progress have an estimated total investment of around SEK 2.3 billion, which means that SEK 1.2 billion remains to be invested. Most of the construction works in progress relate to tenant-owner apartment projects and mainly involve about 700 tenant-owner apartments in Sweden.

As a result of Balder's investment in development projects, for the first time a net profit from sales was recognised in respect of project activities. The densification project Sjöstjärnan's (Rud 8:15) tenant owner apartments in Gothenburg has been recognised in revenue. The cost of the project totalled SEK –292 million and the net profit from the sale totalled SEK 95 million.

SEKm	Group	
	2019	2018
Carrying amount at beginning of year	1,598	–
Reclassification to/from investment properties	–528	1,598
Accrued project costs	1,566	–
Divestments	–292	–
Book value of development properties	2,344	1,598

Note 17 Trade receivables



ACCOUNTING POLICY

Trade receivables are recognised in accordance with the principles described in Note 21 in respect of financial assets measured at accrued cost.

Trade receivables are recognised and measured at the amount that is expected to be received minus the provision for credit losses. Earnings in 2019 were impacted by SEK –12 million (8) in respect of actual and expected bad debt losses. Trade receivables are of a short-term nature, which means that they are recognised as current assets, corresponding to fair value.

Age distribution of trade receivables

Group, SEKm	2019	2018
–30 days	216	169
31–60 days	20	12
61–90 days	4	1
91 days–	51	34
Total	291	217
Provision for credit losses	–51	–34
Trade receivables, net	241	183

Provision for credit losses

Group, SEKm	2019	2018
Opening balance	–34	–46
Conversion due to IFRS 9	–	–16
Reclassifications	–8	–
Confirmed bad debts during the year	3	20
Change in credit loss provision during the year	–12	8
Closing balance	–51	–34

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Note 18 Prepaid expenses and accrued income

SEKm	Group		Parent Company	
	2019	2018	2019	2018
Insurance policies	4	3	–	–
Interest income	2	2	–	–
Interest expenses	113	113	107	113
Rental income	11	63	–	–
Property costs	303	97	–	–
Other financial income	29	30	29	30
Other items	15	15	0	12
Total	478	324	137	155

Note 19 Financial investments**ACCOUNTING POLICY**

Financial investments are recognised in accordance with the principles described in Note 21 in respect of financial assets measured at fair value via the income statement.

SEKm	Group		Parent Company	
	2019	2018	2019	2018
<i>Securities</i>				
Shares and bonds	1,523	770	1,051	770
Total	1,523	770	1,051	770

Note 20 Equity**Share capital**

As of 31 December 2019, the registered share capital was composed of 180,000,000 shares, of which 1,229,432 shares are Class A shares and 168,770,568 are Class B shares. Each Class A share carries one vote and each Class B share carries one tenth of one vote. Shareholders are entitled to a dividend that is determined in due course. The shareholding gives entitlement to voting rights at the general meeting of shareholders.

Other contributed capital

Other contributed capital refers to equity contributed by the owners. This includes share premiums paid in connection with new issues.

Translation differences

Refers to currency translation differences arising due to translation of foreign operations.

Reserves

This item refers to cash flow hedges after tax. Cash flow hedges mainly refer to interest rate hedges.

Retained earnings including net profit for the year

Retained earnings including net profit for the year includes profits earned in the parent company and its subsidiaries. This item also includes previous transfers to statutory reserves.

Non-controlling interests

The item refers to the minority's share of equity in non-wholly-owned subsidiaries and mainly refers to SATO Oyj, where Balder's participating interest is 54.74%.

Dividend

The Board proposes to the Annual General Meeting that no dividend (–) be declared for the financial year 2019.

Appropriation of profits

The Board has proposed that the profit at the disposal of the annual general meeting of SEK 12,072,886,060 shall be appropriated as follows; to be carried forward SEK 12,072,886,060.

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Cont. Note 20 Equity

Share capital development

Day	Month	Year	Event	Change in number of shares	Total number of shares	Total number of outstanding shares	Quota value per share, SEK	Change in share capital, SEK	Total share capital, SEK
27	June	2005	Start date		75,386,104	75,386,104	1.00		75,386,104
18	August	2005	Issue in kind	2,000,002	77,386,106	77,386,106	1.00	2,000,002	77,386,106
18	August	2005	Reduction of the share capital by decreasing nominal amount	–	77,386,106	77,386,106	0.01	–76,612,245	773,861
18	August	2005	Issue in kind	1,287,731,380	1,365,117,486	1,365,117,486	0.01	12,877,314	13,651,175
18	August	2005	Set-off issue	18,846,514	1,383,964,000	1,383,964,000	0.01	188,465	13,839,640
18	August	2005	Consolidation of nominal amount to SEK 1	–1,370,124,360	13,839,640	13,839,640	1.00	–	13,839,640
27	January	2006	Issue in kind	1,000,000	14,839,640	14,839,640	1.00	1,000,000	14,839,640
9	October	2006	Issue in kind	1,380,000	16,219,640	16,219,640	1.00	1,380,000	16,219,640
		2008	Repurchase of own shares	–476,600	16,219,640	15,743,040	1.00	–	16,219,640
28	August	2009	Issue in kind	9,171,502	25,391,142	24,914,542	1.00	9,171,502	25,391,142
4	June	2010	Bonus issue	76,173,426	101,564,568	99,658,168	1.00	–	101,564,568
1	February	2011	New share issue	6,700,000	108,264,568	106,358,168	1.00	6,700,000	108,264,568
20	May	2011	Bonus issue	54,132,284	162,396,852	159,537,252	1.00	–	162,396,852
16	June	2011	Directed new issue of preference shares	4,000,000	166,396,852	163,537,252	1.00	4,000,000	166,396,852
31	January	2012	Set-off issue of preference share	1,000,000	167,396,852	164,537,252	1.00	1,000,000	167,396,852
11	October	2012	Set-off issue of preference share	1,000,000	168,396,852	165,537,252	1.00	1,000,000	168,396,852
24	May	2013	Directed new issue of preference shares	500,000	168,896,852	166,037,252	1.00	500,000	168,896,852
22	October	2013	Directed new issue of preference shares	3,500,000	172,396,852	169,537,252	1.00	3,500,000	172,396,852
19	March	2014	Disposal of repurchased shares	2,859,600	172,396,852	172,396,852	1.00	–	172,396,852
18	December	2015	Directed new issue of ordinary shares	10,000,000	182,396,852	182,396,852	1.00	10,000,000	182,396,852
23	September	2016	Directed new issue of ordinary shares	3,000,633	185,397,485	185,397,485	1.00	3,000,633	185,397,485
16	December	2016	Set-off issue	4,602,515	190,000,000	190,000,000	1.00	4,602,515	190,000,000
12	October	2017	Redemption of preference capital	–10,000,000	180,000,000	180,000,000	1.00	–10,000,000	180,000,000
31	December	2019			180,000,000	180,000,000	1.00		180,000,000

Note 21 Financial risk management



ACCOUNTING POLICY

Financial instruments

Financial instruments are measured and recognised in the Group in accordance with the rules in IFRS 9. Financial instruments on the asset side that are recognised in the consolidated statement of financial position include cash and cash equivalents, financial investments, trade receivables and other non-current receivables (receivables from associated companies) as well as derivatives with a positive value. Liabilities include trade payables, borrowings and derivatives with a negative value.

A financial asset or financial liability is carried in the consolidated statement of financial position when the company becomes a party to the contractual terms of the instrument. Trade receivables are carried in the balance sheet when the invoice has been sent. Rent receivables are recognised as a receivable in the period when performance, which corresponds to the receivable's value, has been delivered and payments corresponding to the value of the receivable have still not been received. A liability is recognised when the counterparty has performed a service and a contractual payment obligation exists, even if the invoice has not yet been received. Trade payables are recognised when the invoice has been received.

A financial asset is derecognised when the contractual rights are realised or expire or the company no longer has control over them. The same applies to a portion of a financial asset. A financial liability is derecognised when the contractual liability is discharged or otherwise expires. The same applies to a portion of a financial liability.

The acquisition or disposal of financial assets is recognised on the transaction date, which represents the day when the company committed to acquire or dispose of the asset. Borrowing is recognised when the funds have been received, while derivative instruments are recognised when the contract has been entered into.

Balder divides its financial instruments into the following categories in accordance with IFRS 9; amortised cost, fair value through other comprehensive income and fair value through the income statement. The classification is based on the cash flow characteristics of the asset and on the business model the asset is held within.

Financial assets measured at amortised cost

Interest-bearing assets (debt instruments) which are held for the purpose of recovering contractual cash flows and where these cash flows consist only of principal amounts and interest are measured at amortised cost. The carrying amount of these assets is adjusted with any expected credit losses recognised (see paragraph on Impairment testing of financial assets). Interest income from these financial assets is recognised using the effective interest method

Cont. Note 21 Financial risk management

and is recognised as financial income. The Group's financial assets that are measured at amortised cost consist of other non-current receivables (mainly receivables from associated companies), trade receivables, and cash and cash equivalents.

Financial assets measured at fair value via the income statement

Investments in debt instruments that do not qualify for recognition at amortised cost or at fair value through other comprehensive income are measured at fair value via the income statement. Equity instruments held for trading, equity instruments where the Group has chosen not to report fair value changes through other comprehensive income and derivatives that do not qualify for hedge accounting are included in this category. A gain or loss on a financial asset (debt instrument) that is recognised at fair value via the income statement and which is not part of a hedging relationship is recognised net in the income statement during the period in which the gain or loss arises. This category includes the Group's derivatives with positive fair value and the Group's financial investments.

Financial assets measured at fair value through other comprehensive income

This category includes equity instruments that are not held for trading and for which the Group, on initial recognition, made an irrevocable decision to report the holding at fair value through other comprehensive income. The changes in value of these investments are recognised on an ongoing basis in other comprehensive income. In the event of a divestment, the accumulated profit or loss is not transferred to the income statement. Holdings of unlisted shares that are included in the item other non-current receivables are recognised in this category.

Financial liabilities measured at fair value via the income statement

Financial liabilities measured at fair value via the income statement comprise derivatives with negative fair values that are not included in what is referred to as hedge accounting. Financial liabilities measured at fair value via the income statement are also recognised in subsequent periods at fair value and the change in value is recognised in the net profit for the year.

Liabilities in this category are classified as current liabilities if they fall due within 12 months of the balance sheet date. If they fall due after more than 12 months from the balance sheet date, they are classified as non-current liabilities.

Financial liabilities measured at amortised cost

The Group's other financial liabilities are classified as measured at amortised cost by application of the effective interest method. Financial liabilities at

amortised cost consist of interest-bearing liabilities (current and non-current), other non-current liabilities and trade payables. Borrowing is initially carried at fair value, net after transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net after transaction costs) and the amount of repayment is recognised in the statement of comprehensive income allocated over the term of the loan using the effective interest method. Borrowing is classified as short-term in the balance sheet if the company does not have an unconditional right to postpone the settlement of the debt for at least twelve months after the reporting period. Declared dividends are recognised, where applicable, as liabilities after the shareholders' general meeting has approved the dividend. Trade payables and other operating liabilities have short expected maturities and are measured at their nominal value with no discounting.

Derivative instruments

Derivative instruments are recognised in the balance sheet on the transaction date and are measured at fair value, both on initial and subsequent remeasurement in each reporting period. Balder holds derivatives that hedge certain risks relating to cash flow (currency swaps and interest rate swaps), and derivatives that hedge investment in a foreign operation (net investment hedges). Derivatives related to net investments in foreign operations, currency swaps and certain interest rate swaps have been identified as hedging instruments and are deemed to meet the requirements for hedge accounting in IFRS 9. For more detailed descriptions of hedge accounting, see the following paragraph. All other derivative instruments are not considered to meet the criteria for hedge accounting in IFRS 9. Derivatives are also contractual terms that are embedded into other agreements. Embedded derivatives should be accounted for separately if they are not closely related to the host contract. At present, no embedded derivatives have been identified. Changes in the value of derivative instruments identified as hedging instruments are recognised in other comprehensive income, while changes in value of other derivative instruments are recognised in accordance with the applicable category above.

Hedging of variable interest on loans

Some of the Group's interest rate swaps have been identified as hedging instruments and are deemed to meet the requirements for hedge accounting. The interest rate swaps hedge loans with variable interest rates by replacing variable rates with fixed interest rates. The effective portion of changes in fair value on these interest rate swaps is recognised through other comprehensive income in reserves in equity. The ineffective portion of the change in value is recognised immediately in net profit for the year and is included in the line

item Changes in value of derivatives. Amounts accumulated in the hedging reserve in equity are reclassified to profit or loss in the periods in which the hedged item affects earnings.

Hedges of net investments in foreign operations

The Group hedges a significant proportion of the net investments in foreign operations through loans in the same currency as the foreign operations and through currency swaps. The Group considers that the criteria for hedge accounting in IFRS 9 are met for net investments in foreign operations. Translation differences on loans and changes in fair value of hedging instruments are recognised in "Other comprehensive income" insofar as the hedge is effective. The cumulative changes in translation differences and fair value are recognised as separate components in equity. Gains or losses arising from the ineffective portion of the hedging instrument are recognised in net profit for the year. When divesting foreign operations, the gain or loss that is accumulated in equity is transferred to net profit for the year, thus increasing or decreasing the profit/loss of the divestment.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and directly accessible balances at banks and similar institutions as well as short-term highly liquid investments with original maturities of less than three months which are only subject to an insignificant risk of fluctuation in value.

Impairment testing of financial assets

At each reporting date, the Group assesses the future expected credit losses, which are linked to assets recognised at amortised cost based on forward-looking information. The Group's financial assets for which credit losses are expected, consist essentially consist of trade receivables (rent receivables) and other non-current receivables (mainly receivables from associated companies). The Group chooses a provisioning method based on whether or not there has been a significant increase in credit risk. The Group recognises a provision for credit losses for such expected credit losses at each reporting date. For the Group's financial assets (largely trade receivables and receivables from associated companies), the Group applies the simplified approach for credit loss provisioning, in other words, the provision will correspond to the expected loss over the entire life of the trade receivable. In order to measure the expected credit losses, trade receivables have been grouped based on distributed credit risk characteristics and days overdue. The Group uses forward-looking variables for expected credit losses.

FINANCIAL INFORMATION | NOTES

Cont. **Note 21** Financial risk management

Balder is financed by equity and liabilities, where the majority of the liabilities consist of interest-bearing liabilities. The proportion of equity is impacted by the chosen level of financial risk which in turn is impacted by lenders' equity requirements for offering financing at competitive market rates. Balder's long-term goals for the capital structure are that the equity/assets ratio should not be less than 40% over time, that the interest coverage ratio should not be less than 2 times and that the net debt to total assets should not exceed 50%.

Financial policy

The Group is exposed to six different kinds of financial risks through its operations. Financial risks refer to interest rate risk, liquidity risk, refinancing risk, price risk, credit risk and currency risk. The financial policy prescribes guidelines and rules for how the financial operations shall be conducted and establishes the division of responsibilities and administrative rules. Departures from the Group's financial policy require the approval of the Board. Responsibility for the Group's financial transactions and risks is managed centrally by the parent company's finance department. Financial risk is managed at a portfolio level. Financial transactions shall be conducted based on an assessment of the Group's overall needs relating to liquidity, financing and interest rate risk. The equity/assets ratio shall not over time fall below 40%.

Financial policy goals:

- the equity/assets ratio should exceed 40% over time,
- the interest coverage ratio should not be less than 2 times,
- net debt to total assets over time should not exceed 50%,
- secure the short-term and long-term supply of capital,
- achieve a stable long-term capital structure.

The goals are followed up regularly in reports to the Board prior to presentation of the company's interim reports.

Balder has obligations to its financiers in the form of financial key ratios, so-called covenants. At the year-end, Balder had financing obligations with an interest coverage ratio of 1.8 times, secured debt/total assets of 45% and net debt to total assets of 65%. All covenants were met at the year-end. SATO also has covenants in its loan agreements and all of them were fulfilled as of the year-end.

Duration analysis of financial liabilities

The tables show the cash flow per year in respect of financial liabilities assuming the current size of the Group. The cash flow refers to interest expenses, amortisation, trade payables and settlement of other financial liabilities. Net financial items have been calculated based on the Group's average interest minus interest income. Refinancing takes place on an ongoing basis, so no interest expense for a longer period than 10 years is indicated.

Duration analysis of financial liabilities**Group, 31/12/2019**

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Maturity structure, loans	11,806	8,041	8,587	8,080	10,664	34,064	81,242
Interest expenses ¹⁾	1,265	1,262	1,259	1,256	1,253	6,221	12,518
Trade payables	660	–	–	–	–	–	660
Lease liabilities (rent of premises)	13	13	13	10	10	30	89
Other liabilities	605	–	–	–	–	–	605
Total	14,350	9,316	9,859	9,346	11,928	40,315	95,114

For non-discounted cash flows attributable to site leasehold rights, see Note 8, Leases.

Group, 31/12/2018

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Maturity structure, loans	9,450	10,715	6,766	7,458	7,336	25,481	67,205
Interest expenses ¹⁾	1,124	1,121	1,119	1,116	1,114	5,531	11,125
Trade payables	488	–	–	–	–	–	488
Other liabilities	725	–	–	–	–	–	725
Total	11,787	11,836	7,885	8,574	8,450	31,012	79,543

Parent Company, 31/12/2019

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Maturity structure, loans	4,414	2,624	7,667	5,546	4,576	19,035	43,862
Interest expenses ¹⁾	667	666	666	665	665	3,319	6,648
Trade payables	19	–	–	–	–	–	19
Other liabilities	96	–	–	–	–	–	96
Total	5,195	3,291	8,333	6,212	5,241	22,354	50,625

Parent Company, 31/12/2018

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Maturity structure, loans	4,616	3,867	1,754	6,588	4,964	11,486	33,275
Interest expenses ¹⁾	557	556	555	555	554	2,758	5,535
Trade payables	18	–	–	–	–	–	18
Other liabilities	153	–	–	–	–	–	153
Total	5,344	4,423	2,310	7,142	5,518	14,244	38,980

1) Refers to interest expenses during the period 0–10 years.

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Cont. **Note 21** Financial risk management**Sensitivity analysis**

Factor	Change	Profit before tax, SEKm
Rental income	+/- 1%	+/- 80
Economic occupancy rate	+/- 1 percentage point	+/- 83
Interest rate level of interest-bearing liabilities	+ 1 percentage point	-329
Property costs	+/- 1%	-/+ 21
Changes in value of properties	+/- 5%	+/- 7,070

Financial goals	Goal	Outcome	
		2019	2018
Equity/assets ratio, %	min.	40.0	38.6
Net debt to total assets, %	max.	50.0	48.2
Interest coverage ratio, times	min.	2.0	5.2

Key ratios including listed associated companies at market value.

Maturity structure interest rate derivatives¹⁾

Year	Nominal Amount, SEKm	Interest, %
2020	1,077	1.93
2021	2,724	2.25
2022	659	2.01
2023	1,070	1.43
2024	658	1.29
2025	2,491	1.20
2026	3,191	1.51
2027	1,157	0.15
2029	2,209	0.84
2037	1,500	2.00
Total	16,735	1.48

1) Relates to interest rate derivatives where a fixed interest rate is being paid.

**RISKS****Capital risk**

The Group's goal in respect of the capital structure is to secure the Group's ability to continue its operations, so that it can continue to generate a return to shareholders and value for other stakeholders.

Liquidity risk

Liquidity risk refers to the risk of a lack of sufficient cash and cash equivalents to be able to fulfil the company's payment obligations relating to operating costs, interest and amortisation. According to the financial policy, there should always be sufficient cash in hand and guaranteed credit facilities to cover the day-to-day liquidity requirements. Regardless of long-term goals, the Board can decide to temporarily boost liquidity, for example, to be better prepared for major transactions. As of the closing date, Balder's cash and cash equivalents, financial investments and unutilised credit facilities totalled SEK 3,252 million (1,678). Balder's financial policy, which is updated at least once each year, prescribes guidelines and rules for how borrowing should be conducted. The overall objective of financial management is to use borrowing to safeguard the supply of capital to the company in the short and long run, to adapt the financial strategy and management of financial risks to the company's business so that a long-term and stable capital structure is achieved and maintained and to achieve the best possible net financial income/expense within given risk limits.

Refinancing risk

Refinancing risk refers to the risk that Balder may not be able to obtain refinancing in the future or only at a significantly increased cost. As of the year-end, Balder had credit facilities of SEK 8,673 million (8,470), of which SEK 8,673 million (8,470) were unutilised. Balder also has credit facilities that fully cover future payments for construction projects in progress. Balder works continually on raising new loans and on renegotiating existing loans. Over time, 50% of the loan portfolio shall have a credit term of more than 2 years and not more than 35% of the loans should mature during a single year.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in cash flow and earnings due to changes in interest rates. The key factor affecting interest rate risk is the interest rate refixing period. Long interest rate refixing periods ensure predictability in cash flow, but in most cases also mean higher interest expenses. The Group's interest rate exposure is centralised, which means that the central finance function is responsible for identifying and managing this exposure. The

interest rate risk shall be managed using risk hedging instruments such as interest rate swaps, interest rate ceilings and interest rate floors. The overriding key ratio used is the interest coverage ratio. On each measurement date, the interest coverage ratio shall exceed 2.0 times. To manage the interest risk cost-effectively, an assessment of the interest rate risk is made when raising loans with short interest rate refixing periods based on the Group's overall loan portfolio. Interest rate derivative transactions are entered into as required to achieve the desired interest risk in the overall borrowing.

Balder has mainly used swaps to manage its interest rate risk, which mature between 2020 and 2037. As of the year-end, about 21% of the loans were hedged using interest rate swaps and for 9% hedge accounting is applied. Fluctuations in market interest rates give rise to theoretical surpluses or deficits in respect of these financial instruments, which do not directly affect cash flow. Derivatives are recognised on an ongoing basis at fair value in the balance sheet and changes in value are recognised in the income statement. Derivatives are measured based on quoted prices in the market. Changes in value during 2019 totalled SEK -180 million (-34). As of the year-end, the fair value of interest rate derivatives totalled SEK -1,113 million (-865). The fair value of financial instruments is based on measurements by the intermediating credit institutions. The reasonability of the measurements has been tested by engaging another credit institution to value similar instruments at the end of the reporting period, see the sensitivity analysis.

SATO's interest rate derivatives meet hedge accounting requirements, as the term of the derivatives is matched with the underlying financing. This means that the change in value of the derivatives is recognised in other comprehensive income. The interest rate derivatives (interest rate swaps) entered into by SATO have the same critical terms as the hedged item. Critical terms may be the reference rate, interest rate conversion days, payment dates, due date and nominal amount. Inefficiency in interest rate swaps may arise due to differences in critical terms between the interest rate swap and the loan. There were no inefficiencies attributable to SATO's interest rate swaps in 2019.

Currency risk

Balder owns properties through subsidiaries in Denmark Norway, Finland, Germany and the UK and through SATO in St Petersburg. The companies mainly have revenue and costs in local currency. The Group is impacted by exchange rate fluctuations when translating the assets and liabilities of foreign subsidiaries into the currency of the parent company. The Group is exposed to EUR, DKK, GBP and NOK through net investments in foreign operations.

*Cont. Note 21 Financial risk management***Translation exposure**

When the subsidiaries' statement of financial position in local currency is translated into Swedish kronor, a translation difference arises, which is due to the fact that the current year is translated at a different closing rate than the previous year and that the statement of comprehensive income is translated at the average rate during the year, while the statement of financial position is translated at the exchange rate as of 31 December. The translation difference is posted to other comprehensive income and is carried forward in reserves in equity. The translation exposure consists of the risk that the translation difference represents in terms of the impact on other comprehensive income and equity. The risk is greatest for the currencies in which the Group has the largest net assets and where the price movements in relation to Swedish kronor are the largest. The net assets in Finland and Denmark have the greatest impact on the Group. Balder issued a total of EUR 2,350 million in the European bond market, which helped to reduce the currency exposure of the Group's net assets in EUR and DKK. As of the year-end, there also were currency swaps for DKK 0 million (400) and EUR –348 million (152), and the fair value of these items totalled SEK –97 million (–100).

The assets and liabilities in EUR and DKK are aggregated as the DKK rate is pegged to the EUR. The translation differences are mainly handled through borrowing spread among different currencies based on the net assets in each currency. Loans raised in the same currency as there are net assets for in the Group, reduce these net assets and thus reduce the translation exposure. These hedges of net investments in foreign operations operate in the following way. Exchange gains and losses on loans in foreign currency, which finance acquisition of foreign subsidiaries, are recognised as part of other comprehensive income to the extent that the loan functions as a hedge for the acquired net assets. In other comprehensive income, they meet the translation difference arising from the consolidation of the foreign subsidiaries. In the Group, net exchange differences of SEK –226 million (–804) relating to liabilities in foreign currency were transferred to other comprehensive income as hedging of net investments in foreign operations. There was no inefficiency to be recognised from hedges of net investment in foreign operations. The loans that hedge net investments in foreign operations are in EUR and DKK, since these foreign currencies have the greatest impact on the statement of financial position. Of the Group's total net investments in foreign operations, 100% are hedged.

Since the Group uses parts of its cash flow to amortise the loans to improve net financial items, the extent of this hedging tends to decrease over time. A change in the foreign subsidiary's net assets over time can have the same effect.

Price risk

Balder's income is affected by the occupancy rate of the properties, the level of competitive market rents and the ability of customers to pay. A change in the rental rate or economic occupancy of +/-1% has an effect on profit before tax of SEK +/-80 million and SEK +/-83 million respectively.

Credit risks**Trade receivables**

The risk that the Group's customers will not fulfil their obligations, i.e. That payment will not be received for trade receivables, constitutes a customer credit risk. The credit of the Group's customers is assessed by obtaining information about the customers' financial position from various credit rating agencies.

An estimate of the credit risk is made in conjunction with new leases and conversion of premises for existing customers. Bank guarantees, advance rental deposits or other security are required for customers with low credit-worthiness or unsatisfactory credit histories.

Credit is monitored continually to follow developments in the creditworthiness of customers.

Financial operations

Balder's financial operations give rise to credit risk exposure. The risk is mainly counterparty risk in connection with receivables from banks and other counterparties that arise in the trading of derivative instruments. Balder's financial policy includes special counterparty rules which stipulate the maximum credit exposure for different counterparties.

Borrowing, maturity structure and interest rates

At the year-end, Balder had binding loan agreements totalling SEK 81,242 million (67,205). Loans are raised in Swedish kronor, Danish kroner, Norwegian kroner, British pounds and euros. At year-end, loans in Danish kroner totalled DKK 5,050 million, loans in Norwegian kroner NOK 483 million, loans in British pounds GBP 50 million and loans in euros EUR 4,597 million. The single largest source of financing is bonds in euro issued on the European bond market. As of 31 December, the outstanding commercial paper volume was SEK 3,836 million (3,872), the commercial paper programme totalled SEK 6,173 million (6,110). Net interest-bearing liabilities minus cash and cash equivalents and financial investments of SEK 2,902 million (1,328) totalled SEK 76,514 million (64,079).

Agreements can be divided into four categories:

- loans against security pledged in the form of promissory note receivables from subsidiaries. The security has been augmented by collateral in the shares of subsidiaries/limited partnership shares.
- loans against pledging of mortgage deeds on property,
- commercial paper programme,
- bond loans, including Hybrid capital.

Short-term interest bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.

In certain cases, the security is augmented by covenants. Balder satisfies all of its covenants. Credit agreements contain customary termination conditions.

The average fixed credit term in loan agreements totalled 5.8 years (5.6) on 31 December 2019. The maturity structure of loan agreements, presented in the table showing the loan terms, indicates when loan agreements are due for renegotiation or repayment. The average effective interest as of the closing date totalled 1.5% (1.7) including the effect of accrued interest from Balder's interest rate derivatives. The average interest rate refixing period on the same date was 3.1 years (3.1). The proportion of loans with interest maturity dates during the coming 3-year period was 57% (61).

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Cont. **Note 21** Financial risk management

Carrying amount and fair value of financial instruments	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other compre- hensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2019		
					Level 1	Level 2	Level 3
Group, SEKm	2019	2019	2019	2019	Level 1	Level 2	Level 3
Other non-current receivables	1,436	–	12 ²⁾	1,448	–	1,448	–
Trade receivables	241	–	–	241	–	241	–
Financial investments	–	1,523	–	1,523	1,523	–	–
Cash and cash equivalents	1,379	–	–	1,379	–	1,379	–
Total receivables	3,055	1,523	12	4,590	1,523	3,067	–
Non-current interest-bearing liabilities	69,436	–	–	69,436	33,924	36,166	–
Other non-current liabilities	542	–	–	542	–	542	–
Derivatives ¹⁾	–	626	584	1,210	–	1,210	–
Current interest-bearing liabilities	11,806	–	–	11,806	1,054	10,763	–
Trade payables	660	–	–	660	–	660	–
Total liabilities	82,444	626	584	83,654	34,977	49,340	–
Group, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other compre- hensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2018		
					Level 1	Level 2	Level 3
Other non-current receivables	1,274	–	19 ²⁾	1,293	–	1,293	–
Trade receivables	183	–	–	183	–	183	–
Financial investments	–	770	–	770	770	–	–
Cash and cash equivalents	558	–	–	558	–	558	–
Total receivables	2,014	770	19	2,803	770	2,034	–
Non-current interest-bearing liabilities	57,716	–	–	57,716	31,845	25,215	–
Other non-current liabilities	423	–	–	423	–	423	–
Derivatives ¹⁾	–	446	519	965	–	965	–
Current interest-bearing liabilities	9,489	–	–	9,489	1,037	8,452	–
Trade payables	488	–	–	488	–	488	–
Total liabilities	68,116	446	519	69,081	32,882	35,543	–

1) Derivative instruments have been recognised net as a liability. The liability includes positive values in the Group of SEK 0 million (1).

2) No changes in value were recognised in 2019 or 2018.

Level 1 – measured at fair value based on quoted market values on active markets for identical assets.

Level 2 – measured at fair value based on other observable inputs for assets and liabilities than market values under level 1.

Level 3 – measured at fair value based on inputs for assets and liabilities that are not based on observable market inputs.

Interest rate refixing period

Year	Carrying amount, SEKm		Interest, %	
	2019	2018	2019	2018
Within one year	35,789	29,809	0.9	0.9
1–2 years	4,493	5,513	2.4	2.0
2–3 years	6,279	5,866	1.4	2.5
3–4 years	4,712	5,787	3.0	1.5
4–5 years	4,285	4,648	1.6	3.0
>5 years	25,684	15,583	1.9	2.3
Total	81,242	67,205	1.5	1.7
Year	Share, %		Fair value, SEKm	
	2019	2018	2019	2018
Within one year	44	44	35,811	29,831
1–2 years	6	8	4,532	5,602
2–3 years	8	9	6,374	5,973
3–4 years	6	9	4,785	5,729
4–5 years	5	7	4,386	4,405
>5 years	32	23	26,018	15,009
Total	100	100	81,906	66,549

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Cont. **Note 21** Financial risk management

Carrying amount and fair value of financial instruments	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2019		
Parent Company, SEKm	2019	2019	2019	2019	Level 1	Level 2	Level 3
Other non-current receivables	1,190	–	–	1,190	–	1,190	–
Receivables from Group companies	52,646	–	–	52,646	–	52,646	–
Financial investments	–	1,051	–	1,051	1,051	–	–
Cash and cash equivalents	944	–	–	944	–	944	–
Total receivables	54,780	1,051	–	55,831	1,051	54,780	–
Non-current liabilities to credit institutions	39,449	–	–	39,449	27,819	12,131	–
Derivatives ¹⁾	–	626	–	626	–	626	–
Liabilities to Group companies	10,966	–	–	10,966	–	10,966	–
Current liabilities to credit institutions	4,414	–	–	4,414	–	4,414	–
Trade payables	19	–	–	19	–	19	–
Total liabilities	54,847	626	–	55,473	27,819	28,155	–

Carrying amount and fair value of financial instruments	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	Fair value hierarchy		
					Total fair value 2018		
Parent Company, SEKm	2018	2018	2018	2018	Level 1	Level 2	Level 3
Other non-current receivables	904	–	–	904	–	904	–
Receivables from Group companies	38,337	–	–	38,337	–	38,337	–
Financial investments	–	770	–	770	770	–	–
Cash and cash equivalents	230	–	–	230	–	230	–
Total receivables	39,471	770	–	40,241	770	39,471	–
Non-current liabilities to credit institutions	28,659	–	–	28,659	25,234	2,549	–
Other non-current liabilities	108	–	–	108	–	108	–
Derivatives ¹⁾	–	446	–	446	–	446	–
Liabilities to Group companies	5,282	–	–	5,282	–	5,282	–
Current liabilities to credit institutions	4,616	–	–	4,616	–	4,616	–
Trade payables	18	–	–	18	–	18	–
Total liabilities	38,683	446	–	39,129	25,234	13,020	–

1) Derivative instruments have been recognised net as a liability. The liability includes positive values in the parent company of SEK – million (1).

Level 1 – measured at fair value based on quoted market values on active markets for identical assets.

Level 2 – measured at fair value based on other observable inputs for assets and liabilities than market values under level 1.

Level 3 – measured at fair value based on inputs for assets and liabilities that are not based on observable market inputs.

Note 22 Credit facilities

SEKm	Group		Parent Company	
	2019	2018	2019	2018
Approved credit limit	350	350	350	350
Utilised portion	–	–	–	–
Unutilised portion	350	350	350	350

Note 23 Accrued expenses and deferred income

SEKm	Group		Parent Company	
	2019	2018	2019	2018
Staff costs	124	121	21	17
Interest expenses	507	488	370	338
Rent paid in advance	1,090	1,034	–	–
Property costs	329	278	–	–
Other items	65	16	5	6
Total	2,115	1,937	396	361

Not 24 Pledged assets and contingent liabilities



ACCOUNTING POLICY

Contingent liabilities

A contingent liability is recognised if there is a possible obligation for which it has yet to be confirmed if the Group has an obligation that could lead to an outflow of resources, alternatively, if there is a present obligation that does not meet the criteria to be recognised in the balance sheet as a provision or other liability as it is not probable that an outflow of resources will be required to settle the obligation or as it is not possible to make a sufficiently reliable estimate of the amount.

Parent company – Financial guarantees

The parent company's financial guarantee contracts mainly consist of loan guarantees on behalf of subsidiaries and associated companies. Financial guarantees mean that the company has an obligation to compensate the holder of a debt instrument for losses that they incur because a particular debtor does not complete payment on maturity according to the terms of the agreement. For recognition of financial guarantee contracts, the parent company applies RFR 2 paragraph IFRS 9, which implies relief compared to the rules in IFRS 9 as regards financial guarantee contracts issued on behalf of subsidiaries and associated companies. The parent company recognises financial guarantee contracts as a provision in the balance sheet when the company has an obligation for which payment is likely to be required to settle the obligation.

Pledged assets SEKm	Group		Parent Company	
	2019	2018	2019	2018
Property mortgages	27,755	25,646	–	–
Shares in Group companies	8,976	7,854	–	–
Promissory notes	–	–	3,175	4,398
Total	36,730	33,500	3,175	4,398

Contingent liabilities SEKm	Group		Parent Company	
	2019	2018	2019	2018
Guarantees for subsidiaries	–	–	15,532	13,089
Guarantees for associated companies	1,451	2,080	1,451	2,080
Other guarantees ¹⁾	1,712	579	546	456
Total	3,162	2,659	17,529	15,625

1) As the project portfolio grows and the number of tenant owner's projects under production increases, guarantee commitments to tenant-owner associations, contractors and municipalities are also increasing.

Note 25 Cash flow statement



ACCOUNTING POLICY

Cash flow statement

The cash flow statement was prepared using the indirect method, by which the result is adjusted for transactions that do not result in incoming or outgoing payments during the period, as well as for any income or expenses attributable to investing or financing activities.

Cash and cash equivalents SEKm	Group		Parent Company	
	2019	2018	2019	2018
The following components are included in cash and cash equivalents:				
Cash and bank balances	1,379	558	944	230
Total according to Balance Sheet	1,379	558	944	230
Total according to cash flow statement	1,379	558	944	230

Reconciliation of liabilities related to financing activities

Group, SEKm	31/12/2018	Changes not affecting cash flow			31/12/2019
		Cash flow	Exchange differences	Other items not affecting cash flow	
Interest-bearing liabilities	67,205	13,641	458	–63	81,242
Lease liabilities (rent of office premises)	–	–26	–	107	81
Total liabilities related to financing activities	67,205	13,616	458	44	81,324

Group, SEKm	31/12/2017	Changes not affecting cash flow			31/12/2018
		Cash flow	Exchange differences	Other items not affecting cash flow	
Interest-bearing liabilities	58,384	7,180	1,639	2	67,205
Total liabilities related to financing activities	58,384	7,180	1,639	2	67,205

Cash and cash equivalents

The Group's cash and cash equivalents consist of cash and bank balances. Cash and cash equivalents are recognised in accordance with the principles described in Note 21 in respect of financial assets measured at accrued cost.

Interest and derivative expenses paid SEKm	Group		Parent Company	
	2019	2018	2019	2018
Interest received	176	110	137	36
Interest paid	–1,456	–1,072	–644	–569
Derivative expense paid	–139	–137	–139	–137
Total	–1,419	–1,099	–646	–670

Intra-Group interest income and interest expenses for 2019 and 2018 do not affect the cash flow.

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Cont. **Note 25** Cash flow statement**Reconciliation of liabilities related to financing activities**

		<i>Changes not affecting cash flow</i>			
Parent Company, SEKm	31/12/2018	Cash flow	Exchange differences	Other items not affecting cash flow	31/12/2019
Interest-bearing liabilities	33,275	10,398	190	–	43,862
Total liabilities related to financing activities	33,275	10,398	190	–	43,862
		<i>Changes not affecting cash flow</i>			
Parent Company, SEKm	31/12/2017	Cash flow	Exchange differences	Other items not affecting cash flow	31/12/2018
Interest-bearing liabilities	28,774	3,713	787	–	33,275
Total liabilities related to financing activities	28,774	3,713	787	–	33,275

Note 26 Participations in Group companies**ACCOUNTING POLICY**

Shares in subsidiaries are recognised in the parent company in accordance with the cost method. The book value is tested on an ongoing basis against the subsidiaries' Group equity. If the book value falls below the subsidiaries' Group value, there is an impairment that burdens the income statement. In those cases where a previous impairment is no longer justified, this is reversed.

Specification of parent company's direct holdings of participations in subsidiaries

Subsidiaries	Corporate ID number	Reg. office	Number of participations	Share, %	<i>Carrying amount</i>	
					2019	2018
Balder Storstad AB	556676-4378	Gothenburg	100,000	100	2,046	2,046
Balder Mellanstad AB	556514-4291	Gothenburg	1,938,000	100	5,782	4,120
Din Bostad Sverige AB	556541-1898	Gothenburg	1,000,000	100	626	626
Egby Vindkraftverk AB	556760-5919	Gothenburg	1,000	100	0	0
Balder Danmark A/S	34058016	Copenhagen	5,000	100	158	158
Balder Fastigheter Norge AS	916755856	Oslo	120	100	319	319
Balder Bilrum Fastighet AB	556730-4059	Gothenburg	100,000	100	1,179	1,179
Balder Germany GmbH	194177B	Berlin	23,725	95	1	1
Total					10,111	8,449

The Balder Group owns 100% of 480 additional companies (400) in Sweden, Denmark, Finland, Norway, Germany and the UK via the above-mentioned subsidiaries, as presented in each subsidiary's annual accounts. For companies in SATO Oyj, see SATO Oyj's annual accounts at sato.fi.

Note 27 Receivables from/liabilities to Group companies

Parent Company, SEKm	<i>Receivables</i>		<i>Liabilities</i>	
	2019	2018	2019	2018
Opening balance	38,337	36,790	5,282	4,443
Change in lending to subsidiaries	14,309	1,547	5,683	839
Closing balance	52,646	38,337	10,966	5,282

There is no fixed amortisation plan.

Note 28 Significant events after the end of the financial year

In an extraordinary shareholders' meeting on 17 February 2020, Collector AB (publ), in which Fastighets AB Balder is the main owner, adopted a resolution in the new issue of ordinary shares with preferential rights for shareholders in order to strengthen the company's capital base. The total funds from the issue are approximately SEK 1,000 million, and Balder has committed to subscribing to its share of the issue of approximately SEK 450 million.

The outbreak of the new coronavirus has had an incredibly strong impact on society and on the world's stock exchanges in recent times. Sweden and the world at large have for some time been taking a number of measures aimed at delaying the spread of the virus.

Balder is of course also affected by the ongoing concerns, but has a strong balance sheet, extremely good cash flow and a stable customer structure in six countries, with 60% of our rental income coming from about 40,000 homes. It is our assessment that Balder has a strong base on which to move forward, but the company is monitoring the development of the coronavirus extremely closely and is in continuous contact with both tenants and financiers.

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

Note 29 Related parties



ACCOUNTING POLICY

Related parties are both legal and physical and legal persons as defined in IAS 24. Transactions with related parties shall be conducted on commercial terms and conditions, just like other transactions. In connection with transactions, special attention shall also be paid to the guidelines on conflicts of interest. The following are defined as related parties:

- All companies within the Balder Group
- Board members and company management
- Close family members of Board members or company management
- Companies controlled by Board members or company management
- Shareholders in control of more than 10% of the shares or votes in the company

Related party relationships

Group

The Group is under the control of Erik Selin Fastigheter AB, which holds 49.9% (49.9) of the votes in the parent company Fastighets AB Balder. The parent company in the largest Group of which Balder is part is Erik Selin Fastigheter AB.

Parent Company

Apart from the related parties shown for the Group, the parent company exercises control over subsidiaries according to Note 26, Participations in Group companies.

Summary of related party transactions

Group

Erik Selin Fastigheter AB purchased property-related administrative services from Balder for SEK 3 million (3). Balder purchased services from the law firm Glimstedt for SEK 3 million (2), where the Board member Anders Wennergren is a partner. During the year, construction services were purchased from Tommy Byggare AB to the order of SEK 17 million (–). The services were priced on competitive market conditions.

Parent Company

The parent company performed property-related administrative services on behalf of its subsidiaries totalling SEK 266 million (218). The parent company functions as an internal bank. On the closing date, receivables from subsidiaries totalled SEK 52,646 million (38,337). Both administrative and financial services were priced on competitive market conditions.

Associated companies

Apart from the related parties described above, the Balder Group owns associated companies according to Note 14, Participations in associated companies/joint ventures.

During the financial year, associated companies purchased management and administrative services for their organisations from Balder totalling SEK 70 million (49). In addition to this, services were purchased from Collector AB (publ). Net receivables from associated companies totalled SEK 1,392 million (951) on the closing date. Both administrative and financial services were priced on competitive market conditions.

Transactions with key people in executive positions

The company's Board members and companies owned by these members control 65.8% (65.8) of the votes in Balder. With regard to the Board, CEO and other employees' salaries and other remuneration, expenses and agreements relating to pensions and similar benefits as well as agreements in respect of severance pay, see Note 4, Employees and staff costs.

Note 30 Parent Company information

Fastighets AB Balder (publ) is a Swedish-registered limited liability company with its registered office in Gothenburg. The parent company's shares are listed on Nasdaq Stockholm, Large Cap segment. The address of the head office is Box 53121, 400 15 Gothenburg, Sweden. The visiting address is Parkgatan 49.

The consolidated accounts for 2019 comprise the parent company and its subsidiaries, together referred to as the Group.

FINANCIAL INFORMATION | SIGNATURES

The annual accounts and the consolidated accounts were approved for issuance by the Board of Directors and CEO on 18 March 2020. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 11 May 2020. The Board will propose to the Annual General Meeting that no dividend (–) be declared for the financial year 2019.

The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the international accounting standards IFRS referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated financial

statements provide a true and fair view of the parent company's and Group's financial position and results of operations. The Report of the Board of Directors for the Group and the parent company provides a true and fair review of the development of the Group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies forming the Group.

Gothenburg, 18 March 2020

Christina Rogestam
Chairman of the board

Sten Dunér
Board member

Fredrik Svensson
Board member

Anders Wennergren
Board member

Erik Selin
Board member and CEO

Our audit report was submitted on 19 March 2020
Öhrlings PricewaterhouseCoopers AB

Bengt Kron
*Authorised Public Accountant
Auditor in charge*

Konstantin Belogorcev
Authorised Public Accountant

Audit Report

To the Annual General Meeting of Fastighets AB Balder (publ), corporate identity no. 556525-6905

Report on the annual accounts and consolidated financial statements

Opinions

We have audited the annual accounts and consolidated financial statements of Fastighets AB Balder (publ) for 2019. The company's annual accounts and consolidated accounts are included on pages 41–86 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2019 and of its financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Report of the Board of Directors is consistent with the other parts of the annual accounts and the consolidated financial statements.

We therefore recommend that the annual meeting of shareholders adopt the income statements and balance sheets of the parent company and the income statement and the statement of financial position for the Group.

Our opinions in this statement on the annual accounts and consolidated financial statements are consistent with the content of the supplementary report that has been submitted to the parent company and the Group's audit committee in accordance with Article 11 of the Auditors Ordinance (537/2014).

Basis for opinions

We conducted the audit in accordance with the International Standards on Auditing (ISA) and generally accepted

auditing standards in Sweden. Our responsibilities under those standards are described in further detail in the section entitled Auditor's responsibility. We are independent in relation to the parent company and the Group according to generally accepted auditing standards in Sweden and in other respects have fulfilled our professional ethical responsibilities according to these requirements. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5 (1) of the Auditors Ordinance (537/2014) have been provided to the audited company or, if applicable, to its parent company or its controlled companies in the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we assessed the risk of errors in the areas, which are influenced to a greater extent by management's estimates and assumptions. One such area, for example, is the estimates and projections about future events that are made to determine the fair value of the Group's investment properties, which are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored our audit in order to perform a proper review to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates in six countries and the properties

are owned by separate companies, which through centralised accounting functions and uniform routines are compiled in sub-groups. The Finnish sub-group SATO Oyj and the Danish and Norwegian companies are audited by local unit audit teams, which report to the Group audit team.

We have evaluated the work performed by the local unit auditors to determine whether sufficient audit evidence has been obtained as the basis for our opinions in the audit report for the Group.

The audit of the sub-group SATO Oyj was performed by Deloitte, Finland. According to generally accepted auditing standards, it is the responsibility of the Group auditor to ensure that the unit auditors have performed the right work and with sufficiently high quality regarding the identified audit risks. Since SATO Oyj accounts for a substantial part of the Balder Group and thus the Group audit, and since we and the unit auditors are not part of the same network, this task is particularly important. We have therefore drawn up special instructions to Deloitte Finland and ensured via continual communication and meetings as well as written confirmations that they followed and considered the instructions. We have read, discussed and evaluated the risk assessment and materiality assessment that the unit auditor planned for and also used in the audit. We also visited Deloitte, Finland and reviewed significant audit items.

Apart from the parent company accounts and consolidated financial statements, the Swedish companies were also audited by the Group audit team.

All in all, this means that we have assured ourselves that there is sufficient evidence for our Group audit and audit report.

Materiality

The scope and direction of the audit was influenced by our assessment of materiality. An audit is designed to

obtain reasonable assurance as to whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and the estimated effect of misstatements, both individually and in aggregate on the financial statements as a whole.

We chose total assets as a benchmark of our overall assessment of materiality for the financial statements as a whole, given that the value of the investment properties has a significant impact and significance for the Group's financial position, and constitutes a particularly important area for the audit. We also defined a specific materiality for the audit of the profit from property management including the working capital related balance sheet items.

Key audit matters

Key audit matters are the matters which, in our professional judgement were the most significant for the audit of the annual accounts and consolidated financial statements for the current period. These matters were addressed in the context of our audit of, and in forming our opinion about, the annual accounts and consolidated financial statements as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

Valuation of investment properties

We refer to the Report of the Board of Directors, description of accounting principles in Note 1 and Investment properties in Note 12.

Investment properties were recognised at a fair value of SEK 141,392 million as of 31 December 2019 and account for a significant part of the Balder Group's balance sheet.

The fair value of the Group's property holdings is based on internal calculations, mainly by applying the yield method. Properties under construction and internally managed project properties are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at cost.

To quality-assure the internal valuations, external valuations and second opinions were obtained for about 56% of the property portfolio's value.

The significance of the estimates and assumptions included in determining fair value, together with the fact that only a small difference in the individual properties calculation parameters, such as estimates of future net operating income, occupancy rate and yield requirements, can lead to significant errors, means that the valuation of investment properties, is a key audit matter.

Recognition of property transactions

We refer to the Report of the Board of Directors, description of accounting principles in Note 1 and Investment properties in Note 12.

During the year, a number of property transactions, acquisitions of SEK 8,439 million took place, which in respect of the amount and contractual terms were particularly important to consider in the audit.

In the case of each major property transaction, we estimated that the accounting treatment was in accordance with Balder's accounting principles and IFRS.

HOW OUR AUDIT CONSIDERED THIS KEY AUDIT MATTER

We arranged for our valuation specialists to review and assess the measurement techniques that Balder applies and reasonableness of the assumptions made.

Our audit included the following audit procedures:

- Follow-up to ensure that the valuations comply with Balder's guidelines for property valuation
- Audit sampling to follow up on the model's mathematical calculations
- Assessed inputs through audit sampling and follow-up in relation to historical outcomes, compared with available market inputs
- Audit sampling of inputs in the calculation models in relation to information in the property system
- Consideration of external valuations and audit sampling compared to internal calculations
- Reviewed the audit approach and external documentation with the Finnish audit team regarding the valuation of the subsidiary SATO's property portfolio.

Our work focused on the largest investment properties, the most significant assumptions and the properties where there were the largest variations in value compared to previous years. In cases where the assumptions about future net operating income, occupancy rate and yield requirement deviated from our initial expectations, these deviations were discussed with the Group's representatives and, if necessary, supplementary documentation was obtained.

Finally, we checked that the models used, that the assumptions and sensitivity analyses Balder made were properly described in Note 12.

For all significant acquisitions and divestments, we obtained and reviewed the underlying agreements and terms of entry. Furthermore, we examined the calculations, to ensure that pro forma statements, entry balances and, where appropriate that settlement notes were in accordance with the agreement and that the transaction was recognised correctly.

We followed up to ensure that the property transactions were correctly recognised and disclosed in the annual accounts.

Other information than the annual accounts and consolidated financial statements

This document also contains other information than the annual accounts and consolidated financial statements and is found on pages 1–40 and 106–123, respectively. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements accounts does not cover this other information and we do not express any form of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure we also consider the knowledge otherwise obtained during the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated financial statements and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, in accordance with IFRS as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They

disclose, as applicable, matters related to the ability to continue as a going concern and using the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the CEO intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated financial statements is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the audit report.

Report on other legal and regulatory requirements
Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also performed a review of the administration of the Board of Directors and the CEO of Fastighets AB Balder (publ) for the year 2019 and the proposed appropriation of the company's profit or loss.

We recommend that the Annual General Meeting allocate the profit in accordance with the proposal in the Report of the Board of Directors and discharge the members of the Board and the CEO from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in this respect is described in further detail in the section entitled The auditor's responsibility. We are independent in relation to the parent company and the Group according to generally accepted auditing standards in Sweden and in other respects have fulfilled our professional ethical responsibilities according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for allocating the company's profit or loss. In connection with a proposal for dividend, this involves, inter

alia, an assessment of whether the dividend is defensible in view of the requirements imposed by the type, scale and risks of the operations on the size of the parent company's and the Group's equity, need to strengthen the balance sheet, liquidity and financial position generally.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This involves, among other things, continually assessing the financial situation of the company and the Group and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs in other respects are controlled in a secure manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other things, take measures that are necessary to fulfil the company's

accounting in accordance with the law and handle the management of assets in a secure manner.

The auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in

accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

A further description of our responsibility for the audit of the administration is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the audit report.

Öhrlings PricewaterhouseCoopers AB, Skånegatan 1, 405 32 Gothenburg, Sweden, was appointed as Fastighets AB Balder (publ)'s auditing company by the general meeting of shareholder on 8 May 2019 and has been the company's auditing company since 2009.

Gothenburg, 19 March 2020

Öhrlings PricewaterhouseCoopers AB

Bengt Kron
Authorised Public Accountant
Auditor in charge

Konstantin Belogorcev
Authorised Public Accountant

Comments by the Chairman of the Board



Christina Rogestam
Chairman of the Board

It is the task of Balder's Board of Directors, within the framework of current laws, rules and practice, to work on the long-term development of the company. This work includes, among other things, following up on the management team's operational activities and assuring themselves that everything is as it should be in the company.

One recurring topic of discussion is risk assessment, in which matters such as the state of the economy and the impact of interest rate trends on the company are analysed. Other matters discussed by the Board are the company's development in the form of access to competence, and how the company is working to contribute towards socially and environmentally sustainable social development.

Stronger commitment to sustainability issues

During the year, Balder signed the Global Compact, which is the UN's principles for companies when it comes to matters of human rights, health and safety, anti-corruption and the environment. This is fully in line with the company's ambition to be a responsible property owner in the long term.

There is a strong focus on developing the areas where the company owns properties. This continued during the year, for example, in Frölunda Park in Gothenburg, where the current portfolio of rental apart-

ments and was supplemented with tenant owner apartments, while the external environment was also upgraded and developed. The outcome is a more diverse area with enhanced service, security, well-being and togetherness.

Balder is also involved in various projects to increase employment in its own areas, by such means as offering work placements and summer jobs to young people.

Focus on developing the business

This kind of long-term approach benefits not only Balder and the company's tenants, but also society at large. The company's engagement also opens up opportunities for new business and participation in major development projects. One example from the past year is the partnership agreement on the development of Kungens kurva in Stockholm, where a new city district is to be built with homes, schools, shops and services.

Entrepreneurial spirit is a cornerstone of Balder's business activities, as evidenced in, among other things, an element of thrift. As mentioned in the notes to the financial statements, the CEO draws a salary of less than SEK 1 million per annum, which is a very unusual level for a CEO in a listed company of Balder's size. Fees for Board members are also low

compared with other companies, SEK 560,000 in total, although members have, like other shareholders, been able to enjoy the very healthy growth of the share until year-end 2019.

Stable foundation for continued growth

After the end of 2019 the outbreak of the new coronavirus has had a tremendous impact on society and the worlds' stock exchanges. It is not possible today to predict when the spread of the virus will have reached its culmination and when it will be over.

Balder has a stable foundation on which to stand, ensuring stability even in this time of uncertainty, both in property management and in production of new properties and areas.

The rapid growth of the company, however, places tougher demands on Balder as an employee. One important challenge for the future is to secure the continuing need for competence and experience, which means both retaining existing employees and recruiting new ones to the company.

Corporate Governance Report

Corporate governance in Swedish listed companies is governed by a combination of written rules and practice, by which the owners directly and indirectly control the company. The rules and regulations have been developed through legislation, recommendations, the Swedish Corporate Governance Code and through self-regulation.

The Code is based on the principle comply or explain, which means that all rules do not always have to be complied with if there is a reason and it is explained. Some of the Code's principles are to create a good basis for exercising an active and responsible ownership role and to create a well-adjusted balance of power between owners, the Board and the executive management, which Balder views as a natural part of the principles for its operations. The Code also means that certain information should be made available on the company's website.

The Swedish Corporate Governance Code is administered by the Swedish Corporate Governance Board and is available on www.bolagsstyrning.se, where the

Swedish model for corporate governance is also described. Balder applies the Code, which is intended to serve as part of the self-regulation within the Swedish business community. In the view of the Board, there are no deviations to report or explain.

Articles of Association

The company's name is Fastighets AB Balder and the company is a public company (publ). The registered office of the company is in Gothenburg. The company's purpose shall be directly or indirectly, through wholly-owned or part-owned companies, to acquire, manage, own and divest real property and securities, and to conduct other associated activities.

The articles of association, which are available on Balder's website, contain, among other things, information regarding share capital, number of shares, class of shares and preferential rights, number of Board members and auditors as well as provisions regarding notice and agenda for the annual general meeting.

Structure for corporate governance



1. THE SHARE AND THE OWNERS

The Balder share is listed on Nasdaq Stockholm, Large Cap segment. At the year-end, the number of shareholders was approximately 17,000. Of the total share capital, 25% was owned by foreign owners. The principal owner of Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 36.4% of the capital and 49.9% of the votes.

Balder's share capital as of 31 December 2019 totalled SEK 180,000,000, distributed among 180,000,000 shares. Each share has a quota value of SEK 1.00. The shares are distributed across 11,229,432 Class A shares and 168,770,568 Class B shares. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

Each shareholder at the general meeting is entitled to vote for the number of shares held and represented by him/her. Further information regarding shares and share capital may be found on pages 6–7, Balder's share and owners.

Information to the stock market

Balder issues interim reports for the operations three times per year: as of 31 March, as of 30 June and as of 30 September. In addition to this, Balder's reports its full-year accounts on 31 December in its year-end report and publishes its annual accounts in good time before the AGM.

The annual accounts for 2019 are now available for distribution and on Balder's website. All documents, press releases and presentations in connection with reports are available at www.balder.se.

2. ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the company's highest decision-making body in which the shareholders exercise their rights to decide on the affairs of the company. The Board and auditors of the company are elected by the AGM according to the proposal of the nomination committee. The annual AGM also passes resolutions, including on amendments of the articles of association, on change of the share capital and decides on the company's distribution of profits and discharge from liability for the Board and the CEO.

To participate in passing resolutions, the shareholder must be present at the meeting, either personally or by proxy. In addition, the shareholder must be registered in the share register on a certain date prior to the meeting and notification of participation must be given to the company within a certain determined period. Shareholders who wish to have a special matter dealt with at the AGM can normally request this if the request is made in good time to Balder's Board of Directors prior to the meeting.

Notice to attend the Annual General Meeting is given through the Official Swedish Gazette (Post och Inrikes Tidningar) and on Balder's website. It shall also be announced in Svenska Dagbladet that notice has been given.

Resolutions at the general meeting are normally passed by a simple majority. In certain questions, the Swedish Companies Act prescribes that proposals must be approved by a larger proportion of the shares represented and cast at the meeting.

Annual General Meeting 2019

At the AGM on 8 May 2019 at the Elite Park Avenue Hotel, Kungsparksavenyn 36 in Gothenburg, 388 shareholders were represented, holding around 67 % of the total number of votes. All five Board members and the company's auditor were present at the general meeting. The AGM adopted the financial statements for 2018 and discharged the Board and CEO from liability for the financial year 2018.

The following resolutions were passed by the AGM on 8 May 2019:

- that no dividend shall be declared for the shareholders,
- the Board shall, during the period until the next AGM has been held, be composed of five ordinary members without deputy members,
- directors' fees of a fixed amount of SEK 560,000 should be paid to the Board, of which SEK 200,000 to the Chairman of the Board and SEK 120,000 to the other Board members who are not permanently employed by the company. The amount includes remuneration for committee work,
- re-election of Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren. All members are elected up to and including the 2020 AGM. Christina Rogestam was re-elected as Chairman of the Board,
- election of Öhrlings PricewaterhouseCoopers as the company's auditor with Bengt Kron, born 1965, as auditor in charge for the period until the end of the 2023 AGM,
- approval of the Board's proposed guidelines for remuneration to senior executives,
- a mandate for the Board to decide on new issue of shares of Class B with or without deviation from the shareholders' preferential rights. The number of shares issued with the support of this mandate may be a maximum of 20,000,000 Class B shares. The new issue shall be used by the company for

payment of acquisitions of properties or acquisition of shares or participations in legal entities that own property or in order to capitalise the company ahead of such acquisitions or to capitalise the company in other respects,

- a mandate for the Board to decide on repurchase and transfer of the company's own shares for the purpose of adjusting the company's capital structure and for transferring own shares as payment or for financing of property investments.

Minutes taken at the AGM on 8 May 2019 are available on the company's website. The 2020 AGM will take place on 11 May at 16:00 at the Elite Park Avenue Hotel, Kungsparksavenyn 36 in Gothenburg. Information concerning the AGM will be published at balder.se.

3. NOMINATION COMMITTEE

The AGM passes resolutions on the procedure for election of the Board and, when applicable, auditors. The 2019 AGM resolved that a nomination committee should be established before the 2020 AGM in order to submit proposals on the number of Board members, election of Board members including the Chairman of the Board and election of auditors and remuneration for Board members as well as for auditors. The nomination committee's proposals shall be announced no later than in conjunction with the notice convening the AGM. Shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The 2019 AGM adopted the nomination committee's proposal that the nomination committee should 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 chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced no later than six months before the AGM. The nomination committee's term of office extends until a new nomination committee has been appointed. If Lars Rasin resigns as chairman of the nomination committee, the company's Chairman shall appoint a new chairman of the nomination committee until the next general meeting of the company.

The nomination committee ahead of the 2020 AGM is composed of Jesper Mårtensson, representing Erik Selin Fastighets AB, Rikard Svensson, representing Arvid Svensson Invest AB, and chairman Lars Rasin.

The nomination committee has decided to propose the re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed that Christina Rogestam be re-elected as Chairman of the Board.

4. AUDITORS

The company's annual accounts and the administration of the CEO and Board are reviewed by the company's auditor, who submits an audit report for the financial year to the AGM. The auditor reports to the Board on his audit plan for the year and his views on the accounts, annual accounts and administration.

At the 2019 AGM, Öhrlings PricewaterhouseCoopers AB was elected as the company's auditor, with Bengt Kron as auditor in charge, for the period until the end of the 2023 AGM.

5. BOARD OF DIRECTORS

The Board of Directors is elected by the AGM and according to the articles of association shall consist of at least three and at most seven members. The members are elected at the AGM for the period until the end of the first AGM that is held after the members were elected. During 2019, the Board was composed of five members and is responsible for the company's organisation and administration (more information about the company's Board is available on page 97 and at www.balder.se). The Board works according to an established formal work plan with instructions concerning division of responsibilities between the Board and the CEO.

New Board members receive an introduction to the company and its operations and participate in the stock exchange's training according to the stock exchange agreement. The Board subsequently receives continual information, including about regulatory changes and such issues concerning the operations and the Board's responsibility in a listed company.

The rules of the Swedish Companies Act apply to resolutions in the Board, to the effect that more than half of the members present and more than one third of the total number of members must vote for resolutions. The Chairman has the casting vote if there is no majority.

The Board's work is governed by the Swedish Companies Act, the articles of association, the Code and the formal work plan that the Board has adopted for its work. Balder's Board of Directors is composed of persons who possess broad experience and competence from the property sector, business development, sustainability issues and financing. Most of the Board members have experience of board work from other listed companies.

Both of the major owners Erik Selin Fastigheter AB and Arvid Svensson Invest AB are represented on the Board through Erik Selin and Fredrik Svensson. Balder's authorised signatories, apart from the Board, are any two jointly of Chairman Christina Rogestam, CEO Erik Selin and CFO Magnus Björndahl.

The Board's duties and responsibilities

The Board's overriding duty is to manage the affairs of the company on behalf of the owners so that the owners' interest in a good long-term return on capital is satisfied in the best possible way. The Board has responsibility for ensuring that the company's organisation is appropriate and that the operations are conducted in accordance with the articles of association, the Companies Act and other applicable laws and regulations and the formal work plan of the Board. The Board shall perform the board work collectively under the leadership of the Chairman.

The Board shall also ensure that the CEO fulfils his duties in accordance with the Board's guidelines and directions. These may be found in the instructions to the CEO drawn up by the Board. The Board members shall not be responsible for different lines of business or functions. Matters relating to compensation and remuneration for the CEO are prepared by the Chairman and presented to the rest of the Board prior to decision.

The Board's duties include, but are not limited to, the following:

- establishing business plans, strategies, significant policies and goals for the company and the Group that the company is parent company of,
- determining the company's and Group's overall organisation,
- appointing and dismissing the CEO,
- ensuring that there is a functioning reporting system,
- ensuring that there is satisfactory control of the company's and Group's compliance with laws and other regulations that apply to the operations,
- approving a new formal work plan and instruction to the CEO annually,
- approving financial reporting in the form of interim reports, year-end reports and annual accounts that the company must publish,
- ensuring that the company has a functioning approvals list and approvals process,

- approving necessary guidelines for the company's conduct in society with the aim of ensuring long-term value creation and a sustainability perspective,
- ensuring that the company has an appropriate system for follow-up and control of the risks associated with the company and its operations.

Chairman of the Board

It is the duty of the Chairman to ensure that the Board's work is conducted effectively and that the Board fulfils its duties. The duties of the Chairman thus include, but are not limited to:

- organising and leading the Board's work and creating the best possible basis for the Board's work,
- ensuring that the Board's work occurs in accordance with the provisions of the articles of association, the Companies Act and the formal work plan of the Board,
- monitoring that the Board's decisions are executed effectively,
- continually monitoring the company's development through contact with the CEO and acting as a discussion partner,
- ensuring that the Board members, through the agency of the CEO, receive sufficient information and decision data for their work,
- making sure that each new Board member is given a proper introduction upon joining the Board.

The formal work plan of the Board of Directors

The Board adopts a formal work plan for the Board's work each year. This formal work plan describes the duties of the Board and the division of responsibilities between the Board and the CEO. The formal work plan also describes what matters shall be dealt with at each board meeting and instructions regarding the financial reporting to the Board. The formal work plan also prescribes that the Board shall have an audit committee and a remuneration committee. The Chairman of the Board shall serve as the chairman of the committees.

Board meetings

The Board shall, in addition to the statutory meeting, hold board meetings on at least four occasions annually. The CEO and/or CFO shall as a general rule present a report to the Board. The company's employees, auditor or other external consultants shall be called in to board meetings in order to participate and report on matters as required. The Board has a quorum if more than half of the Board members are present. The Chairman has the casting vote in the event that there is no clear majority.

The work of the Board

Balder's Board held ten board meetings during the financial year, one of which was the statutory meeting. Board meetings are held in connection with the company's reporting. Matters of significant importance to the company are dealt with at each ordinary board meeting, such as acquisition and divestment of properties, investments in existing properties and financing questions.

In addition, the Board is informed about the current business situation in the rental, property and credit markets. The regular matters dealt with by the Board in 2019, included acquisition strategies, capital structure and financing position, sustainability work, common corporate policies and the formal work plan for the Board.

Composition of the Board

The Board, for its work in Balder's Board of Directors, shall have appropriate experience and competence for the operations that are being conducted in order to be able to identify and understand the risks that can arise in the business and the rules and regulations governing the operations that are being conducted.

The composition of the Board shall be characterised by diversity and breadth in terms of the chosen members' competencies, experience, age, gender or ethnic background. The diversity policy applied by the nomination committee follows item 4.1 of the Code.

It is the duty of the nomination committee to consider the policy, with the objective of achieving an appropriate composition in the Board.

When electing new Board members, the suitability of the individual members shall be examined with the aim of achieving a Board with a combined level of expertise that is sufficient for ensuring appropriate governance of the company.

The composition of the Board provides a good basis for well-functioning Board work with a good spread among individual members that represents diversity according to the Board's diversity policy.

Evaluation of the Board's work

The intention of the evaluation is to further improve the Board's working methods and efficiency, and to clarify the main direction of the Board's future work. The evaluation also serves as a tool for ensuring the right competence and knowledge in the Board. In connection with the annual evaluation, Board members are asked, based on their own perspective, to discuss various areas relating to the Board's work with other Board members. These conclusions are documented in a report.

The areas discussed and evaluated in 2019 related to the Board's composition, competence, efficiency and focus areas going forward. The areas covered by the Board evaluation may vary from one year to

another to reflect the development of the Board's work. The evaluation showed constructive board work conducted in a positive spirit.

Remuneration committee

The remuneration committee has a preparatory function in relation to the Board in questions regarding principles for remuneration and other terms of employment for the CEO and other senior executives. The remuneration committee shall monitor and evaluate the application of the guidelines for remuneration and levels of compensation to senior executives that the AGM has determined and shall also draw up proposals for new guidelines for principles of remuneration and other terms of employment. Before the resolution of the AGM, at least every four years the Board shall propose new principles for remuneration and other terms of employment for the CEO and other senior executives. Based on the resolution of the AGM, it is the duty of the remuneration committee to decide on remuneration to the CEO and other officers. The Board shall be entitled to deviate from the guidelines if there are special reasons in an individual case to justify this. The remuneration committee is composed of all independent Board members and shall meet at least once every year. For further information see Note 4, Employees and staff costs.

Audit committee

The audit committee shall be responsible for preparing the Board's work by quality-assuring the company's financial reporting, assisting the nomination committee in drawing up proposals for auditors and their fees and ensuring a qualified independent audit of the company.

The audit committee shall meet the company's auditor at least once per calendar year and have the opportunity to meet with the auditors without any members of company management being present. During 2019, the audit committee, which was composed of all independent Board members, met the company's auditor on one occasion and received an audit plan for 2019 and a report on the audit performed.

Disqualification

Board members or the CEO may not deal with issues concerning agreements between themselves and the company or Group. Nor may they deal with issues regarding agreements between the company and a third party, if they have a material interest that can conflict with that of the company. Lawsuits or other actions are on a par with the agreements referred to above. Where applicable, it is incumbent on the Board member or CEO to disclose if a disqualification situation would arise.

6. CEO AND MANAGEMENT

The CEO is responsible for day-to-day administration pursuant to the guidelines and policies adopted by the Board. The CEO shall report on Balder's development to the Board and prepare the order of business at Board meetings according to an approved agenda. The CEO shall ensure that the required material is compiled and distributed to the Board members prior to board meetings.

The management team normally meets once every month with a standing agenda, including property transactions, finance and general management issues. Group Management consists of six persons and includes resources such as the CEO, accounting, finance, management, property transactions and HR. More information about the company's CEO and management team may be found on page 98.

THE COMPOSITION OF THE BOARD OF DIRECTORS, NUMBER OF MEETINGS AND ATTENDANCE

Name	Elected	Independent ¹⁾	Board meetings	Audit committee	Remuneration committee
Christina Rogestam	2006	Yes	10/10	1/1	1/1
Erik Selin	2005	No	10/10	—	—
Fredrik Svensson	2005	No	10/10	1/1	1/1
Sten Dunér	2007	Yes	10/10	1/1	1/1
Anders Wennergren	2009	Yes	10/10	1/1	1/1

1) The independence is based on both independence in relation to the company and the company management as well as to the larger shareholders (>10 %).

Internal control in respect of financial reporting

The Board is responsible for internal control under the Swedish Companies Act and under the Code. This description has been prepared in accordance with the Swedish Annual Accounts Act and the Code and is thus limited to internal control over financial reporting. Financial reporting refers to interim reports, year-end reports and annual reports. The description does not constitute a part of the formal annual accounts.

Balder's internal control follows an established framework, Internal Control – Integrated Framework, which consists of five components. The components are control environment, risk assessment, control activities, information and communication, and follow-up.

Control environment

The control environment constitutes the basis for the internal control over financial reporting. A good control environment is built on clearly defined and communicated decision-making procedures and guidelines between different levels of the organisation, which together with the corporate culture and shared values establish the basis for managing Balder in a professional manner.

Balder's internal control is based on a decentralised organisation with 1,298 properties, each with its own profit centre, which are administered from regional offices. To support the control environment and provide necessary guidance to different officers, there are a number of documented governing documents such as internal policies, guidelines, manuals, the formal work plan of the Board, decision-making procedures, rules for approvals as well as accounting and reporting instructions. Governing documents are updated as required in order to always reflect applicable laws and rules.

Risk assessment

The focus is on identifying the risks that are considered most significant in Balder's income statement and balance sheet items in the financial statements and what measures can reduce these risks. Risk management is integrated into the above-mentioned document for the control environment.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Board conducts an annual review of the internal control in accordance with the formal work plan of the Board. The risk assessment is continually updated to cover changes that have a material impact on the internal control over financial reporting.

The most significant risks that have been identified in connection with the financial reporting are errors in the accounts and in the valuation of the property portfolio, deferred tax, interest-bearing liabilities, refinancing, tax and value added tax as well as the risk of fraud, loss or embezzlement of assets.

Control activities

A number of control activities are built-in to ensure that financial reporting provides a true and fair view at each point in time. These activities involve different levels in the organisation, from the Board and company management to other employees.

The control activities are aimed at preventing, discovering and correcting errors and deviations. The activities consist of approval and reporting of commercial transactions, follow-up on decisions and approved policies of the Board, general and

application-specific IT controls, checking of external counterparties and follow-up on results at various levels in the organisation.

Other activities are follow-up on reporting procedures, including the annual accounts and consolidated financial statements and their conformity with applicable rules and regulations, approval of reporting tools, accounting and valuation principles, as well as power of attorney and authority structures.

Balder's regional offices participate in basic control, follow-up and analysis in each region. To guarantee the quality of the regions' financial reporting, an evaluation is performed in conjunction with the Group's controllers.

Follow-up at regional level combined with the controls and analyses at Group level are an important part of the internal control, to make sure that financial reporting essentially does not contain any errors.

Information and communication

Balder has determined how information and communication in respect of the financial reporting should occur so that the company's information disclosure should take place in an effective and correct manner. Balder has guidelines for how financial information should be communicated between management and other employees.

Guidelines, updates and changes are made available and known to the employees concerned by means of oral and written information and on Balder's intranet. The Board receives further information about risk management, internal control and financial reporting from meetings and reports from the company's auditors.

Follow-up

There is an appropriate process for continual follow-up and annual evaluation of the observance of internal policies, guidelines, manuals and codes and of the appropriateness and functionality of the established control activities.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Group's accounting and controller function has the day-to-day responsibility for ensuring follow-up and reporting to the company management of possible shortcomings. Follow-up takes place at both property level and at Group level.

The Board regularly evaluates the information submitted by company management and the auditors. The company's auditors report their observations from the audit and their opinion about internal control over financial reporting on at least one occasion each year.

Need for internal audit

Balder has a decentralised organisation that manages 1,298 properties from regional offices. Financial operations and the finance function for the entire Group are conducted in the parent company. There is a controller function in the parent company which, together with controllers in Denmark and Finland, monitors the administration of the regional offices and financial operations in the parent company. Balder's size and decentralised organisation together with the controller function in the parent company mean that a special internal audit function is not justified at present.

Ahead of the 2020 AGM

Ahead of the AGM on 11 May 2020, the Board proposes:

- no share dividend to be declared,
- guidelines for remuneration of senior executives,
- a mandate for the Board, before the next AGM, to repurchase and transfer Class B shares in Balder equivalent to no more than 10% of all shares in the company,
- a renewed mandate for the Board, before the next AGM, on one or more occasions, to resolve on the new issue of Class B shares corresponding to no more than 20,000,000 shares. It shall be possible to subscribe for the shares in cash, in kind or through right of set-off.

Ahead of the AGM on 11 May 2020, the nomination committee proposes:

- re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed that Christina Rogestam be re-elected as Chairman of the Board,

- it is proposed to pay directors' fees of SEK 200,000 to the Chairman of the Board and SEK 120,000 to the other Board members who are not permanently employed by the company. The amounts include remuneration for committee work,
- that the general meeting resolves 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 chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced no later than six months before the AGM. The nomination committee's term of office extends until a new nomination committee has been appointed.

Gothenburg, 18 March 2020

Christina Rogestam
Chairman of
the board

Sten Dunér
Board member

Fredrik Svensson
Board member

Anders Wennergren
Board member

Erik Selin
Board member
and CEO

Auditor's statement regarding the Corporate Governance Report

To the Annual General Meeting of Fastighets AB Balder (publ) Corporate identity no.556525-6905

Engagement and allocation of responsibility

The Board of Directors is responsible for the corporate governance report for 2019 on pages 91–95 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

The focus and scope of the review

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our review of the corporate governance report has another aim and direction, and is substantially less exhaustive in scope, than an audit

conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

Opinion

A corporate governance Statement has been prepared. Disclosures according to Chapter 6 Section 6, second paragraph, items 2–6 of the Annual Accounts Act and Chapter 7 Section 31, second paragraph of the same Act are consistent with the annual accounts and consolidated financial statements and are in compliance with the Annual Accounts Act.

Gothenburg 19 March 2020
Öhrlings PricewaterhouseCoopers AB

Bengt Kron
Authorised Public Accountant
Auditor in charge

Konstantin Belogorcev
Authorised Public Accountant



CORPORATE GOVERNANCE | BOARD OF DIRECTORS

Board of Directors

Sten Dunér

Board member since 2007

Born 1951

Education and experience

B.Sc. (Economics).

Chairman of the Board at Länsförsäkringar Liv. Board member at Garbo and Humlegården.

Shareholding in Balder

No shareholding in Balder.

Christina Rogestam

Chairman of the Board since 2006

Born 1943

Education and experience

B.A. Social Studies

Former President and CEO of Akademiska Hus AB, Board member at Fastighets AB Stenvalvet.

Shareholding in Balder

25,000 Class B shares and 3,000 Class B shares held via company.

Anders Wennergren

Board member since 2009

Born 1956

Education and experience

Bachelor of Law.

Lawyer and partner at Advokatfirman Glimstedt.

Shareholding in Balder

210,000 Class B shares held via company.

Fredrik Svensson

Board member since 2005

Born 1961

Education and experience

B.Sc. (Economics). Chairman of the Board at Arvid Svensson Invest AB, Board member at SBB, Samhällsbyggnadsbolaget, Chairman of the Board at ABB-Gymnasiet.

Shareholding in Balder

2,915,892 Class A shares and 13,542,540 Class B shares, all held via company.

Erik Selin

Board member since 2005

Born 1967

Education and experience

Business school economist. CEO of Fastighets AB Balder, Chairman of the Board at Brinova Fastigheter AB and K-fast Holding AB, Board member and Deputy Chairman of Collector AB, Board member at Hexatronic Group AB, I.A. Hedin Bil AB and Ernström & Co AB.

Shareholding in Balder

10,500 Class B shares, 8,309,328 Class A shares and 57,200,400 Class B shares held via company.

Auditor

Öhrlings PricewaterhouseCoopers AB
Auditor in charge: Bengt Kron,
born 1965.
Öhrlings PricewaterhouseCoopers AB
was elected as auditor at the AGM
8 may 2019 for the period until the
AGM 2023.

Management



Erik Selin
CEO

Born
1967

Employed since
2005

Education and experience
Business school economist

Shareholding in Balder
10,500 Class B shares, 8,309,328 Class A shares and 57,200,400 Class B shares held via company

Email address
erik.selin@balder.se



Sharam Rahi
Deputy CEO

Born
1973

Employed since
2005

Education and experience
Compulsory school

Shareholding in Balder
737,822 Class B shares and 788,978 Class B shares held via company

Email address
sharam.rahi@balder.se



Magnus Björndahl
Finance Director

Born
1957

Employed since
2008

Education and experience
B.Sc. (Economics)

Shareholding in Balder
31,000 Class B shares

Email address
magnus.bjorndahl@balder.se



Marcus Hansson
CFO

Born
1974

Employed since
2007

Education and experience
B.Sc. (Economics)

Shareholding in Balder
156,500 Class B shares

Email address
marcus.hansson@balder.se



Petra Sprangers
Head of Personnel and Administration

Born
1965

Employed since
2007

Education and experience
Business school economist

Shareholding in Balder
300 Class B shares

Email address
petra.sprangers@balder.se



Benny Ivarsson
Head of Property

Born
1955

Employed since
2006

Education and experience
B.Sc. (Economics)

Shareholding in Balder
11,474 Class B shares and 11,720 Class B shares held via company

Email address
benny.ivarsson@balder.se

Sustainability notes

About the report

Balder has prepared a sustainability report in accordance with Chapter 6 of the Swedish Annual Accounts Act. The sustainability report is included in this document, which also contains the company's statutory Annual Report for 2019.

The sustainability report consists of pages 31–38 and 99–105. Where specific areas are found in the statutory sustainability report, they are shown in the table below. The auditor's statement on the statutory sustainability report may be found on page 106.

Balder's sustainability report follows the financial year and is published annually. The previous report was published in April 2019. No significant changes occurred in operations during the reporting period.

This is Balder's second sustainability report and it is prepared in accordance with GRI Standards, Core option. The report has not been reviewed by a third party.

Governance of sustainability work

Sustainability is integrated in Balder's day-to-day operations and is governed by the general sustainability policy and the Code of Conduct. These policies interact with the company's business concept, goals and other policies for governing the company in a way that is sustainable in the long term. The sustainability policy includes the company's environmental policy.

The Board is ultimately responsible for the company's Code of Conduct and sustainability policy, and decides on these issues. The company's management team is responsible for implementing policies and

ensuring that they are followed. The CEO and management also have ultimate responsibility for the economic performance, and for ensuring that the company's business is conducted in an ethically correct manner. Managers from the property management organisation and new production are responsible for ensuring that the material environmental topics are taken into account in the day-to-day operations, as well as topics relating to social sustainability in the company's areas.

All managers with staff responsibility together with HR, are responsible for maintaining a good working environment with satisfied employees. The company has a sustainability manager who coordinates the internal work, as well as the external communications and reporting.

The Code of Conduct and related policies are based on international guidelines such as the UN Global Compact's principles for human rights, labour, the environment and anti-corruption, the UN Guiding Principles on Business and Human Rights, the ILO's Core Conventions and the OECD's Guidelines for Multinational Enterprises.

Each employee is responsible for observing the Code of Conduct. The company and those with staff responsibility are responsible for ensuring that all employees understand, can obtain advice and act in accordance with the Code of Conduct.

No cases of corruption have been reported during the year, nor have any cases of infringements of laws and regulations.

Compliance with and knowledge of the Code of Conduct and other policies are followed up annually and have been integrated into the company's

Area in Annual Accounts Act	Example of Balder's work	Page reference
Material topics	Annual review of materiality analysis, and holding of stakeholder dialogues.	31–32, 100–101
Environment	Structured work in order to minimise use of energy, water and chemicals, reduce emissions from transport operations and minimise waste.	33
Social conditions	Initiatives to create vibrant and safe areas and districts where tenants and others are happy and remain.	34–35
Employees	Attract and retain competent employees and continue to develop them.	37
Human rights	Continued work for increased diversity both internally and externally, development of areas and city districts and a fair letting process.	34–35, 37
Anti-corruption	Continued training in the Code of Conduct and policies, and follow-up on suppliers and partners.	35
Business model	The processes for management, new production and transactions are continually refined, in order to create further value for the company's stakeholders.	10
Policies and follow-up	Internal training in the Code of Conduct and other policies. Whistle-blowing function for the reporting of possible breaches.	37, 101
Risks	Continual analysis of risks and action plans for handling these issues. Balder has identified risks in the areas environment, social conditions and employees, as well as ethics and corruption.	47–48

SUSTAINABILITY NOTES

internal training system. The content of these documents is reviewed annually, in order to correspond with the company's operations and material topics.

Balder strives to create a good work environment based on gender equality and diversity, where the privacy of employees is safeguarded. All forms of harassment are forbidden, as is discrimination.

The company distances itself from all forms of forced labour and safeguards employees' freedom of expression and right of association. There were no cases of discrimination reported during the year. In Balder, 352 employees have collective bargaining agreements.

Management and development of properties, just like all business activity, is associated with risks and these must be handled responsibly and in a controlled manner. Balder works continually on identifying and reducing the risks that can impact operations. Handled in the right way, risks can generate opportunities and create value. For more information about risks and opportunities, see pages 47–48.

For Balder's wholly-owned subsidiaries, the same environmental policy and environmental goals apply as for Fastighets AB Balder. For SATO Oyj, see the company's website, sato.fi. For the environmental policies and environmental goals of other subsidiaries, see each company's website. For more information about Balder's subsidiaries, see Note 26, Participations in Group companies.

Stakeholders and material topics

Continuous dialogues with stakeholders combined with regular updating of the materiality analysis define which topics are the focus of Balder's work on sustainability. A review of the stakeholder model was carried out during the year.

The main groups of stakeholders defined comprise Customers, Employees, Owners and Society. The latter group includes, for example, government agencies and municipal authorities, business partners and suppliers, and tenants' associations.

Dialogues with stakeholder groups take place in many different forums. Dialogues with customers take place, for example, both on an ongoing basis and in connection with the CSI survey that is conducted every one and a half to two years. All employees have employee appraisals with their line manager at least once a year.

Different topics are important for each stakeholder group, and these different topics have been weighted to contribute to the materiality analysis that forms the basis of Balder's work on sustainability and this report.

Examples of material topics

Customers

- Well-being and security
- Development of homes/premises
 - Material selection
 - Energy consumption
- Influence
- Service

Employees

- Work environment
- Diversity
- Social engagement
- Secure employment

Owners

- Financial stability
- Yield
- Customer satisfaction
- Certification of properties

Society

- Long-term, ethical relationships
- Urban development
- Environmental impact
 - Waste and recycling
 - Transport operations
- Communication

SUSTAINABILITY NOTES



Properties

Material topics

- Minimise consumption of energy, water and chemicals
- Select renewable energy sources and less harmful materials
- Minimise waste and increase degree of sorting

Policies

- Sustainability Policy

Goals

- Reduce energy consumption and choose sustainable energy sources
- Reduce use of environmentally harmful substances and use resource-efficient materials
- Reduce waste volumes and increase the degree of sorting

Key ratios

- Energy consumption
- Emissions from transport operations
- Waste

GRI indicators

302-1	CRE1	305-2
303-5	CRE2	307-1

UN Sustainable Development Goals



Areas

Material topics

- Security and well-being in the company's property portfolio
- Responsible, efficient transport operations

Policies

- Sustainability Policy
- Code of Conduct

Goals

- Improvement in CSI results
- Encourage environment-friendly transport operations

GRI indicators

305-1
305-2

UN Sustainable Development Goals



Partnerships

Material topics

- Good, ethical external relationships
- Responsible suppliers

Policies

- Code of Conduct
- Sustainability Policy

Goals

- No incidents of corruption
- No incidents of discrimination

Key ratios

- CSI
- Number of reported incidents of corruption
- Number of reported incidents of discrimination

GRI indicators

205-2
205-3
419-1

UN Sustainable Development Goals



Coworkers

Material topics

- Satisfied employees and a good work environment
- Responsible, efficient travel

Policies

- Health and Safety Policy
- Code of Conduct
- Sustainability Policy

Goals

- Encourage environment-friendly transport operations

GRI indicators

404-3
405-1
406-1

UN Sustainable Development Goals



Finances

Material topics

- Keeping customers satisfied
- Long-term financial stability and profitability

Policies

- Code of Conduct
- Sustainability Policy

Goals

- Financial goals, see page 27
- Improvement in CSI results

Key ratios

- CSI
- Economic performance

GRI indicators

201-1

UN Sustainable Development Goals

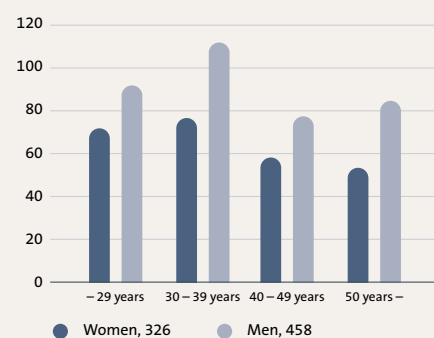


SUSTAINABILITY NOTES

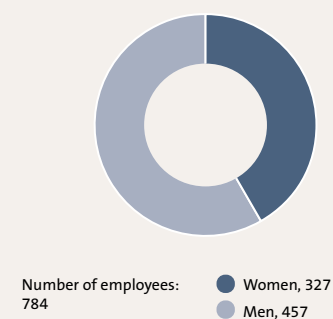
Key ratios

Employees

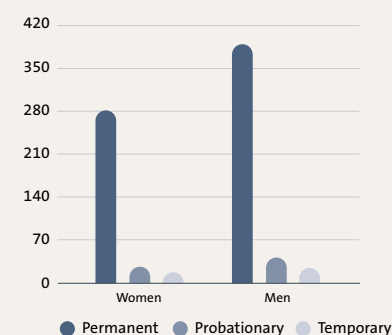
GENDER DISTRIBUTION BY AGE GROUP



NUMBER OF EMPLOYEES, FEMALE/MALE DISTRIBUTION



EMPLOYEES PER EMPLOYMENT FORM, NUMBER



OTHER EMPLOYEE INFORMATION

	2019	2018
Number of summer workers	56	39
Number of work placements	20	8
Number of reported cases of corruption	0	0
Number of reported cases of discrimination	0	0

Environment

CONSUMPTION

	2019	2018	2017
Consumption, total degree-day based, kWh	312,570,495	230,201,086	239,889,446
Consumption, kWh per sq.m. degree-day based	147.09	152.50	163.53
Water consumption total, m ³	2,189,858	1,879,818	1,938,207
Water consumption m ³ per sq.m.	1.15	1.25	1.32

PRODUCTION WIND POWER

	2019	2018	2017
Total, MWh	18,274	15,816	17,943

EMISSIONS

	2019
Scope 1, tonnes	11.37
Scope 2, tonnes	18,244.15
Intensity kg per sq.m.	7.49

SUSTAINABILITY NOTES

Responsibility and boundaries

Balder's responsibility primarily covers its own operations, but the company tries as far as possible to contribute to a positive development in a wider perspective, by such means as imposing requirements on suppliers and developing sustainable urban districts and areas.

In order to continue operating and growing, the company depends on long-term economic stability and profitability. This is achieved through solid management of the company's resources, but also depends on satisfied customers that want to continue renting homes and premises from Balder.

For Balder, it is very important to take responsibility for more than just the buildings the company owns, since this creates significant value. This is achieved by promoting security and comfort in the areas where the properties are located.

It is also accomplished by maintaining good and ethical external relationships, and also through collaboration with other players in order to develop districts and areas together. In the same way, the relationship with suppliers is very important, and Balder has zero tolerance of corruption and bribery.

Buildings have a large environmental impact in society, so this is a key issue for Balder. By minimising use of energy, water and chemicals, Balder aims to reduce the company's environmental impact. For the same reason, the company aims as far as possible to choose renewable energy sources and less hazardous materials, and to apply the precautionary principle in material selection and handling chemicals.

In order to contribute to the circular economy, the company also aims to minimise the volume of waste,

and to increase recycling whenever possible. Both in property management and new construction, the company depends on transport operations, and continual work is in progress to optimise these as much as possible to also reduce the environmental impact from these.

It is just as important to work to ensure that people feel happy in the company's properties by offering a good indoor environment. Balder is subject to environmental legislation in many areas and works actively to meet the requirements in both new production and in day-to-day management. Some of the company's focus areas are energy, waste management, indoor climate and potential environmental risks such as radon, PCB and asbestos.

Balder does not conduct any operations that require permits according to the Environmental Code. There is, however, a duty to report in respect of refrigerants. Balder's tenants may, however, conduct business operations that require permits or have a duty to report. There were no registered breaches of environmental legislation and regulations during the year.

Calculation methods

The figures that are reported relate to the parent company and wholly-owned subsidiaries and properties in Sweden that were owned by Fastighets AB Balder during the entire financial year 2019. Properties that are owned by part-owned associated companies are not included.

Balder's environmental data is based on measurements from the main meters for each type of media in the properties. These measurements show the

actual energy that is purchased for the properties. In those cases where the tenant themselves pays for all technical installations and purchasing in the properties, this is not included in the total.

Consumption of media is compiled through gathering data from Balder's central energy management system. The data that is reported is aggregated consumption data based on the degree-day method.

Balder reports emission data for Scope 1 and Scope 2. In Scope 1 emissions from the company's own service cars are included, based on approximation of actual consumption and emission data from suppliers. In Scope 2 emissions from consumption of electricity, heating and cooling are included, based on actual consumption and emission factors from the energy management supplier. Since August 2019, all electricity purchased for Balder's properties in Sweden is renewable.

Balder strives as far as possible to report key ratios related to the material topics identified, and also in respect of the areas defined in the Annual Accounts Act. Several areas will be updated when it comes to both governance and follow-up going forward. Apart from employee-related data, this also applies to key ratios linked to emissions, material, waste, chemicals and suppliers.



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Auditor's statement on the statutory sustainability report

To the Annual General Meeting of Fastighets AB Balder (publ), corporate identitynumber 556525-6905

Engagement and allocation of responsibility

The Board of Directors is responsible for the sustainability report for the year 2019 on pages 31–38 and 99–103 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

The focus and scope of the review

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's statement on the statutory sustainability report. This means that our review of the corporate governance report has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on

Auditing (ISA) and other generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

Opinion

A sustainability report has been prepared.

Gothenburg, 19 March 2020
Öhrlings PricewaterhouseCoopers AB

Bengt Kron
Authorised Public Accountant
Auditor in charge

Konstantin Belogorcev
Authorised Public Accountant



Property list

Acqui- sitions in 2019	Municipality	Name of property	Address	Year of con- struction or value	Property category	Site lease- hold right	Lettable area, sq.m.							Tax assess- ment value, SEKm
							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other	
HELSINKI REGION														
●	Finland	Espoo	Jousenpuistonkatu 2	2019	Retail			1,266						1,266
	Finland	Espoo	Suviniitynkatu 4	2018	Residential							579		579
	Finland	Espoo	Runoratsunkatu 3	2019	Residential							418		418
	Finland	Espoo	Reviisorinkatu 10	2019	Residential							739		739
	Finland	Espoo	Klippinkitie 7	2018	Residential							901		901
	Finland	Espoo	Pikkunevantie 5	2018	Residential							156		156
	Finland	Espoo	Tyrskyvuori 4	2007	Residential							630		630
	Finland	Espoo	Paapuri 4	2019	Residential							203		203
	Finland	Espoo	Linjaloistonkatu 3	2019	Residential							297		297
	Finland	Espoo	Tyypuuri2	2019	Residential							330		330
	Finland	Espoo	Sotilastorantie 1	2014	Residential							500		500
	Finland	Espoo	Kavallinmäki 13	2019	Residential							423		423
●	Finland	Helsinki	Läntinen Brahenkatu 2	1961	Hotel						3,979			3,979
	Finland	Helsinki	Sulhasenkuja 3	2005	Hotel						9,734			9,734
	Finland	Helsinki	Kalasatamankatu 9	2019	Residential							81		81
	Finland	Helsinki	Kyytimiehenkatu 1	2018	Residential							495		495
	Finland	Helsinki	Radiokuja 4	2019	Residential							177		177
	Finland	Helsinki	Laurinniityntie 17	2016	Residential							353		353
	Finland	Kerava	Niinikankaantie 9	2019	Residential							1,160		1,160
	Finland	Kirkkonummi	Vernerintie 12	2018	Residential							1,327		1,327
	Finland	Kirkkonummi	Vernerintie 8	2019	Residential							1,266		1,266
	Finland	Kirkkonummi	Vernerintie 6	2019	Residential							1,320		1,320
	Finland	Klaukkala	Isoseppäla 14	1966	Retail			3,008						3,008
	Finland	Nurmijärvi	Pikimetsäntie 11	2018	Residential							50		50
	Finland	Nurmijärvi	Ropakkotie 6	2018	Residential							196		196
	Finland	Nurmijärvi	Tornitie 4–6	2018	Residential							1,938		1,938
	Finland	Porvoo	Tarkmansintie 11	2018	Residential							2,772		2,772
	Finland	Sipoo	Tasbyntie 18	2018	Residential							1,448		1,448
	Finland	Sipoo	Tasbyntie 11	2018	Residential							2,224		2,224

ADDITIONAL INFORMATION | PROPERTY LIST

Acqui- sitions in 2019	Municipality	Name of property	Address	Year of con- struction or value	Property category	Site lease- hold right	Lettable area, sq.m.							Total	Tax assess- ment value, SEKm	
							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other			
	Finland	Sipoo	Gneissikaari 13	2019	Residential							414		414		
	Finland	Vantaa	Lincolninaukio 1	2019	Residential							2,515		2,515		
	Finland	Vantaa	Martinpolku 8	2018	Residential							49		49		
	Finland	Vantaa	Spinellikuja 5	2019	Residential							92		92		
	Finland	Vantaa	Valtimotie 3	2018	Residential							73		73		
	Finland	Vantaa	Kaivokselantie 5	2018	Residential							122		122		
	Finland	Vantaa	Peltolantie 30	2018	Residential							115		115		
	Finland	Vantaa	Kaivokselantie 5	2019	Residential							2,422		2,422		
	Finland	Vantaa	Jaspiskuja 6	2018	Residential							67		67		
	Finland	Vantaa	Valtimotie 3	2018	Residential							294		294		
	Finland	Vantaa	Martinlaaksonpolku 6	2019	Residential							779		779		
	Finland	Vantaa	Ohratie	2018	Residential							1,694		1,694		
	Finland	Vantaa	Keimolankaarre 3	2019	Residential							2,236		2,236		
	Finland	Vantaa	Maamiehentie 15	2017	Residential							172		172		
	Finland	Vantaa	Jaspiskuja 6	2019	Residential							61		61		
	Finland	Vantaa	Korsontie 14	2019	Residential							400		400		
	Finland	Vantaa	Lipstikkakuja 8	2018	Residential							118		118		
	Finland	Vantaa	Lipstikkakuja 1	2019	Residential							147		147		
	Finland	Vantaa	Martinpolku 10	2019	Residential							33		33		
	Finland	Vantaa	Spinellikuja 5	2019	Residential							69		69		
	Finland	Vantaa	Spinellikuja 9	2019	Residential							69		69		
	Finland	Vantaa	Kulorastaantie 3	2019	Residential							390		390		
	Finland	Vantaa	Rajatie 39	2019	Residential							140		140		
	Finland	Vantaa	Keltasafiirinpolku 3	2019	Residential							2,797		2,797		
	Finland	Vantaa	Keltasafiirinpolku 3	2019	Residential							790		790		
	Finland	Vantaa	Spinellikuja 5	2019	Residential							124		124		
	Finland	Vantaa	Kvartsijuonenkuja 1	2019	Residential							71		71		
	Finland	Vantaa	Spinellikuja 5	2018	Residential							68		68		
	Finland	Vantaa	Rajakyläntie 34	2013	Residential							320		320		
	Finland	Vantaa	Sinikuja 3	2015	Residential							336		336		
	Finland	Vantaa	Keltavuokontie 4	2016	Residential							418		418		
	Finland	Vantaa	Kaivokselantie 5	2019	Residential							298		298		
	Finland	Vantaa	Varikkokaarre 4	2019	Residential							642		642		
	Finland	Vantaa	Safirikuja 8	2019	Residential							465		465		
	Finland	SATO Oyj, several properties				Residential						1,033,592		1,033,592		
Total Helsinki Region								4,274				13,713	1,072,367		1,090,354	

ADDITIONAL INFORMATION | PROPERTY LIST

Acqui- sitions in 2019	Municipality	Name of property	Address	Year of con- struction or value	Property category	Site lease- hold right	Lettable area, sq.m.							Total	Tax assess- ment value, SEKm
							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
STOCKHOLM REGION															
	Botkyrka	Freja 2	Balders väg 10	1973	Residential							7,060	220	7,280	68
	Botkyrka	Freja 3	Balders väg 1	1973	Residential							7,060	220	7,280	65
	Botkyrka	Hallunda 4:11	Iduns väg 1–16		Other	Yes									
	Botkyrka	Hallunda 4:9	Balders väg 1–16		Other	Yes									
	Botkyrka	Idun 2	Iduns väg 10	1972	Residential							7,060	256	7,316	66
	Botkyrka	Idun 3	Iduns väg 1	1972	Residential				255			7,060		7,315	67
●	Haninge	Ribby 1:531	Ribby Allé 86 B	2015	Residential							3,140		3,140	39
	Huddinge	Björkgården 6	Vårby Allé 32	1973	Residential							14,917		14,917	154
	Huddinge	Bäckgården 8	Vårby Centrum	1974	Office	Yes	2,719	2,550	381				2,238	7,888	43
	Huddinge	Krongården 7	Krongårdsvägen 1	1973	Residential							42,030		42,030	420
	Huddinge	Vinkeln 7	Geometrivägen	1994	Retail			5,391						5,391	80
	Järfälla	Säby 3:29	Korpralsvägen 10	2008	Residential		10		372			5,344	8	5,734	105
	Karlskoga	Fordonet 1	Tibastvägen 10	1975	Retail	Yes		1,660						1,660	6
	Lidingö	Fjällräven 1	Karins Allé 3–7, Vesslevägen 3	1963/1999	Residential				100	4,348		2,561		7,009	
	Nacka	Sicklaön 354:1	Ektorpsvägen 2	1979	Office		6,058	3,871	1,172	5,726	1,385		320	18,532	78
	Nacka	Sicklaön 363:2	Värmdövägen 84	1986	Hotel		2,392		35		8,365			10,792	142
	Nacka	Ålta 9:130	Åltavägen 170	1992	Retail			960				880		1,840	24
	Norrtälje	Flygspanaren 8	Stockholmsvägen 39	1959	Retail			1,884						1,884	9
●	Nynäshamn	Loket 5 & 6	Nickstabadsvägen 14 A	2015	Residential							6,394		6,394	103
	Nynäshamn	Musköten 1	Björn Barkmans väg 1	1968	Residential		206		65			22,494	1,208	23,973	203
	Sollentuna	Ritmallen 2	Kung Hans Väg 10	1981	Residential		298		1,721		7,844		1,148	11,011	121
	Solna	Banken 14	Hotellgatan 11	1965	Hotel		93				11,444			11,537	177
	Solna	Puman 1	Bangatan 21	1972	Hotel		340		145		1,664			2,149	23
	Stockholm	Alptanäs 1	Haukadalsgatan 3	1981	Retail	Yes	2,222	6,713					859	9,794	79
	Stockholm	Berget 2	Västmannagatan 13		Project										27
	Stockholm	Doggen 1	Vinthusdsvägen 157	1974	Office		1,650							1,650	9
	Stockholm	Doggen 2	Vinthusdsvägen 159	1984	Office	Yes	4,721							4,721	23
●	Stockholm	Domherren 1	Rådmansgatan 12 A	1929	Office		9,719		26				714	10,459	478
	Stockholm	Fiskaren Större 3	Götgatan 21	1929	Residential		235	993				1,375		2,603	80
	Stockholm	Gladan 3	Sankt Göransgatan 159		Project	Yes									81
	Stockholm	Granen 21	Floragatan 13	1972	Office		4,304							4,304	145
	Stockholm	Göta Ark 18	Göta Ark 100	1985	Office	Yes	17,026	320	876				559	18,781	529
	Stockholm	Havsfrun 26	Artillerigatan 42	1929	Office		3,267		252					3,519	113
	Stockholm	Holar 3	Skalholtsgatan 10	1985	Other		6,135		1,072					7,207	74
	Stockholm	Islandet 4	Adolf Fredriks Kyrkogata 13	1908	Office		1,845	245	125					2,215	73

ADDITIONAL INFORMATION | PROPERTY LIST

Acqui- sitions in 2019	Municipality	Name of property	Address	Year of con- struction or value	Property category	Site lease- hold right	Lettable area, sq.m.							Total	Tax assess- ment value, SEKm
							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
	Stockholm	Järnplåten 23	Kungsgatan 37	1937	Office		5,226	440	171	148			2,048	8,033	484
	Stockholm	Katthavet 8	Näckströmsgatan 8	1863	Retail						8,022			8,022	313
	Stockholm	Kilaberg 1	Kilabergsvägen	1975	Office	Yes	7,893		5,009					12,902	
	Stockholm	Kungsbacken 8	Drottninggatan 108	1929	Office		1,787	563	67				25	2,442	74
	Stockholm	Kvasten 8	Mäster Samuelsgatan 10	1929	Office		1,336	614	81				10	2,041	219
	Stockholm	Lindansaren 23	Flaggstång, Holländargatan 22	1929	Office		7,103	863	603			293		8,862	267
	Stockholm	Luftspringaren 10	Saltmätargatan 10	1931	Office		498		18					516	
	Stockholm	Luftspringaren 16	Saltmätargatan 19 A	1929	Office		615	372	80			613	794	2,474	61
	Stockholm	Lärftet 2	Brommaplan 407	1941	Residential	Yes	204	530	143			895		1,772	33
	Stockholm	Magneten 32	Voltavägen 13	1982	Office		6,539	450	3,118					10,107	84
	Stockholm	Meteorologen 4	Finn Malmgrens Väg 9	1991	Residential	Yes		399				725		1,124	24
	Stockholm	Meteorologen 5	Finn Malmgrens Väg 11	1991	Residential	Yes		1,090	74			1,235		2,399	48
	Stockholm	Murmästaren 3	Garvargatan 10	1926	Other					16,325				16,325	
	Stockholm	Murmästaren 7	Hantverkargatan 31	1929	Office		2,448	462	89				83	3,082	105
	Stockholm	Murmästaren 9	Hantverkargatan 21	1929	Residential		1,414	756	6			2,444		4,620	135
	Stockholm	Prästgårdsängen 3	Götalandsvägen 218	1986	Office	Yes	5,385	847	39					6,271	65
	Stockholm	Silket 2	Brommabågen 4	1941	Retail	Yes	174	602	94			555	7	1,432	28
	Stockholm	Singeln 9	Sorterargatan 8	1970	Office	Yes	5,139		103					5,242	32
	Stockholm	Skeppshandeln 1	Hammarby Allé 45	2013	Retail		2,143	3,033	210		8,550			13,936	439
	Stockholm	Skeppshandeln 2			Project										74
	Stockholm	Snöflingan 3	Drottningsholmsvägen 59	2009	Hotel						22,000			22,000	489
	Stockholm	Spelbomskan 14	Gyldéngatan 6, Sandåsgatan 2	1939	Other				147	2,553				2,700	
	Stockholm	Spårvagnen 4	Birger Jarlsgatan 57	1995	Office		18,897	3,084	962				191	23,134	999
●	Stockholm	Tre Vapen 7	Valhallavägen 185	2004	Other		2,390		333	9,018				11,741	
	Stockholm	Tråden 1	Brommaplan 418–420	1941	Retail	Yes	555		41			537		1,133	22
	Stockholm	Varmvattnet 3	Esbogatan 8	1977	Retail	Yes		15,000					18,009	33,009	215
	Stockholm	Vattenkraften 1	Solkraftsvägen 13	1989	Office	Yes	6,408	734		3,689			4	10,835	46
	Stockholm	Vilunda 6:48	Hotellvägen 1	1986	Hotel						6,955			6,955	63
	Stockholm	Årstaäng 6	Fredsborgsgatan 24	2015	Office		16,388	815	849				7	18,059	460
	Stockholm	Årstaäng 4	Fredsborgsgatan 24	1966	Office	Yes	1,547		157	4,182			3	5,889	57
●	Sundbyberg	Basaren 1	Franstorpsvägen 19	1969	Residential		4,686		961	54		4,557	14	10,272	170
	Sundbyberg	Bivacken 2	Kavallerivägen 24	1990	Other		4,017	499	95	70			2	4,683	42
	Sundbyberg	Bollspelaren 1	Lötsjövägen 10	1993	Other				4,028	5,621				9,649	
	Sundbyberg	Kartan 1	Lötsjövägen 2	1971	Other		11,349		1,160		2,414	5,996	2	20,921	
	Sundbyberg	Kasernen 1	Kasernvägen 1	1940	Other					1,546			2	1,548	
	Sundbyberg	Kasernen 2	Kasernvägen 5	1940	Other					1,594				1,594	

ADDITIONAL INFORMATION | PROPERTY LIST

Acqui- sitions in 2019	Municipality	Name of property	Address	Year of con- struction or value	Property category	Site lease- hold right	Lettable area, sq.m.							Total	Tax assess- ment value, SEKm
							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
	Sundbyberg	Kasernen 3	Kasernvägen 3	1940	Other					1,551				1,551	
	Sundbyberg	Kvartermästaren 1	Rissne torg 1	1984	Retail		470	1,657	87	1,916			6	4,136	
	Sundbyberg	Maden 4	Madenvägen 7	1988	Retail	Yes	4,314	6,357					466	11,137	110
●	Sundbyberg	Muraren 9	Järnvägs-gatan 30	2002	Residential		4,037		19			3,166	1,069	8,291	142
	Sundbyberg	Terränglöp- aren 11	Hallonbergs- plan 1	1984	Office		7,355	5,628	2,994	3,829			4,867	24,673	155
	Södertälje	Grävmaski- nen 23	Morabergs- vägen 1	1973	Retail			2,391						2,391	4
	Södertälje	Yxan 8	Täppgatan 15	1975	Hotel						14,115			14,115	102
	Uppsala	Berthåga 53:1	Naturstens- vägen 101	2007	Residential							3,814		3,814	60
	Uppsala	Danmarks-Sä- by 11:1	Kumlagatan 12	2012	Retail			20,727					712	21,439	191
	Uppsala	Dragarbrunn 16:4	Dragarbrunns torg 18	1962	Hotel			680	51		5,275			6,006	111
	Uppsala	Kvarngärdet 3:2	Gamla Uppsa- lagatan 50	1983	Hotel						7,518			7,518	54
	Uppsala	Årsta 68:1	Fyrislundsga- tan 75	1976	Retail			7,558						7,558	61
	Uppsala	Årsta 94:1	Stålgatan 101	1988	Residential							5,274	39	5,313	83
	Uppsala	Årsta 95:1	Stålgatan 35	2005	Residential							4,117	8	4,125	62
	Örebro	Stjärnregnet 1	Otto E Andersens gata 1	1979	Retail			4,341						4,341	30
Total Stockholm Region							193,557	105,079	28,386	62,170	105,551	161,736	36,118	692,596	9,917
GOTHENBURG REGION															
	Ale	Nödinge 38:14	Ale Torg 10	2007	Retail		3,920	10,032	30					13,982	94
	Ale	Surte 1:245	Göteborgs- vägen 64B	1967	Residential		215	337				1,216	90	1,858	17
	Ale	Surte 1:293	Göteborgs- vägen 93A	1946	Residential					424		356		780	
	Ale	Surte 1:294	Brattåsstigen 6	1992	Residential					455		330		785	
	Ale	Surte 4:119	Göteborgs- vägen 64	1987	Retail		808	1,440	277			457	114	3,096	19
	Alingsås	Bagaren 14	Hantverksga- tan 2	1991	Residential							556		556	8
	Alingsås	Bagaren 2	Hantverksga- tan 4	1992	Residential							424	9	433	6
	Alingsås	Björkhagen 1	Björkhagega- tan 2A	2008	Residential							3,212		3,212	60
	Alingsås	Bolltorp 4:13	Bolltorp	2003	Residential							14,166		14,166	249
	Alingsås	Dryckeshor- net 1	Bankgatan 1	1911	Hotel			219			5,362			5,581	36
●	Alingsås	Safiren 1	Safirgatan 6A	1993	Residential							4,342		4,342	64
●	Alingsås	Skyffeln 2	Aleforsvägen 9	1973	Office				6,076					6,076	18
	Alingsås	Smedjan 3	Malmgatan 6A	1953	Retail			3,207					15	3,222	7
●	Borås	Bulten 1	Verkstads- gatan 3	1975	Retail			1,815						1,815	6
	Borås	Plutonen 1	Pickesjövägen 2	2011	Retail		40	12,318					762	13,120	66
	Borås	Vattnet 4	Elementga- tan 8	2018	Retail			7,716						7,716	41
	Borås	Vindtyget 6	Ödegårdsga- tan 2A	2012	Retail			3,350						3,350	21
	Gothenburg	Askim 243:20	Askims torg	1972	Office		1,803	638	553	1,385				4,379	29

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Acqui- sitions in 2019	Municipality	Name of property	Address	Year of con- struction or value	Property category	Site lease- hold right	Lettable area, sq.m.							Total	Tax assess- ment value, SEKm
							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
	Gothenburg	Backa 169:2	Södra Deltavägen 3B	1994	Retail			3,615						3,615	47
	Gothenburg	Backa 169:3	Södra Deltavägen 3A	2006	Retail			1,975						1,975	45
	Gothenburg	Backa 171:3	Backavägen 1	1955	Retail			4,353						4,353	53
	Gothenburg	Backa 171:4	Backavägen 3	1990	Office		4,861	3,968	8					8,837	108
	Gothenburg	Backa 21:14	Exportgatan 47B	1989	Other		608		1,784				108	2,500	13
	Gothenburg	Bagaregården 5:8	Kungälvsgatan 6A	1929	Residential							584		584	16
	Gothenburg	Bagaregården 5:9	Kungälvsgatan 6A	1929	Residential							581		581	16
	Gothenburg	Bergsjön 34:1	Atmosfärgatan 1	1970	Residential		115		281			22,271		22,667	204
	Gothenburg	Bergsjön 9:6	Kosmosgatan 1	1967	Residential		77	162	399			41,610	3,537	45,785	397
	Gothenburg	Biskopsgården 7:1	Långströmsgatan 26	1967	Residential	Yes			388			15,278		15,666	136
	Gothenburg	Biskopsgården 7:2	Långströmsgatan 14C	1967	Residential	Yes	1,130		215			13,744		15,089	126
	Gothenburg	Biskopsgården 7:3	Långströmsgatan 10A	1968	Residential	Yes			278			13,736		14,014	122
	Gothenburg	Bråmregården 72:4	Hisingsgatan 28	1959	Office	Yes	2,495	889	42				20	3,446	29
	Gothenburg	Bur 134:1	Oxholmsgatan 28	1989	Residential								302	302	
	Gothenburg	Bö 93:2	Sofierogatan 1	1940	Office		8,304		472				316	9,092	119
	Gothenburg	Gamlestaden 25:11	Marieholmsgatan 4	1990	Office	Yes	2,988	681	178				70	3,917	28
	Gothenburg	Gamlestaden 26:13	Vassgatan 3	1988	Office	Yes	3,803		6,363				4,016	14,182	64
	Gothenburg	Gullbergsvass 11:2	Gullbergs Strandgata 40	1977	Other	Yes			5,865					5,865	27
	Gothenburg	Gårda 15:1	Fabriksgatan 7	1929	Office		7,200	207	487					7,894	194
	Gothenburg	Gårda 15:1 (15:12)	Drakegatan 2	1937	Residential		1,583	87				6,717		8,387	237
●	Gothenburg	Gårda 70:9	Kobbarnas väg 17	1985	Residential							1,519		1,519	39
	Gothenburg	Göteborg Tuve 116:6	Grimbodalen 6	2008	Retail			3,213						3,213	22
	Gothenburg	Heden 24:11	Engelbrektsgatan 73	1964	Hotel	Yes					17,875			17,875	305
	Gothenburg	Heden 47:3	Parkgatan 49	2015	Office		5,788	472	50				1,231	7,541	271
	Gothenburg	Högsbo 1:1	J A Wettergrens gata 7	1967	Office		11,165		3,527				124	14,816	66
	Gothenburg	Högsbo 11:10	Victor Hasselblads gata 8	1982	Office		4,050							4,050	20
	Gothenburg	Högsbo 23:4	Gustaf Werners gata 1	2006	Retail			33,159						33,159	451
	Gothenburg	Högsbo 36:2	Norra Långebergsgatan 2	1974	Retail			5,597					456	6,053	46
	Gothenburg	Högsbo 36:8	Hulda Mellgrens gata 11	1992	Retail		2,448							2,448	33
	Gothenburg	Högsbo 38:17	Sisjö Kullegata 5	1986	Office		1,680						26	1,706	15
	Gothenburg	Högsbo 38:20	Sisjö Kullegata 6	1989	Office		2,010		780					2,790	22
	Gothenburg	Högsbo 38:8	Sisjö Kullegata 8	1990	Office		4,825		2,190				13	7,028	62
	Gothenburg	Inom Vallgraven 1:13	Drottninggatan 62	1986	Hotel						26,656			26,656	460
	Gothenburg	Inom Vallgraven 14:1	Södra Hamngatan 2	1907	Retail			2,637			2,190			4,827	114
	Gothenburg	Inom Vallgraven 15:3	Drottninggatan 30	1980	Office		3,847	379	169					4,395	124
	Gothenburg	Inom Vallgraven 16:21	Drottninggatan 10	1882	Retail		2,370	352	86				200	3,008	91

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Acqui- sitions in 2019	Municipality	Name of property	Address	Year of con- struction or value	Property category	Site lease- hold right	Lettable area, sq.m.							Total	Tax assess- ment value, SEKm
							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
	Gothenburg	Inom Vallgraven 19:4	Drottninggatan 31	1929	Office		852	183						1,035	30
	Gothenburg	Inom Vallgraven 19:6	Drottninggatan 35	1929	Office		525	510						1,035	25
	Gothenburg	Inom Vallgraven 2:2	Drottninggatan 69	1853	Office		1,038	254						1,292	42
	Gothenburg	Inom Vallgraven 22:6	Kungsgatan 41	1869	Office		405	705						1,110	43
	Gothenburg	Inom Vallgraven 33:7	Magasinsgatan 26	1929	Office		2,189	897				258	387	3,731	82
	Gothenburg	Inom Vallgraven 36:4	Kaserntorget 11A	1912	Office		2,447		10	9,494			4,859	16,810	
	Gothenburg	Inom Vallgraven 4:2	Lilla Kungsgatan 1	1929	Office		2,068	630	62				1,001	3,761	98
	Gothenburg	Inom Vallgraven 4:4	Lilla Kungsgatan 3	1929	Office		5,819							5,819	105
	Gothenburg	Inom Vallgraven 54:10	Lilla Torget 3	1929	Office		700	175						875	16
	Gothenburg	Inom Vallgraven 54:9	Lilla Torget 4	1929	Office		802		8					810	18
	Gothenburg	Inom Vallgraven 58:6	Kungsgatan 34	1989	Office		2,816	328	10				1,374	4,528	159
	Gothenburg	Inom Vallgraven 8:1	Kyrkogatan 29–31	1850	Retail		1,526	1,668					10	3,204	137
	Gothenburg	Inom Vallgraven 8:19	Kungsgatan 56	1962	Office		712	409						1,121	66
	Gothenburg	Inom Vallgraven 8:20	Kyrkogatan 33	1940	Retail			803						803	21
	Gothenburg	Järnbrott 145:6	Svängrumsgatan 45	1963	Residential							3,899	13	3,912	82
●	Gothenburg	Kobbegården 6:169	Datavägen 18	1980	Office				1,555					1,555	7
●	Gothenburg	Kobbegården 6:170	Datavägen 16	1985	Office				1,574					1,574	8
●	Gothenburg	Kobbegården 6:259	Datavägen 41		Office										3
●	Gothenburg	Kobbegården 6:261	Datavägen 37	1976/1981	Office		2,896	386	5,670					8,952	52
●	Gothenburg	Kobbegården 6:56	Datavägen 12B	1981	Office		1,530		1,343					2,873	16
	Gothenburg	Kobbegården 6:725	Datavägen 12A	1988	Office		3,268							3,268	36
	Gothenburg	Kvillebäcken 16:10	Färgfabriksgratan 7	1965	Other		100	1,876	527				985	3,488	8
	Gothenburg	Kvillebäcken 16:11	Gamla Björlandavägen 2	1966	Office		3,026	780	217				4,288	8,311	43
●	Gothenburg	Kvillebäcken 61:5	Ångpannegatan 1	1945	Office				3,564					3,564	2
●	Gothenburg	Kvillebäcken 61:8	Turbingatan 1	1985	Project										12
	Gothenburg	Kvillebäcken 62:7	Ångpannegatan 2		Project										12
	Gothenburg	Kålltorp 36:7	Solrosgatan 13A	1935	Residential							769	105	874	20
	Gothenburg	Kålltorp 39:1	Råstensgatan 2A	1936	Residential							846		846	20
	Gothenburg	Kärä 32:22	Tagenevägen 26	1980	Retail			2,800						2,800	20
	Gothenburg	Kärä 73:1–2	Tagenevägen 17A	1971	Retail	Yes	192	3,960					220	4,372	28
	Gothenburg	Kärä 95:3	Orrekullaindustrigata 14	1990	Retail			7,080					129	7,209	56
	Gothenburg	Lindholmen 29:1	Theres Svenssons Gata 15	2002	Office		11,400	475	347				1	12,223	301
	Gothenburg	Lindholmen 39:2	Lindholmospiren 4	2013	Hotel						13,299			13,299	299
	Gothenburg	Lorensberg 45:20	Kungssportsavenyen 6–8	1971	Hotel			1,357			2,305			3,662	136
	Gothenburg	Lorensberg 46:1	Kungssportsavenyen 3	1929	Retail		737	1,823	42				316	2,918	66
	Gothenburg	Lorensberg 46:10	Kungssportsavenyen 17	1944	Office		983	572						1,555	48

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							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
	Gothenburg	Lorensberg 46:11	Teatergatan 18	1929	Retail								1,203	1,203	23
	Gothenburg	Lorensberg 46:12	Kungssportsavenyen 11	1929	Retail			2,394						2,394	66
	Gothenburg	Lorensberg 46:5	Kungssportsavenyen 7	1929	Retail		201	766						967	27
	Gothenburg	Lorensberg 46:6	Kungssportsavenyen 9	1950	Retail								1,176	1,176	37
●	Gothenburg	Lorensberg 49:2	Storgatan 33	1983	Hotel						1,500			1,500	23
●	Gothenburg	Lorensberg 55:15	Södra vägen 23	1969	Office		2,700	8,690	336		13,158			24,884	851
●	Gothenburg	Lorensberg 55:4	Södra vägen 27	1968	Office			120		3,256				3,376	
●	Gothenburg	Lorensberg 55:8	Lorensbergsgatan 16	1968	Office										24
●	Gothenburg	Lunden 45:2	Platågatan 3A	1986	Residential							625		625	16
●	Gothenburg	Masthugget 11:13	Andra Långgatan 29	1970	Office		18,240	2,751	904	2,046		7,707	880	32,528	546
	Gothenburg	Nordstaden 10:15	Köpmansgatan 27	1929	Office		1,031	590					812	2,433	99
	Gothenburg	Nordstaden 10:16 & 10:17	Köpmansgatan 29	2008	Hotel			113			7,753			7,866	193
	Gothenburg	Olskroken 10:5	Olskroksgatan 30	1985	Office		1,974		32	3,449				5,455	
	Gothenburg	Olskroken 25:11	Falkgatan 7	1932	Other					1,969			292	2,261	
	Gothenburg	Rud 8:10	Munspelsgatan 10	1962	Residential		255		614			43,673	805	45,347	729
	Gothenburg	Sannegården 25:1	Säterigatan 20	1971	Other		2,846		192					3,038	24
	Gothenburg	Sannegården 28:5	Sjöporten 1	1945	Office		69	307			1,161			1,537	17
●	Gothenburg	Stampen 7:12	Burggrevegatan 25	1970	Hotel						3,533			3,533	86
	Gothenburg	Tingstadsvassen 3:6	Krokegårdsgatan 3	1944	Retail		128	3,560	100				6	3,794	77
	Gothenburg	Tingstadsvassen 3:7	Krokegårdsgatan 7	1987	Retail			5,243						5,243	116
●	Gothenburg	Tingstadsvassen 3:8	Krokegårdsgatan 5	1991	Retail			4,865						4,865	126
●	Gothenburg	Tingstadsvassen 4:3	Krokegårdsgatan 1	1986	Retail		502	3,268					15	3,785	85
	Gothenburg	Torslanda 153:1	Mossfyndsgatan 15	1989	Residential	Yes	362							362	
	Gothenburg	Torslanda 155:3	Mossfyndsgatan 10	1989	Residential	Yes	300							300	
	Gothenburg	Torslanda 95:1	Torslanda torg 2	1973	Retail		231	4,578	26			871	968	6,674	51
●	Gothenburg	Uggledal 408:1	Uggledalsvägen 13	2010	Office		3,200							3,200	23
	Gothenburg	Utby 39:11	Västra Tvärskedet 3	1990	Residential					116		351		467	
	Jönköping	Visionen 4	Bataljonsgatan 14	2016	Retail			22,448					385	22,833	166
	Kungsbacka	Hede 4:14	Hedebrovägen 15	2011	Retail			4,177						4,177	29
●	Kungsbacka	Bolsheden 1:18	Bolshedens Industriväg 35	2006	Office		2,823		1,745					4,568	26
●	Kungsbacka	Bolsheden 1:48	Bolshedens Industriväg 30	1992	Office		699		4,210					4,909	19
	Kungsbacka	Kungsbacka 6:28	Smörhålevägen 1	1993	Other								2,675	2,675	
	Kungsbacka	Kungsbacka 6:29	Smörhålevägen 3–5	1993	Other								5,019	5,019	
	Kungsbacka	Spekedal 1:104	Kopparvägen 4–14	1988	Residential							2,519		2,519	27
	Kungsbacka	Spekedal 1:92	Gottskärsvägen 28	1987	Residential							681		681	6

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							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
	Kungsbacka	Varla 2:367	Energigatan 3	1986	Other								563	563	3
	Kungsbacka	Varla 2:394	Energigatan 5A–C	1987	Other								685	685	4
	Kungsbacka	Varla 2:429	Magasinsgatan 2A	2004	Other								1,172	1,172	8
●	Kungsbacka	Verkmästaren 10	Hantverksgatan 3	1975	Office			1,744						1,744	15
	Kungsbacka	Verkmästaren 11	Lantmannagatan 4		Project										1
	Kungsbacka	Ysby 2:25	Klovstensvägen 13–17		Other										
	Kungälv	Klocktornet 36	Västra gatan 57	1972	Project										31
	Kungälv	Krabbetornet 1&35	Västra gatan 84	1938	Retail		391	840				272		1,503	15
	Kungälv	Rhodin 19	Strandgatan 77	1967	Retail			2,822	91				7	2,920	30
●	Kungälv	Skatan 1	Christian IV:s väg 1	1976	Office			1,489						1,489	7
	Kungälv	Skomakaren 10	Fabriksgratan 10	1988	Office		1,781	478	79	1,474			312	4,124	
	Kungälv	Slottsträdgården 5	Gamla torget	1958	Hotel						6,100			6,100	31
	Kungälv	Stopet 1	Fräkne Gränd 20	2018	Residential			221				7,866		8,087	126
	Lerum	Floda 3:121	Gamla Vägen 26	1991	Residential							1,016		1,016	14
	Lerum	Lerum 43:21	Skattegårdssbacken 10	1991	Residential							1,383		1,383	3
	Lerum	Torp 1:328	Lindvägen 34A	1988	Residential							428	11	439	5
	Mariestad	Enen 23	Viktoriagatan 16	1985	Retail			3,889				1,952		5,841	42
	Mariestad	Furan 11	Stockholmsvägen 23	1962	Residential		121					1,620	637	2,378	45
	Mariestad	Furan 12	Stockholmsvägen 25	1962	Residential				6			4,254		4,260	
	Mariestad	Fårtickan 1	Bergsgatan 20	1968	Residential							4,632		4,632	34
	Mariestad	Granen 8	Viktoriagatan 17		Other										
	Mariestad	Hunden 3	Nya Torget 1	1965	Retail			2,187	260			158	1,251	3,856	16
	Mariestad	Murklan 1	Bergsgatan 18	1968	Residential							12,557		12,557	91
	Mariestad	Staren 8	Nygatan 14	1966	Retail		355	1,621				65	21	2,062	8
	Möln dal	Bastuban 1	Bäckstensgatan 5		Project										352
	Möln dal	Gaslyktan 2	Argongatan 20	1981	Retail			3,483					81	3,564	31
●	Möln dal	Fallström 14	Fallströmsgatan 1	1996	Office		89					1,300		1,389	
●	Möln dal	Gaslyktan 8	Argongatan 8	1977	Office		478		5,913					6,391	35
	Möln dal	Leoparden 2	Göteborgsvägen 129	1923	Retail		1,476	20,669					495	22,640	125
	Möln dal	Pianot 5	Bäckstensgatan 13	2009	Retail		2,390							2,390	22
	Möln dal	Presenten 1	Flöjelbergsgatan 24	2001	Retail		774	12,726					77	13,577	96
	Möln dal	Presenten 2	Flöjelbergsgatan 22	1978	Retail			2,250					75	2,325	12
	Möln dal	Stockrosen 10	Norra Ågatan 26C	1973	Office		1,648		53				35	1,736	13
	Möln dal	Stockrosen 3	Norra Ågatan 38	1964	Office		604	408	4,880				190	6,082	21
	Möln dal	Stockrosen 6	Norra Ågatan 34	1948	Office		551	1,212	252					2,015	14
	Skövde	Dagslåndan 10	Barkvägen 10A	1972	Residential		222					22,212		22,434	172

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							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		Total
	Skövde	Ekoxen 10	Barkvägen 32	1974	Residential		2,478	180			22,158	5,815	30,631	203	
	Skövde	Mellomkvarn 1	Mellomkvarnsvägen 2	1972	Retail			10,959					10,959	37	
	Skövde	Smeden 5	Petter Heléns Gata 2	1976	Office	Yes	2,574						2,574	16	
	Skövde	Storängen 13	Kåsatorpsvägen 5	1992	Office		2,205		70				2,275	13	
	Trollhättan	Fullriggaren 1	Sandviksvägen 2	1990	Retail			2,200					2,200	9	
	Trollhättan	Hoppet 1	Drottningg 13, Staveredsg 19	1992	Residential		295				2,341	265	2,901	35	
	Trollhättan	Plogen 1	Lantmannavägen	1969	Residential	Yes	32		316		11,156		11,504	82	
	Trollhättan	Plogen 2	Lantmannavägen	1967	Residential	Yes					10,387	168	10,555	64	
	Trollhättan	Propellern 7	Saabvägen 1	1992	Office		4,759					9	4,768	14	
	Trollhättan	Sjöfrun 5	Magasinsg 4A–4B, Storgatan 35	1936	Residential			193			1,367	161	1,721	19	
	Trollhättan	Strandpiparen 12	Slättbergsvägen 22	1952	Residential				14		640	110	764	8	
	Trollhättan	Svan 7	Storgatan 47	1989	Hotel					11,632			11,632	51	
	Trollhättan	Venus 9	Föreningsg 10A–10C, Österlångg 44–46	1989	Residential		1,250	475			1,594		3,319	29	
	Uddevalla	Bagge 7	Kungsgatan 10	1968	Retail		1,050	1,569	103				2,722	21	
	Uddevalla	Frölandsgärdet 2	Brunegårdsvägen 5	1989	Retail			5,516				136	5,652	20	
	Uddevalla	Kålgården 51	Kyrkogårdsgatan 1,3,5	1930	Hotel		1,189	590	500	294	6,500	10	9,083	49	
	Uddevalla	Sälghugget 1	Lillbräckegatan	1972	Residential	Yes	243	239	206		14,420		15,108	155	
	Varberg	Kardanen 4	Kardanvägen 6A	1991	Retail			3,847					3,847	14	
Total Gothenburg Region							186,679	276,166	66,329	24,362	119,024	326,985	51,619	1,051,164	12,754
COPENHAGEN REGION															
	Greve	Land reg. no. 60s	Ventrupparken 6	2010	Retail				4,909				4,909		
	Copenhagen	Land reg. no. 1002 d Sundby Overdrev	Hannemanns Allé	2018	Residential						7,137		7,137		
	Copenhagen	Land reg. nos. 1034, 1035, 955a Sundby Overdrev	Else Alfelts Vej 85–89, 95–101, Richard Mortensens Vej 84–88	2016	Residential						18,234		18,234		
	Copenhagen	Land reg. no. 1041 Sundby øster	Lergravsvej nos. 64–76, Øresundsvej 145–159	2017/2018	Residential						41,534		41,534		
	Copenhagen	Land reg. nos. 130 & 158 Vestervold Kvarter	Colbjørnsensgade 13	1889	Hotel					5,120			5,120		
	Copenhagen	Land reg. no. 1565 Udenbys Vester	Havneholmen 12 B-G, 14 B-G	2016	Residential						17,286		17,286		
	Copenhagen	Land reg. no. 2406 Udenbys Klædebo Kvarter	Marskens Gade 1–35, Borgm. Jens- ens Allé 11–41, Serridslevvej 4–22	1996	Residential						43,684		43,684		
	Copenhagen	Land reg. no. 274 Vestervold Kvarter	Jernbanegade 8	1912	Other							5,300	5,300		

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Acquisitions in 2019	Municipality	Name of property	Address	Year of construction or value	Property category	Site lease-hold right	Lettable area, sq.m.							Total	Tax assessment value, SEKm
							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
	Copenhagen	Land reg. no. 329 Vestervold Kvarter	Bernstorffsgade 4	1913	Hotel						5,310			5,310	
	Copenhagen	Land reg. no. 371 Vestervold Kvarter	Vester Farimagsgade 33	1950	Hotel						6,308			6,308	
	Copenhagen	Land reg. no. 378 Vestervold Kvarter	Vester Farimagsgade 17	1957	Hotel						5,181			5,181	
	Copenhagen	Land reg. no. 59o Hillerød Markjorder	Studiestræde 3–27, 3400 Hillerød		Project										
	Copenhagen	Land reg. no. 938 Østervold Kvarter	Oslo Plads 5	1958	Hotel						7,453			7,453	
	Copenhagen	Land reg. no. 952 g Sundby Overdrev	Else Alfelts Vej 52–58	2019	Residential							21,209		21,209	
	Copenhagen	Land reg. no. 954 b, Sundby Overdrev	Else Alfelts Vej 80	2017	Residential							15,035		15,035	
	Copenhagen	Land reg. nos. 957 and 980A Sundby Overdrev	Richard Mortensens vej 60		Project										
	Copenhagen	Land reg. no. 964 s, Sundby Overdrev	Robert Jacobsens Vej 50	2019	Residential							20,953		20,953	
	Copenhagen	Land reg. no. 966 Sundby Overdrev	Robert Jacobsens vej 93–101	2009	Residential							6,807		6,807	
	Copenhagen	Land reg. no. Vestervold kvarter 0273	Niels Brocks Gade 1	2017	Hotel						5,300			5,300	
Total Copenhagen Region									4,909		34,672	191,879	5,300	236,760	
SOUTH REGION															
	Burlöv	Tågarp 16:12	Testvägen 4	1990	Retail			3,360						3,360	14
	Gislaved	Anderstorp 8:16	Ågatan 35	1970	Retail			1,400					100	1,500	3
	Halmstad	Eketånga 24:20	Olofsdalsvägen 33	1973	Retail			5,836						5,836	30
	Halmstad	Eketånga 24:47	Olofsdalsvägen 37	2012	Retail			3,220						3,220	29
	Halmstad	Stenalyckan 2	Orkangatan 1	1992	Retail			3,750						3,750	17
	Helsingborg	Amerika Södra 28	Bryggaregatan 7	1950	Residential		561	501	20			5,094	1,363	7,539	111
	Helsingborg	Huggjärnet 10	Garnisonsgatan 5	1971	Retail			11,110						11,110	30
	Helsingborg	Skalbaggen 15	Gustav Adolfs Gata 13	1939	Residential							762	19	781	7
	Helsingborg	Skalbaggen 16	Gasverksgatan 32 A	1935	Residential			195				2,155	65	2,415	22
	Helsingborg	Skalbaggen 17	Gasverksgatan 34	1935	Residential			83				712	32	827	7
	Helsingborg	Skalbaggen 18	Gasverksgatan 36	1933	Residential			34				818	66	918	7
	Helsingborg	Skalbaggen 19	Gasverksgatan 38	1935	Residential							708	57	765	6
	Helsingborg	Skalbaggen 20	Gasverksgatan 40	1935	Residential			83				632	109	824	6

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Acqui- sitions in 2019	Municipality	Name of property	Address	Year of con- struction or value	Property category	Site lease- hold right	Lettable area, sq.m.							Total	Tax assess- ment value, SEKm
							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
	Helsingborg	Skalbaggen 21	Gasverksgatan 42	1935	Residential							711	103	814	7
	Helsingborg	Skalbaggen 22	Gasverksgatan 44 A	1930	Residential			143				1,905		2,048	17
	Helsingborg	Skalbaggen 23	Gustav Adolfs Gata 17	1967	Residential							3,685	60	3,745	36
	Helsingborg	Skalbaggen 24	Gustav Adolfs Gata 15	1983	Residential							2,134		2,134	20
	Helsingborg	Skalbaggen 7	Drakegatan 5	1929	Residential							688	111	799	7
	Helsingborg	Verdandi 1	Bifrostgatan 71	2006	Residential			62				3,763		3,825	53
	Helsingborg	Württemberg 20	Furutorpsgatan 29	1937	Retail		1,589	6,123	15			4,786	1,314	13,827	146
	Helsingborg	Zirkonen 3	Andesitgatan 18	2016	Retail			5,500						5,500	42
	Kristianstad	Hammar 9:184	Blekingevägen 104	1989	Retail								5,135	5,135	12
	Kristianstad	Hovrätten 41	Västra Storgatan 13	1985	Hotel			380			7,075			7,455	40
	Kristianstad	Topplocket 1	Sävevägen 1	1999	Retail			6,509						6,509	37
	Kristianstad	Traversen 1	Hedentorpsvägen 14A	1990	Retail			2,088						2,088	6
	Ljungby	Linné 9	Fabriksgatan 5	1970	Retail			1,975						1,975	4
	Lund	Dioriten 1	Brunnsgård, Råbyvägen 1	2001	Office		3,080							3,080	34
	Lund	Jöns Petter Borg 14	Hedvig Möllers gata 2	2013	Hotel						8,462			8,462	73
	Lund	Kalkstenen 1	Kalkstensvägen 32	2000	Retail			2,180						2,180	12
	Lund	Kopparkisen 13	Porfyrvägen 11	1989	Retail			4,732					72	4,804	22
	Lund	Lagfarten 1 & 2	Magistratsvägen 10	1968	Office		3,472	1,005	289					4,766	35
	Lund	Porfyren 2	Glimmervägen 3	1991	Hotel						15,711			15,711	105
	Lund	Rügen 1	Stralsundsvägen 1–25	2006	Residential							3,083		3,083	51
	Lund	Rügen 2	Stralsundsvägen 29	2006	Residential							5,264	528	5,792	95
	Malmö	Automobilen 1	Jägersrovägen 100	1985	Retail	Yes		9,891					827	10,718	42
	Malmö	Draglädret 1	Jägersrovägen 179	1994	Retail			2,679						2,679	19
	Malmö	Grytan 4	Agneslundsvägen 24 A-B	2010	Other	Yes				2,400				2,400	
	Malmö	Grytan 9	Agneslundsvägen 22	2010	Other		98	164	418	11,580		1,366	762	14,388	
●	Malmö	Hans Michelsen 10	Adelgatan 5	1963	Hotel		1,955	558			1,645		10	4,168	40
	Malmö	Hästkälken 3	Jägershillgatan 4	1979	Retail			2,290						2,290	11
	Malmö	Ledebur 15	Amiralsgatan 20	1990	Office		6,136						1,300	7,436	87
●	Malmö	Lejonet 1	Isak Slaktaregatan 2	1991	Hotel						3,849			3,849	72
	Malmö	Lejonet 2	Lilla Torg 1	1929	Office		4,929	39	68			314	504	5,854	130
	Malmö	Rosen 9	Engelbrektsgatan 2	1960	Hotel			1,430			9,777			11,207	161
	Malmö	Spinneriet 8	Baltzarsgatan 20	1957	Office		12,342	2,966	2,219		5,540		1,454	24,521	539
	Malmö	Spännbucklan 12 & 13	Agnesfridsvägen 180	1983	Retail	Yes		5,320						5,320	26
	Malmö	Von Conow 54	Baltzarsgatan 31	1964	Office		9,731	3,987	491			2,584	4,185	20,978	464
	Trelleborg	Lavetten 41	Hedvägen 167–173	1987	Retail			990						990	5
	Trelleborg	Phylatterion 6	Bryggaregatan 25–39	1991	Retail			3,520	1,563					5,083	17

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Acqui- sitions in 2019	Municipality	Name of property	Address	Year of con- struction or value	Property category	Site lease- hold right	Lettable area, sq.m.							Total	Tax assess- ment value, SEKm
							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
	Trelleborg	Snickeriet 16–17 and Verkstden 11	Maskingatan 1	1975	Retail			1,600					220	1,820	6
	Värnamo	Sjötungan 1	Margretelundsvägen 2	1973	Retail			4,924					425	5,349	15
	Växjö	Elden Södra 17	Biblioteksgatan 7	1985	Hotel			65			6,888		57	7,010	40
	Växjö	Kocken 3	Hejaregatan 19	1969	Hotel						3,982			3,982	19
	Åstorp	Asken 14	Esplanaden 15	1952	Residential		167	239	53			771		1,230	8
	Åstorp	Blåkklockan 9	Fågelsångsgatan 32 A	1966	Residential							808		808	6
	Åstorp	Boken 4	Esplanaden 19 A	1945	Residential		243	1,207	154			7,606		9,210	70
	Åstorp	Ekorren 27	Skolgatan 7	1929	Residential			162	70			724		956	7
	Åstorp	Hyllinge 5:122	Postgatan 12 A	1963	Residential				164	120		7,431	134	7,849	34
	Åstorp	Hästhoven 12	Fabriksgatan 19 A	1960	Residential			704	110			2,633		3,447	23
	Åstorp	Kastanjen 16	Esplanaden 7	1972	Residential		1,919	833				3,412	156	6,320	42
	Åstorp	Linden 11	Nyvångsgatan 1 A	1961	Residential							340		340	3
	Åstorp	Lotusblomman 15	Nyvångsgatan 31	1961	Residential							340		340	3
	Åstorp	Lungörten 1	Nyvångsgatan 2 A	1961	Residential							792		792	4
	Åstorp	Lärksoppen 10	Ekebrogatan 100	1972	Residential				28			8,050	165	8,243	33
	Åstorp	Lärkträdet 10	Ekebrogatan 1	1970	Residential				42			5,799	142	5,983	24
	Åstorp	Moroten 10	Torggatan 35 A	1954	Residential							776		776	5
	Åstorp	Resedan 1	Norra Storgatan 10 A	1964	Residential				20			1,061		1,081	7
	Åstorp	Svärdsliljan 7	Östergatan 16 A	1958	Residential		245	457	16			6,457		7,175	45
	Åstorp	Tranan 1	Fjällvägen 10 A	1991	Residential							3,820		3,820	33
	Ängelholm	Skräddaren 5	Verkstadsgratan 5	1973	Retail			1,180						1,180	4
	Ängelholm	Taktäckaren 6	Midgårdsgatan 11	2015	Retail		676	5,655					429	6,760	36
	Germany	Several properties			Hotel						40,381			40,381	
●	UK	London	8 Fenchurch Place	1986	Office		9,161							9,161	
●	UK	London	11 Ironmonger Lane	2008	Office		1,800							1,800	
Total South Region							58,104	111,129	5,740	14,100	103,310	91,951	19,904	404,238	3,222
EAST REGION															
	Gotland	Soldaten 1	Volontärgatan	2005	Residential				29			3,050	50	3,129	35
	Linköping	Nöjet 1	Låsbomsgatan 27	2010	Retail			1,380						1,380	9
	Linköping	Paletten 2	Ottargatan 1	1972	Retail			5,317					440	5,757	38
	Linköping	Papegojan 1	Vigfastgatan 5	1967	Retail			7,775					15	7,790	36
	Norrköping	Gärdet 1	Rågången 71	1958	Residential			491	7			4,609		5,107	68

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							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		Total
	Norrköping	Lammet 2	Kungstorget 2	1939	Residential		173	1,950				2,405	60	4,588	45
	Norrköping	Lokatten 12	Trädgårdsgatan 8B	1992	Residential		1,693	380				5,364	539	7,976	108
	Norrköping	Planket 20	Bråddgatan 54	1983	Residential							1,139		1,139	17
	Norrköping	Planket 23	Plankgatan 46	1940	Residential		25	60				940	600	1,625	16
	Norrköping	Prinsen 18	Hospitalsgatan 42	1967	Residential			30	99			9,558	11	9,698	153
	Norrköping	Sprutan 8	Gamla Rådstugugatan 52	1940	Residential			370	12			1,318	145	1,845	25
	Norrköping	Stenhuggaren 25	Sandgatan 28	1960	Residential							2,914		2,914	44
	Norrköping	Storgatan 10	Drottninggatan 10	1929	Residential		484					1,213	755	2,452	25
	Norrköping	Storgatan 9	Nya Rådstugegatan 2	1985	Residential		252	355	15			5,909	352	6,883	110
	Norrköping	Stävan 2	Rösgången 32	1959	Residential	Yes						3,639		3,639	49
	Norrköping	Tullhuset 1	Gamla Rådstugugatan 11	1929	Residential			273				1,320		1,593	24
	Nyköping	Brandholmen 1:72	Idrottsvägen 12 E	2014	Other								16,324	16,324	
	Västerås	Badelundaåsen 3	Stockholmsvägen 144	1987	Retail			2,796						2,796	18
	Västerås	Fältnössan 1	Rönnergagatan 1	1963	Residential			150	106			14,331		14,587	261
	Västerås	Klockarkärleken 2	Rönnergagatan 4	1962	Residential				260			5,778		6,038	44
	Västerås	Rödsklinten 2	Bangatan 15	1957	Residential			133	120			7,003	30	7,286	51
	Västerås	Sågen 1	Pilgatan 33	1980	Hotel						8,317			8,317	29
	Västerås	Vallmon 6	Bangatan 1 A	1968	Residential				84			13,914		13,998	102
	Västerås	Vapenrocken 1	Regementsgatan 62	1963	Residential		441		114			19,194	2	19,751	
	Finland	Hämeenlinna	Linnaniemenkatu 1	2019	Residential							469		469	
	Finland	Keminmaa	Joulantie 1–3	2001/2002	Retail			12,337						12,337	
	Finland	Koupio	Leväsentie 2B	2006	Retail			19,808						19,808	
	Finland	Kuusamo	Ouluntaival 1	1978	Retail			3,718						3,718	
	Finland	Kuusamo	Loumantie 1–3	1990	Retail			12,617						12,617	
	Finland	Mäntsälä	Mäntsäläntie 1	1989	Retail			3,384						3,384	
	Finland	Närpes	Yhdistyksentie 3	2017	Retail			2,513						2,513	
	Finland	Oulu	Ukkoherrantie 2	2018	Residential							268		268	
	Finland	Oulu	Ukkoherrantie 2	2018	Residential							570		570	
	Finland	Oulu	Tietolinja 9	2018	Residential							2,003		2,003	
	Finland	Oulu	Ukkoherrantie 2	2019	Residential							406		406	
	Finland	Raisio	Kauppakatu 2	1995	Retail			5,514						5,514	
	Finland	Riihimäki	Kärjäjäkatu 8	2019	Residential							198		198	
	Finland	Tampere	Takamaanrinne 9	2018	Residential							1,381		1,381	
	Finland	Tampere	Takamaanrinne 9	2018	Residential							1,381		1,381	
	Finland	Tampere	Tesoman valtatie 31	2019	Residential							3,078		3,078	
	Finland	Tampere	Kohmankaari 9	2018	Residential							44		44	

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							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		Total
	Finland	Tampere	Ruopionkatu 6	2019	Residential							1,555		1,555	
	Finland	Tampere	Ruopionkatu 6	2019	Residential							1,203		1,203	
	Finland	Turku	Kalastajankatu 3	2017	Residential							591		591	
	Finland	Turku	Fleminginkatu 5	2019	Residential							1,969		1,969	
	Finland	Vaasa	Hietalahdenkatu 13	1968	Residential							7,224		7,224	
	Finland	SATO Oyj, several properties			Residential							389,724		389,724	
Total East Region							3,068	81,351	846		8,317	515,544	19,323	628,449	1,306
NORTH REGION															
	Gävle	Hemsta 14:2	Skolgången 1	1974	Retail			4,100						4,100	13
	Gävle	Hemsta 14:3	Skolgången 3	1983	Retail			1,448						1,448	5
	Gävle	Holmsund 11:1 and others	Korsnäs vägen 104 A	1929	Residential							1,200	260	1,460	5
	Gävle	Holmsund 7:6	Holmsundsvägen 7, 17–29, (uneven nos.)	1929	Residential							3,002	8	3,010	16
	Gävle	Kastet 8:1, 12:1 and others	Forskarvägen 27 and others	1929	Residential		1,014	104	260			12,407	2,114	15,899	76
	Gävle	Lillhagen 5:3	Torkarvägen 10	1946	Residential							3,029		3,029	16
	Gävle	Norr 18:6	Hattmakargatan 11	1985	Residential		42	408				2,641	385	3,476	40
	Gävle	Norr 27:2	Nygatan 40	1929	Residential		127	480				2,185	40	2,832	31
	Gävle	Söder 58:7	Kaserngatan 65	1969	Residential			933	205			2,329		3,467	35
	Gävle	Sörby 10:9	Falkvägen 5 A	1994	Residential							512		512	6
	Gävle	Valbo-Backa 6:12	Johanneslöttsvägen 6	1981	Hotel						7,382			7,382	33
	Karlstad	Anden 9	Långgatan 65	1983	Residential							1,472	75	1,547	26
	Karlstad	Braxen 34	Nygatan 1	1944	Residential			322	27			1,198	521	2,067	23
	Karlstad	Druvan 1	Drottninggatan 22	1929	Residential			459			601	1,443	80	2,583	43
	Karlstad	Ekorren 9	Sandbäcksg 5/S Klaragatan 1	1929	Residential		715	46				1,811		2,572	30
	Karlstad	Furan 5	Gillbergsgatan 3	1951	Residential			119				1,710		1,829	28
	Karlstad	Furan 7	Jössegatan 3	1968	Residential							925	97	1,022	16
	Karlstad	Granatkastaren 4	Artillerigatan 1	1945	Residential							748		748	9
	Karlstad	Gruvan 12	Västra Kanalgatan 3	1991	Residential			126				2,525		2,651	47
	Karlstad	Gruvan 2	Östra Kyrkogatan 4	1929	Residential							1,064	102	1,166	18
	Karlstad	Grävlingen 3	Herrhagsgatan 43	1929	Residential			138				1,018	32	1,188	18
	Karlstad	Höken 1	Hamngatan 16	1929	Hotel						5,890			5,890	65
	Karlstad	Pilbågen 1	Sandelsgatan 2 A	1942	Residential							2,184		2,184	24
	Karlstad	Registratorn 1	Norra Allén 26 A	1949	Residential							502	56	558	7
	Karlstad	Registratorn 8	Norra Allén 30 A	1948	Residential				12			456	61	529	6
	Karlstad	Registratorn 9	Norra Allén 28 A	1946	Residential		100					466	29	595	7

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							Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		Total
	Karlstad	Spiran 1–6	Lignellsgatan 1	1939	Residential			95				4,456	145	4,696	61
	Karlstad	Trätälja 11	Drottningg 37/Pihlgrens-gatan 4	1959	Residential			259				4,567	35	4,861	80
	Karlstad	Tusenskönan 1	Älvdalsgatan 8	1950	Residential	Yes		69				1,288		1,357	21
	Karlstad	Väduren 3	Rudsvägen 1	1942	Residential							1,344	54	1,398	18
●	Luleå	Skorpionen 9	Hummergatan 8	1978	Retail			1,800						1,800	8
	Sundsvall	Aeolus 1	Nybrogatan 19	1944	Residential		89	501				872		1,462	13
	Sundsvall	Bredsand 1:3 and others	Appelbergsvägen 1 A	1950	Residential				118			7,127	119	7,364	29
	Sundsvall	Bredsand 1:4 and others	Appelbergsvägen 14, 16, 18	1950	Residential							4,479	3	4,482	18
	Sundsvall	Dingersjö 28:27 and others	Appelbergsvägen 26	1989	Residential				15			9,464	56	9,535	40
	Sundsvall	Dingersjö 3:131 and others	Bergsvägen 3	1964	Residential		16		350			21,176	2,828	24,370	80
	Sundsvall	Fliten 10	Skolhusallén 7	1990	Office		3,125		5				36	3,166	30
	Sundsvall	Fliten 11	Rådhusgatan 39 A	1992	Residential		272					3,371		3,643	44
	Sundsvall	Kvissle 2:53 & 2:43	Affärsgatan 26 A-D	1962	Residential							1,468		1,468	5
	Sundsvall	Kvissle 22:2 & 39:1	Affärsgatan 22	1968	Residential		87	137	19			6,416	45	6,704	19
	Sundsvall	Lagmannen 10	Esplanaden 18	1962	Residential		757	240				3,985	962	5,944	49
	Sundsvall	Nolby 1:48, 40:1, 1:108	Affärsgatan 20	1983	Residential		1,063		39			4,097	748	5,947	20
	Sundsvall	Nolby 3:268	Brovägen 9	1988	Residential							997		997	4
	Sundsvall	Nolby 40:2	Affärsgatan 18	1964	Residential			901	6			2,243	130	3,280	10
	Sundsvall	Nolby 41:3 & 37:1	Affärsgatan 14	1974	Residential			1,006	5			5,328	43	6,381	21
●	Östersund	Traktorn 5	Fagerbacken 65	1994	Retail			3,216						3,216	20
	Norway	Elverum 13/1059/0/1	Hamarvegen 112	2010	Other					16,393				16,393	
	Norway	Oslo 230/397	Lakkegata 3	1983	Residential							8,551		8,551	
Total North Region							7,407	16,907	1,061	16,393	13,873	136,061	9,063	200,765	1 234
Total property portfolio							448,815	594,905	107,270	117,025	398,460	2,496,523	141,327	4,304,326	28,433

Definitions

Balder presents a number of financial metrics in the annual 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. Unless otherwise specified, the key ratios are alternative performance measures according to ESMA's guidelines. 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 profit was 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 total assets. The profit was 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.

Net debt to total assets, %

Net debt in relation to total assets.

EBITDA

Profit from property management plus the net profit from the sale of development properties with reversal of net financial items. EBITDA has been converted to a full-year basis in interim accounts, with the exception of the net profit from the sale of development properties.

Profit from property management, SEKm

Net profit including changes in value and tax in associated companies, with reversal of change in value and tax in participations in profit from associated companies. When estimating the Profit from property management, attributable to the parent company's shareholders, the profit from property management is also reduced by the participation of non-controlling interests.

Average interest, %

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

Hybrid capital

A bond with a maturity of 60 years. The bond is recognised as an interest-bearing liability, but is treated by the rating institutes as 50% equity.

Net debt, SEKm

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

Interest coverage ratio, times

Net profit including changes in value and tax in associated companies with reversal of net financial items, excluding ground rent and changes in value and tax in participations in profits from associated companies, in relation to net financial items excluding ground rent.

Debt/equity ratio, times

Interest-bearing liabilities minus 50% of hybrid capital in relation to equity.

Equity/assets ration, % ¹⁾

Equity including non-controlling interests plus 50% of hybrid capital in relation to the balance sheet total at the year-end.

Share-related

Equity per share, SEK

Equity in relation to the number of outstanding shares at the year-end.

Profit from property management per share, SEK

Profit from property management in relation to the average number of outstanding shares.

Average number of shares

The number of outstanding shares at the start of the year, adjusted by the number of shares issued during the year 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 share (NAV), SEK

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

Profit after tax per share, SEK

Profit attributable to the parent company's shareholders in relation 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 year-end.

Net operating income, SEKm

Rental income minus property costs.

Economic occupancy rate, % ²⁾

Contracted rent for leases which are running at year-end in relation to rental value.

Development properties

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

Property portfolio

Refers to both investment properties and development properties.

Property category

Classified according to the principal use of the property. There is a breakdown 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 property is mostly used for.

Property costs, SEKm

This item includes direct property costs, such as operating expenses, media expenses, maintenance, ground rent and property tax.

Investment properties

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

Rental value, SEKm ²⁾

Contracted rent and estimated market rent for vacant premises.

Surplus ratio, %

Net operating income in relation to rental income.

¹⁾ Adjusted definition from 2019 Q3.

²⁾ This key ratio is operational and is not considered to be an alternative key ratio according to ESMA's guidelines.

ADDITIONAL INFORMATION

Annual General Meeting

The Annual General Meeting of Fastighets AB Balder (publ) will take place on 11 May 2020 at 16:00 at the Elite Park Hotel, Kungssportsavenyn 36 in Gothenburg.

Shareholders wishing to participate at the AGM must be registered in the share register kept by Euroclear Sweden AB no later than Tuesday 5 May 2020 and register their participation by letter to Computershare AB, "Balders årsstämma 2020", Box 610, SE-182 16 Danderyd, by phone to +46 (0)771-24 64 00 or via balder.se.

For anyone wishing to be represented by a proxy, we provide a proxy form, which is available at balder.se. The deadline for registration is Tuesday 5 May 2020 at 16:00.

When registering shareholders must quote their name, personal ID number or corporate ID number, address and phone number, as well as registered shareholding. Shareholders who are being represented by a proxy must provide a written, signed and dated mandate, which may be no more than five years old on the date of the AGM. Anyone representing a legal person must present proof of registration or equivalent documentation of authority issued by an authorised company signatory. Shareholders who have had their shares registered in the name of administrators must temporarily have the shares registered in their own name if they are to be entitled to participate in the AGM. Such registration must be executed at Euroclear Sweden AB no later than 5 May 2020.

Photo: Stina Gränfors, Mathias Løvgreen and others

Form: Solberg Kommunikation

Printed by: Billes Tryckeri



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This report is a translation of the Swedish Annual Report 2019. In the event of any disparities between this report and the Swedish version, the latter will have priority.

Calendar

Annual General Meeting, 11 May 2020

Interim report, Jan–Mar 2020, 8 May 2020

Interim report, Jan–June 2020, 16 July 2020

Interim report, Jan–Sept 2020, 5 November 2020

Year–end report, Jan–Dec 2020, 11 February 2021

