

# *Fastighets AB Balder*

## *Interim report*

*January-June 2017*

- Profit from property management attributable to parent company shareholders amounted to SEK 1,296m (1,015), corresponding to an increase per ordinary share by 25 % to SEK 6.65 (5.31)
- Rental income amounted to SEK 2,882m (2,565)
- Profit after tax attributable to parent company shareholders amounted to SEK 3,700m (1,733) corresponding to SEK 20.00 per ordinary share (9.47)
- Net asset value amounted to SEK 215.59 per ordinary share (169.39) and shareholders' equity (including listed associated companies at market value) amounted to SEK 174.21 per ordinary share (132.45)

Fastighets AB Balder is a listed property company which shall meet the needs of different customer groups for premises and housing based on local support. Balder's real estate portfolio had a value of SEK 89.0 billion (77.5) as of 30 June 2017. The Balder share is listed on Nasdaq Stockholm, Large Cap



Project, Valthornsgatan, Gothenburg

# The period in brief

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

## April-June 2017

- Rental income amounted to SEK 1,433m (1,307).
- Net operating income amounted to SEK 1,000m (896).
- Profit from property management attributable to parent company shareholders increased by 22 % to SEK 665m (547), which corresponds to an increase by 19 % per ordinary share to SEK 3.42 (2.88).
- Changes in value in respect of investment properties amounted to SEK 827m (1,026). The average yield requirement amounted to 5.0 % (5.4).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK 85m (–193).
- Net profit after tax for the period amounted to SEK 1,754m (1,184).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,694m (1,026) which corresponds to SEK 9.13 per ordinary share (5.66).
- 12 properties (57) have been acquired at a property value of SEK 509m (5,775).
- 106 properties (4) were divested at a property value of SEK 2,151m (274).
- During the period, Balder sold all properties in Tranås, Falköping, Arboga and Köping.
- During the period, Balder has agreed to acquire four hotel properties in Copenhagen city center and one hotel property in Helsinki. The transactions will close during the third quarter of 2017.
- Balder also agreed to acquire 56 % of Serena Properties AB. The company owns 21 retail properties in Finland at a total market value of approximately EUR 200m.

## January-June 2017

- Rental income amounted to SEK 2,882m (2,565).
- Net operating income increased by 16 % to SEK 1,977m (1,710).
- Profit from property management attributable to parent company shareholders increased by 28 % to SEK 1,296m (1,015), which corresponds to an increase per ordinary share by 25 % to SEK 6.65 (5.31).
- Changes in value in respect of investment properties amounted to SEK 2,709m (1,651). The average yield requirement amounted to 5.0 % (5.4).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK 132m (–429).
- Net profit after tax for the period amounted to SEK 3,966m (1,959).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 3,700m (1,733) which corresponds to SEK 20.00 per ordinary share (9.47).
- 21 properties (59) have been acquired at a property value of SEK 940m (6,105).
- 109 properties (37) were divested at a property value of SEK 2,789m (725).
- Balder has issued EUR 1 billion in the European bond market. EUR 500 million were issued with a maturity of 5 years at a fixed interest rate of 1.24 %, and EUR 500 million were issued with a maturity of 8 years with a fixed interest rate of 2.00 %.
- Balder has received an Investment grade rating from S&P of BBB with a stable outlook.

	2017 Jan-June	2016 Jan-June	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2012 Jan-Dec	2011 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec
Rental income, SEKm	2,882	2,565	5,373	2,711	2,525	1,884	1,701	1,466	1,333	854
Profit from property management, SEKm <sup>1)</sup>	1,296	1,015	2,265	1,780	1,275	854	691	516	417	315
Changes in value of properties, SEKm	2,709	1,651	4,932	3,388	3,050	854	812	990	1,047	4
Changes in value of derivatives, SEKm	132	–429	–114	227	–624	433	–71	–520	148	–23
Profit after tax, SEKm <sup>1)</sup>	3,700	1,733	5,474	4,916	3,128	1,738	1,162	812	1,338	248
Carrying amount of properties, SEKm	89,047	77,538	86,177	68,456	37,382	27,532	22,278	17,556	14,389	12,669

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

Average number of shares, thousands	180,000	172,397	173,598	162,753	161,786	159,537	159,537	158,656	149,487	112,902
Profit after tax, SEK	20.00	9.47	30.38	28.98	18.10	10.11	6.69	4.87	8.95	2.20
Profit from property management, SEK	6.65	5.31	11.89	9.71	6.64	4.57	3.73	3.00	2.79	2.79
Outstanding number of shares, thousands	180,000	172,397	180,000	172,397	162,397	159,537	159,537	159,537	149,487	149,487
Shareholders' equity, SEK	174.21	132.45	157.63	128.03	70.10	52.14	42.15	35.57	31.13	22.19
Long-term net asset value (EPRA NAV), SEK	215.59	169.39	198.49	159.14	86.33	60.50	50.37	41.83	32.89	22.16
Share price on the closing date, SEK	204.00	212.90	184.10	208.70	110.25	66.00	37.30	25.30	29.40	12.50

1) Attributable to parent company shareholders.

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

# Comments by the CEO

## Q 2, 2017

Profit from property management per ordinary share for the second quarter and the first half of 2017 improved by 19 and 25 %, respectively, compared to the same period of last year. Increasing profit from property management over time has been the most important financial performance measure for us on a day-to-day basis since Balder was established in its present form 12 years ago.

We present Balder's current earning capacity on a quarterly basis, which provides a snapshot of profit from property management on an annual basis at the end of each interim period. Compared to the same quarter of last year, the increase in current earnings per ordinary share was 25 %. If we compare with the previous quarter and year-end, the improvement was 5 and 7 %, respectively.

## Investments

During the first half of 2017, we were a net seller of properties. Even including investments in constructions and projects in progress, sales were higher than all investments on a net basis. Over time, Balder will be a major net investor in properties and projects but we are flexible regarding the timing of acquisitions and investments. Thus Balder will be a net seller in certain periods and a major investor in other periods.

Since Balder now has an official rating (from S&P and Moody's), it is also extremely important to take care of our balance sheet in order to at least maintain our current credit rating.

## Associated companies

Almost since the start of the company in its present form, Balder has made an increasing number of investments in associated companies. Investing in partly-owned companies increases the number of potential transactions, which in turn, has a positive impact on the return for Balder's shareholders in my view.

Apart from financial dividends, our partners also provide us with increased knowledge about a very wide range of areas and this is also very enriching at a personal level for me and many of my colleagues.

Our largest associated company in terms of value, Collector, will obtain a new CEO on 1 September. Liza Nyberg will succeed Lena Apler who will return to the role of a (very active) chairwoman. I have great confidence in Liza and remain very positive about Collector's growth prospects.

## Balder 12

With this interim report, Balder has been established in its present form for 12 years. Net asset value and subscription/share price development have been as follows as of 30 June each year:

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

Average increase per year :    net asset value 34 %  
share price 32 %

We have made the assessment to date that the best total yield for Balder's shareholders is achieved by reinvestment of the profits generated. Looking ahead, the goal is also the same and I am optimistic about the potential to continue finding investments over time that offer a reasonably good return.

## In conclusion

I would like to thank everyone who has been with us in one way or another during our first 12 years. I am very fortunate to be able to spend my time doing what I really want to do and also together with so many passionate colleagues.

Erik Selin  
Chief Executive Officer



## Current earning capacity

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

Balder's income statement is also impacted by the development in the value of the real estate portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the operating result are changes

in value of derivatives. None of the above has been considered in the current earning capacity.

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

## Current earning capacity on a twelve-months basis

SEKm	2017 30 June	2017 31 Mar	2016 31 Dec	2016 30 Sep	2016 30 June	2016 31 Mar	2015 31 Dec	2015 30 Sep	2015 30 June	2015 31 Mar	2014 31 Dec
Rental income	5,860	5,700	5,800	5,470	5,325	5,135	5,045	2,725	2,650	2,745	2,730
Property costs	-1,690	-1,660	-1,695	-1,690	-1,685	-1,670	-1,635	-775	-760	-800	-800
<b>Net operating income</b>	<b>4,170</b>	<b>4,040</b>	<b>4,105</b>	<b>3,780</b>	<b>3,640</b>	<b>3,465</b>	<b>3,410</b>	<b>1,950</b>	<b>1,890</b>	<b>1,945</b>	<b>1,930</b>
Management and administrative costs	-490	-490	-490	-490	-480	-440	-425	-175	-175	-170	-165
Profit from property management from associated companies	530	530	505	470	420	355	340	560	500	410	220
<b>Operating profit</b>	<b>4,210</b>	<b>4,080</b>	<b>4,120</b>	<b>3,760</b>	<b>3,580</b>	<b>3,380</b>	<b>3,325</b>	<b>2,335</b>	<b>2,215</b>	<b>2,185</b>	<b>1,985</b>
Net financial items	-950	-950	-1,040	-1,025	-1,010	-930	-880	-530	-575	-575	-585
Of which non-controlling interests	-455	-450	-445	-445	-380	-400	-410	-	-	-	-
<b>Profit from property management <sup>1)</sup></b>	<b>2,805</b>	<b>2,680</b>	<b>2,635</b>	<b>2,290</b>	<b>2,190</b>	<b>2,050</b>	<b>2,035</b>	<b>1,805</b>	<b>1,640</b>	<b>1,610</b>	<b>1,400</b>
Tax	-605	-580	-570	-490	-470	-440	-439	-397	-361	-354	-308
<b>Profit after tax</b>	<b>2,200</b>	<b>2,100</b>	<b>2,065</b>	<b>1,800</b>	<b>1,720</b>	<b>1,610</b>	<b>1,596</b>	<b>1,408</b>	<b>1,279</b>	<b>1,256</b>	<b>1,092</b>
<b>Profit after tax attributable to</b>											
Ordinary shareholders	2,000	1,900	1,865	1,600	1,520	1,410	1,396	1,208	1,079	1,056	892
Preference shareholders	200	200	200	200	200	200	200	200	200	200	200
<b>Profit from property management per ordinary share, SEK</b>	<b>14.47</b>	<b>13.78</b>	<b>13.52</b>	<b>11.92</b>	<b>11.55</b>	<b>10.73</b>	<b>10.64</b>	<b>9.88</b>	<b>8.87</b>	<b>8.68</b>	<b>7.39</b>

1) Attributable to parent company shareholders.

Current earning capacity on 30 June 2017 is including the four hotel properties in Copenhagen and the hotel property in Helsinki, where closing will take place during the third quarter. In the current earning capacity the exchange rate at the end of the reporting period has been used for translation of the foreign subsidiaries' income statement items.

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

Under IFRS, Collector AB (publ) and Brinova Fastigheter AB (publ) should not be recognised at market value when Balder reports its participation in the profit from associated companies from these companies. In order to clarify the listed associated companies at market value, Collector and Brinova is reported below at the share price as of 30 June. Brinova Fastigheter AB (publ) is included from 30 September 2016, when the company was listed.

SEKm	2017 30 June	2016 30 June	2016 31 Dec
<b>Assets</b>			
Investment properties	89,047	77,538	86,177
Other fixed assets	137	135	136
Participations in associated companies <sup>1,2)</sup>	6,861	6,110	6,673
Other receivables	1,465	1,575	1,357
Cash and cash equivalents and financial investments	3,228	1,124	1,592
<b>Total assets</b>	<b>100,738</b>	<b>86,482</b>	<b>95,935</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity <sup>3)</sup>	40,146	30,740	36,791
Deferred tax liability	6,341	4,473	5,808
Interest-bearing liabilities	50,904	47,281	49,580
Derivatives	1,106	1,895	1,547
Other liabilities	2,242	2,092	2,209
<b>Total equity and liabilities</b>	<b>100,738</b>	<b>86,482</b>	<b>95,935</b>
1) Including Balder's market value of Collector AB (publ) Collector's share price (SEK)	4,299 95.00	4,453 108.25	4,661 103.00
2) Including Balder's market value of Brinova Fastigheter AB (publ) Brinova's share price (SEK)	249 13.50	– –	282 15.30
3) Of which non-controlling interests	5,911	5,029	5,540

## Consolidated statement of changes in equity

SEKm	2017 30 June	2016 30 June	2016 31 Dec
<b>Opening equity</b>	<b>36,791</b>	<b>29,325</b>	<b>29,325</b>
Total comprehensive income for the period/year	4,080	2,126	6,507
Dividend preference shares, approved and entered as a liability	–200	–200	–200
Share issue, after issue costs	–	–	1,780
Transactions with non-controlling interests	–2	–107	–107
Dividend to non-controlling interests	–	–107	–107
Non-controlling interests, arising on the acquisitions of subsidiary	1	–	–
Non-controlling interests, arising on share issue in subsidiary	–	554	554
The change during the period/year of listed associated companies at market value	–522	–851	–962
<b>Closing equity</b>	<b>40,146</b>	<b>30,740</b>	<b>36,791</b>

# Results, income and costs

## Profit from property management

Profit from property management for the period amounted to SEK 1,508m (1,199). Profit from property management attributable to parent company shareholders increased by 28 % and amounted to SEK 1,296m (1,015), which corresponds to an increase per ordinary share by 25 % to SEK 6.65 (5.31). Profit from property management includes SEK 265m (179) in respect of associated companies.

## Net profit after tax

Net profit after tax for the period amounted to SEK 3,966m (1,959). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 3,700m (1,733), corresponding to SEK 20.00 per ordinary share (9.47). Profit before tax was affected by changes in value in respect of properties of SEK 2,709m (1,651), changes in value of interest rate derivatives of SEK 132m (–429) and profit from participations in associated companies of SEK 561m (196).

## Rental income

Rental income increased by 12 % to SEK 2,882m (2,565), of which the effect of changes in exchange rates was SEK 46m. The increase was primarily due to a changed property portfolio. The leasing portfolio was estimated to have a rental value on 30 June of SEK 6,029m (5,607). The average rental level for the entire real estate portfolio amounted to SEK 1,650/sq.m. (1,551) excl. project properties.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 96 % (95) on 30 June. The total rental value of unlet areas at the end of the period amounted to SEK 269m (282) on an annual basis.

## Property costs

Property costs amounted to SEK 906m (855) during the period, of which the effect of changes in exchange rates was SEK 15m. The increase in property costs was mainly due to a changed property portfolio.

Net operating income increased by 16 % to SEK 1,977m (1,710), which implies a surplus ratio of 69 % (67). Operating costs normally vary with the seasons. The first and fourth quarters have higher costs than the other quarters, while the third quarter usually has the lowest cost level.

## Changes in value of investment properties

Balder carried out an individual valuation on 30 June of the entire real estate portfolio (see page 9). Unrealised changes in value during the period amounted to SEK 2,572m (1,600). Realised changes in value amounted to SEK 137m (51).

The average yield requirement as of 30 June amounted to 5.0 % (5.4), which is 0.3 percentage points lower than at year-end. The change in value during the period was attributable to improved net operating income and a reduced yield requirement.

## Management and administrative costs

Management and administrative costs amounted to SEK 268m (236) during the period, of which the effect of changes in exchange rates was SEK 5m.

## Participations in the profits of associated companies

Balder owns property managing and project developing associated companies and 44.1 % in Collector AB (publ) which is listed. Brinova Fastigheter AB (publ) is also listed and Balder's share amounts to 25.5 %. In order to clarify these associated companies value in Balder, Balder also reports a consolidated statement of financial position including listed associated companies at market value (see page 5).

During the second quarter, Balder has invested in SHH Bostad AB. SHH is a residential development company that builds sustainable rental apartments and tenant-owned apartments at reasonable prices in cities with housing shortages. Balder's share amounts to 20 %.

Profit from participations in associated companies amounted to SEK 561m (196) during the period and Balder's participation in the associated companies profit from property management amounted to SEK 265m (179).

Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 459m (71). The tax expense for the period amounted to SEK –163m (–54).

## Net financial items and changes in value of derivatives

Net financial items amounted to SEK –468m (–460), of which the effect of changes in exchange rates was SEK –8m. Changes in value of interest rate derivatives amounted to SEK 132m (–429). The positive change in value of derivatives during the period is due to the fact that the interest rates have risen during the period. Unrealised changes in value do not affect the cash flow.

Net financial items are equivalent to borrowing at an average interest rate of 1.9 % (2.1) during the period, including the effect of accrued interest from interest rate derivatives.

## Taxes

Balder's tax cost amounted to SEK –681m (–480) of which SEK –105m (–79) is current tax for the period, mainly attributable to the consolidation of Sato Oyj, and also a deferred tax expense of SEK –576m (–401). The deferred tax expense for the period has been positively affected by property divestments through company. Previously deferred tax entered as a liability has been reversed. Current tax attributable to parent company shareholders amounted to SEK –56m (–42).

The group's deferred tax liability has been calculated as the value of the net of fiscal deficits and the temporary differences between the carrying amounts and values for tax purposes of properties and interest rate derivatives. Deferred tax liabilities amounted to SEK 6,341m (4,473).

## Second quarter 2017

Profit from property management for the second quarter of 2017 increased by 21 % and amounted to SEK 773m (637). Profit from property management attributable to parent company shareholders for the second quarter of 2017 increased by 22 % and amounted to SEK 665m (547) which corresponds to an increase per ordinary share of 19 % to SEK 3.42 (2.88). Profit from property management included SEK 134m (100) in respect of associated companies. Rental income amounted to SEK 1,433m (1,307) and property costs amounted to SEK 433m (411), which meant that net operating income increased by 12 % to SEK 1,000m (896), of which the effect of changes in exchange rates was SEK 13m. The surplus ratio amounted to 70 % (69).

Net profit after tax for the period amounted to SEK 1,754m (1,184). Profit after tax attributable to parent company shareholders amounted to SEK 1,694m (1,026) corresponding to SEK 9.13 per ordinary share (5.66). The result was affected by changes in value in respect of properties of SEK 827m (1,026), changes in value of interest rate derivatives of SEK 85m (–193) and profit from participations in associated companies of SEK 337m (115).

## Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 1,050m (938). Investing activities have burdened the cash flow by SEK –83m (–4,590).

During the period, acquisition of properties of SEK –1,074m (–3,853), investments in existing properties and projects of SEK –1,592m (–1,079), investments in property, plant and equipment, financial investments, associated companies and trans-

actions with non-controlling interests SEK –182m (–372), dividends paid preference shares of SEK –100m (–100), dividend paid to non-controlling interests SEK 0m (–107) and realised changes derivatives SEK –218m (–) adds up to SEK –3,167m (–5,511).

These have been financed through cash flow from operating activities of SEK 1,001m (1,232), by property divestments of SEK 2,745m (489), financial investments of SEK 8m (224), share issue in subsidiary Sato Oyj SEK 0m (420), dividend paid from associated companies SEK 13m (–) and net borrowings of SEK 1,032m (3,432), which adds up to SEK 4,799m (5,797).

Total cash flow for the period amounted to SEK 1,632m (287).

In addition to unutilised credit facilities of SEK 4,869m (4,767), the group's cash and cash equivalents, financial investments and unutilised overdraft facilities amounted to SEK 3,578m (1,474) on 30 June.

## Employees and organisation

The number of employees on 30 June amounted to 592 persons (536), of whom 296 were women (236). Balder is organised into six regions. The head office with groupwide functions is located in Gothenburg.

## Parent Company

The parent company's operations mainly consist of performing group-wide services but an important part relates to sales of services, principally to associated companies. Sales in the parent company amounted to SEK 121m (97) during the period.

Net profit after tax amounted to SEK 1,212m (1,301). Dividend from subsidiaries was included with SEK 909m (1,430) other net financial items amounted to SEK 273m (287) of which exchange rates differences amounted to SEK –153m (2) and changes in value of interest rate derivatives amounted to SEK 122m (–441).

# Real estate holdings

On 30 June Balder owned 1,132 properties (1,197) with a lettable area of 3,622 thousand sq.m. (3,571) and a value of SEK 89,047m (77,538), including project properties. Balder's total rental value excluding project properties amounted to SEK 5,975m (5,540). Balder's commercial properties are

mainly located in the central parts of the major cities.

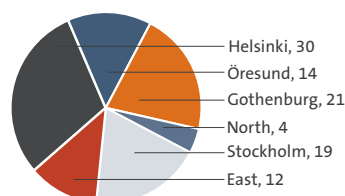
Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

## Balder's real estate holdings on 2017-06-30<sup>1)</sup>

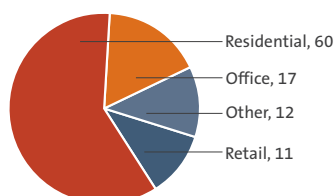
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Helsinki	502	1,013,421	2,121	2,092	2,042	96	25,399	29
Stockholm	60	525,733	931	1,771	884	95	16,735	19
Gothenburg	141	841,545	1,110	1,319	1,065	96	17,620	20
Öresund	75	442,863	675	1,524	627	93	11,550	13
East	275	616,899	925	1,500	881	95	10,381	12
North	79	181,643	213	1,171	207	97	3,211	4
<b>Total</b>	<b>1,132</b>	<b>3,622,104</b>	<b>5,975</b>	<b>1,650</b>	<b>5,706</b>	<b>96</b>	<b>84,897</b>	<b>95</b>
Project			54		54		4,151	5
<b>Total</b>	<b>1,132</b>	<b>3,622,104</b>	<b>6,029</b>	<b>1,650</b>	<b>5,760</b>	<b>96</b>	<b>89,047</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	931	2,331,889	3,874	1,661	3,732	96	49,896	56
Office	65	427,728	872	2,039	791	91	15,011	17
Retail	95	521,503	637	1,221	612	96	9,803	11
Other	41	340,984	593	1,739	571	96	10,187	11
<b>Total</b>	<b>1,132</b>	<b>3,622,104</b>	<b>5,975</b>	<b>1,650</b>	<b>5,706</b>	<b>96</b>	<b>84,897</b>	<b>95</b>
Project			54		54		4,151	5
<b>Total</b>	<b>1,132</b>	<b>3,622,104</b>	<b>6,029</b>	<b>1,650</b>	<b>5,760</b>	<b>96</b>	<b>89,047</b>	<b>100</b>

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

Carrying amount distributed by region including projects, %



Carrying amount distributed by property category including projects, %





## Changes in real estate portfolio

The value of Balder's real estate portfolio is based on internal valuations. The properties in Sweden, Denmark and Norway have been valued using the cash flow based method. In Finland, in addition to the cash flow based method, the sales comparison method and valuation at acquisition cost are used. On 30 June, Balder's average yield requirement amounted to 5.0 % (5.4) excluding project and development properties. It is 0.3 percentage points lower than at year-end.

In order to quality-assure its internal valuations, Balder regularly allows parts of its portfolio to be externally valued during the period or at each year-end. Historically, deviations between external and internal valuations have been insignificant.

### Project real estate

On 30 June, Balder had ongoing residential projects with an expected total investment of SEK 8 billion, of which about SEK 4 billion was already invested. The most large scale investments are in Copenhagen and Helsinki and mainly relate to condominiums for rent. In Copenhagen, there are currently about 1,200 apartments under construction as well as about 1,300 apartments in Helsinki.

### Unrealised changes in value

The overall carrying amount of Balder's properties amounted to SEK 89,047m (77,538) on 30 June. The unrealised change in value during the period amounted to SEK 2,572m (1,600) and was attributable to improved net operating income and lower yield.

### Investments, acquisitions and divestments

During the period, a total of SEK 2,532m (7,184) was invested, of which SEK 940m (6,105) related to acquisitions and SEK 1,592m (1,079) related to investments in existing properties and projects. Properties with a sales value of SEK 2,789m (725) were divested during the period. The majority of the sales during the period refers to the properties in Tranås, Falköping, Arboga and Köping. Profit from property sales amounted to SEK 137m (51). The change in the real estate portfolio during the period is presented in the table below.

### Change in carrying amount of properties

	2017		2016	
	SEKm	Number <sup>1)</sup>	SEKm	Number <sup>1)</sup>
<b>Real estate portfolio, 1 January</b>	<b>86,177</b>	<b>1,220</b>	<b>68,456</b>	<b>1,177</b>
Investments in existing properties and projects	1,592		1,079	
Acquisitions	940	21	6,105	59
Sales/Reclassifications	-2,652	-109	-674	-39
Change in value of investment properties, unrealised	2,572		1,600	
Currency changes	417		971	
<b>Real estate portfolio, 30 June</b>	<b>89,047</b>	<b>1,132</b>	<b>77,538</b>	<b>1,197</b>

1) Number of investment properties.

## Property transactions 2017

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
<b>Acquisitions</b>					
One	1	Kvillebäcken 62:7	Gothenburg	Project	–
One	8	Sato Oyj	Finland	Residential	15,797
Two	1	Ysby 2:25	Kungsbacka	Industrial/warehouse	1,721
Two	1	Vindtyget 6	Borås	Retail	3,350
Two	1	Nöjet 1	Linköping	Retail	1,380
Two	1	Vinkeln 7	Huddinge	Retail	5,391
Two	1	Badelundasåsen 3	Västerås	Retail	2,796
Two	1	Backa 169:2	Gothenburg	Retail	3,615
Two	1	Draglädret 1	Malmö	Retail	2,679
Two	1	Traversen 1	Kristianstad	Retail	2,088
Two	1	Phyllatterion 6	Trelleborg	Retail	5,083
Two	1	Yhdistyksentie, 545-412-4-209	Närpes, Finland	Retail	2,661
Two	2	Sato Oyj	Finland	Residential	8,944
<b>Total</b>	<b>21</b>				<b>55,505</b>
<b>Divestments</b>					
One	3	Sato Oyj	Finland	Residential	6,803
Two	1	Lejonet 2	Falköping	Residential	6,640
Two	1	Anden 16	Falköping	Residential	703
Two	1	Skalbaggen 1	Falköping	Residential	856
Two	1	Kemisten 1	Falköping	Retail	531
Two	1	Agaten 11	Falköping	Residential	931
Two	1	Agaten 6	Falköping	Residential	466
Two	1	Apotekaren 2	Falköping	Residential	1,225
Two	1	Avenboken 1	Falköping	Residential	1,241
Two	1	Avenboken 2	Falköping	Residential	1,234
Two	1	Bagaren 7	Falköping	Residential	3,403
Two	1	Byggmästaren 9	Falköping	Residential	2,340
Two	1	Ejdern 14	Falköping	Residential	2,305
Two	1	Guldsmeden 21	Falköping	Office	623
Two	1	Guldsmeden 7	Falköping	Retail	1,535
Two	1	Hovslagaren 16	Falköping	Residential	2,169
Two	1	Muraren 15	Falköping	Residential	1,551
Two	1	Muraren 3	Falköping	Residential	960
Two	1	Muraren 4	Falköping	Residential	745
Two	1	Muraren 5	Falköping	Residential	787
Two	1	Oxeln 1	Falköping	Residential	1,382
Two	1	Sankt Olof 18	Falköping	Residential	2,031
Two	1	Spettet 1	Falköping	Residential	1,362
Two	1	Svanen 24	Falköping	Residential	1,099
Two	1	Trädgårdsmästaren 18	Falköping	Residential	1,366
Two	1	Trädgårdsmästaren 19	Falköping	Residential	1,018
Two	1	Trädgårdsmästaren 22	Falköping	Residential	2,020
Two	1	Urd 3	Falköping	Residential	3,775
Two	1	Vargen 1	Falköping	Residential	1,451
Two	1	Vargen 2	Falköping	Residential	1,206
Two	1	Vargen 3	Falköping	Residential	1,074
Two	1	Vargen 4	Falköping	Residential	1,651
Two	1	Vargen 5	Falköping	Residential	1,462

# Cont. Property transactions 2017

Quarter	Number	Name of property		Property category	Lettable area, sq. m.
Two	2	Vargen 6 & 8	Falköping	Residential	1,546
Two	1	Vargen 7	Falköping	Residential	1,032
Two	1	Vitsippan 2	Falköping	Residential	532
Two	1	Muraren 6	Falköping	Residential	787
Two	0	Hytten 1	Falköping	Ground	–
Two	0	Sankt Olof 17	Falköping	Ground	–
Two	1	Hammaren 7	Falköping	Residential	376
Two	1	Sankt Tomas 13	Falköping	Residential	393
Two	1	Sankt Jakob 14	Falköping	Residential	316
Two	1	Sankt Jakob 18	Falköping	Residential	293
Two	1	Sankt Johannes 18	Falköping	Residential	400
Two	1	Sankt Staffan 13	Falköping	Office	2,415
Two	1	Skogslinden 3	Falköping	Residential	740
Two	1	Skogslinden 4	Falköping	Residential	730
Two	1	Skalbaggen 5	Falköping	Residential	548
Two	1	Skalbaggen 12	Falköping	Residential	540
Two	1	Skalbaggen 11	Falköping	Residential	434
Two	1	Flugsnapparen 1	Falköping	Residential	600
Two	1	Flugsnapparen 2	Falköping	Residential	570
Two	1	Flugsnapparen 6	Falköping	Residential	570
Two	1	Ansgar 1	Falköping	Residential	2,278
Two	1	Mejseln 4	Falköping	Residential	330
Two	1	Göken 12	Falköping	Residential	423
Two	1	S:t Lars 1	Falköping	Residential	879
Two	1	Draken 8	Falköping	Residential	660
Two	1	Gesällen 15	Arboga	Residential	5,714
Two	1	Riskan 1	Arboga	Residential	4,200
Two	1	Vilsta 9	Arboga	Residential	8,520
Two	1	Vilsta 10	Arboga	Residential	8,371
Two	1	Vilsta 21	Arboga	Residential	6,599
Two	1	Hjulmakaren 25	Arboga	Residential	3,497
Two	1	Ringsborg 1	Arboga	Office	1,488
Two	1	Getingen 1	Arboga	Residential	9,535
Two	1	Disa 1	Köping	Residential	1,586
Two	1	Freja 3	Köping	Residential	1,740
Two	1	Freja 11	Köping	Residential	2,681
Two	1	Immanuel 2	Köping	Residential	11,524
Two	1	Inga 1	Köping	Residential	2,724
Two	4	Tunadal 6-8	Köping	Residential	9,546
Two	1	Fenja 10	Köping	Retail	5,253
Two	1	Gäddan 2	Tranås	Residential	3,402
Two	1	Laxen 2	Tranås	Residential	9,840
Two	1	Sutaren 2	Tranås	Residential	3,799
Two	1	Forellen 3	Tranås	Residential	5,783
Two	1	Forellen 5	Tranås	Residential	6,377
Two	1	Öringen 1	Tranås	Residential	3,040
Two	1	Forellen 4	Tranås	Other	400
Two	1	Laxen 3	Tranås	Retail	575
Two	1	Flundran 2	Tranås	Other	–

# *Cont. Property transactions 2017*

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
Two	1	Kometen 10	Tranås	Residential	708
Two	1	Norra Gyllenfors 9	Tranås	Residential	11,089
Two	1	Oden 12	Tranås	Residential	3,687
Two	1	Södra Framnäs 20	Tranås	Residential	402
Two	1	Tigern 14	Tranås	Residential	736
Two	1	Tjädern 23	Tranås	Residential	684
Two	1	Tornsvalan 3	Tranås	Residential	2,083
Two	1	Västermalm 23	Tranås	Residential	6,855
Two	1	Falkberget 24	Tranås	Residential	1,087
Two	1	Lejonet 5	Tranås	Residential	1,342
Two	1	Nordstjärnan 7	Tranås	Residential	2,964
Two	1	Lindkullen 11	Tranås	Residential	826
Two	1	Lindkullen 12	Tranås	Residential	1,073
Two	1	Lindkullen 13	Tranås	Residential	1,009
Two	1	Bågskytten 4	Tranås	Residential	478
Two	1	Bågskytten 5	Tranås	Residential	500
Two	1	Kullen 1	Tranås	Residential	704
Two	1	Jupiter 17	Tranås	Residential	476
Two	1	Västerhejde Vibble 1:457	Gotland	Residential	7,861
Two	4	Sato Oyj	Finland	Residential	6,351
<b>Total</b>	<b>109</b>				<b>242,446</b>

# Associated companies

Balder owns 50 % of a number of companies where Balder handles the management and administration, for further information, see page 50-52 in Balder's Annual Report for 2016. Balder's 50 %-owned associated companies are shown in the table below. Apart from the 50 %-owned associated companies, Balder owns 44.1 % (44.1) in Collector AB

(publ), 31 % (31) of Tornet Bostadsproduktion AB, 25.5 % (28) of Brinova Fastigheter AB (publ), 49 % (49) in Sjaelsö Management ApS and 20 % (–) in SHH Bostad AB. For more information about these associated companies, see each company's website: Collector.se, Tornet.se, Brinova.se, Sjaelsömanagement.dk and Shhbostad.se.

## Balder's participation in the 50 %-owned associated companies' real estate holdings on 2017-06-30 <sup>1)</sup>

	Number of properties <sup>2)</sup>	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	48	130,876	175	1,340	172	98	3,009	44
Gothenburg	15	84,811	89	1,052	83	93	1,157	17
Öresund	25	64,703	91	1,405	90	99	1,465	21
<b>Total</b>	<b>88</b>	<b>280,390</b>	<b>356</b>	<b>1,268</b>	<b>345</b>	<b>97</b>	<b>5,631</b>	<b>82</b>
Project			21		21		1,224	18
<b>Total</b>	<b>88</b>	<b>280,390</b>	<b>376</b>	<b>1,268</b>	<b>366</b>	<b>97</b>	<b>6,856</b>	<b>100</b>

## Distributed by property category

Residential	27	45,453	70	1,537	69	99	1,581	23
Office	12	30,395	59	1,945	55	93	990	14
Retail	35	118,240	134	1,137	130	96	1,776	26
Other	14	86,302	92	1,067	92	99	1,284	19
<b>Total</b>	<b>88</b>	<b>280,390</b>	<b>356</b>	<b>1,268</b>	<b>345</b>	<b>97</b>	<b>5,631</b>	<b>82</b>
Project			21		21		1,224	18
<b>Total</b>	<b>88</b>	<b>280,390</b>	<b>376</b>	<b>1,268</b>	<b>366</b>	<b>97</b>	<b>6,856</b>	<b>100</b>

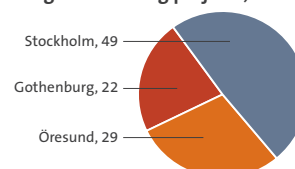
1) The above table refers to the properties owned by the associated companies at the end of the period. Sold properties have been excluded and acquired properties have been estimated using full-year values. Other properties include hotel, educational, nursing, industrial and mixed-use properties.

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

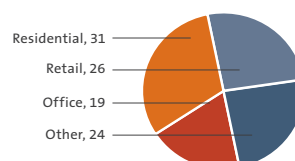
## Balder's participation in the balance sheets of 50 %-owned associated companies

SEKm	2017 30 June	2016 30 June	2016 31 Dec
<b>Assets</b>			
Properties	6,856	4,663	5,991
Other assets	56	54	54
Cash and cash equivalents	122	89	203
<b>Total assets</b>	<b>7,034</b>	<b>4,806</b>	<b>6,248</b>
<b>Shareholders' equity and liabilities</b>			
Equity/shareholder loan	2,979	1,948	2,549
Interest-bearing liabilities	3,545	2,563	3,319
Other liabilities	509	294	379
<b>Total equity and liabilities</b>	<b>7,034</b>	<b>4,806</b>	<b>6,248</b>

Carrying amount distributed by region including projects, %



Carrying amount distributed by property category including projects, %





# Customers

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

steady and satisfactory occupancy rate. Balder's commercial leases have an average lease term of 7.0 years (6.7). Balder's 10 largest leases represent 5.6 % (6.0) of total rental income and the average lease term amounts to 11.5 years (12.9).

No individual lease accounts for more than 0.8 % (0.9) of Balder's total rental income and no individual customer accounts for more than 4.4 % (2.5) of total rental income.

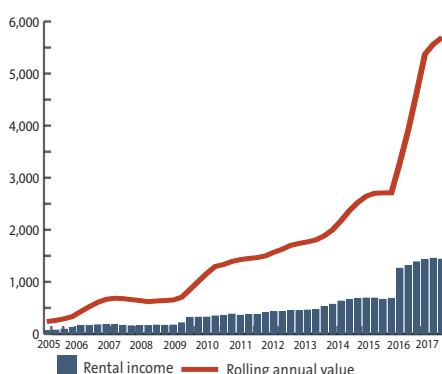
## Lease maturity structure 2017-06-30

Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2017	602	22	83	1
2018	804	29	275	5
2019	494	18	282	5
2020	402	15	240	4
2021–	439	16	1,167	20
<b>Total</b>	<b>2,741</b>	<b>100</b>	<b>2,047</b>	<b>36</b>
Residential <sup>1)</sup>	35,563		3,655	63
Car park <sup>1)</sup>	4,854		16	0
Garage <sup>1)</sup>	3,686		42	1
<b>Total</b>	<b>46,844</b>		<b>5,760</b>	<b>100</b>

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

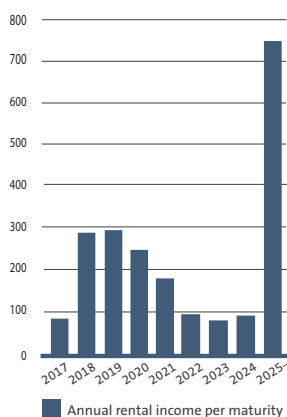
### Rental income

SEKm



### Maturity structure of commercial lease contracts

SEKm



### Balder's 10 largest customers

per 2017-06-30

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

# Financing

## Equity

Consolidated equity, including listed associated companies at market value, amounted to SEK 40,146m (30,740) on 30 June and the equity/assets ratio amounted to 39.9 % (35.5).

During the period, equity increased by comprehensive income for the period of SEK 4,080m (2,126), equity decreased by SEK –200m (–200) regarding dividends approved and entered as a liability to the preference shareholders, the change in market value of the holding in Collector AB (publ) and Brinova Fastigheter AB (publ) SEK –522m (–851), and by SEK –2m (–107) regarding transactions with non-controlling interests.

## Interest-bearing liabilities

Balder's interest-bearing liabilities consists of revolving bilateral liabilities with several Nordic and European banks, outstanding bonds totalling SEK 20,536m (10,845) and outstanding commercial papers of SEK 3,906m (2,538). The secured liabilities in relation to total assets amounted to 28 % (44) on 30 June.

On 30 June, Balder had credit facilities of SEK 4,869m (4,767) of which SEK 4,869m (4,767) were unutilised. Apart

from these facilities, Balder had cash and cash equivalents, unutilised overdrafts and financial investments of SEK 3,578m (1,474). Balder also has credit facilities that fully covers future payments for ongoing construction projects. The interest rate refixing period and fixed credit term amounted to 3.2 years (3.0) and 4.9 years (4.0).

## Financial goals

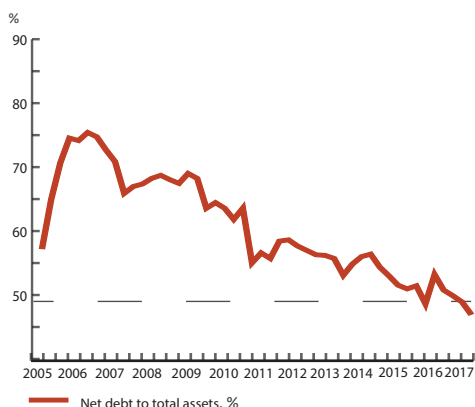
Balder's financial goals are an equity/assets ratio not less than 35 %, an interest coverage ratio not less than 2.0 times and a net debt to total assets ratio of not higher than 55 %. The net debt to total assets ratio is calculated as net interest-bearing liabilities divided by total assets including listed associated companies at market value. As of 30 June, the equity/assets ratio was 39.9 % (35.5), the interest coverage ratio was 4.2 times (3.6) and the net debt to total assets ratio was 47.3 % (53.4).

## Financial targets

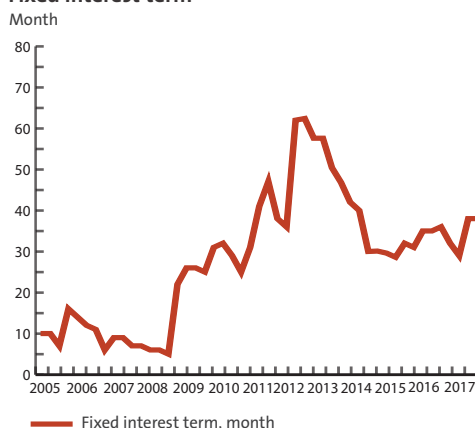
		Target	Outcome <sup>1)</sup>
Equity/assets ratio, %	min.	35.0	39.9
Net debt to total assets, %	max.	55.0	47.3
Interest coverage ratio, times	min.	2.0	4.2

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

## Net debt to total assets



## Fixed interest term



## Interest maturity structure on 2017-06-30

Year	Fixed interest term		
	SEKm	Interest, %	Proportion, %
Within one year	20,743	1.0	41
1–2 years	1,107	3.2	2
2–3 years	2,026	2.4	4
3–4 years	10,388	2.9	20
4–5 years	6,786	1.8	13
> 5 years	9,853	2.5	19
<b>Total</b>	<b>50,904</b>	<b>1.9</b>	<b>100</b>

## Fixed credit term on 2017-06-30

Year	Fixed credit term	
	SEKm	Proportion, %
Within one year	8,637	17
1–2 years	8,392	16
2–3 years	4,920	10
3–4 years	10,789	21
4–5 years	6,124	12
> 5 years	12,042	24
<b>Total</b>	<b>50,904</b>	<b>100</b>

# Other disclosures

## Events after the end of the period

Balder has acquired four hotel properties in central Copenhagen for approximately 1,000 million SEK. The four properties are all located next to the central station in Copenhagen and are today run under the names Star, Mercur, Richmond and Plaza. Balder has signed long term lease agreements with Ligula Hospitality Group to operate all four hotels.

Balder has also agreed to acquire 56 % of Serena Properties AB, a company currently owned by Ratos, Varma Mutual Pension Insurance Company och Redito. Serena Properties owns 21 retail properties in Finland with a market value of approximately 200 million euros. The transaction is subject to approval from the EU competition authority and is expected to be completed in the third quarter of 2017.

After the end of the reporting period no other significant events has occurred.

## Related party transactions

Balder receives fees from associated companies and Erik Selin Fastigheter AB for property and company management services. These fees amounted to SEK 21m (15) during the period and are reported in management and administrative costs. In addition, services are bought from Collector AB (publ).

## Risks and uncertainties

Balder's operations, financial position and results may be affected by a number of risks and uncertainty factors. These are described in the Annual Report for 2016, on pages 53-55. Otherwise, no significant changes has been noted.

## Accounting policies

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

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

## Other

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

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

## Signature and verification

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

Gothenburg 22 August 2017

Christina Rogestam  
Chairman of the Board

Fredrik Svensson  
Board member

Sten Dunér  
Board member

Anders Wennergren  
Board member

Erik Selin  
Board member  
and CEO

**Auditor's report**

Fastighets AB Balder (publ), corp. id. no. 556525-6905

**Introduction**

We have reviewed the condensed interim financial information (interim report) for Fastighets AB Balder (publ) as of 30 June 2017 and for the six-month period that ended on this date. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

**The focus and scope of the review**

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not

enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

**Conclusion**

Based on our review, nothing has come to our attention that give us reason to believe that the interim report, in all material respects, is not prepared for the Group in compliance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in compliance with the Swedish Annual Accounts Act.

Gothenburg 22 August 2017  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
Authorised Public Accountant  
Auditor in charge

Helén Olsson Svärdström  
Authorised Public Accountant

# Consolidated statement of comprehensive income

SEKm	2017 Apr-June	2016 Apr-June	2017 Jan-June	2016 Jan-June	2016/2017 July-June	2016 Jan-Dec
Rental income	1,433	1,307	2,882	2,565	5,690	5,373
Property costs	-433	-411	-906	-855	-1,744	-1,693
<b>Net operating income</b>	<b>1,000</b>	<b>896</b>	<b>1,977</b>	<b>1,710</b>	<b>3,946</b>	<b>3,679</b>
Management and administrative costs	-137	-123	-268	-236	-520	-488
Participations in the profits of associated companies	337	115	561	196	956	590
– of which profit from property management	134	100	265	179	505	419
– of which changes in value	299	46	459	71	732	343
– of which tax	-96	-31	-163	-54	-281	-172
Other income/costs	4	10	2	6	13	17
Net financial items	-229	-245	-468	-460	-981	-973
<b>Profit including changes in value and tax in associated companies</b>	<b>977</b>	<b>653</b>	<b>1,805</b>	<b>1,216</b>	<b>3,413</b>	<b>2,825</b>
<b>– of which Profit from property management</b>	<b>773</b>	<b>637</b>	<b>1,508</b>	<b>1,199</b>	<b>2,963</b>	<b>2,653</b>
<i>Changes in value</i>						
Changes in value properties, realised	113	5	137	51	171	85
Changes in value properties, unrealised	714	1,021	2,572	1,600	5,820	4,847
Changes in value derivatives	85	-193	132	-429	447	-114
<b>Profit before tax</b>	<b>1,888</b>	<b>1,487</b>	<b>4,647</b>	<b>2,439</b>	<b>9,851</b>	<b>7,643</b>
Tax	-135	-303	-681	-480	-1,751	-1,550
<b>Net profit for the period/year</b>	<b>1,754</b>	<b>1,184</b>	<b>3,966</b>	<b>1,959</b>	<b>8,100</b>	<b>6,093</b>
<i>Net profit for the period/year attributable to:</i>						
Parent company shareholders	1,694	1,026	3,700	1,733	7,441	5,474
Non-controlling interests	60	158	266	226	659	619
	<b>1,754</b>	<b>1,184</b>	<b>3,966</b>	<b>1,959</b>	<b>8,100</b>	<b>6,093</b>
<b>Other comprehensive income – items that may be subsequently reclassified to profit or loss</b>						
Translation difference relating to foreign operations	49	177	24	272	190	438
Cash flow hedges after tax	46	-51	91	-107	172	-26
Participation in other comprehensive income of associated companies	-1	2	-1	2	-1	2
<b>Total comprehensive income for the period/year</b>	<b>1,848</b>	<b>1,312</b>	<b>4,080</b>	<b>2,126</b>	<b>8,461</b>	<b>6,507</b>
<i>Total comprehensive income for the period/year attributable to:</i>						
Parent company shareholders	1,691	1,086	3,707	1,813	7,578	5,685
Non-controlling interests	157	226	372	312	883	823
	<b>1,848</b>	<b>1,312</b>	<b>4,080</b>	<b>2,126</b>	<b>8,461</b>	<b>6,507</b>
Profit from property management	773	637	1,508	1,199	2,963	2,653
Of which non-controlling interests part of Profit from property management	-108	-90	-212	-184	-417	-388
<b>Profit from property management attributable to parent company shareholders</b>	<b>665</b>	<b>547</b>	<b>1,296</b>	<b>1,015</b>	<b>2,546</b>	<b>2,265</b>
Profit from property management per ordinary share, SEK <sup>1)</sup>	3.42	2.88	6.65	5.31	13.23	11.89
Profit after tax per ordinary share, SEK <sup>1)</sup>	9.13	5.66	20.00	9.47	40.82	30.38

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



## Consolidated statement of financial position

SEKm	2017 30 June	2016 30 June	2016 31 Dec
<b>Assets</b>			
Investment properties	89,047	77,538	86,177
Other fixed assets	137	135	136
Participations in associated companies	4,071	2,687	3,362
Other receivables	1,465	1,575	1,357
Cash and cash equivalents and financial investments	3,228	1,124	1,592
<b>Total assets</b>	<b>97,949</b>	<b>83,060</b>	<b>92,623</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity <sup>1)</sup>	37,357	27,318	33,479
Deferred tax liability	6,341	4,473	5,808
Interest-bearing liabilities	50,904	47,281	49,580
Derivatives	1,106	1,895	1,547
Other liabilities	2,242	2,092	2,209
<b>Total equity and liabilities</b>	<b>97,949</b>	<b>83,060</b>	<b>92,623</b>
1) Of which non-controlling interests	5,911	5,029	5,540

## Consolidated statement of changes in equity

SEKm	2017 30 June	2016 30 June	2016 31 Dec
<b>Opening equity</b>	<b>33,479</b>	<b>25,052</b>	<b>25,052</b>
Total comprehensive income for the period/year	4,080	2,126	6,507
Dividend preference shares, approved and entered as a liability	-200	-200	-200
Share issue, after issue costs	-	-	1,780
Transactions with non-controlling interests	-2	-107	-107
Dividend to non-controlling interests	-	-107	-107
Non-controlling interests arising on the acquisition of subsidiary	1	-	-
Non-controlling interests arising on share issue in subsidiary	-	554	554
<b>Closing equity</b>	<b>37,357</b>	<b>27,318</b>	<b>33,479</b>

# Consolidated statement of cash flows

SEKm	2017 April-June	2016 April-June	2017 Jan-June	2016 Jan-June	2016 Jan-Dec
Net operating income	1,000	896	1,977	1,710	3,679
Other income/costs	4	10	2	6	17
Management and administrative costs	-137	-123	-268	-236	-488
Reversal of depreciation	6	4	12	7	26
Adjustment item	–	-18	–	-14	–
Net financial items paid	-236	-243	-521	-457	-939
Taxes paid	-129	-25	-153	-78	-160
<b>Cash flow from operating activities before change in working capital</b>	<b>510</b>	<b>500</b>	<b>1,050</b>	<b>938</b>	<b>2,135</b>
Change in operating receivables	209	63	36	-51	176
Change in operating liabilities	75	146	-84	345	580
<b>Cash flow from operating activities</b>	<b>793</b>	<b>709</b>	<b>1,001</b>	<b>1,232</b>	<b>2,891</b>
Acquisition of properties	-773	-3,523	-1,074	-3,853	-7,648
Acquisition/Divestment of property, plant and equipment	-8	-6	-13	-21	-41
Purchase of financial investments	-1	–	-4	-30	-145
Acquisition of shares in associated companies	-100	-158	-163	-214	-493
Investment in existing properties and projects	-920	-594	-1,592	-1,079	-1,843
Transactions with non-controlling interests	–	–	-2	-107	-107
Sale of properties	2,300	37	2,745	489	1,651
Sale of financial investments	4	43	8	224	225
Dividend paid from associated companies	13	–	13	–	–
<b>Cash flow from investing activities</b>	<b>515</b>	<b>-4,200</b>	<b>-83</b>	<b>-4,590</b>	<b>-8,401</b>
Share issue, after issue costs	–	–	–	–	682
Share issue in subsidiary, non-controlling interest's part of the share issue in Sato Oyj	–	420	–	420	420
Dividend paid for preference shares	-50	-50	-100	-100	-200
Dividend paid to non-controlling interests	–	–	–	-107	-107
Changes in value derivatives, realised	–	–	-218	–	–
Loans raised	1,623	2,510	11,771	6,607	10,783
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-2,133	-2,343	-10,739	-3,175	-5,401
<b>Cash flow from financing activities</b>	<b>-560</b>	<b>537</b>	<b>714</b>	<b>3,645</b>	<b>6,177</b>
<b>Cash flow for the period/year</b>	<b>748</b>	<b>-2,953</b>	<b>1,632</b>	<b>287</b>	<b>667</b>
Cash and cash equivalents at the start of the period/year	2,171	3,860	1,287	620	620
<b>Cash and cash equivalents at the end of the period/year</b>	<b>2,919</b>	<b>907</b>	<b>2,919</b>	<b>907</b>	<b>1,287</b>
Unutilised overdraft facilities	350	350	350	350	350
Financial investments	309	218	309	218	305

## Segment information

SEKm	2017 Apr-June	2016 Apr-June	2017 Jan-June	2016 Jan-June	2016/2017 July-June	2016 Jan-Dec
<b>Rental income</b>						
Helsinki	512	462	1,013	902	2,012	1,901
Stockholm	223	198	445	400	864	819
Gothenburg	272	246	571	494	1,107	1,030
Öresund	152	117	298	226	568	496
East	221	236	450	454	928	933
North	52	47	106	89	210	193
<b>Total</b>	<b>1,433</b>	<b>1,307</b>	<b>2,882</b>	<b>2,565</b>	<b>5,690</b>	<b>5,373</b>
<b>Net operating income</b>						
Helsinki	321	311	630	595	1,259	1,224
Stockholm	174	150	335	303	642	610
Gothenburg	200	166	409	329	823	743
Öresund	119	96	229	182	452	405
East	149	142	303	247	622	566
North	37	31	71	53	148	130
<b>Total</b>	<b>1,000</b>	<b>896</b>	<b>1,977</b>	<b>1,710</b>	<b>3,946</b>	<b>3,679</b>

The group's internal reporting of operations is divided into the above segments. Total net operating income corresponds with reported net operating income in the income statement. The difference between net operating income of SEK 1,977m (1,710) and profit before tax of SEK 4,647m (2,439) consists of changes in value of properties of SEK 2,709m (1,651), other income/costs SEK 2m (6), management and administrative costs of SEK –268 m (–236), participations in profits of associated companies of SEK 561m (196), net financial items of SEK –468m (–460) and changes in value of derivatives of SEK 132m (–429).

SEKm	2017 30 June	2016 30 June	2016 31 Dec
<b>Investment properties</b>			
Helsinki	25,399	23,805	24,393
Stockholm	16,735	13,567	15,797
Gothenburg	17,620	14,204	17,053
Öresund	11,550	8,613	10,368
East	10,381	9,592	11,021
North	3,211	2,932	3,086
<b>Total carrying amount excluding project</b>	<b>84,897</b>	<b>72,713</b>	<b>81,718</b>
Project	4,151	4,824	4,459
<b>Total carrying amount including project</b>	<b>89,047</b>	<b>77,538</b>	<b>86,177</b>

The carrying amounts of properties have during the year changed by investments, acquisitions, divestments and unrealised changes in value, with SEK 1,006m in Helsinki region, SEK 938m in the Stockholm region, SEK 567m in the Gothenburg region, SEK 1,182m in the Öresund region, SEK 125m in the North region and by SEK –640m in the East region. The group's projects has decreased by SEK –308m. Sato's property portfolio is divided between the regions Helsinki and East. The real estate holdings in Norway is classified in the North region.

## Key ratios including listed associated companies at market value

	2017 Apr-June	2016 Apr-June	2017 Jan-June	2016 Jan-June	2016/2017 July-June	2016 Jan-Dec
<b>Share-related, ordinary shares <sup>1)</sup></b>						
Average number of shares, thousands	180,000	172,397	180,000	172,397	177,386	173,598
Profit after tax, SEK	9.13	5.66	20.00	9.47	40.82	30.38
Profit after tax excluding unrealised changes in value, SEK	4.22	2.16	6.75	4.42	11.71	9.37
Profit from property management, SEK	3.42	2.88	6.65	5.31	13.23	11.89
Net operating income, SEK	4.43	4.14	8.80	7.91	17.90	17.02
Outstanding number of shares, thousands	180,000	172,397	180,000	172,397	180,000	180,000
Shareholders' equity, SEK	174.21	132.45	174.21	132.45	174.21	157.63
Long-term net asset value (EPRA NAV), SEK	215.59	169.39	215.59	169.39	215.59	198.49
Share price on the closing date, SEK	204.00	212.90	204.00	212.90	204.00	184.10
<b>Property-related</b>						
Rental value full-year, SEK/sq.m.	1,650	1,554	1,650	1,554	1,650	1,583
Rental income full-year, SEK/sq.m.	1,575	1,475	1,575	1,475	1,575	1,507
Economic occupancy rate, %	96	95	96	95	96	95
Surplus ratio, %	70	69	69	67	69	68
Carrying amount, SEK/sq.m.	23,439	20,396	23,439	20,396	23,439	21,473
Number of properties	1,132	1,197	1,132	1,197	1,132	1,220
Lettable area, sq.m. thousands	3,622	3,565	3,622	3,565	3,622	3,806
Profit from property management, attributable to parent company shareholders, SEKm	665	547	1,296	1,015	2,546	2,265
<b>Financial</b>						
Return on equity, ordinary share, %	11.9	9.0	15.8	10.5	26.7	20.9
Return on total assets, %	4.8	5.1	7.0	5.5	11.6	9.9
Interest coverage ratio, times	4.4	3.6	4.2	3.6	4.0	3.7
Equity/assets ratio, %	39.9	35.5	39.9	35.5	39.9	38.3
Debt/equity ratio, times	1.3	1.5	1.3	1.5	1.3	1.3
Net debt to total assets, %	47.3	53.4	47.3	53.4	47.3	50.0

## Key ratios excluding listed associated companies at market value

	2017 Apr-June	2016 Apr-June	2017 Jan-June	2016 Jan-June	2016/2017 July-June	2016 Jan-Dec
<b>Share-related, ordinary shares <sup>1)</sup></b>						
Shareholders' equity, SEK	158.72	112.60	158.72	112.60	158.72	139.23
<b>Financial</b>						
Return on equity, ordinary share, %	13.2	11.0	17.6	12.7	30.2	24.6
Return on total assets, %	5.0	5.3	7.3	5.8	12.0	10.4
Equity/assets ratio, %	38.1	32.9	38.1	32.9	38.1	36.1
Debt/equity ratio, times	1.4	1.7	1.4	1.7	1.4	1.5
Net debt to total assets, %	48.7	55.6	48.7	55.6	48.7	51.8

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

## Condensed parent company income statement

SEKm	2017 Apr-June	2016 Apr-June	2017 Jan-June	2016 Jan-June	2016/2017 July-June	2016 Jan-Dec
Net sales	60	50	121	97	234	209
Administrative costs	-65	-56	-128	-109	-242	-224
<b>Operating profit</b>	<b>-5</b>	<b>-7</b>	<b>-6</b>	<b>-12</b>	<b>-9</b>	<b>-14</b>
<b>Profit from financial items</b>						
Dividends from subsidiaries	909	1,430	909	1,430	909	1,430
Other net financial items	66	152	273	287	564	579
– of which exchange rate differences	-142	1	-153	2	-153	1
Changes in value of derivatives	85	-202	122	-441	411	-151
<b>Profit before appropriations and taxes</b>	<b>1,055</b>	<b>1,374</b>	<b>1,297</b>	<b>1,265</b>	<b>1,876</b>	<b>1,843</b>
<b>Appropriations</b>						
Group contributions paid	–	–	–	–	-568	-568
<b>Profit before tax</b>	<b>1,055</b>	<b>1,374</b>	<b>1,297</b>	<b>1,265</b>	<b>1,308</b>	<b>1,275</b>
Deferred tax	-32	12	-85	37	-86	36
<b>Net profit for the period/year <sup>1)</sup></b>	<b>1,023</b>	<b>1,386</b>	<b>1,212</b>	<b>1,301</b>	<b>1,221</b>	<b>1,311</b>

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

## Condensed parent company balance sheet

SEKm	2017 30 June	2016 30 June	2016 31 Dec
<b>Assets</b>			
Property, plant and equipment	25	22	25
Financial non-current assets	5,060	3,582	5,087
Receivables from group companies	30,605	23,459	24,629
Current receivables	167	7	15
Cash and cash equivalents and financial investments	2,168	253	1,144
<b>Total assets</b>	<b>38,025</b>	<b>27,323</b>	<b>30,900</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	12,965	10,164	11,953
Interest-bearing liabilities	19,532	10,858	13,170
Liabilities to group companies	4,527	4,675	4,440
Derivatives	622	1,178	888
Other liabilities	379	448	449
<b>Total equity and liabilities</b>	<b>38,025</b>	<b>27,323</b>	<b>30,900</b>



# The share and owners

Balder's shares are listed on Nasdaq Stockholm, Large Cap segment. Balder has two listed classes of shares, an ordinary Class B share and a preference share, which pays a dividend of SEK 5 per quarter. The company's market capitalisation as of 30 June amounted to SEK 40,207m (39,927).

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 34.5 % (35.9) of the capital and 48.2 % (49.5) of the votes. Foreign ownership amounts to approximately 21 % (23) of outstanding ordinary shares.

## Ordinary shares

At the end of the period, approximately 14,000 shareholders (10,500) held ordinary shares. During the period, approximately 43 million shares were traded (36) which corresponds to an average of about 389,000 shares per trading day (290,000). The annual turnover rate amounted to 48 % (41). The price of the ordinary share was SEK 204.00 (212.90) on 30 June, corresponding to an increase of 11 % since year-end.

## Preference shares

At the end of the period, approximately 9,300 shareholders (8,800) held preference shares. During the period approximately 1.5 million shares were traded (1.2), which corresponds to an average of about 12,400 shares per trading day (9,800). The annual turnover rate amounted to 30 % (24). On 30 June, the share price of the preference share was SEK 348.70 (322.40), corresponding to a rise of 8 % since year-end and a total return of 11 % since year-end.

## Share capital

On 30 June, the share capital in Balder amounted to SEK 190,000,000 distributed among 190,000,000 shares. Each share has a quota value of SEK 1.00, where of 11,229,432 shares are of Class A, 168,770,568 of Class B and 10,000,000 preference shares. The total number of outstanding shares amounts to 190,000,000. Each Class A share carries one vote and each Class B share and preference share carries one tenth of one vote.

## Annual General Meeting

The Annual General Meeting (AGM) of Fastighets AB Balder on 11 May 2017, resolved on the following matters, among others:

The AGM adopted the annual accounts for 2016 and resolved on a dividend of SEK 20 per preference share and that no dividend shall be declared to the ordinary share-holders.

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

The meeting resolved to authorise the Board, during the period until the next Annual General Meeting, on one or more occasion, to be able to decide on a new issue of not more than 5,000,000 preference shares and/or shares of Class B corresponding to not more than 10 % of the existing share capital at the time of the AGM 2017.

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

## EPRA key ratios

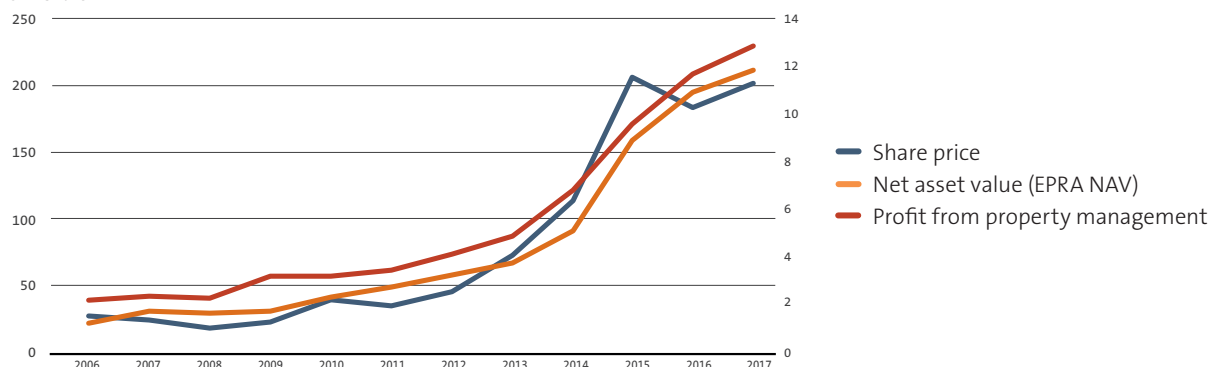
	2017 Jan-June	2016 Jan-June	2016 Jan-Dec
EPRA NAV (Long-term net asset value), SEKm	38,805	29,202	35,728
EPRA NAV, SEK per share	215.59	169.39	198.49
EPRA Vacancy rate	4	5	5

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

Share price, Net asset value (EPRA NAV)

Profit from property management

SEK/share



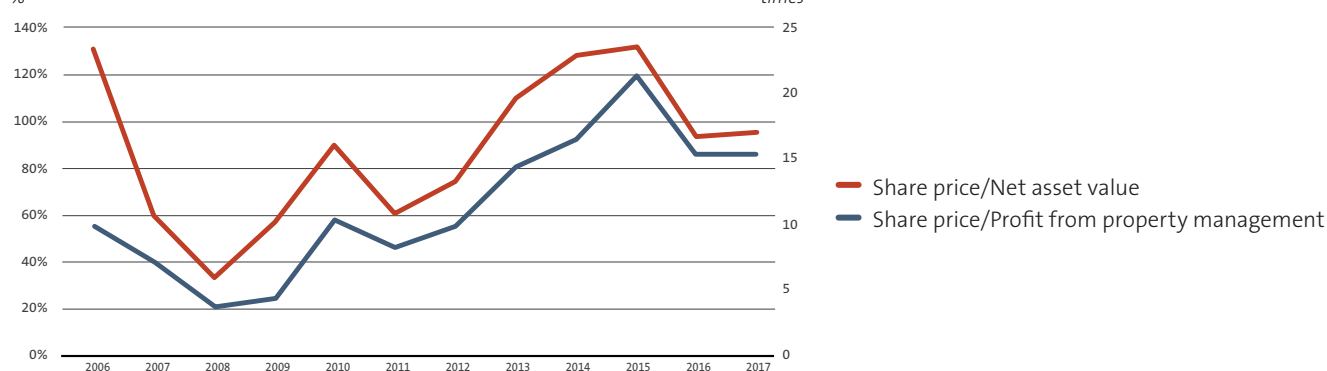
### Share price/Net asset value and profit from property management

Share price/Net asset value

Share price/Profit from property management

%

times



### Ownership list as of 2017-06-30

Owner	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	500	65,520,728	34.5	48.2
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	8.7	14.7
Swedbank Robur fonder	—	10,514,285	—	10,514,285	5.5	3.6
JPM Chase	—	7,548,107	103,409	7,651,516	4.0	2.6
Länsförsäkringar fondförvaltning AB	—	7,425,935	—	7,425,935	3.9	2.6
Handelsbanken Fonder AB	—	6,530,927	—	6,530,927	3.4	2.2
SEB Investment Management	—	4,767,209	—	4,767,209	2.5	1.6
Second Swedish National Pension Fund	—	3,451,035	—	3,451,035	1.8	1.2
Lannebo fonder	—	3,084,391	—	3,084,391	1.6	1.1
Anders Hedin Invest AB	—	2,500,000	—	2,500,000	1.3	0.9
Other	4,212	52,195,239	9,896,091	62,095,542	32.7	21.3
<b>Total</b>	<b>11,229,432</b>	<b>168,770,568</b>	<b>10,000,000</b>	<b>190,000,000</b>	<b>100</b>	<b>100</b>

### Preference share calendar

Final day of trading incl. right to payment of dividend	6 October 2017
Record day for payment of dividend	10 October 2017
Expected day of payment from Euroclear	13 October 2017
Final day of trading incl. right to payment of dividend	8 January 2018
Record day for payment of dividend	10 January 2018
Expected day of payment from Euroclear	15 January 2018
Final day of trading incl. right to payment of dividend	6 April 2018
Record day for payment of dividend	10 April 2018
Expected day of payment from Euroclear	13 April 2018

# Definitions

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

## Financial

### Return on equity, ordinary share, %

Profit after tax reduced by preference share dividend for the period in relation to average equity after deduction of the preference capital. The values were converted to a full-year basis in the interim accounts without taking account of seasonal variations that normally arise in the operations with the exception of changes in value.

### Return on total assets, %

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

### Profit from property management, SEKm

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

### Net debt to total assets, %

Interest-bearing liabilities less cash and cash equivalents and financial investments in relation to total assets.

### Interest coverage ratio, times

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

### Debt/equity ratio, times

Interest-bearing liabilities in relation to shareholders' equity.

### Equity/assets ratio, %

Shareholders' equity including non-controlling interests in relation to the balance sheet total at the end of the year.

## Share related

### Equity per ordinary share, SEK

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

### Equity per preference share, SEK

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

### Profit from property management per ordinary share, SEK

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

### Average number of shares

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

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

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

### Profit after tax per ordinary share, SEK

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

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

## Property related

### Yield, %

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

### Net operating income, SEKm

Rental income less property costs.

### Economic occupancy rate, % <sup>1)</sup>

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

### Property category

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

### Property costs, SEKm

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

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

Contracted rent and estimated market rent for vacant premises.

### Surplus ratio, %

Net operating income in relation to rental income.

The information in this report is such that Fastighets AB Balder (publ) is obliged to disclose according to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. This information has been published at 2.00 p.m. on August 22, 2017.

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

### *Contact*

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### *Financial information*

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

### *Calendar*

Interim report Jan-Sep 2017	2 November 2017
Year-end report 2017	22 February 2018

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