Balder's Annual Report 2016

The people behind Balder

BALDER

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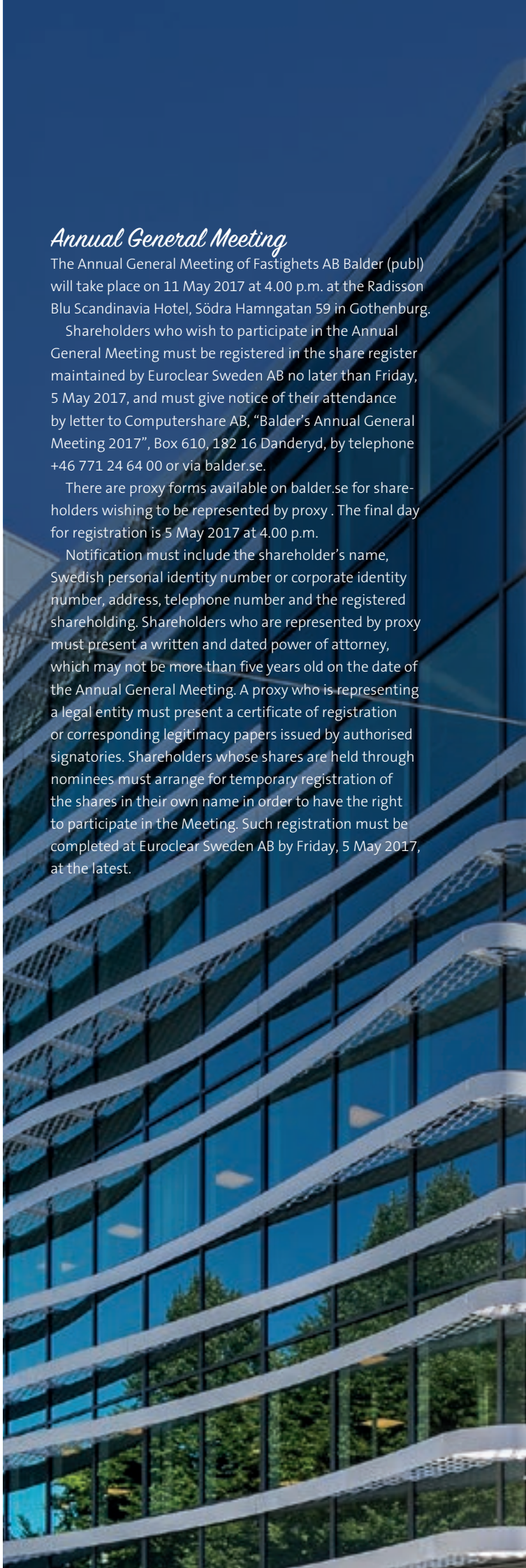
Annual General Meeting

The Annual General Meeting of Fastighets AB Balder (publ) will take place on 11 May 2017 at 4.00 p.m. at the Radisson Blu Scandinavia Hotel, Södra Hamngatan 59 in Gothenburg.

Shareholders who wish to participate in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB no later than Friday, 5 May 2017, and must give notice of their attendance by letter to Computershare AB, "Balder's Annual General Meeting 2017", Box 610, 182 16 Danderyd, by telephone +46 771 24 64 00 or via balder.se.

There are proxy forms available on balder.se for shareholders wishing to be represented by proxy . The final day for registration is 5 May 2017 at 4.00 p.m.

Notification must include the shareholder's name, Swedish personal identity number or corporate identity number, address, telephone number and the registered shareholding. Shareholders who are represented by proxy must present a written and dated power of attorney, which may not be more than five years old on the date of the Annual General Meeting. A proxy who is representing a legal entity must present a certificate of registration or corresponding legitimacy papers issued by authorised signatories. Shareholders whose shares are held through nominees must arrange for temporary registration of the shares in their own name in order to have the right to participate in the Meeting. Such registration must be completed at Euroclear Sweden AB by Friday, 5 May 2017, at the latest.

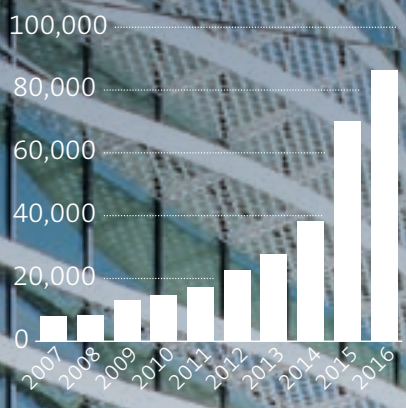


Where, how and why

Balder owns, manages and develops residential and commercial properties and hotels in Sweden, Denmark, Norway and Finland. Balder creates attractive and safe areas for people to live in and where new business can be developed. By having our own personnel in each location, we are always close to our tenants. In all of our locations, we want to be a committed, creative and long-term partner – regardless of whether you are a shareholder, business partner or tenant.

Profit from property management, SEKm

Property value, SEKm



Lettable area, %

CEO's comments

2016 was a positive year when, apart from financial key ratios, we also performed positively on many fronts. Balder invests in several countries, property categories and projects and through complete- and part-ownership.

Dear shareholder,

Profit from property management per ordinary share increased by 22 % during the year to SEK 11.89. The equivalent result for the fourth quarter was SEK 3.39 per ordinary share, an increase of 28 % compared to the same period last year.

Net asset value per ordinary share increased by 25 % during the year and amounted to SEK 198.45.

Current earning capacity per ordinary share increased by 27 % from SEK 10.64 to SEK 13.52.

In Collector, our largest associated company in terms of value, earnings per share increased by 34 % and equity per share increased by 41 %.

We can thus state that 2016 was a year of great improvements in key ratios per share in both Balder and Collector.

For the long-term shareholder, it is most important to have a belief about how future earnings will develop over time (obvious don't you think?) and after that an opinion about the present value of future earnings (so-called discounting factor). However, small changes in these two key ratios, have a large effect on value and both Balder and Collector were examples of this during 2016.

Balder's share price fell by 12 % during the year even though key ratios per share improved by about 25 %, in other words, the share price should have been about 40 % higher on 31 December 2016 if the estimates for earnings and present value were equivalent to 31 December 2015.

In Collector, the value of the share was 19 % lower despite almost 40 % better key ratios per share. Using the same estimates as the previous year-end, the share price should therefore have been about 70 % higher.

The fact that stock market expectations can vary so much creates opportunities for both the short-term and long-term investor and I personally think it is fascinating, interesting and fun to follow the changes over the years.

Operationally

Apart from financial key ratios, 2016 was a year when we also performed positively on many fronts. Balder invests in several countries, property categories and projects and also through complete- and part-ownership. I personally believe that all parts of the company improved during 2016 and this is also generating more business opportunities.

It's a privilege for me to be able to work with all of you!

2017 and beyond

It is likely that 2017 will also be a year with strong demand for both commercial premises and residential properties in our markets.

The financing opportunities also seem favourable and our financing base has been broadened further as we now have an official rating.

We have now supplemented our financial goals as follows – an equity/assets ratio (min. 35 %) with a net debt to total assets ratio (max. 55 %). These key ratios are obviously much alike, but the net debt to total assets key ratio is increasingly used, which means that it is good to clarify our goal for this key ratio.

The future is bright and despite intense competition among investors, I feel optimistic as usual regarding the potential to find reasonably good investments over time.

"The financing opportunities also seem favourable and our financing base has been broadened further as we now have an official rating."

Erik Selin
Chief Executive Officer

”I personally believe that all parts of the company improved during 2016 and this is also generating more business opportunities.”

Comments by the Chairman of the Board

The current housing shortage shows the challenge for companies like Balder in collaboration with the relevant municipalities to more rapidly start construction of housing projects.

The Swedish population is growing rapidly and with it the housing shortage. We now have more than 10 million inhabitants in our rectangular country. The increase has occurred quickly in recent years. Average life expectancy is increasing by 3.5 hours per day and this is an effect of the fact that more people are living longer. The number of new arrivals has increased in recent years and their families are coming with them.

Cities and metropolitan areas in particular are drawing and attracting people with their large choice. They offer jobs, a great variety of entertainment, places to see and shops to visit. What is lacking is good access to housing.

Young people who want to move from home, students who have obtained a desirable place in education, new arrivals who finally received their residence permit, older people who want to leave their house and move into a smaller centrally-located apartment – everyone is looking for apartments.

The current housing shortage shows the challenge for companies like Balder, in collaboration with the relevant municipalities, to more rapidly start the construction of housing projects either in new areas or as additional housing in existing areas.

Housing demand is naturally greatest in growth regions such as Stockholm, Gothenburg and Malmö and surrounding municipalities. It is a challenge for Balder to find opportunities, produce plan decisions and build new housing for both younger and older people.

However, in many municipalities, the planning process needs to be accelerated and made more flexible. It takes far too long to start a construction project. Perhaps municipal leaders should rely more on serious companies and use their willingness to help in a constructive way.

This would be an opportunity that must be embraced with a sensible strategy, strong commitment on the part of Balder, close collaboration with the relevant municipalities and competent partners. The company is prepared to take its responsibility to create more residential properties!

The owners' instruction to the company is to create value.

The duties of Balder's Board of Directors include working on the Group's long-term development, follow up of the management's operational activities and to assure order and clarity in the company.

The duties of the Board also include advancing the work on sustainable development, in other words questions relating to ethics, diversity and the environment. Another important area is risk assessment in relation to demand, vacancies, the interest trend etc.

Balder has skilled and dedicated employees that implement the management's intentions efficiently in the day-to-day operations, and in the important meeting with tenants and partners. Combined with a management that skillfully makes the right deals at the right time, this guarantees that Balder will also continue to be a strong player in the property market.

Christina Rogestam
Chairman of the Board

Multi-year summary

Together with our shareholders, financiers, customers, suppliers and society at large, we look forward to good business opportunities for many years to come.

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Rental income, SEKm	5,373	2,711	2,525	1,884	1,701	1,466	1,333	854	633	678
Profit from property management before tax, SEKm [1]	2,265	1,780	1,275	854	691	516	417	315	174	179
Changes in value of properties, SEKm	4,932	3,388	3,050	854	812	990	1,047	4	–201	642
Changes in value of interest rate derivatives, SEKm	–114	227	–624	433	–71	–520	148	–23	–333	7
Net profit for the year, SEKm [1]	5,474	4,916	3,128	1,738	1,162	812	1,338	248	–388	785
Carrying amount of properties, SEKm	86,177	68,456	37,382	27,532	22,278	17,556	14,389	12,669	7,086	6,758
Data per ordinary share, including listed associated companies at market value [2]										
Average number of shares, thousands	*173,598*	*162,753*	*161,786*	*159,537*	*159,537*	*158,656*	*149,487*	*112,902*	*95,910*	*97,318*
Net profit for the year, SEK	30.38	28.98	18.10	10.11	6.69	4.87	8.95	2.20	–4.04	8.07
Profit from property management before tax, SEK	11.89	9.71	6.64	4.57	3.73	3.00	2.79	2.79	1.81	1.84
Outstanding number of shares, thousands	*180,000*	*172,397*	*162,397*	*159,537*	*159,537*	*159,537*	*149,487*	*149,487*	*94,458*	*97,318*
Shareholders' equity, SEK	157.63	128.03	70.10	52.14	42.15	35.57	31.13	22.19	19.63	23.49
Net asset value (EPRA NAV), SEK	198.49	159.14	86.33	60.50	50.37	41.84	32.89	22.16	20.95	22.33
Share price on the closing date, SEK	184.10	208.70	110.25	66.00	37.30	25.30	29.40	12.50	7.00	13.33
Changes in share price, %	–12	89	67	77	47	–14	135	79	–47	–22
Dividend, SEK	–	–	–	–	–	–	–	–	0.17	–
Data per preference share										
Share price at year-end, SEK	323.30	312.00	350.00	336.00	303.00	267.00	–	–	–	–
Total yield, %	10	–5	10	17	21	11	–	–	–	–
Dividend, SEK	20.00	20.00	20.00	20.00	20.00	20.00	–	–	–	–
Number registered, thousands	10,000	10,000	10,000	10,000	6,000	4,000	–	–	–	–
Property related										
Rental value full-year, SEK/sq.m.	1,583	1,508	1,325	1,216	1,247	1,163	1,087	1,072	1,298	1,193
Rental income full-year, SEK/sq.m.	1,507	1,455	1,254	1,148	1,166	1,088	1,016	1,002	1,218	1,107
Economic occupancy rate, %	95	96	95	94	94	94	94	94	94	93
Surplus ratio, %	68	72	70	68	68	68	66	69	70	70
Carrying amount, SEK/sq.m.	21,473	18,622	17,172	13,985	14,439	12,467	10,887	10,053	12,805	12,275
Number of properties	1,220	1,177	486	498	432	433	432	419	122	121
Lettable area, sq.m. thousands	3,806	3,430	2,177	1,969	1,543	1,408	1,322	1,260	553	551
Financial, including listed associated companies at market value [2]										
Return on equity ordinary share, %	20.9	28.2	29.7	21.5	17.0	14.3	33.6	9.6	–18.7	41.5
Interest coverage ratio, times	3.7	5.1	3.4	2.9	2.4	2.1	2.1	2.1	1.6	1.7
Equity/assets ratio, %	38.3	37.8	35.5	37.3	34.8	35.2	30.9	24.1	23.3	30.1
Debt/equity ratio, times	1.3	1.4	1.6	1.5	1.7	1.6	2.1	2.9	3.0	2.2
Net debt to total assets, %	50.0	51.6	54.6	53.3	57.3	56.0	62.3	68.9	69.4	66.5
EPRA key ratios										
EPRA NAV (Long-term net asset value), SEKm	35,728	27,436	14,019							
EPRA NAV, SEK per share	198.49	159.14	86.33							
EPRA Vacancy rate	5	4	5							

1) Attributable to owners of the Parent Company.

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

A lot can happen in 11 years

We have competed a very exciting journey since the start in 2005. Our hope is that the coming years will be at least as exciting, educational and eventful.

2006

Concurrently with Balder's listing on the Stockholm Stock Exchange, organisations were built up in Stockholm, Gothenburg and Malmö.

2009

Apart from investing in six wind power turbines, Balder acquired all of Din Bostad Sverige AB.

2011

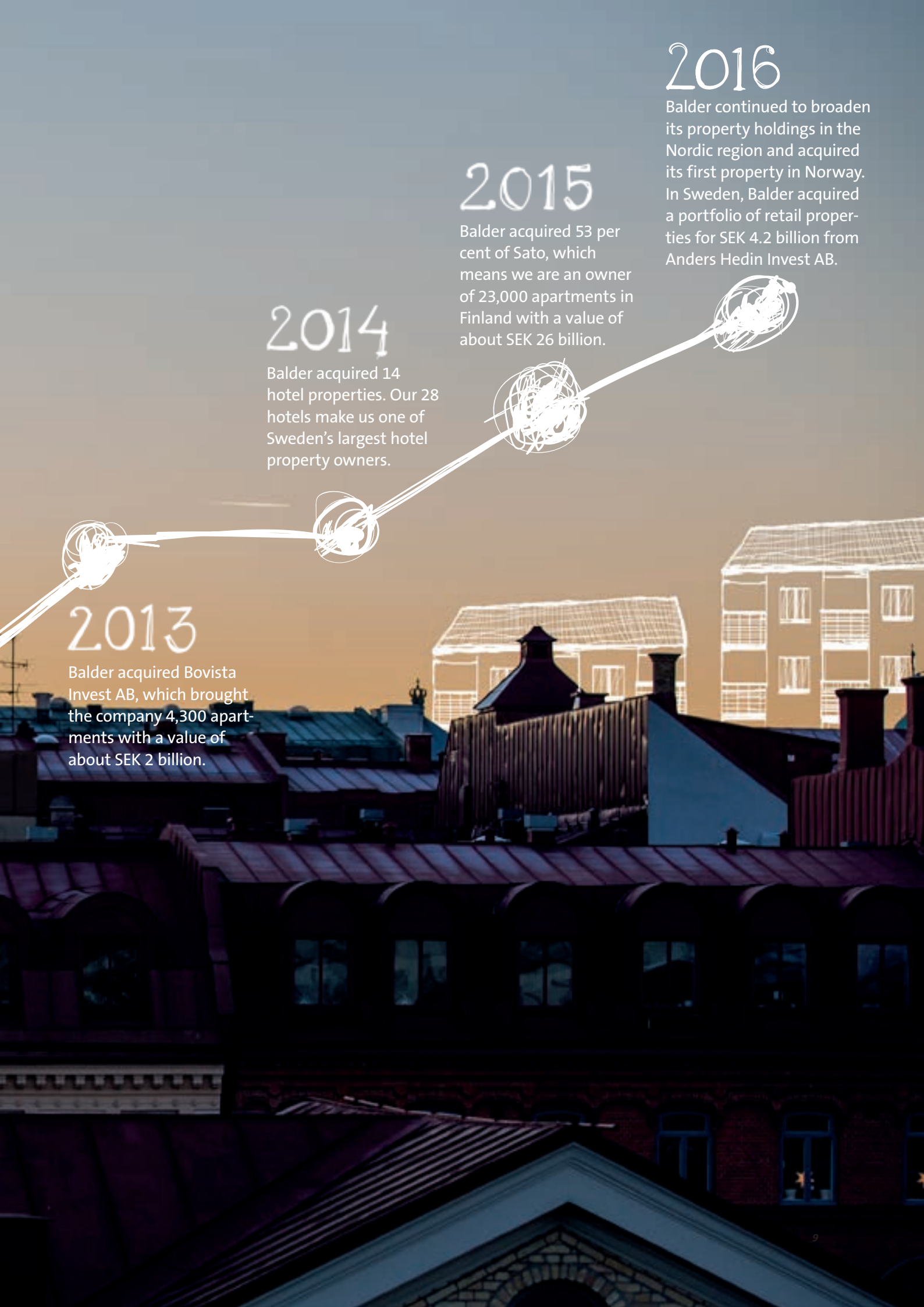
We acquired 25 retail properties from Catena AB for Fastighets AB Centur. 50 per cent of the shares were sold to PEAB and Fastighets AB Centur became one of our associated companies.

2012

Balder acquired residential properties in central Copenhagen, in the Österbro housing district.

2005

In the same year that Balder was established, the company acquired 21 properties.



2016

Balder continued to broaden its property holdings in the Nordic region and acquired its first property in Norway. In Sweden, Balder acquired a portfolio of retail properties for SEK 4.2 billion from Anders Hedin Invest AB.

2015

Balder acquired 53 per cent of Sato, which means we are an owner of 23,000 apartments in Finland with a value of about SEK 26 billion.

2014

Balder acquired 14 hotel properties. Our 28 hotels make us one of Sweden's largest hotel property owners.

2013

Balder acquired Bovista Invest AB, which brought the company 4,300 apartments with a value of about SEK 2 billion.

Where are we going and how will we get there?

Balder's business concept is to acquire, develop and manage residential and commercial properties located in places that are growing and developing positively, based on local support.

Strategy

Balder creates value for its owners, customers, employees and the community. Balder accomplishes this by:

- Meeting and taking care of customer needs.
- Having short decision-making procedures.
- Carefully choosing cost-effective management solutions.
- Maintaining a high level of activity in all stages.
- Working actively on acquiring properties with development potential.
- Generating growth by investing and developing properties.
- Streamlining and improving the efficiency of property management.
- Being a long-term owner that bases its operations on stable cash flows and satisfied customers.

Overall goals

Balder's operations are focused on growth, positive cash flows and increased profit from property management. Balder shall achieve a position in each region whereby the company is a natural partner for potential customers.

Financial goals
Balder's goal is to achieve a stable and good return on equity, while the equity/assets ratio over time shall not be less than 35 % and the interest coverage ratio shall not be less than 2.0 times and a net debt to total assets ratio of not more than 55 %.

Operating goals
The company establishes quantitative and qualitative operating goals based on Balder's strategy, overall goals and financial policy. These are set for both the short-term and long-term. The goals relate to financial targets as well as goals relating to the environment and customer/employee satisfaction.

Dividend policy
Since Balder will prioritise growth, capital structure and liquidity over the next few years, the dividend for the ordinary share will be low or will not be declared at all. The dividend for the preference share amounts to SEK 20.00 per year.

Current earning capacity

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 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 property portfolio as well as by future property acquisitions and/or property divestments. Additional items affecting the operating result are changes in value of derivatives. None of these have been considered in the current earning capacity.

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 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 12-month basis SEK million	**2016 31 Dec**	**2015 31 Dec**	**2014 31 Dec**	**2013 31 Dec**	**2012 31 Dec**	**2011 31 Dec**
Rental income	5,800	5,045	2,730	2,260	1,800	1,530
Property costs	–1,695	–1,635	–800	–735	–560	–465
Net operating income	**4,105**	**3,410**	**1,930**	**1,525**	**1,240**	**1,065**
Management costs and administrative costs	–490	–425	–165	–165	–120	–105
Profit from property management from associated companies	505	340	220	170	120	90
Operating profit	**4,120**	**3,325**	**1,985**	**1,530**	**1,240**	**1,050**
Net financial items	–1,040	–880	–585	–535	–495	–445
Of which non-controlling interests	–445	–410	–	–	–	–
Profit from property management	**2,635**	**2,035**	**1,400**	**995**	**745**	**605**
Taxes	–570	–439	–308	–219	–164	–159
Profit after tax	**2,065**	**1,596**	**1,092**	**776**	**581**	**446**
Profit after tax attributable to						
Ordinary shareholders	1,865	1,396	892	576	461	366
Preference shareholders	200	200	200	200	120	80
Profit from property management per ordinary share, SEK	**13.52**	**10.64**	**7.39**	**4.99**	**3.92**	**3.29**

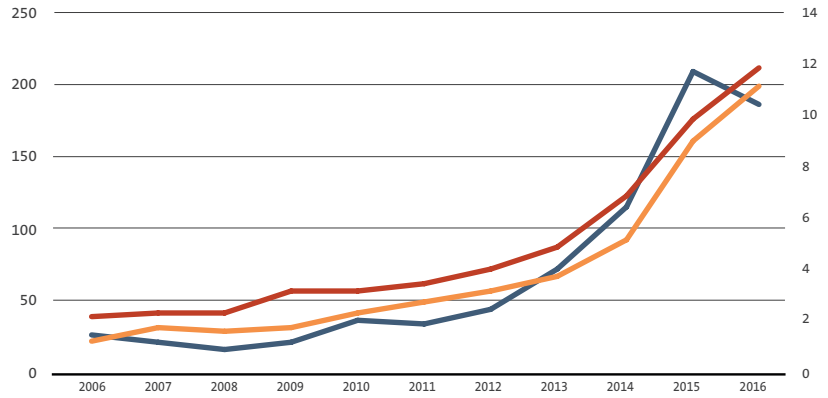
The share and owners

Balder has two different Classes of shares quoted on Nasdaq Stockholm, Large Cap; an ordinary Class B share and a preference share.

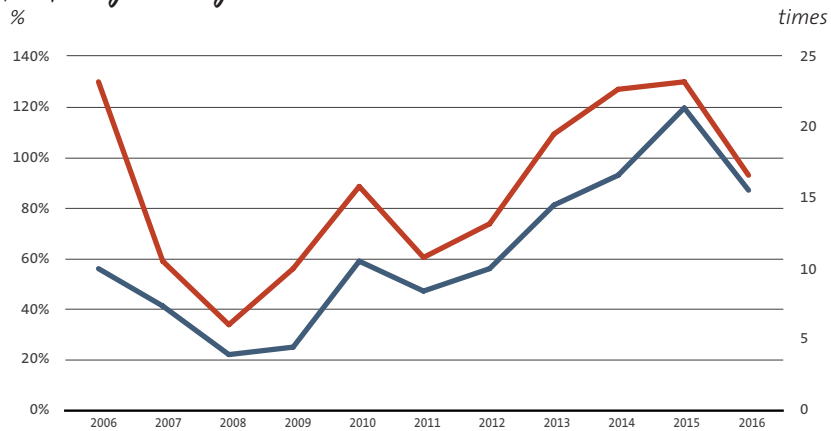
The company's overall market capitalisation as of 31 December amounted to SEK 36,371m (39,099) and the company had 22,000 shareholders (17,200) at year-end. Balder carried out a directed new issue of 3,000,633 ordinary Class B shares during September, which raised about SEK 681m after issue expenses. Subscribers in the issue were a large number of Swedish and foreign institutional investors. For existing ordinary shareholders, the issue implied a dilutive effect of 1.7 % of the capital. In late 2016, Balder also carried out a set-off issue of 4,602,515 ordinary Class B shares, which raised about SEK 1,099m after issue expenses. The set-off issue was carried out in connection with the acquisition of all properties in the company I.A Hedin Fastighet AB from Anders Hedin Invest AB. The issue implied a dilutive effect of approx. 2.6 % of the capital for existing ordinary shareholders in Balder. Through the set-off issue, Anders Hedin Invest AB became one of the largest owners in Balder, with 2.6 % of the capital and 1.7 % of the number of votes. After the issues and as of 31 December, 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, of which 11,229,432 shares are of Class A, 168,770,568 of Class B and 10,000,000 preference shares. Balder has no repurchased ordinary shares, which means that the total number of outstanding ordinary shares amounts to 180,000,000. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote.

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

SEK/share



Share price/Net asset value and profit from property management



Performance of the ordinary share

The price of the ordinary share was SEK 184.10 (208.70) at year-end, equivalent to a decrease in value of 12 % (+89) during the year. The increase since 1 January 2006 amounted to 1 200 %. At year-end, the number of ordinary shareholders amounted to 14,000 (9,300).

Murmästaren 7, Stockholm

During the year, 90.2 million ordinary shares were traded, equivalent to 357,000 shares per trading day (270,000) or SEK 74m (40) based on the average price during the year. The turnover corresponds to an annual turnover rate of 52 % (42) and if Erik Selin Fastigheter AB's shares are excluded, the annual turnover exceeded 83 % (70) of the outstanding ordinary shares. The proportion of foreign-owned shares amounted to 20.0 % (22.1).

Equity growth

Equity per ordinary share (account associated companies to market value) amounted to SEK 157.63 (128.03) on 31 December, corresponding to an increase of 23 % (83) during the year. Net asset value per ordinary share (EPRA NAV) increased during the same period by 25 % (84) to SEK 198.49 (159.14). The difference between equity and net asset value is that in the net asset value, derivatives and the net of deferred tax liabilities and deferred tax assets are reversed. In the past 10 years, net asset value increased by an average of 34 % per year (35). The share price/net asset value ratio was 93 % (131) at year-end.

Profit from property management before tax attributable to the parent company's shareholders amounted to SEK 2,265m (1,780), which corresponds to an increase of 27 % (40) compared to the previous year. In the past 10 years, profit from property management increased by an average of 32 % per year (33). Profit from property management per ordinary share increased by 22 % (46) and in the past 10 years the average increase was 23 % (23).

Performance of the preference share

The price of the preference share was SEK 323.30 at year-end (312.00), corresponding to a total annual yield, including dividend, of 10.0 %. The number of shareholders amounted to about 9,300 (8,700) and 3.3 million shares were traded during the year (3.3), equivalent to just over 13,000 shares per trading day (13,000), corresponding to about SEK 4.2m (4.5), based on the average share price for the year. The annual turnover in the preference share corresponded to 33 % (33) of the total number of preference shares.

The preference share carries preferential right over the ordinary share to an annual dividend of SEK 20 with quarterly dividend of SEK 5. Record days for dividend are 10 January, 10 April, 10 July and 10 October.

If the dividend on the preference share is not paid in time or for a lower amount, the difference shall be added to amounts unpaid, including interest of 14 %.

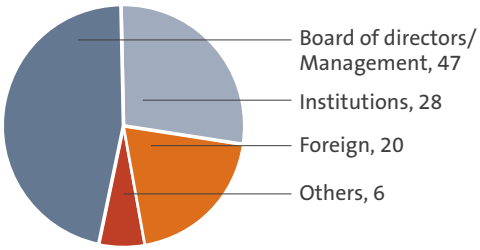
Dividend policy ordinary shareholders

Balder's goal is to generate the best total yield for its shareholders. We believe that we do this by reinvesting the profits in the operations in order to create further growth. For this reason, the dividend will remain low or will not be declared in the next few years. Balder will instead continue to grow by investing in existing properties, new construction and acquisition of new properties. The Board proposes to the Annual General Meeting that no dividend for the ordinary share should be paid for the 2016 financial year.

Shareholders

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which holds 34.5 % of the capital and 48.2 % of the votes. Other large owners are Arvid Svensson Invest AB and Swedbank Robur fonder. At the end of 2016, the total number of shareholders amounted to about 22,000 (17,200). After the two issues carried out during 2016, 47 % (49) of the ordinary share capital is held by the Board and Management.

Ownership distribution, ordinary shares %



Analysts following Balder:
Albin Sandberg, Handelsbanken
Erik Granström, Carnegie
Tobias Kaj, ABG Sundal Collier
Jan Ihrfelt, Swedbank
Johan Edberg, Pareto
Henrik Dahlgren, Danske Bank
Niclas Höglund, Nordea
Svante Krokfors, SEB

Performance of Balder's share

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Data per ordinary share, including listed associated companies at market value [1]										
Share price at year-end, SEK	184.10	208.70	110.25	66.00	37.30	25.30	29.40	12.50	7.00	13.33
Profit from property management, SEK	11.89	9.71	6.64	4.57	3.73	3.00	2.79	2.79	1.81	1.84
Profit after tax, SEK	30.38	28.98	18.10	10.11	6.69	4.87	8.95	2.20	–4.04	8.07
Shareholders' equity, SEK	157.63	128.03	70.10	52.14	42.15	35.57	31.13	22.19	19.63	23.49
Long-term net asset value (EPRA NAV), SEK	198.49	159.14	86.33	60.50	50.37	41.83	32.89	22.16	20.95	22.33
Total yield, %	–12	89	67	77	47	–14	135	79	–46	–22
Dividend, SEK	–	–	–	–	–	–	–	–	0.17	—
Number registered, thousands	180,000	172,397	162,397	162,397	162,397	162,397	152,347	152,347	97,318	97,318
Number outstanding, thousands	180,000	172,397	162,397	159,537	159,537	159,537	149,487	149,487	94,458	97,318
Data per preference share										
Share price at year-end, SEK	323.30	312.00	350.00	336.00	303.00	267.00	–	–	–	–
Total yield, %	10	–5	10	17	21	11	–	–	–	–
Dividend, SEK	20.00	20.00	20.00	20.00	20.00	20.00	–	–	–	–
Number registered, thousands	10,000	10,000	10,000	10,000	6,000	4,000	–	–	–	–
Market capitalisation										
Market capitalisation, SEKm	36,371	39,099	21,404	13,889	7,800	5,104	1,395	1,869	661	1,298

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

Ownership list as of 31 December 2016

Owners	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	–	11,707,995	–	11,707,995	6.2	4.0
Länsförsäkringar fondförvaltning AB	–	7,571,909	–	7,571,909	4.0	2.6
JPM Chase	–	6,671,346	80,781	6,752,127	3.6	2.3
Handelsbanken Fonder AB	–	6,343,346	–	6,343,346	3.3	2.2
Anders Hedin Invest AB	–	5,000,000	–	5,000,000	2.6	1.7
SEB Investment Management	–	3,304,313	–	3,304,313	1.7	1.1
Lannebo fonder	–	2,950,000	–	2,950,000	1.6	1.0
CBNY Norges Bank	–	2,614,143	–	2,614,143	1.4	0.9
Other	4,212	51,854,076	9,918,719	61,777,007	32.5	21.2
Total	**11,229,432**	**168,770,568**	**10,000,000**	**190,000,000**	**100**	**100**

Our customers

Local property management
Balder's business areas consists of the regions Helsinki, Stockholm, Gothenburg, Öresund, East and North and consists of 17 areas. In each region the property management is managed by own staff responsible for letting, operations, environment and maintenance. Balder's own management organisation enables fast decisions, proximity to the customer, good local knowledge and the opportunity to work on a long-term with property management. The company offers a wide range of commercial and residential premises in different locations with various rental levels.

Satisfied customers, year after year
Balder works actively to create and retain satisfied customers. We offer clear customer-oriented management with customer needs in focus. We conduct regular customer surveys in order to measure our Customer Satisfaction Index, (NKI).

During autumn 2016, Balder carried out its fourth CSI survey for Sweden in collaboration with AktivBo. The survey was sent out to half of the company's residential tenants and to all commercial tenants (approx. 9,000 tenants in total).

In all measurements carried out since 2011, Balder's customer satisfaction has improved steadily. This year's increase qualified us for the third time for a nomination for the sector's major CSI award "Kundkristallen". Our nomination was in the "Biggest boost in the service index" category for property companies with more than 9,000 apartments.

Valuable decision data
We use the results of our surveys as decision data in the organisation, which provides added value for customers, the company and society.

Balder's basic philosophy, long-term ownership, relationship-building management and local base, generated a very good response from our tenants. Despite Balder's geographical spread, there was only a difference of a few percentage points between tenant answers.

Our tenants believe that Balder is very accessible and easy to reach. More than 90 % of our customers are very satisfied with accessibility by mail, telephone and with the possibility of a personal visit.

Staff are easy to recognise and Balder receives a particularly good result when it comes to customer treatment.

Waste management and the company's possibility to offer sorting of household waste continues to be something that is strongly requested by our tenants and where there is room for improvement.

Balder's efforts to improve information routines since the previous measurement delivered very good results and our tenants are very satisfied with the information from the company.

Personal case management
Customer service is an important function at Balder. Here we take care of the contact with customers so that possible defects and shortcomings can be discovered at an early stage.

Long-term leases
Balder considers that the risk of a sudden deterioration in rental income is low due to its lease structure. Rental risk is reduced through a good division between commercial properties and residential properties as well as the geographical spread. In order to offset reduced rental income and a weaker occupancy rate, the company strives for long-term relationships with its existing customers.

Balder's ten largest leases represent 5.6 % (6.1) of total rental income and the average lease term amounts to 11.8 years (11.1). 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 4.0 % (2.7) of total rental income. The average lease term for the entire commercial portfolio amounted to 7.1 years (6.3).

The lease structure on 31 December 2016 is shown in the table, whereupon leases terminated on this date, where removal will or is expected to take place, are recognised as leases maturing within one year.

Balder's 10 largest costumers as of 31 December 2016
- I.A. Hedin Bil
- ICA Sverige
- Kopparbergs Bryggerier
- The Norwegian state
- Profilhotels
- Scandic Hotels
- SCA Hygiene Products
- City of Stockholm
- Stureplansgruppen
- Winn Hotel Group

Lease structure 31 December 2016

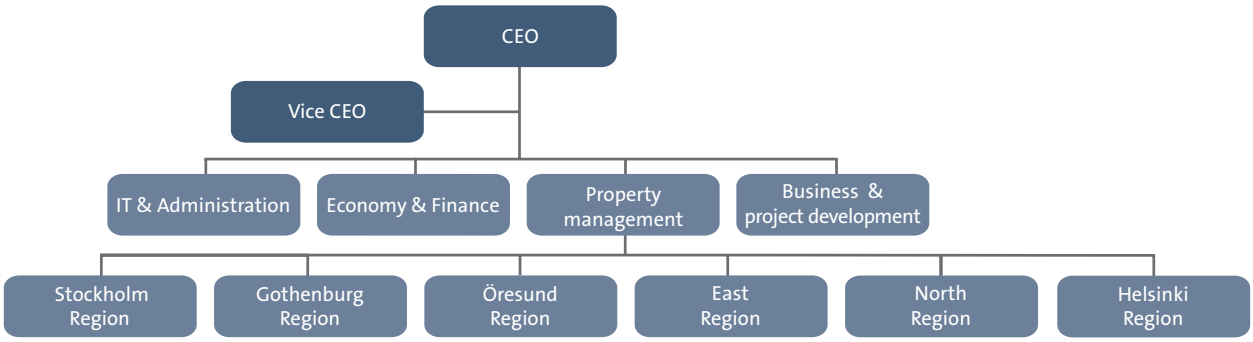
Maturity date	Number of leases	Share, %	Contracted rent, SEKm	Share, %
2017	1,071	37	176	3
2018	694	24	237	4
2019	491	17	270	5
2020	329	11	222	4
2021–	329	11	1,095	19
Total	**2,914**	**100**	**2,000**	**34**
Residential [1)]	38,000		3,740	64
Carpark [1)]	5,879		17	0
Garage [1)]	4,529		43	1
Total	**51,322**		**5,800**	**100**

1) Lease runs subject to a commitment period of 3 months.

Sketch Frölunda, Gothenburg

Organisation and employees

Balder's employees are characterised by a strong drive to develop in their work and an interest in working in an organisation, which stands for a long-term approach, an entrepreneurial spirit and fellow-feeling.



The company's rapid development, is due, among other things, to Balder's committed and knowledgeable employees who create results based on a team spirit and collaboration. We take advantage of each other's strengths and experience and launch new ideas for further development of both the operations and personnel. To be part of Balder imposes high demands but also provides excellent development opportunities. Balder has short decision-making paths and an open atmosphere and promotes respect and honesty. We have a shared responsibility for creating confidence among our customers and employees.

Balder as an employer

Balder's employees are characterised by a strong drive to develop in their work and an interest in working in an organisation which stands for a long-term approach, an entrepreneurial spirit and fellow-feeling. Balder creates work satisfaction by allowing employees to participate in development of their duties. We are proud of not being like the others. Through our employee's commitment, competencies and development, we create a culture of diversity with a pleasant atmosphere. The company offers different opportunities for our employees to develop in their existing roles and the chance of seeking new internal challenges.

Balder's organisation

Balder is in continual development. The company's project departments for new construction and conversions expanded during the year and contributed to the company's continued increase in personnel. The property management organisation, excluding Sato, on 31 December consisted of 334 (315) employees and is geographically divided into regions with local offices, which are responsible for letting, operations as well as the environment and property management. To support property management operations, group-wide resources are located in Malmö and also at the head office in Gothenburg. At year-end, 37 people (37) worked within these support functions, excluding Sato.

Balder's social engagement

Balder is continuing to engage itself in the areas it operates in. We want to be an involved and responsible corporate citizen, which can contribute experience and resources. In all contexts, we work actively to ensure a safe and pleasant residential environment.

Balder's watchwords

Passion – work should be performed with consideration and respect for both customers and colleagues.
New thinking – we are not afraid of thinking outside the box. The company supports the ideas of employees through a strong entrepreneurial spirit.
Simplicity – the direct approach is usually the best. Employees help each other to develop by spreading ideas within the organisation.
Proximity – we have short decision-making paths. We are present and act on the basis of the best possible local knowledge. Proximity creats confidence.

Employees	2016-12-31	2015-12-31
Number of employees [1]	546	522
– of which women [2]	255	234

1) Of which 175 (170) employees in Sato.
2) Of which 121 (110) women in Sato.

”I work as a Business & Project developer at Balder and am in charge of the group that works with Balder’s project development and new production in the Gothenburg region. The most fun aspect of my job is to be part of developing Gothenburg. Creating new attractive city districts with housing for people to live their lives in and new buildings and premises for people to work and run their companies in.

The positive atmosphere at Balder and in the Group and the really excellent project portfolio means I have the best job in Gothenburg, if you like project development and I do.

Most things are possible at Balder and new deals and exciting projects ideas constantly turn up.”

Erik Lavehall, Business & Project developer at Balder

Sustainable Business

Balder strives to be a long-term owner that takes responsibility by growing and developing in line with our sustainability work. Every day and in every process, we strive to improve our working methods and thereby reduce the environmental impact from our operations.

We also have the ambition to build a company that creates value for its owners, customers, employees and the community. Thus social responsibility is a natural part of Balder's day-to-day work.

Engagement fosters good initiatives

Work, education and housing are three basic factors that improve people's sense of participation and inclusion in society. This in turn creates a positive value for the individual, for us as a property owner and for society in general. Therefore we are locally involved in our property areas. One example of how Balder's engagement has led to one of our important initiatives is the Bergsjön initiative.

The Bergsjön initiative

Balder owns more than 800 apartments in the Bergsjön district of Gothenburg. Many residents in Bergsjön lack a business network and there is also high unemployment here. During 2014, Balder started the Bergsjön pool, an initiative where Balder employed young adults in the immediate surroundings in order to work with basic property maintenance. The project was successful and Balder employed a further 16 people during 2015. Through the work in the Bergsjön pool, many of the employees gained work experience and a reference to facilitate future job searches. Of the 16 people in the Bergsjön pool, nine people in 2016 went on to secure another job and two of them gained permanent employment with Balder. When the decision was taken to create the Bergsjön pool in 2016/2017, we asked ourselves how Balder could help more people in the area to enter the labour market. The answer was the Bergsjön initiative – which aims to make a network available as well as contacts for working life.

The initiative will also make it easier for workers and employers to find each other.

Read more about the Bergsjön initiative at balder.se.

Long-term approach

Balder strives to be a long-term owner that bases its operations on stable cash flows and satisfied customers. Therefore we impose demands on ourselves, but also on our business partners. Our operations should radiate honesty and trustworthiness. We should analyse our decisions carefully in order to stand over them and we should not obtain benefits through our position. We subject all major purchasing to competition and conduct central procurement processes to obtain better control over our suppliers and the entire sourcing chain. Handling our business relationships with trustworthiness and honesty is very important to us and also that our business partners respect and act in the same way towards us.

Balder is investing in new production

One of Balder's watchwords is sustainability. Therefore it is important for us to be involved in the entire chain from concept to finished project.

Balder is currently working actively with development of residential projects. One of our watchwords is sustainability and therefore we consider it important for Balder to monitor the entire chain from concept to finished project. Through great dedication and solid knowledge, Balder wants to create modern, attractive and good-value apartments in lively and safe residential areas. Our ambition is to be a long-term player in urban and property development in the Nordic region.

Balder's residential projects are mostly planned in areas where we currently own properties. Before start of construction, we conduct a dialogue with existing tenants, municipalities and nearby residents in order to find out what is perceived as positive and also less positive in the residential area. Are the footpaths in the area safe or is further lighting required along certain thoroughfares? Are there good communications at present? Are services in the area good? These are examples of questions we ask with the aim of improving the zoning plan and creating as safe and pleasant residential areas as possible.

Balder believes that diversity is important to create attractive and lively residential areas. Therefore we also aim to create better variation in our residential areas, both in terms of housing forms and new building design.

We want to create housing for more people and we want our tenants to long for home.

Today there is a housing shortage in large areas of our country. Having your own home is not a given but at the same time is a requirement for living a secure and independent life. Thus new construction is something that Balder has very much at heart.

Balder wants to build homes for more people. Social engagement is a natural part of our work and a way to help promote sustainable social development. Every day and in every process, we aim to reduce our environmental impacts, from minor day-to-day ones to larger impacts in major projects. As far as possible, we should always choose the better environmental alternative without compromising on quality.

We are engaged in these issues both locally and regionally. In order to succeed with this, great commitment is required from our employees but we also collaborate with other players.

Balder's environmental responsibility

Balder is committed to sustainable social development both locally and regionally and strives to ensure that people feel comfortable in and around its properties.

During the year, the government decided that all large companies need to prepare a sustainbility report, which should descibe the company's work relating to the environment, social conditions, personnel, human rights and anti-corruption. The requirements come from an EU directive, aimed at making sustainability work more transparent and comparable among different companies.

Fastighets AB Balder is included in the companies that will need to report sustainability starting from 2017. We will prepare our sustainability report as a combined part of our annual report.

We see great benefits in working strategically with ecological, economic and social sustainability work. Balder wants to contribute to a sustainable society through social engagement, a positive environmental trend and by being a stable economic player over time. Balder is committed to sustainable social development both locally and regionally and strives to ensure that people feel comfortable in and around its properties. To achieve this, commited employees are required but also that we collaborate with other social actors.

Energy

During 2016, Balder had a goal of reducing its energy consumption and the outcome was 1.8 % lower than 2015. We will intensify this work during 2017.

Balder's 10 wind turbines generated 24.2 million kWh which is 1,7 million kWh more than the previous year, equivalent to an increase of 8 %.

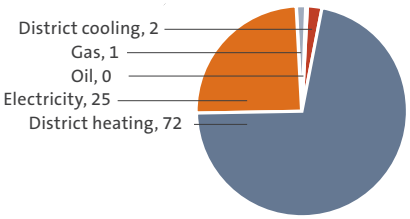
A small number of properties still have a heating system, which is partly based on fossil fuels. These systems are only put into operation when the regular heating system is insufficient. Work on phasing out these systems is ongoing and other solutions will continue to be evaluated and implemented.

Fastighets AB Balder, according to the EU is defined as a *large company* and is thus subject to the EU's energy efficiency directive (2012/27/EU) and the *Act on Energy Audits of Large Companies* (2014:266). The property sector has been identified as one of the largest users of energy. Together with the services sector, the property sector accounts for about 40 % of Sweden's total energy usage.

In order to meet the requirements, Balder has chosen 65 properties and about 480,000 m2 where energy audits will be performed during 2017. The selection made was based on geographical position, type of building and on how representative the building is of the rest of Balder's portfolio. The properties are divided into 12 different categories. No properties built after 1995 were included in the selection as the energy reduction potential is small compared to what can be achieved in older properties. The energy audits will produce a report per property and will provide a basis for deciding what investments are appropriate and cost estimates for each measure. This will then be used as a basis for maintenance plans and for establishing goals and actions plans going forward.

Total power consumption

per source, %



Environment

Balder works actively to achieve a *Good built environment*, which is one of Sweden's 16 environmental goals. One of the indicators for reaching this goal relates to Radon management efforts. The Public Health Agency of Sweden has set a maximum threshold of 200 becquerel/m^3 in apartments, schools, nursery schools and public buildings up to 2020. During the year, Balder started work on measuring large parts of the holdings. We are focusing on residential properties and premises for care facilities and education. During the winter months of 2016/2017, we will measure about 200 of our properties. Based on the measurement results, we will put together action plans for the properties where the reading is higher than 200 Bq/m^3.

During the year, Balder reduced its emissions by about 230 tonnes of carbon dioxide through waste recycling, which is equivalent to 460 charter trips by air between Sweden and Thailand. Balder's goal has been that the existing commericial property portfolio should have a sorting rate of > 55 %, which for 2016 came in at 74 %, which was an increase compared to the previous year (58 %).

During the autumn, we engaged a new contractor for waste management in our properties. With this change, all refuse rooms will be checked to make an inventory of what is there today and what improvement measures are possible. The hope is that all factions of household waste can be sorted in the properties. Furthermore, all displays in refuse rooms will be altered in connection with the change and information about the factions will be available in several languages.

Systematic fire protection

As a property owner, Balder is responsible for ensuring that its properties maintain adequate fire protection according to *Civil Protection Act (*SFS 2003:778). Balder works systematically with fire protection. During spring 2016, we started our systematic fire protection work in the whole country, in respect of residential properties and commercial properties.

The work was initated after signing a nationwide agreement with a supplier, which has assumed responsibility for making a risk and fire protection inventory of all of Balder's properties in Sweden.

The work produced an action list for existing shortcomings and provided an overall view of the different fire protection installations in our properties.

The inventory-taking started in May 2016 and was compiled and completed in December 2016. In 2017, all information from this work will be used to update our internal property operation & maintenance programmes, where installations and inspections are managed and planned.

In order to achieve higher fire protection in our properties, an entirely new inspection round concept, focused against fire has started, and will be performed using our own personnel.

In order to keep these inspection rounds and the overall competencies of personnel at a high level, we trained all staff during the year that actively work in our properties in fire protection.

We have also produced a new fire protection policy and created a new fire protection organisation.

What added value will be created by our systematic fire protection work?

We enter 2017 with better control over fire protection in our properties and with that knowledge, we can create better operation & maintenance routines for our fire protection installations, resulting in improved personal protection for our tenants and for our properties generally.

Heden 47:3, Gothenburg

Space for business acumen since 1808

Chalmersska huset has been a residential building and bank, meeting place and dining hall. The building is an important part of Gothenburg's history and Balder is happy to manage the part of the building that houses a magnificent bank vault.

Businessman and university founder William Chalmers was an important man for the city of Gothenburg. He was a gifted merchant who was interested in both knowledge and art. Towards the end of the 18th century, he accompanied the Swedish East India Company to China, which resulted in successful business trips and he also became a director of the company. In his will, he set aside funds to establish an apprentice training school in Gothenburg. A couple of years after his death, the Chalmers School of Arts and Crafts was founded today renamed Chalmers University of Technology. A world-famous university that has educated many inventors, company leaders, architects and engineers over the years.

Chalmersska huset

In 1805, William Chalmers started to construct a new residential property. The building was designed by the Gothenburg city architect Carl Wilhelm Carlberg and was furnished with Swedish-made furniture and Chinese influences from the East India Company's trading trips. The building is strategically positioned close to the port, on Södra Hamngatan 11. William Chalmers moved into his building in 1808, but he only managed to live there for 3 years before he passed away in 1811.

Many famous Gothenburgers have lived in the building since then. Among other people, the industrialist David Carnegie used the building as a warehouse, office and as a residence for employees. Carnegie's partner Oscar Ekman moved into the building in 1849 and with short interruptions the Ekman family lived in

”During the second half of the 19th century Gothenburgers acquired their most valuable possessions in the Chalmersska huset’s bank vault. Even today, you can sense the vault’s importance and history, it makes the property even more exciting to manage and preserve.”

Erik Selin, Chief Executive Officer, Balder

Gothenburg’s public bank vault

On 1 April 1864, Oscar Ekman with business partners opened a bank in the Chalmersska huset. They called their company Skandinaviska Kreditaktiebolaget and later bought the adjacent building in order to construct Gothenburg’s first public bank vault. Here the public could rent a compartment to store their savings and articles of great value, which was an appreciated modern innovation. In 1980, Chalmersska huset was declared a listed building by the County Administrative Board and in 2006, SEB bequested the building to Chalmers University of Technology.

Meetings, dinners and deals

Today the remaining part of the building is owned by Chalmers Fastigheter and the building serves as a meeting place for conferences, seminars, workshops, entertainment, lunches and dinners. Here Nobel Laureates receive a dignified welcome, doctor’s degrees are conferred and board meetings and banquets are held.

A guided tour of the building provides an idea of the splendour that is still apparent. Dining rooms and lounges are decorated in a spirit characteristic of the period and paintings from famous artists hang on the walls.

Skandinaviska Kreditaktiebolaget moved from Chalmersska huset to the Antikhallarna premises in 1882. Balder has managed the bank vault since 2014 and we are very proud to look after such a distinguished building. In collaboration with Chalmers Fastigheter, which manages the remaining part of the building, we ensure the preservation of part of Gothenburg’s history.

Sources:
Heidi Holst, manager, Chalmersska huset
http://www.chalmersskahuset.se
https://www.chalmers.se/sv/om-chalmers/chalmersska-huset/Sidor/Chalmersska-huset.aspx

The property market

The low interest environment is continuing and the gap between property yields and the lending rate means that the investment climate for properties is still extremely favourable and we continue to see a strong performance in the Swedish property market.

The Swedish property market

2016 will go down in history as a record year in the Swedish property market. Record-low interest rates have meant a favourable climate for property investments.

The low interest rate situation and the opportunities for returns offered by property investments, relative to other asset classes, have meant that capital has flowed into the property segment. The transaction volume totalled a record SEK 218 billion (transactions >SEK 10m) and the proportion accounted for by Swedish investors alone exceeded the total volume during the previous record year of 2006.

New tax rules for disposal of shares in subsidiaries and packaging of properties as well as stamp duty and transaction tax can mean that transaction volume will be lower in 2017 than 2016. Information about new legislation is expected to be presented during March 2017.

According to MSCI/IDP Swedish Property index, the total yield on property investments amounted to about 13.9 % during 2016. The change in value increased from 8.7 % during 2015 to 9.1 % while the yield showed the lowest level since 1990 and amounted to 4.4 %. The highest total yield was shown by offices at 16 %. The total yield for residential decreased and amounted to 11.9 %. Direct investments in properties generally continued to display a higher yield than the stock market during 2016, 13.9 % compared to 9.6 % according to SIXRX.

All in all, we can now sum up seven good years in the Swedish property market with falling yield requirements and positive changes in value.

Aerial photo Stockholm

The residential market

In the residential segment, which has been the dominant investment class in the Swedish property market, the price trend in the private residential market has been positive since 1996 and the total yield for residential apartment buildings, with the exception of 2008, since 1993. Risk capital has increased noticeably, which is seen in the way that "million programme" properties, despite significant maintenance needs, represent attractive investment objects in submarkets with strong population growth and low rental risk. This is also seen in a number of large transactions in smaller submarkets.

Institutional players are large investors in the property market and in recent years have increased their properties holdings both in Sweden and in other markets. The largest players in the Swedish property market mainly include insurance companies and pension funds and in particular the Swedish National Pension Funds.

New production

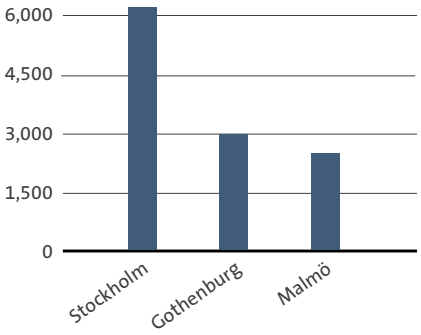
Several players have chosen to diversify their operations with investments in property development and new apartment production. Pressed yield requirements together with a positive development in the rental market, with low vacancies in metropolitan areas on the office side and a housing shortage in most Swedish municipalities, means that investments in new production have become even more attractive.

2017 looks like it will be another strong year for the property market. A shortage of modern efficient offices will maintain rents at a high level. The housing shortage means strong cash flows and low vacancy rates on the residential side and a continued low interest environment means that properties will continue to be attractive for Swedish and foreign investors.

Source: NAI Svefa

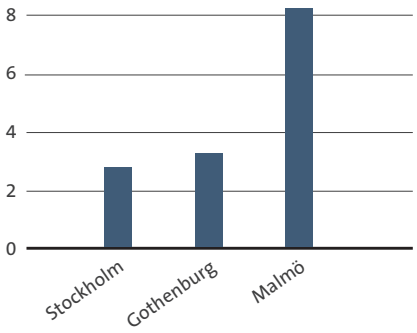
Rental levels (highest rent)

Office CBD, SEK/sq.m.



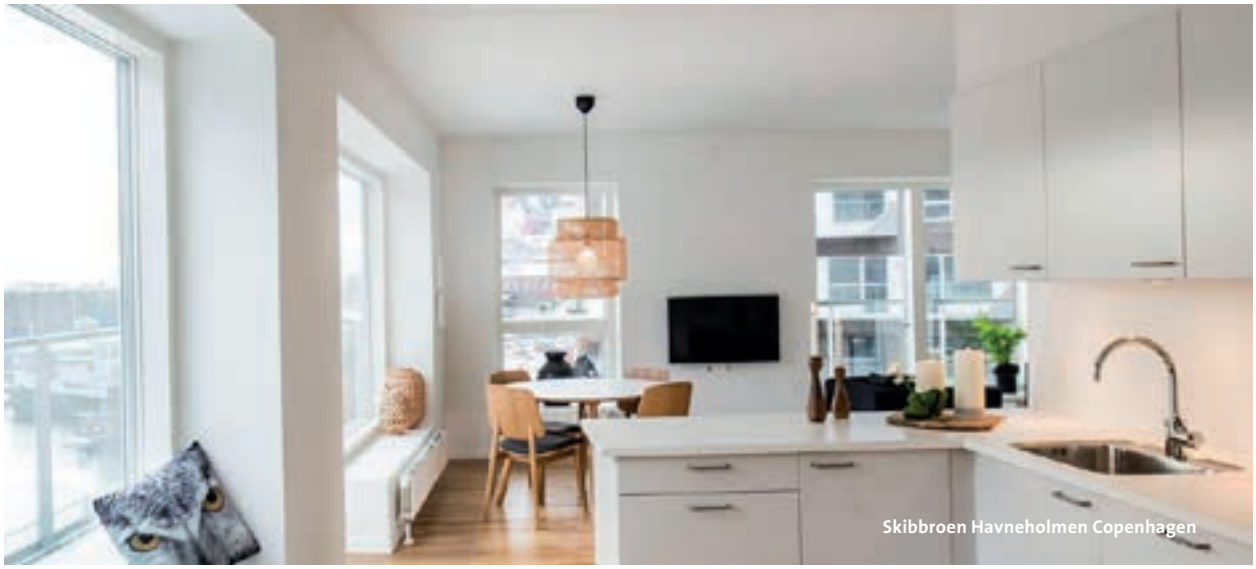
Vacancy rate

Office CBD, %



CBD = Central Business District

Source: Fastighetsvärlden



Skibbroen Havneholmen Copenhagen

The Danish property market

Demand for investment properties in Denmark continues to display a rising trend from both foreign and domestic investors. Denmark with a good economy, high population increase, low interest rates and a pegged exchange rate to the Euro is a stable market from an investment perspective. In addition, lenders have increased their willingness to provide financing for property transactions, which is an important driver of the trend.

The most attractive investment areas are residential properties in Greater Copenhagen, Århus and Ålborg and office properties in central parts of Copenhagen.

High price increases, especially for residential properties in Copenhagen have meant that many investors see the potential in new construction. Older office properties with historically high vacancy rates have begun to be converted into modern residential properties. New residential areas are emerging, including in Örestad, Amager and Nordhavn.

The total transaction volume is estimated to amount to DKK 64 billion during 2016 compared to DKK 51 billion in 2015, i.e. an increase of 25 %. The Copenhagen region accounted for appox. 77 % of the total volume. The buyers were mainly foreign investors along with Danish pension funds.

The residential market

The strong residential market for condominiums continued in 2016. Prices in the entire country rose by 7.4 % during 2016 compared to 2015. In Copenhagen, prices rose by 7.5 – 8.8 % during 2016. This means a total price increase of about 10 % compared to 2006, which was the previous record year for prices.

The residential transaction volume fell by 5 % during 2016. This may be explained by the fact that 2015 was a year with an unusually large increase in transaction volume, 23 % in total.

Copenhagen like previous years, is the most attractive for investors.

With a population increase in Denmark of about 4 % over the coming five years, favourable transaction conditions and low vacancy rates, the apartment market will remain positive in 2017, particularly in Copenhagen and other big cities

In Copenhagen alone, the city expects a population increase of 14 % until 2025.

In view of the low level of housing construction from the crisis year 2008 until 2013, a severe imbalance prevails between supply and demand of apartments. New production of apartments did not gain momentum until 2015 and 2016.

During 2016, the number of completed apartments was estimated at 4,100 units. This is equivalent to almost the same number of apartments completed during the period 2009-2013.

In Copenhagen, it is expected that 45,000 apartments will be built during the coming 10-year period. The estimated need is 60,000 new apartments.

Average prices in Denmark, DKK/sq.m. (apartment size, 85 sq.m.), 31 December 2016:

Copenhagen	DKK 37,000
Århus	DKK 28,000
All of Denmark	DKK 27,000

Source: Home, Denmark

The office market

The rental market is recovering slowly based on factors such as good economic growth, low interest rate situation and a slow increase in the employment rate.

The vacancy rate for unlet offices in Copenhagen inner city is around 8 % and up to around 11 % in greater Copenhagen. Office properties, with the right geographical location, close to communications, modern functional premises, are highly sought after and this is leading to higher rental rates and property values. Vacancies are mainly found in old office properties, which have not been renovated or converted.

Office rents were stable during 2016 and prime rents tend to lie around 1,600 – 1,950 DKK/sq. m., excluding property tax and operating costs.

The yield requirement for offices in A locations is around 4 %, which is lower than ever and reflects the current imbalance between supply and demand of attractive office properties.

The Finnish property market

The transaction volume in Finland broke all records in 2016 and amounted to EUR 7.1 billion. The volume was about 40 % higher than in 2015.

The investment market for residential properties is continuing to attract domestic and foreign buyers. The transaction volume for residential properties rose from 23 % to 38 % of total volume.

Investors include domestic pension funds and institutions and foreign players, particularly from other Nordic countries, the UK and Germany.

Some brighter signals were noted in Finland's economy during 2016. Turnover in industry, exports and GDP all increased. During 2016, GDP growth was 1.6 %.

The residential market

The prices of apartments and rents have increased in recent years. It is mainly demand for smaller good value apartments that has increased because there is a large proportion of households with one of two persons in the bigger cities.

Many property companies and investors, are also focusing on new apartment production.

During 2016, residential property prices increased by 5 % according to KTI Finland.

The office market

Even though growth in Finland has now started to recover compared to previous years, the rental market for office properties is still challenging. Old-fashioned premises and properties in secondary locations face the risk of even higher vacancy rates and lower rents while rents in attractive areas have returned to the level they were at before the previous year's downturn.

The investment market for attractive and central office properties is expected to also remain strong in the coming years. Low interest rates and a slowly improving economy in Finland means that investors view the Finnish property market as attractice, and also since yield levels are slightly higher than in the other Nordic countries.

The yield levels for modern centrally-located office properties in Helsinki mainly lie in the range 4.0 – 5.0 %.

Helsinki, Finland

We shall succeed together

Balder is continuing to grow and develop. The most important explanations for Balder's positive development include all the property acquisitions, investments and not least the entire Balder organisation, which manages the investments in the best way. Together with our shareholders, financiers, customers, suppliers and society at large, we look forward to good business opportunities for many years to come.

North Region
28 employees
79 properties

Stockholm Region
72 employees
61 properties

Gothenburg Region
183 employees
194 properties

Helsinki Region
175 employees
501 properties

Öresund Region
49 employees
71 properties

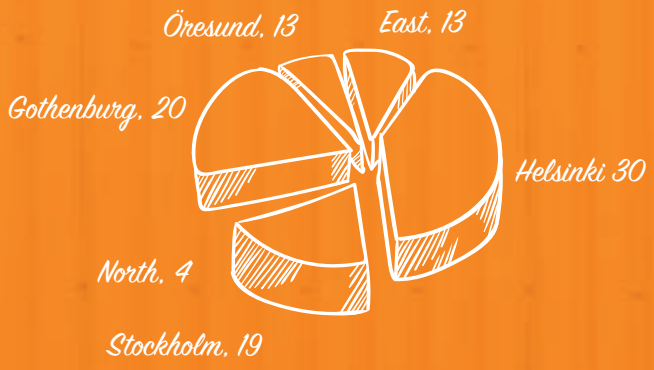
East Region
39 employees
314 properties

Balders real estate holdings on 2016-12-31 [1)]

	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Helsinki	501	1,010,505	2,122	2,100	2,025	95	24,393	28
Stockholm	61	533,904	927	1,736	867	94	15,797	18
Gothenburg	194	903,206	1,150	1,274	1,108	96	17,053	20
Öresund	71	418,022	624	1,493	580	93	10,368	12
East	314	758,121	922	1,309	949	96	11,021	13
North	79	181,755	209	1,150	206	99	3,086	4
Total	**1,220**	**3,805,512**	**6,025**	**1,583**	**5,736**	**95**	**81,718**	**95**
Project			64		64		4,459	5
Total	**1,220**	**3,805,512**	**6,089**	**1,583**	**5,800**	**95**	**86,177**	**100**
Distributed by property category								
Residential	1,020	2,531,547	3,973	1,569	3,819	96	48,775	57
Office	68	432,228	865	2,002	783	90	14,139	16
Retail	89	499,778	598	1,197	569	95	9,154	11
Other	43	341,960	588	1,718	565	96	9,650	11
Total	**1,220**	**3,805,512**	**6,025**	**1,583**	**5,736**	**95**	**81,718**	**95**
Project			64		64		4,459	5
Total	**1,220**	**3,805,512**	**6,089**	**1,583**	**5,800**	**95**	**86,177**	**100**

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

Distributed by region including projects, %



Distributed by property category including projects, %

Balder's residential properties

The market for Swedish residential properties is still very strong and demand for this property class continues to increase.

The market for Swedish residential properties is still very strong and demand for this property class continues to increase. There is currently a housing shortage in many Swedish municipalities and together with the low rate of new apartment production this means that the shortage will persist for a long time in many places. Balder owns apartments in 40 Swedish municipalities and vacancy rates are very low in the entire residential portfolio. For more information about Balder's Finnish and Danish residential properties, see sato.fi and balder.dk

Associated companies

During the year, 21 residential properties were acquired, through the associated company Trenum AB, with about 1,200 apartments located in Stockholm and in the Öresund region. In Malmö, collaboration was initiated with several players as part of the Culture Casbah project. MKB Fastighets AB, Balder, Heimstaden and Victoria Park have formed a joint enterprise, which acquired 1,650 existing apartments in the immediate surroundings, and will be responsible for new production of 200 apartments and 30 business premises and a new landmark 22 -floor tower.

Transactions

Balder sold all its residential properties during the year in Skara, Töreboda and in Jönköping. This was part of a refinement of the residential portfolio.

A more detailed description of the transactions is available on pages 36-38.

New production

In several of our residential locations, work is ongoing with planning of new production of rental apartments as well as tenant-owner's apartments. The most large-scale investments are in Copenhagen and Helsinki and mainly relate to condominiums, which are let. The fact that the apartments are condominiums means that they may be sold separately. However, Balder has not sold any apartments in Copenhagen but will opt to rent them out to create a portfolio of residential properties in the city. There are currently about 1,400 apartments under construction in Copenhagen and about 1,300 apartments in Helsinki. The total project value amounts to about SEK 8.0 billion. The apartments will be completed between 2017 and 2018. In the Gothenburg region, Balder has an extensive project portfolio and its first project is 134 rental apart-

ments in Kungälv, which are expected to be completed in 2018. In the coming years, the production rate is expected to increase significantly, see also page 44.

HOME concept

For development and refinement of the existing holdings, Balder works with a standardised concept called HOME. The apartments in the HOME concept are upgraded and converted. Material and design are top class and are produced for long-term, economic and environmental sustainability. We work in a structured way with sourcing of material and continually sign framework agreements with contractors in all cities where Balder operates. Demand for Balder's HOME apartments is very strong and the upgrades will continue in all areas in the coming years.

Property Management

The management of Balder's properties is handled by our own personnel, which gives key proximity to the customer. Regular customer surveys are carried out to continually monitor customer needs and expectations. In most of Balder's residential areas, property management is accessible for the customer via their own residential office.

Estimated and recorded yield values and price levels for residential properties in A locations were as follows:

Place	Yield, %	Price per sq.m., SEK
Stockholm	1.20 – 1.40	55,000 – 70,000
Gothenburg	2.00 – 2.25	24,000 – 28,000
Malmö	3.00 – 3.25	21,000 – 23,000
Copenhagen	2.50 – 5.50	32,000 – 36,000
Helsinki	4.00 – 4.50	50,000 – 55,000

Source: Fastighetsvärlden, Home och KTI Finland.

Balder´s residential properties

Number of properties	1,020
Lettable area, sq.m. thousands	2,532
Number of apartments	39,500
Rental value, SEKm	3,973
Economic occupancy rate, %	96
Carrying amount, SEKm	48,775

Residential properties, per region

Region	Sq.m. thousands	%
Helsinki	1,011	40
Stockholm	140	6
Gothenburg	386	15
Öresund	181	7
East	665	26
North	149	6
Total	**2,532**	**100**

Balder's commercial properties

The property market continues to display a strong trend and parameters such as rising rental rates, decreased vacancies and low interest rates make us confident about the future.

The property market is still interesting for investors and most of Sweden's large property companies are continuing to grow. Yield requirements have fallen further. Good opportunities for access to capital and a good willingness to invest are creating strong demand for properties in all locations, particularly in metropolitan areas. A continued low interest rate level with an expected negative repo rate until late 2018, have meant that the market for commercial properties in Sweden also remained very strong in 2016.

Stockholm and Gothenburg

The trend of rising rental rates in Stockholm and Gothenburg is continuing at the same rate as recent years. In the rental market, there are many more serious inquiries for rentals in previous secondary locations around Stockholm and Gothenburg. Even in this respect, the markets in the country's two largest cities also show similarities. The supply of vacant premises decreased further in central locations, particularly smaller premises, which are often occupied the same day as they are vacated. The market in the country's two biggest cities also shows largely the same pattern when it comes to new construction of commercial space. Few new projects will start until 2019.

Hotel Scandic Opalen, Gothenburg

Malmö

For Balder, there was an increase in demand for premises in Malmö City during 2016. In recent years, which among other things saw new construction of major new commercial areas in Hyllie and Västra Hamnen where many tenants moved, some tenants are now once again trying to establish a presence in Malmö City. For Balder, the number of viewings for prospective tenants has more than doubled compared to the previous year.

Commercial letting

Balder's letting organisation focused during the year on developing the strategic letting work, which has delivered results. Part of this work involved establishing a new central function "Strategic Letting" in order to carry out targeted efforts and to understand what in our work is of value from a letting standpoint and what areas need improvement. During 2016, about 50 % of Balder's inquiries came from existing tenants who recommended Balder or via spontaneous questions from Balder employees. In other words, we are good at asking spontaneous questions at all meetings in order to identify potential interested parties.

Hotels

During the year, two acquisitions of hotel properties were made. The total number of hotel contracts amounts to 33 and the portfolio now includes about 5,400 rooms in total. During 2017, a new hotel will be ready in one of the most distinguished buildings in central Copenhagen. Business travel, the conference market and the tourist trade have grown strongly in the Nordic region. Over the past ten years, the number of hotel nights increased by about 40 % in Sweden. This has also contributed to increasing market interest in owning hotel properties.

A more detailed description of Balder's transactions is available on pages 36-38.

Estimated and recorded yield values and price levels for residential properties in A locations were as follows:

Place	Yield, %	Price per sq.m., SEK
Stockholm	3.50 – 3.75	90,000 – 110,000
Gothenburg	4.25 – 4.50	34,000 – 44,000
Malmö	5.10 – 5.60	21,000 – 36,000

Source: Fastighetsvärlden

Balder´s commercial properties

Number of properties	200
Lettable area, sq.m. thousands	1,274
Rental value, SEKm	2,052
Economic occupancy rate, %	93
Carrying amount, SEKm	32,943

Commercial properties, geographical distribution

Area	Sq.m. thousands	%
Helsinki	0	0
Stockholm	394	31
Gothenburg	517	41
Öresund	237	19
East	93	7
North	33	3
Total	**1,274**	**100**

Transactions

During 2016, Balder continued to broaden its property holdings in the Nordic region and acquired its first property in Norway. In Sweden, a portfolio of retail properties was acquired from Anders Hedin Invest AB. Divestments of properties in smaller cities continued.

The transaction market in Sweden remained strong during the past year and property prices continued to rise. Balder has continued to broaden its property holdings in the other Nordic countries and acquired a property in Norway during the year. On 31 December, Balder had 47 % of its property value outside Sweden.

Acquisitions

Balder's strategy is to own centrally-located commercial properties in Stockholm, Gothenburg and Malmö. Balder's strategy is also to create long-term relationships with strong tenants. During the year, all properties were acquired from Anders Hedin Invest AB, where Hedin Bil entered into 12-year leases. The property portfolio, which was acquired from Anders Hedin Invest AB consists of retail properties with a property value of SEK 4,208m after a number of ongoing new constructions and conversions have been completed. Most of the property value is located in Stockholm and Gothenburg and the remainder is in Malmö, Helsingborg, Jönköping, Linköping, and Uppsala, among other places. The lettable area amounts to about 290,000 sq.m. and the properties are fully let, primarily to the Hedin Bil group on triple net agreements. The initial rental income amounts to SEK 276m on an annual basis.

In Norway, Hedmark University of Applied Sciences was acquired during the year, where the Norwegian state is the dominant tenant with a lease that has a remaining term of 24 years. The property is located in Elverum about 150 km north of Oslo. The building was completed in 2010 and today the University has more than 8,000 students. During the last years, Balder has investigated the possiblity of acquiring properties in Norway and now hope this will be the first step towards becoming a significant property owner in all Nordic countries. In Finland, 3,307 apartments were acquired by our Finnish subsidiary Sato. The acquisitions were mainly carried out in three different transactions. The majority of the apartments are located in Helsinki.

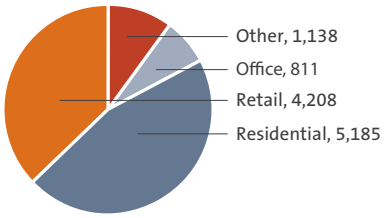
Divestments

In 2016, Balder continued to divest properties in the suburbs of metropolitan areas and in smaller cities, where it is not considered possible to achieve a sufficiently large management unit. This is in line with Balder's strategy to own commercial properties in the central parts of the big cities of Stockholm, Gothenburg and Malmö as well as residential properties in metropolitan areas and in places that are growing and developing positively. Consequently, Balder sold all its residential properties during the year in Jönköping, Huskvarna, Töreboda and Skara. In Finland, 1,267 apartments were sold for a sales value of EUR 67.7m. The divested properties are not in Sato's focus areas.

During 2016, Balder sold properties for a total sales value of SEK 1,990m. The divestments carried out generated a profit of SEK 85m, equivalent to a selling price of 5 % above the carrying amount.

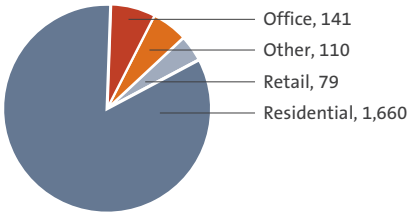
Acquisitions

per property category, SEKm



Divestments

per property category, SEKm



Property transactions 2016

Acquisitions

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
One	1	Lorensberg 45:20	Gothenburg	Hotel	3,662
One	1	Sato Oyj	Finland	Residential	1,652
Two	53	Sato Oyj	Finland	Residential	123,089
Two	1	Högskolan Hedmark, Elverum	Norway	Education	16,393
Two	1	Lindholmen 29:1	Gothenburg	Office	12,223
Two	1	Heden 47:3	Gothenburg	Office	7,541
Two	1	Hotel Österport, Copenhagen	Denmark	Hotel	6,325
Three	6	Sato Oyj	Finland	Residential	27,257
Four	8	Sato Oyj	Finland	Residential	17,249
Four	1	Plutonen 1	Borås	Retail	13,120
Four	1	Gothenburg Tuve 116:6	Gothenburg	Retail	3,213
Four	1	Högsbo 36:8	Gothenburg	Retail	2,448
Four	1	Visionen 4	Jönköping	Retail	22,833
Four	1	Hede 4:14	Kungsbacka	Retail	4,177
Four	1	Kärra 32:22	Gothenburg	Retail	2,800
Four	1	Leoparden 2	Mölndal	Retail	22,640
Four	1	Pianot 5	Mölndal	Retail	2,329
Four	1	Högsbo 36:2	Gothenburg	Retail	6,053
Four	1	Kardanen 4	Varberg	Retail	3,847
Four	1	Gaslyktan 2	Mölndal	Retail	3,564
Four	1	Frölandsgärdet 2	Uddevalla	Retail	5,651
Four	1	Fullriggaren 1	Trollhättan	Retail	2,200
Four	1	Smedjan 3	Alingsås	Retail	3,222
Four	1	Presenten 1	Mölndal	Retail	13,577
Four	1	Kärra 95:3	Gothenburg	Retail	7,209
Four	1	Presenten 2	Mölndal	Retail	2,325
Four	1	Kärra 73:1-2	Gothenburg	Retail	4,372
Four	1	Varmvattnet 3	Stockholm	Retail	33,009
Four	1	Fordonet 1	Karlskoga	Retail	1,660
Four	1	Alptanäs 1	Stockholm	Retail	9,794
Four	1	Paletten 2	Linköping	Retail	5,757
Four	1	Papegojan 1	Linköping	Retail	7,805
Four	1	Grävmaskinen 23	Södertälje	Retail	2,391
Four	1	Denmarks-Säby 11:1	Uppsala	Retail	21,439
Four	1	Stjärnregnet 1	Örebro	Retail	4,341
Four	1	Stenalyckan 2	Halmstad	Retail	3,750
Four	1	Eketånga 24:47	Halmstad	Retail	3,220
Four	1	Eketånga 24:20	Halmstad	Retail	5,836
Four	1	Hammar 9:184	Kristianstad	Retail	5,135
Four	1	Topplocket 1	Kristianstad	Retail	6,509
Four	1	Hästkälken 3	Malmö	Retail	2,290

Cont´d. Property transactions 2016

Acquisitions

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
Four	1	Sjötungan 1	Värnamo	Retail	5,349
Four	1	Linné 9	Ljungby	Retail	1,975
Four	1	Anderstorp 8:16	Gislaved	Retail	1,500
Four	1	Taktäckaren 6	Ängelholm	Retail	6,760
Four	1	Automobilen 1	Malmö	Retail	8,045
Four	1	Kopparkisen 13	Lund	Retail	4,804
Four	1	Tågarp 16:12	Burlöv	Retail	3,360
Four	1	Huggjärnet 10	Helsingborg	Retail	11,110
Four	1	Skräddaren 5	Ängelholm	Retail	1,172
Four	1	Zirkonen 3	Helsingborg	Retail	5,500
Four	1	Verkstaden 11, Snickeriet 16-17	Trelleborg	Retail	1,820
Total	**116**				**505,302**

Divestments

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
One	1	Miklaholt 2	Stockholm	Office	1,916
One	1	Backa 170:1	Gothenburg	Other	3,500
One	1	Advokaten 1	Töreboda	Retail	2,128
One	1	Rönnen 11	Töreboda	Residential	1,039
One	1	Sotaren 12	Töreboda	Residential	976
One	1	Byggmästaren 5	Töreboda	Residential	1,381
One	1	Plåtslagaren 9	Töreboda	Residential	1,849
One	1	Rådhuset 40	Skara	Residential	2,103
One	1	Tallen 7	Skara	Residential	852
One	1	Frigga 4	Skara	Residential	824
One	1	Frigga 5	Skara	Residential	828
One	1	Fjärilen 6	Skara	Residential	350
One	1	Svärdet 11	Skara	Residential	412
One	1	Bromsen 5	Skara	Residential	534
One	1	Bisittaren 6	Skara	Residential	300
One	1	Bisittaren 2	Skara	Residential	354
One	1	Smörberget 2	Skara	Residential	410
One	1	Almen 4	Skara	Residential	709
One	1	Sländan 1	Skara	Residential	1,434
One	1	Plymen 4, 5	Skara	Residential	705
One	1	Tor 6	Skara	Residential	1,141
One	1	Heimdal 1	Skara	Residential	682
One	1	Heimdal 4	Skara	Residential	672
One	1	Tyr 1	Skara	Residential	680
One	1	Boken 38	Skara	Residential	967
One	1	Aspen 1	Skara	Residential	1,465
One	1	Tor 10	Skara	Residential	689
One	6	Sato Oyj	Finland	Residential	2,946
Two	4	Sato Oyj	Finland	Residential	2,169
Three	1	Mjälaryd 3:300	Tenhult	Residential	2,948
Three	1	Hålan 6:2	Jönköping	Residential	10,280
Three	1	Lejoninnan 10	Huskvarna	Residential	11,161
Three	1	Björnen 6	Huskvarna	Office	949
Three	1	Tigern 7	Huskvarna	Residential	6,001
Three	7	Sato Oyj	Finland	Residential	28,458
Four	1	Resedan 15	Vänersborg	Residential	2,406
Four	21	Sato Oyj	Finland	Residential	36,004
Total	**71**				**132,222**

Sato, Finland

Sato Oyj

Sato invested EUR 572m during 2016 in apartments, both through acquisitions and completion of new construction projects.

Balder owns 53.8 % of Sato Oyj, which means that the entire company is consolidated in Balder's income statement and balance sheet. Sato is Finland's second largest property company with apartments in focus and on 31 December it owned a total of 25,344 (23,551) apartments.

The number of apartments increased during the year by 1,793 units. In total, 2,679 apartments were acquired and 702 new constructed apartments were completed.

Sato's focus is to invest in apartments, which are located in Greater Helsinki, Tampere and Turku. Today, 79 % of the apartments are located in Helsinki and 13 % in Tampere and Turku. The remaining apartments are located in Jyväskylä, Oulu and St Petersburg. Sato's apartments have an average area of 56 sq.m.

On 31 December, Sato had 1,200 apartments under construction, of which 900 are expected to be completed in 2017. The market value of Sato's property portfolio has developed positively in recent years both through acquisitions and new construction under own management.

The residential market

The residential market in Finland consists of 2.6 million apartments, of which two thirds are condominiums and one third are rental apartments. Sato's share of the rental market is about 3 %. The largest owners in the Finnish market are insurance companies, pension funds and municipalities, where municipalities usually own apartments for social purposes. Demand for smaller apartments exceeds supply, especially in the Helsinki region.

For more information, visit Sato's website sato.fi

Bovieran

Bovieran

Relaxation and enjoying time with neighbours is a good description of Bovieran, which is a modern housing concept for people aged 55+.

Bovieran plans, develops and builds concept properties in the form of tenant-owner's apartments.

Relaxation and enjoying time with neighbours is a good description of Bovieran, which is a modern housing concept for people aged 55+.

Sweden's greenest senior housing

Bovieran invites residents and visitors to enjoy a green and relaxing environment. Bovieran's heart and natural meeting place is the unique 1,600-sq.m. winter garden. This offers a thermally-operated climate modelled on the French Riviera, featuring exoctic plants from all over the world.

The housing format provides good opportunities for getting to know new people and learning new things. The concept allows the resident to get the most out of every moment. The apartments are bright with an open layout. Combined with a decent ceiling height and generous windows, the apartments are characterized by light and space. Read more on bovieran.se

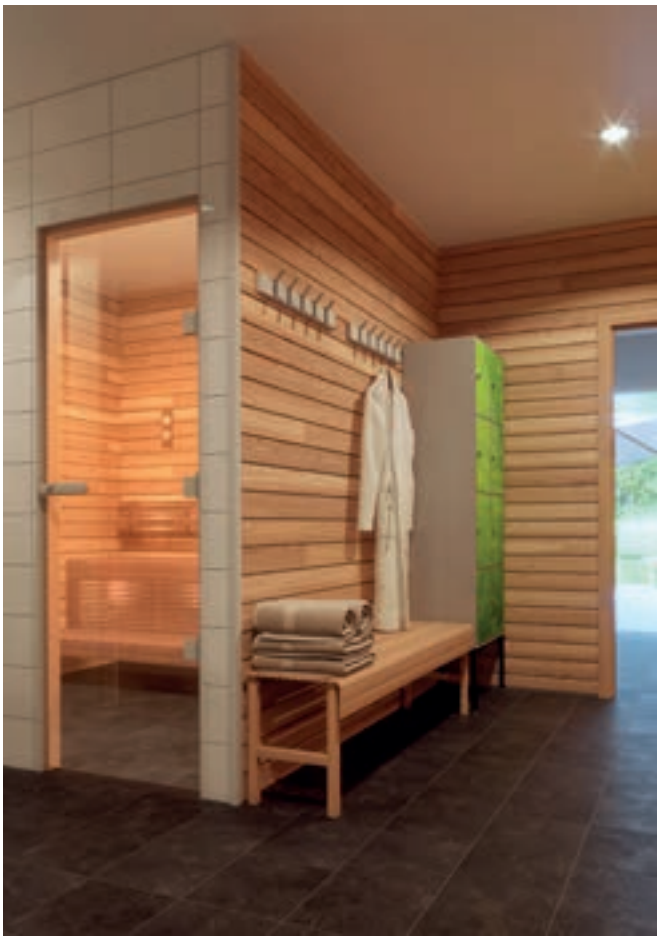
Quick facts 2016

Ongoing construction projects:
Skövde och Strängnäs

Occupation:
Enköping, Helsingborg, Falun och Sala

Sales in progress:
Skövde, Borgholm, Oskarshamn, Örebro-Södra Bettorp, Landskrona och Vänersborg

Planned projects:
Eskilstuna, Haninge-Vega, Karlstad, Kalmar-Rinkabyholm, Salem, Staffanstorp, Stenungssund, Svedala, Södertälje, Trelleborg, Viken-Höganäs, Växjö och Ystad



Property and project development

Balder considers that it is important in its property development to be able to control the entire value chain, from acquisition of land to completion of the project. By improving the existing property portfolio, land allocations and acquisitions, Balder wants to be a long-term player in property and urban development.

Balder is continuing the work on building up a business area for property development. During the year, the organisation was expanded and key people were recruited. The operations and real estate projects are concentrated in the metropolitan regions of Stockholm, Gothenburg and Copenhagen.

Work with a large number of zoning plans is ongoing, including densification and development of the existing property portfolio and with externally acquired real estate projects and municipal land allocations. The ambition is to create an extensive portfolio over time of building rights for development properties and real estate projects, with the aim of constantly producing new rental apartments and tenant-owner's apartments for our own management.

In 2016, we started construction of 450 apartments and we have 2,700 apartments in total under construction, primarily in Copenhagen and Helsinki.

Property development will mainly concentrate on residential projects. Commercial property development will concentrate on supporting housing projects and will be part of the requirements in new zoning plans. Through active property development, we are participating in changes to city districts, as well as individual property's conditions or use and can thereby create value. By improving the existing property portfolio, land allocations and acquisitions, Balder wants to be a long-term player in property and urban development. Where Balder is already a property owner, the company will focus on creating new building rights on existing land. Where there are opportunities for conversions to tenant-owner's associations, they will be evaluated. Our ambition is to invest in areas where we already operate, with a main emphasis on Stockholm, Gothenburg and the Öresund region, including Copenhagen.

Balder considers that it is important in its property development to be able to control the entire value chain, from acquisition of land to completion of a project. The development process occurs in different phases and can take several years, and therefore it is important that it proceeds in close cooperation with municipalities and other stakeholders.

A small selection of projects in progress

Stockholm

During the summer, Balder won a land allocation competition in Väsjön, Sollentuna. Väsjön is a very exciting development area with many qualities. The vision is a small-scale, varied and natural urban area with an active life in focus. The district borders a nature reserve with unspoiled countryside and four beautiful lakes. The new development is concentrated around Väsjön with connecting squares, park areas and promenades.

Balder's winning proposal includes 86 tenant-owner's apartments in two high-rises with brick façades in varied colours. The composition with simple and austere façades is lightened up by balconies that crosses between the floors, providing light and space for residents. The zoning plan work has begun and start of construction is expected in autumn 2019.

Copenhagen

This beautiful turn-of-the-century property is located on prestigious Nils Brocks Gade, just beside Tivoli in Copenhagen. The property is undergoing a careful renovation into a hotel property of 77 exclusive rooms. The hotel is planned to open during summer 2017.

During the second quarter of 2016, 184 apartments were completed at Skibbroen close to Fisketorvet shopping centre in central Copenhagen. The immediate surroundings are full of life featuring a mix of offices, residential properties, stores and cafés. The apartments are very modern with spacious patios and roof terraces. The large windows provide wonderful natural light and stunning views over the nearby dock. The promenade along the pier where the houseboats call is a picturesque feature of the area.

Gothenburg

Backaplan

Backaplan will be developed from a marketplace into a densely developed green and lively urban environment. Centrala Hisingen is a continuation of Gothenburg centre north of Göta älv. The district is an important area linking together the city across the river.

Together with the City of Gothenburg and other property owners in Backaplan, a new city district is planned of about 5,000 apartments and around 60,000 sq.m. of retail space and premises. Backaplan's central location with good infrastructure means that the area has good potential to meet the city's need of centrally-located housing, retail space and offices. Balder is planning about 2,000 new apartments here. The zoning plan work is in progress with start of construction expected in 2019. Preliminary occupation from autumn 2021.

Kongahällatomten

In September, the first sod was turned by Balder in Kungälv. Here Balder will construct 134 modern rental apartments with smart layouts in sizes ranging from 1-4 rooms of 35-90 sq. m. The construction will be certified according to Sweden Green Building Council's silver rating.

Kongahällatomten is the largest new construction project in Kungälv in modern times. Besides 900 new apartments, which are being constructed by a number of developers, Kungälv will gain a new shopping centre and travel centre. Where the blocks meet, there are natural meeting places and small squares.

The area has good communication possibilities within walking or cyling distance of most things in Kungälv municipality, which makes it easy to live a sustainable and environmentally-friendly urban life. Letting is expected to start in August 2017 with preliminary occupation in summer 2018.

Property valuation

Balder's property portfolio consists of more than 1,200 properties, of which over 1,000 are residential properties.

The market value of the property holdings amounted to SEK 86,177m at the end of 2016. The value of the properties is based on internal valuations. The rental trend for the property portfolio is expected to follow inflation over time. Commercial leases include indexation, which means that the rent develops at the same rate as the CPI, consumer price index, during the leasing period. Residential properties have historically developed a little better than the CPI, but in its valuations, Balder has assumed that rents develop in line with inflation. The total rental value amounted to SEK 6,089m on 31 December 2016.

Valuation methods
Three different valuation methods are used in the internal valuations. These are the yield method, the acquisition cost method and the sales comparison method. For property valuations in Sweden, Norway and Denmark, the investment method is used and for valuation of properties in Finland, all three methods are used.

The yield method
During valuation according to the yield method, the market value of the properties reflects the future cash flow that is computed at present value using a yield requirement. The more predictable the future cash flow, of course 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 tenants, which makes it easy to determine at what rent an apartment will be let out at again in the event of a vacancy. Balder's commercial leases have an average lease term of 7.1 years. The 10 largest leases represent 5.6 % of total rental income, with an average lease term of 11.8 years. These circumstances mean that a lot of Balder's future cash flows that make up the future market value are known.

The properties in Balder where the future cash flow is least predictable are mainly concentrated towards the central areas of the large cities of Stockholm, Gothenburg and Malmö. It is in these properties that Balder is most dependent on future lettings. But it is also where an estimate must be made in the valuations of what rent a premises can be let out for again in the event it becomes vacant. The big cities offer good transparency with comparative rental rates, which means that rental rates can be determined with great certainty. However, the time required for further letting is more difficult to determine, which means that an assessment must be made based on market demand, historical interest, similar premises etc. An estimate is also made of the future development of the immediate surroundings as well as the position of the property within its market segment.

The sales comparison method
The sales comparison method is used in Finland for the properties that consist of apartments, which can be sold as separate units without restrictions. For valuation of these properties, quoted prices in the market for comparable objects during the past 24 months are used a basis. Using quoted prices as a starting point, an average price is calculated, which is adjusted by a "rental building deduction" based on the property's location, image and technical standard. The exception from the above is properties that were completed during the past two years and properties acquired within the past 12 months.

The acquisition cost method
The acquisition cost method is applied for properties under construction and properties subject to rent control. Initially, these properties are valued at acquisition cost with addition of transaction costs and subsequently at acquisition cost less depreciation and impairment losses. For other properties in Finland, the yield method is used as above.

Operating and maintenance payments
During valuation, assumptions have been made regarding future operating and maintenance payments. The assumptions are based on historic outcomes and future projections as well as estimated standardised costs. Operating and maintenance costs are adjusted upwards each year by inflation.

Yield requirements and the cost of capital
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 amount 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 the transactions that are completed in the market in order to substantiate and guarantee internal valuations. Balder also conducts continual discussions with external actors regarding acquisition and divestment of properties, which provides additional guidance.

On 31 December, Balder's average yield amounted to 5.3 % (5.4). The yield requirement for commercial properties amounted on average to 5.1 % (5.3) and to 5.6 % (5.4) for residential properties.

Property valuation cont'd.

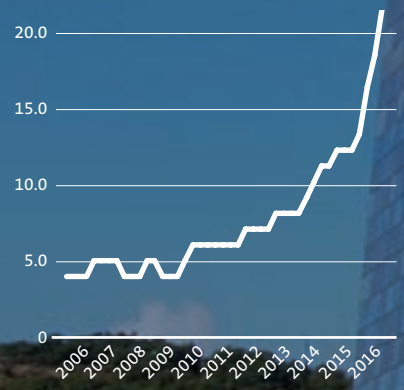
Change in value of the property portfolio
In 2016, Balder acquired properties for SEK 11,342m (28,660) in total. Divestments during the year amounted to SEK 1,990m (1,613), which generated a profit of SEK 85m (65). According to Balder's internal valuations, the carrying amount of the properties at year-end amounted to SEK 86,177m (68,456), which corresponds to an unrealised change in value of SEK 4,847m (3,323).

The largest share of the market value is found in the Stockholm, Helsinki and Gothenburg regions, which combined represent a property value of SEK 57,243m.

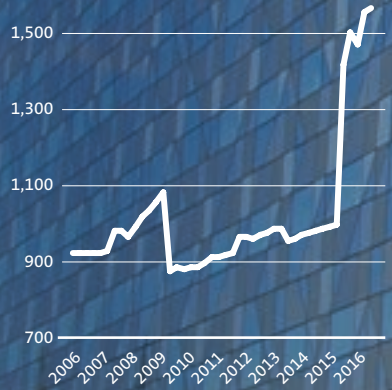
External valuations
In order to quality-assure its internal valuations, Balder allows parts of the portfolio to be externally valued regularly during the year. During 2016, about 40 % of the property portfolio was externally valued including Sato's properties. Every quarter, Sato's internal valuations are also reviewed by an external party. The external valuations were carried out during the year by Newsec and JLL and reviews of Sato's valuations were carried out by JLL. At year-end, the external valuations were less than 1 % lower than Balder's internal valuation. Historically, deviations between Balder's internal and external valuations have been insignificant.

	Residential	Commercial properties	
Region	Yield requirement for estimation of residual value, %	Yield requirement for estimation of residual value, %	The mean value of yield requirements for estimation of residual value, %
Helsinki	5.00 – 8.00	–	5.35
Stockholm	2.75 – 4.75	3.00 – 7.25	4.59
Gothenburg	2.75 – 6.75	4.00 – 10.00	5.14
Öresund	4.00 – 5.50	4.50 – 7.50	4.61
East	4.00 – 6.50	4.75 – 10.00	5.92
North	3.90 – 5.75	5.50 – 6.50	4.86

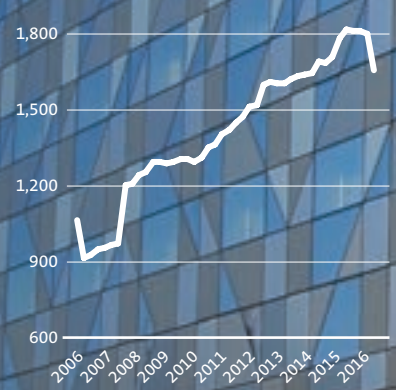
Net operating income
rolling annual value, SEK/share



Rental value, residential
SEK/sq.m.



Rental value, commercial
SEK/sq.m.



Radisson Blu Riverside Hotel, Gothenburg

Financing

Balder is financed through loan capital and equity. The goal is that the equity/assets ratio over time shall exceed 35 %, and that the net debt to total assets ratio shall not exceed 55 %.

Balder's largest asset class is residential properties, which are characterised by stable cash flows over time as the tenant risk is spread over a large number of payers. This also means that residential properties can be pledged to a higher degree than commercial properties by virtue of security in the cash flow. Today Balder has more than 60 % of its property value in residential properties and the majority of the other properties are commercial properties located in the central parts of the Stockholm, Gothenburg and Malmö metropolitan areas. The location of the assets forms a central part of lenders' credit risk assessments. Other important factors include diversification in the form of geography and asset class. Balder has chosen to own residential properties in Copenhagen and Helsinki in order to have a presence in several markets. Today about 45 % of the property value is located in these cities and a few other growth areas in Finland. Although Balder has chosen to concentrate to date on residential properties outside Sweden, the assets in Sweden are more diversified in the form of office, hotel, retail and residential properties.

During December 2016, Balder obtained an investment grade rating from Moody's of Baa3 with a stable outlook. Through the rating, Balder now has an official assessment of credit risk, which is important for the company's continued growth via the capital market. Since Balder some years ago invested in both Denmark and Finland, the company has exposure to the Euro and DKK and with a Moody's rating, Balder can access the European capital market. By using the European capital market, Balder can obtain capital tied up for long terms, diversify the funding base and thus secure capital for continued long-term growth. According to Moody's, the rating, among other things, reflects Balder's focus on stable residential properties in Sweden and Finland and Balder's commercial properties in central locations. The rating also reflects Balder's conservative dividend policy. Balder's subsidiary Sato also obtained a rating from Moody's of Baa3 with a stable outlook. In order to further stabilise financing costs and improve access to financing, Sato's goal is to obtain a higher rating.

Interest-bearing liabilities

Of Balder's total financing, about 28 % consists of capital market financing and the remainder is bank financing and subsidised governmental loans, where the latter are held in Finland. Balder's interest-bearing liabilities amounted to SEK 49,580m on 31 December. Secured liabilities in relation to total assets amounted to 39.6 % (42.2) as of 31 December. On the same date, the net debt to total assets ratio was 50.0 % (51.6). Balder's fixed credit term amounted to 4.2 years (4.4), the interest rate refixing period was 2.4 years (2.9) and the average interest rate amounted to 2.1 % (2.2) including the effect from interest rate derivatives.

Net financial items

Net financial items, excluding changes in value of interest rate derivatives, amounted to SEK –973m (–437), which was a result of larger average debt, however, the average interest rate was lower during the year. At year-end, Balder's average interest rate was 2.1 % (2.2).

Sketch, Gothenburg

Interest maturity structure on 2016-12-31

	Fixed interest term		
Year	**SEKm**	**Interest, %**	**Proportion, %**
Within one year	25,975	1.0	52
1–2 years	4,742	4.6	10
2–3 years	1,959	3.3	4
3–4 years	4,416	2.7	9
4–5 years	7,736	3.0	16
>5 years	4,752	3.0	10
Total	**49,580**	**2.1**	**100**

Fixed credit term on 2016-12-31

	Fixed credit term	
Year	**SEKm**	**Proportion, %**
Within one year	16,174	33
1–2 years	5,115	10
2–3 years	8,677	18
3–4 years	6,199	13
4–5 years	5,268	11
>5 years	8,147	16
Total	**49,580**	**100**

Liquidity

Balder utilises overdraft facilities in order to balance its liquidity needs. At year-end, Balder's disposable liquidity amounted to SEK 1,942m (1,339), which was composed of cash and cash equivalents, unutilised credit facilities and financial investments. Apart from the available liquidity, Balder, at year-end had credit facilities of SEK 4,827m (4,745), of which SEK 4,827m (4,545) were unutilised. Balder also has credit facilities that fully cover future payments for new construction projects in progress. Balder's cash flow is relatively evenly distributed during the year as about 66 % of rental income relates to residential rents, which are paid monthly. Remaining rents are mainly paid quarterly.

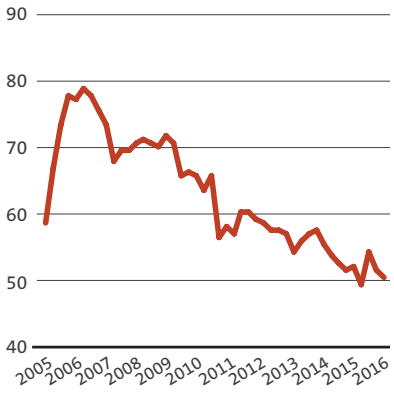
Financial policy

The financial operations at Balder are conducted in accordance with the goals that the Board establishes annually in the financial policy. The goals are set in order to limit the financial risks that Balder is exposed to, which mainly relate to interest, refinancing and liquidity risk. The overriding goals of the financial policy are:

- to secure the need of short- and long-term capital supply,
- that the equity/assets ratio should not be less than 35 % over time,
- that the interest coverage ratio should not be less than 2.0 times,
- that the net debt to total assets ratio should not exceed 55 %.

Net debt to total assets ratio

%



Financial targets

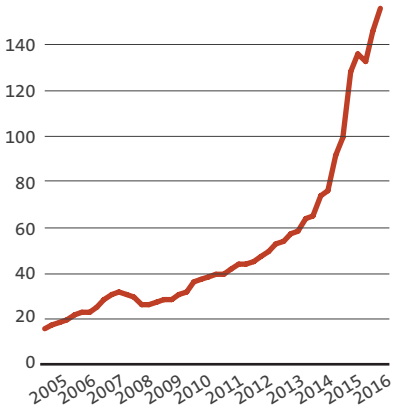
		Outcome	
	Target	**2016**	**2015**
Equity/assets ratio, %	35.0	38.3	37.8
Interest coverage ratio, times	2.0	3.7	5.1
Net debt to total assets, %	55.0	50.0	51.6

Key ratios including listed associated companies at market value.

Key ratios	**2016**	**2015**
Return on equity, ordinary share, %	20.9	28.2
Return on total assets, %	9.9	10.5
Net debt to total assets ratio, %	50.0	51.6
Debt/equity ratio, times	1.3	1.4
Interest coverage ratio, times	3.7	5.1
Equity/assets ratio, %	38.3	37.8
Average fixed credit term, years	4.2	4.4
Average interest rate refixing period, years	2.4	2.9

Equity development

SEK/ordinary share



Associated companies

Balder's part-owned associated companies together own 81 investment properties, where our share of the carrying amount is SEK 4,885m. Balder also holds shares in the listed bank Collector, where the participating interest amounts to approximately 44 %.

Balder is a part-owner in property-managing associated companies, in associated companies that conduct project development and in the bank Collector, see Note 15, Participations in associated companies.

During the year, Balder established cooperation with two new partners. Balder now owns 50 % of the shares in Trenum AB and 49 % of Sjaelsö Management ApS.

The property-managing associated companies also include Centur, Tulia, Balder Skåne and Första Långgatan Fastigheter while Fix Holding and Murbruket Holidng have project development in focus.

The property-managing associated companies together own 81 investment properties (55) and real estate projects with a total carrying amount of SEK 11,982m (8,828), a total lettable area of about 438,000 sq.m. (367,000) and a rental value amounting to SEK 666m (552). Profit from property management, i.e. profit excluding changes in value and tax, amounted to SEK 921m (1,193), of which Balder's participation amounted to SEK 419m (457). The companies' profit after tax amounted to SEK 1,331m (1,777), of which Balder's participation amounted to SEK 590m (831).

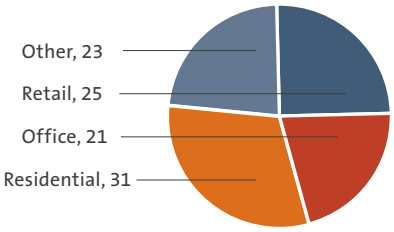
Balder's results were affected by changes in value of properties and derivatives of SEK 343m (410) before tax. For more information about Balder's associated companies, see Note 15, Participations in associated companies.

Fastighets AB Centur

The company is 50%-owned by Peab and Balder and it concentrates on property management, project development and property investments. Project development mainly focuses on construction of new

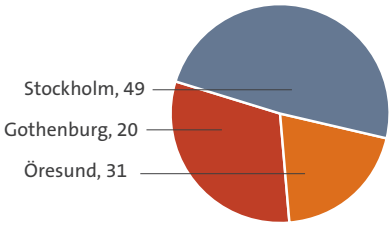
Carrying amount

per property category including projects, %



Carrying amount

per region including projects, %



Balder's participation in the property holdings of property-managing associated companies [1]

2016-12-31	Number of properties [2]	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/s.q.m.	Rental income, SEK	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	45	108,794	164	1,508	160	98	2,649	44
Gothenburg	11	47,506	58	1,213	54	93	892	15
Öresund	25	62,536	91	1,455	89	98	1,344	22
Total	**81**	**218,836**	**313**	**1,429**	**303**	**97**	**4,885**	**82**
Project			21		21		1,106	18
Total	**81**	**218,836**	**333**	**1,429**	**324**	**97**	**5,991**	**100**
Distributed by property category								
Residential	27	45,453	69	1,524	68	98	1,329	22
Office	11	29,315	55	1,871	50	91	900	15
Retail	34	94,964	105	1,111	103	98	1,512	25
Other	9	49,104	83	1,692	83	99	1,145	19
Total	**81**	**218,836**	**313**	**1,429**	**303**	**97**	**4,885**	**82**
Project			21		21		1,106	18
Total	**81**	**218,836**	**333**	**1,429**	**324**	**97**	**5,991**	**100**

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

2) Refers to the entire associated companies portfolio.

Gothenburg

retail and office premises and residential apartments but also improvements in real estate projects.

The company's largest real estate project is Varvsstaden in Malmö, which holds future building rights for about 350,000 sq.m. of residential and commercial space, on the site where Kockums once conducted shipbuilding operations.

At year-end, the company owned 30 investment properties (28) with a lettable area of 209,000 sq.m. (202,000) and a rental value of SEK 260m (246) and 2 real estate projects (4). The carrying amount of the properties amounted to SEK 4,666m (4,355). The properties are located in Stockholm, Gothenburg and in the Öresund region.

Tulia AB

Balder owns 50% of Tulia and the remaining part is owned by André Åkerlund AB. At year-end, Tulia owned 24 properties (22) with mainly central locations in Stockholm. The company's total lettable area at year-end amounted to 78,000 sq.m. (73,000) and the carrying amount of the properties totalled SEK 2,520m (2,227) with a rental value amounting to SEK 152m (140).

Första Långgatan Fastigheter i GBG HB

Balder together with Elof Hansson owns the company Första Långgatan Fastigheter i GBG HB, which is the owner of the property Göteborg Masthugget 11:13. The property is located, adjacent to Masthuggstorget and the lettable area amounted to 32,000 sq.m. of premises and apartments. The rental value amounts to SEK 50m. (48).

Fix Holding AB

The company is owned in equal shares by Balder and HSB Göteborg and it owns Fixfabriken in Majorna, which is a fully let building. Fix Holding will develop almost 500 new apartments here with complementary business premises. The objective is to have a zoning plan in place by 2017. See also fixfabriken.se

Balder Skåne AB

The company is owned in equal shares by Balder and K-Fastigheter and mainly consists of residential properties.

At year-end, the company owned 3 investment properties (3) and 1 real estate project (1) with a value of SEK 437m (322).

The total lettable area amounted to 12,000 sq.m. (12,000) with a rental value amounting to SEK 20m (20).

Murbruket Holding Fastighets AB

Balder together with Oscar Properties owns Murbruket Holding Property AB, which owns the office property Murmästaren 3 on Kungsholmen in Stockholm.

Balder's participation in the property holdings of property-managing associated companies

SEKm	2016	2015	2014
Rental income	282	244	180
Property costs	–50	–53	–35
Net operating income	**232**	**191**	**145**

	2016-12-31	2015-12-31	2014-12-31
Carrying amount properties, SEKm	5,991	4,414	3,396
Number of properties	81	55	57
Lettable area, sq.m. thousands	219	183	158

Balder's participation in the balance sheets of property-managing associated companies

	2016-12-31	2015-12-31
Assets		
Properties	5,991	4,414
Other assets	54	247
Cash and cash equivalents	203	61
Total assets	**6,248**	**4,723**
Equity and liabilities		
Equity/ shareholders' loan	2,549	1,726
Interest-bearing liabilities	3,319	2,501
Other liabilities	380	496
Total equity and liabilities	**6,248**	**4,723**

Tornet Bostadsproduktion AB
Balder's participating interest amounts to 31 % and the other owners are Peab, Folksam and Riksbyggen. Tornet is a company that concentrates on property management, project development and property investments. The property development projects relate to new construction of residential properties. At year-end, the company owned 15 investment properties (13) and 8 real estate projects (7) with a value of SEK 2,234m (1,845). The properties are located in Stockholm, Gothenburg and in the Öresund region. The total lettable area amounted to 57,000 sq.m. (45,000) with a rental value amounting to SEK 104m (78). See also tornet.se

Brinova Fastigheter AB
Balder together with Backahill is the main owner in the company. The company has been listed on Nasdaq First North since 30 September 2016 and Balder's participating interest is 25.5 %. The property holdings are geograpically concentrated towards southern Sweden and the goal is to create a company with public buildings and residential properties in focus.

At year-end, the company owned 50 investment properties (38) with a value of SEK 2,491m (976). The properties are located in the Öresund region.

The total lettable area amounted to 184,000 sq.m. (109,000) with a rental value amounting to SEK 205m (105). See also brinova.se

Collector AB
The company is listed on Nasdaq Stockholm, Large Cap, and Balder is the principal owner with a participating interest of about 44 %. Collector is an innovative, digital niche bank offering financing solutions for private and corporate customers. The company has offices in Gothenburg, Stockholm, Helsinki and Oslo.

The balance sheet total at year-end amounted to SEK 15,155m (10,057), sales amounted to SEK 1,513m (1,187), profit before tax to SEK 521m (371) and the market capitalisation was SEK 10,577m.

Balder also recognises Collector at market value in the consolidated statement of financial position, in order to clarify Collector's value in Balder. See also collector.se

Trenum AB
The company started its operations during 2016 and is 50%-owned by Tredje AP-fonden and Balder. The company will invest in residential properties in Sweden. The focus of the new company is mainly on investments in new production of rental apartments in Swedish growth regions. Apart from the three major metropolitan regions, growth areas with positive population trends are also in focus.

At year-end, the company owned 23 investment properties with a lettable area of 124,000 sq.m. and a rental value of SEK 181m. The carrying amount of the properties amounted to SEK 3,035m. The properties are located in Stockholm and in the Öresund region.

Sjaelsö Management ApS
Since the start of the year, Balder owns 49 % of the company and the remaining 51 % is owned by the company's CEO Flemming Joseph Jensen. The company, with almost 40 employees, is one of the larger players in project development and construction management in Denmark.

The balance sheet total at year-end amounted to SEK 67m, sales amounted to SEK 103m, and profit before tax to SEK 30m.

Opportunities and risks

Business activity is associated with risks and these must be handled responsibly and controlled. Handled correctly, they can provide opportunities and create value. Balder works actively with diversification of risks in order to limit the company's risk exposure.

Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/– 1 %	+/– 58
Economic occupancy rate	+/– 1 percentage unit	+/– 61
Interest-rate level of interest-bearing liabilities	+ 1 percentage unit	– 374
Property costs	+/– 1 %	–/+ 17
Changes in value of properties	+/– 5 %	+/– 4,309

Rental income, rental trend and occupancy rate

Of Balder's contracted rental income, 66 % relates to residential properties and 34 % to premises. The company's income is affected by the occupancy rate of the properties, the possibility of charging market-related rents as well as customers' payment capacity. If the occupancy rate or rental rates change, irrespective of the reason, Balder's results are affected. Naturally, the risk of large fluctuations in vacancies and loss of rental income increases the more large individual tenants a property company has. Balder's ten largest leases represent 5.6 % of total rental income and their average lease term amounts to 11.8 years. No individual lease accounts for more than 0.8 % of Balder's total rental income and no individual customer accounts for more than 4.0 % of total rental income. There are no guarantees that Balder's major tenants will renew or extend their leases when they expire, which in the longer term can lead to altered rental income and vacancies. The dependence on individual tenants decreases in line with Balder's continued growth through acquisitions. In order to limit the risk of falling rental income and a weakened occupancy rate, Balder strives to develop long-term relationships with the company's existing customers. Balder's leases are normally wholly or partly linked to the consumer price index, in other words, wholly or partly adjusted for inflation.

Balder is dependent on tenants paying agreed rents in time. In some leases, the tenant's obligations are guaranteed by the parent company or through bank guarantees. The risk still remains that tenants will suspend their payments or in other respects will not fulfil their obligations. If this happens, Balder's results could be affected negatively.

Unlike commercial properties, residential properties are covered by regulations, which among other things mean that the so-called utility value principle determines the setting of the rent.

At year-end, Balder had an economic occupancy rate of 95 %, which means that the vacancy at year-end amounted to SEK 289m and represents an opportunity for potential new lettings. The table above shows how profit before tax would be affected by a change of +/– 1 % in the rental level and +/– 1 % in the economic occupancy rate.

Operating and maintenance costs

Operating costs mainly consist of costs that are based on usage such as electricity, cleaning, water and heating costs. Several of these goods and services can only be purchased from one supplier, which can affect the price. To the extent that possible cost increases are not compensated by adjustments of leases or increases in rent through renegotiation of leases, Balder's results can be affected negatively. Maintenance costs include measures aimed at maintaining the standard of the properties in the long term. These costs are expensed to the extent they constitute repairs and replacement of smaller areas. Other additional expenses of a maintenance character are capitalised in connection with the expense arising. Unforeseen and extensive repair needs may also affect the results negatively.

Property development

One way to increase returns is to construct new properties and develop existing ones through investments. The risks in property development projects include assessments about the rental market trend, but also the design of the product and execution of the project itself. These risks are limited by only making investments in markets where Balder has good market knowledge, and where there is a strong demand for residential and commercial properties. Quality-assured internal processes and a high level of competency in the project organisation ensure that high quality is maintained in the execution and product, and that sustainability requirements are met. During new construction of buildings, demands are always imposed that a large part of the property should be let before the investment begins. The majority of ongoing projects therefore have a high occupancy rate.

Change in value of the properties

83 % of the value of Balder's property port-

folio is found in the four metropolitan regions Helsinki, Stockholm, Gothenburg and Öresund. Balder's investment properties are recognised at fair value in the balance sheet and changes in value are recognised in the income statement. Unrealised changes in value do not affect the cash flow. Balder carries out an internal valuation of the property portfolio in connection with quarterly reports. Parts of the property portfolio are also externally valued and compared to the internal valuation.

The value of the properties is affected by a number of factors including property-specific factors such as occupancy rate, rental rate 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 the Group's financial position and results.

Dependence on key people

Balder's future growth is dependent on the knowledge, experience and commitment of the Management team and other key people. The company could be affected negatively if one or more of these people would leave the Group.

Operational risks

Balder can incur losses within the framework of its operating activities due to defective routines or irregularities. Good internal control, appropriate administrative systems, skills development and good access to reliable valuation and risk models provide a good basis for reducing operational risks. Balder continually works on monitoring the company's administrative security and control.

Taxes and changed legislation

Changes in corporate and property taxes, as well as other government levies, rent allowance and interest allowance can affect the basis for Balder's operations. It cannot be ruled out that tax rates will change in the future or that other changes will occur in the state system that affect real estate ownership. In most leases, the customer pays his share of the currently charged property tax. Changes in corporate taxation and other governmental levies, may affect Balder's results. A change in tax legislation or practice which implies changes in possibilities of making tax write-offs or utilising loss carry-forwards, for example, can mean a change in Balder's future tax situation and can thereby also impact results.

Financial risks

Balder's operations are mainly financed by equity and loans from external lenders. The relationship between equity and liabilities is managed on the basis of the chosen level of financial risk and the amount of equity to meet lenders' requirements for securing loans at market-related conditions. The financing via loans means that Balder is exposed to financing, interest rate and credit risks. Financing conditions include requirements in relation to the equity/assets ratio, net debt to total assets ratio and interest coverage ratio.

Refinancing risk

Refinancing risk refers to the risk that financing cannot be secured at all, or only at a significantly increased cost. Balder conducts continual discussions with banks and credit institutions aimed at securing the long-term financing. Balder cooperates closely with a handful of lenders in order to secure the company's long-term capital requirements.

Interest rate risk

Interest rate risk is defined as the risk that changes in the level of interest rates will affect Balder's financing expense. Interest

Gothenburg

expense is Balder's single largest cost item. Interest expenses are mainly affected by the current market rate of interest and the credit institutions' margins and by what strategy Balder chooses for interest rate refixing periods. Market rates of interest are affected by the expected inflation rate. In times of rising inflation expectations, the interest rate level can be expected to rise, which immediately increases the interest expense on loans with short maturities.

Balder has a large proportion of loans which run according to short interest rate refixing periods. Balder deploys interest rate derivatives as part of its interest risk management, in order to achieve preferred interest rate refixing periods.

Credit risk

Credit risk is defined as the risk that Balder's counterparties cannot fulfil their financial obligations towards Balder. Credit risk in the financial operations arises during investment of excess liquidity, on entering into interest rate swap contracts and in connection with issued credit agreements. As regards Balder's trade receivables, customary credit checks are carried out before a new lease is entered into.

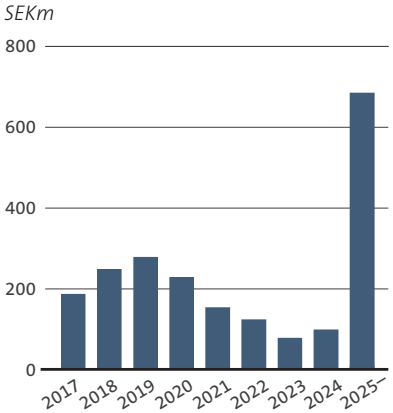
Currency risk

Balder owns properties via subsidiaries in Denmark, Finland and Norway. Companies' revenue and costs are in local currency and are thereby exposed to fluctuations in exchange rates from a Group standpoint. Exchange rate fluctuations also arise in translation of the assets and liabilities of foreign subsidiaries to the currency of the parent company.

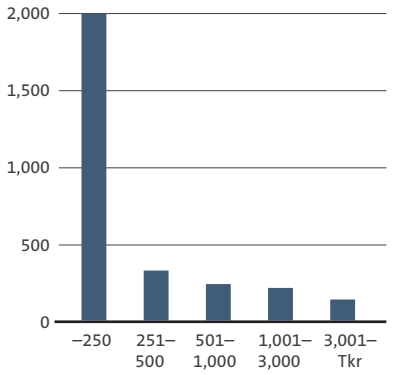
Environmental risk

Property management and property development have an environmental impact. Balder has established an environmental policy and works actively with environmental issues. Under the Environmental Code, the party conducting an activity which has contributed to pollution is also responsible for after-treatment. If the party conducting the activity cannot carry out or pay for the after-treatment of a property, the party acquiring the property and that on the acquisition date was aware of or that should have then discovered the pollution, is responsible. Since Balder mainly owns residential, office and retail properties, this risk is considered limited.

Maturity structure of commercial lease contracts

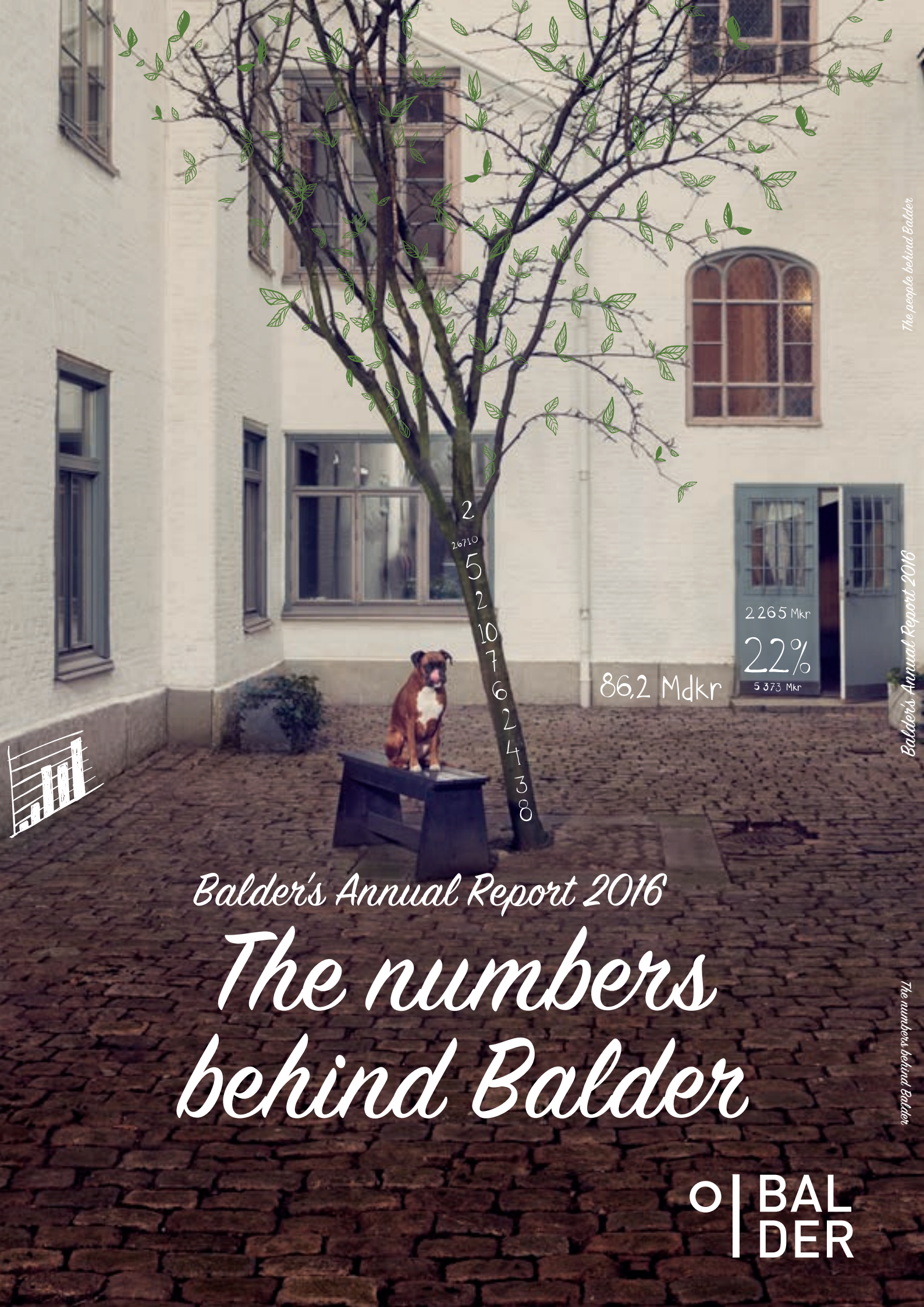


Number of commercial leases per rental value



Now you have reached the end of the first part of the annual report.

Turn over the annual report to instead analyse our financial information and the numbers behind Balder.



Balder's Annual Report 2016

The numbers behind Balder

BALDER

Definitions

The company 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. 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 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 the average balance sheet total. 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.

Profit from property management before tax, SEKm [2)]
Profit before tax with reversal of changes in value. Reversal of changes in value and tax as regards participation in profits of associated companies also takes place.

Net debt to total assets ratio, %
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 in participations in profits from 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 minority in relation to the balance sheet total at year-end.

Share-related

Equity per ordinary share, SEK
Shareholders' equity after deduction of the preference capital in relation to the number of outstanding ordinary shares at year-end.

Equity per preference share, SEK
Equity per preference share is equivalent to the average issue 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 period.

Long-term net asset value per ordinary share (EPRA NAV), SEK
Equity per ordinary share with reversal of interest rate derivatives and deferred tax according to balance sheet.

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

Property-related

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

Net operating income, SEKm
Rental income less property costs.

Economic occupancy rate, % [1)]
Contracted rent for leases, which are running at the end of the period in relation to rental value.

Property category
Classified according to the principal use of the property. The break-down is made into office, retail, residential and other properties. Other properties include hotel, education, 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 costs, media expenses, maintenance, ground rent and property tax.

Rental value, SEKm [1)]
Contracted rent and estimated market rent for vacant premises.

Surplus ratio, %
Net operating income in relation to rental income.

1) The key ratio is operational and is not considered to be an alternative key ratio according to ESMA's guidelines.
2) In estimation of the Profit from property management before tax, attributable to the parent company's shareholders, the profit from property management is also reduced by the participation of non-controlling interests.

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

According to IFRS, Collector AB (publ) and Brinova Fastigheter AB (publ) should 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 on 31 December. Brinova Fastigheter AB (publ) is included from 30 September 2016 when the company was listed.

SEKm	31 Dec 2016	31 Dec 2015
Assets		
Investment properties	86,177	68,456
Other property, plant and equipment	136	122
Participations in associated companies [1,2)]	6,673	6,549
Receivables	1,357	1,497
Cash and cash equivalents and financial investments	1,592	1,025
Total assets	**95,935**	**77,649**
Equity and liabilities		
Equity [3)]	36,791	29,325
Deferred tax liability	5,808	4,071
Interest-bearing liabilities	49,580	41,063
Derivatives	1,547	1,294
Other liabilities	2,209	1,896
Total equity and liabilities	**95,935**	**77,649**
1) Including Balder's market value of Collector AB (publ)	4,661	5,224
Collector's market price (SEK)	103.00	127.00
2) Including Balder's market value of Brinova Fastigheter AB (publ)	282	–
Brinova's market price (SEK)	15.30	–
3) Of which, non-controlling interests	5,540	4,377

Consolidated statement of changes in equity

SEKm	31 Dec 2016	31 Dec 2015
Opening equity	**29,325**	**14,261**
Comprehensive income for the year	6,507	4,909
Dividend approved and entered as a liability to preference shareholders	–200	–200
New issue, after issue expenses	1,780	1,705
Transactions with non-controlling interests	–107	–
Dividends to non-controlling interests	–107	–
Non-controlling interests that arose during acquisition of subsidiaries	–	4,377
Non-controlling interests that arose during new issue in subsidiaries	554	–
Change in listed associated companies to market value during the year	–962	4,273
Closing equity	**36,791**	**29,325**

Numbers behind Balder

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Calendar

Annual General Meeting	11 May 2017
Interim report Jan–Mar 2017	11 May 2017
Interim report Jan–Jun 2017	22 August 2017
Interim report Jan–Sep 2017	2 November 2017
Year-end report Jan–Dec 2017	22 February 2018

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This report is a translation of the Swedish Annual report 2016. In the event of any disparities between this report and the Swedish version, the latter will have priority.

Report of the Board of Directors

The Board of Directors and CEO of Fastighets AB Balder (publ), corporate identity number 556525-6905, hereby submit the accounts of the Group and the Parent Company for the financial year 2016. Fastighets AB Balder is listed on Nasdaq Stockholm, Large Cap segment. The company has approximately 22,000 shareholders (17,200). 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 premises and housing.

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

Financial goals
Balder's goal is to achieve a stable and good return on equity, while the equity/assets ratio over time shall not be less than 35 % and the interest coverage ratio shall not be less than 2.0 times and the net debt to total assets ratio shall not exceed 55 %. The outcome in 2016 was 36.1 % (34.1) and 3.7 times (5.1), and 51.8 % (54.6), respectively. Including the listed associated companies at market value, the equity/assets ratio was 38.3 % (37.8) and the net debt to total assets ratio was 50.0 % (51.6).

Organisation
Balder's business areas consist of the regions Helsinki, Stockholm, Gothenburg, Öresund, East and North, which are made up of 17 areas. The regional organisations follow the same basic principles but differ depending on the size and property holdings of each region. Regional offices are responsible for letting, operation, 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 central accounting, property management and finance functions. The Group had a total of 546 employees (522) on 31 December, of whom 255 (234) were women.

Balder's Management team is composed of six people, of whom one is a woman. For information regarding approved guidelines for remuneration to senior executives, see Note 4, Employees and personnel expenses. The Board will not propose any changes in the guidelines to the Annual General Meeting 2017.

Significant events during the fiscal year
Balder obtained an investment grade rating from Moody's of Baa3 with a stable outlook.

During September, Balder's associated company Brinova Fastigheter AB (publ) was listed, Balder's participating interest was 25.5 % on 31 December.

Acquisitions
During the year, Balder acquired all properties in the company I.A Hedin Fastighet AB from Anders Hedin Invest AB. The number of acquired retail properties was 43 in total with a property value of SEK 4,208m. In 2016, Balder also acquired its first property in Norway, Hedmark University of Applied Sciences, where the Norwegian state is the dominant tenant with a lease that has a remaining term of 24 years. During the year, 116 properties were acquired with a property value of SEK 11,432m. The largest part of the property acquisitions during the year related to acquisitions in Balder's Finnish subsidiary Sato Oyj and the acquired properties from the company I.A Hedin Fastighet AB.

Divestments
Balder's strategy for a number of years has been to divest properties in places where the company cannot sustain a sufficiently large management unit. During the year, Balder divested all its properties in Töreboda, Skara and Jönköping. Balder divested 71 properties in total during the year with a property value of SEK 1,990m including sales that occurred in the subsidiary Sato Oyj. The divestments carried out, generated a profit of SEK 85m, equivalent to 5 % over the carrying amount.

Other
In September, a directed share issue of 3,000,633 ordinary shares was carried out, which raised SEK 681m after issue expenses. In December, a set-off issue of 4,602,515 ordinary shares was completed, which raised SEK 1,099m after issue expenses.

The property portfolio
Balder's commercial properties are mainly located in the central areas of big cities and the residential properties are located in big cities and in places that are growing and developing positively.

On 31 December, Balder owned 1,220 investment properties (1,177) with a lettable area of 3,806,000 sq.m. (3,430,000) and a carrying amount of SEK 86.2 billion (68.5), including project real estate. During the year, 116 investment

properties (723) with a lettable area of approximately 505,000 sq.m. (1,405,000) were acquired for SEK 11,342m (28,660). 71 properties (23) were divested during the year with a total lettable area of 132,000 sq.m. (108,000) for SEK 1,990m (1,613), which generated a profit of SEK 85m (65).

In 2017, Balder will continue the work on consolidating its property portfolio.

When allocating carrying amounts by region, Helsinki's share amounted to 30 % (31), Stockholm to 19 % (20), Gothenburg 20 % (20), Öresund 13 % (12), East 13 % (14) and North 4 % (3). Of the carrying amounts, 39 % (36) related to commercial properties and 61 % (64) to residential properties.

Profit from property management

Profit from property management amounted to SEK 2,653m (1,780) during the year. Profit from property management attributable to the parent company's shareholders increased by 27 % and amounted to SEK 2,265m (1,780), which corresponds to SEK 11.89 per ordinary share (9.71). Profit from property management includes SEK 419m (457) in respect of associated companies, which is included in the income statement as participations in profits from associated companies.

Profit after tax

Net profit after tax during the year amounted to SEK 6,093m (4,916). Profit after tax attributable to the parent company's shareholders amounted to SEK 5,474m (4,916), corresponding to SEK 30.38 per ordinary share (28.98).

The result was impacted by realised changes in value of properties of SEK 85m (65), unrealised changes in value of properties of SEK 4,847m (3,323), changes in value of interest rate derivatives of SEK –114m (227) and profit from participations in associated companies of SEK 590m (831).

Rental income

Rental income increased by 98 % to SEK 5,373m (2,711). The increase was mainly due to Sato Oyj, whose income statement was consolidated for the first time from 1 January 2016. The leasing portfolio was estimated to have a rental value on 31 December of SEK 6,089m (5,257) on a full-year basis. The average rental level for the entire property portfolio amounted to 1,583 SEK/sq.m. (1,508) excluding project real estate. The increase in the average rental rate was mainly due to changes in the property portfolio. The rental income shows a considerable diversification of risks as regards tenants, sectors and locations.

The economic occupancy rate amounted to 95 % (96) on the closing date.

On 31 December, the total rental value for unlet areas amounted to SEK 289m (182) on a full-year basis.

Property costs

Property costs amounted to SEK 1,693m (767) during the year. The increase in property costs was mainly due to the consolidation of Sato Oyj. Net operating income increased by 89 % to SEK 3,679m (1,944), which provided a surplus ratio of 68 % (72). 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.

Net financial items and changes in value of derivatives

Net financial items, excluding changes in value of derivatives amounted to SEK –973m (–437) and changes in value of interest rate derivatives amounted to SEK –114m (227). The negative change in value during the year was due to the decrease in the level of interest rates which means that the difference in relation to the contracted interest rate level of the interest rate derivatives has increased.

Derivatives are continually recognised at fair value in the balance sheet. Changes in value from derivatives arise in the event of changed interest rate levels and do not affect cash flow, as long as they are not sold during the period. Balder has hedged against higher levels of interest rates, which means that the market value of derivatives decreases during a period of downward interest rates. The deficit in respect of derivatives amounted to SEK 1,547m (1,294) at 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 1,547m that will be reversed to equity in its entirety, adjusted by deferred tax through profit or loss, in line with the maturity of the derivatives.

Net financial items are equivalent to an average interest rate of 2.1 % (1.8) including the effect of accrued interest from Balder's interest rate derivatives.

Multi-year summary

See page 7.

Value of the properties

Balder carried out internal valuations on 31 December of all properties. The properties in Sweden, Denmark and Norway were valued using the yield method, which is based on a 10-year cash flow model. Each property is individually valued by computing the present value of future cash flows, in other words future rent payments less estimated operating and maintenance payments. The cash flow is adjusted to market by taking account of changes in letting levels and occupancy rates as well as operating and maintenance payments.

The valuation is based on an individual assessment of each property, as well as future cash flows and the yield requirement. In Finland, besides the yield method, the sales comparison method is also used as well as the acquisition cost method. For a more detailed description of Balder's property valuation see Note 13, Investment properties.

Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. In order to quality-assure its internal valuations, Balder regularly allows parts of the portfolio to be externally valued during the year. During the year, Balder externally valued about 40 % of its properties including Sato Oyj's property holdings. The external valuations were

Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/–1 %	+/–58
Economic occupancy rate	+/–1 percentage point	+/–61
Interest rate level of interest-bearing liabilities	+1 percentage point	–374
Property costs	+/–1 %	–/+17
Changes in value of investment properties	+/–5 %	+/–4,309

less than 1 % higher than the internal valuations at year-end.

On 31 December, Balder's average yield requirement amounted to 5.3 % (5.4), excluding projects and development properties. The change in value during the period was attributable to improved net operating income and slightly lower yield requirements.

On 31 December, the carrying amount of the investment properties amounted to SEK 86,177m (68,456), according to the individual internal valuation, which implied an unrealised change in value of SEK 4,847m (3,323).

Taxes

Balder's tax expense amounted to SEK –1,550m (–862), of which SEK –226m (4) is current tax expense for the year, which is mainly attributable to the consolidation of Sato Oyj, and a deferred tax expense of SEK –1,325m (–866). Current tax expense attributable to the parent company's shareholders amounted to SEK –135m (4).

Current tax and deferred tax have been calculated based on the applicable tax rate for 2016. Current tax only arises in Sweden in exceptional cases on account of the possibilities of making tax write-offs, tax deductions for certain investments in properties and use of existing loss carry-forwards. For the small number of subsidiaries where no group contributions for tax purposes exist, current tax can arise. Current tax for the year mainly relates to Balder's Finnish subsidiary Sato Oy, and to a lesser extent to acquired and divested companies during the year.

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 differences between the carrying amounts and values for tax purposes of properties and interest rate derivatives. Deferred tax liabilities amounted to SEK 5,808m (4,071). For more detailed information, see Note 11, Taxes.

Cash flow and financial position

Balder's assets amounted to SEK 92,623m (73,376) on 31 December. These were financed by equity of SEK 33,479m (25,052) and by liabilities of SEK 59,144m (48,324) of which SEK 49,580m (41,063) are interest-bearing.

Cash flow from operating activities before changes in working capital amounted to SEK 2,135m (1,193). Investing activities have burdened the cash flow by SEK 8,401m (5,635). During the year, acquisition of properties of SEK 7,648m (2,097), investments in existing properties of SEK 1,843m (791) and investments in property, plant and equipment, financial investments, associated companies and transactions with non-controlling interests of SEK 785m (4,857), paid dividend preference shares of SEK 200m (200) and paid dividend to non-controlling interests of SEK 107m (–) totalled SEK 10,583m (7,945).

These were financed through cash flow from operating activities of SEK 2,891m (762), through property divestments of SEK 1,651m (1,606) and financial investments of SEK 225m (504), a new issue of SEK 682m (1,705), a new issue in the subsidiary Sato Oyj of SEK 420m (–) and net borrowing of SEK 5,382m (3,788), totalling SEK 11,250m (8,365).

Total cash flow for the year amounted to SEK 667m (421).

Liquidity

Apart from unutilised credit facilities of SEK 4,827m (4,545) the Group's cash and cash equivalents, financial investments and unutilised overdraft facilities amounted to SEK 1,942m (1,339) on 31 December.

Equity

Shareholders' equity amounted to SEK 33,479m (25,052) on 31 December, of which non-controlling interests amounted to SEK 5,540m (4,377), corresponding to SEK 139.23 per ordinary share (103.24). The equity/assets ratio was 36.1 % (34.1). Including the listed associated companies at market value, the equity/assets ratio was 38.3 % (37.8) and equity per ordinary share was SEK 157.63 (128.03).

Interest-bearing liabilities

The Group's interest-bearing liabilities amounted to SEK 49,580m (41,063) on 31 December. The proportion of loans with interest dates during the coming 12-month period amounted to 52 % (52) and the average fixed credit term amounted to 4.2 years (4.4). Derivatives contracts have been entered into in order to limit the impact of a higher market rate of interest.

The above-mentioned derivatives are continually recognised at fair value in the balance sheet with changes in value recognised in the income statement. Changes in value during the year amounted to SEK –114m (227). Interest-bearing liabilities are described in greater detail in Note 21, Financial risks and financial policies.

Investments

Property investments amounted to SEK 13,185m (29,451) during the year, of which SEK 11,342m (28,660) related to acquisitions and SEK 1,843m (791) related to investments in existing properties and projects. The largest part of the property acquisitions during the year related to acquisitions made by Sato Oyj and the acquired properties from Anders Hedin Invest AB. Of the total changes in the property portfolio, SEK 3,603m (21,291) related to Helsinki, 1,280m (1,117) related to Stockholm, SEK 3,274m (597) to Gothenburg, SEK 2,210m (1,176) to Öresund, SEK 2,061m (5,243) to East, and SEK 758m (27) to North.

Associated companies

Balder owns 50 % of a number of companies where Balder takes care of management and administration, for further information see Note 15, Participations in associated companies. Apart from the 50%-owned associated companies, Balder owns 44.1 % (44.1) of Collector AB (publ), 31.0 % (31.0) of Tornet Bostadsproduktion AB and 25.5 % (35.0) of Brinova AB Fastigheter AB (publ) and 49 % (–) of Sjaelsö Management ApS. During September 2016, Balder's associated company Brinova Fastigheter AB was listed and Collector AB is already listed. 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 58. On pages 50-51, Balder's participations in the balance sheets and property holdings of the 50%-owned property-managing associated companies are reported and presented according to IFRS accounting policies.

The associated companies own a total of 81 investment properties (55) and 5 real estate projects (5). Balder's participation in the lettable area of the property holdings amounts to approximately 219,000 sq.m. (183,000) with a rental value of SEK 333m (276). The economic occupancy rate amounted to 97 % (97).

Parent Company

The parent company's operations mainly consist of performing 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. Sales in the parent company amounted to SEK 209m (147) during the year, of which intra-group services represented SEK 174m (117) and the remainder mostly related to management assignments for associated companies.

Net profit after tax during the year amounted to SEK 1,311 m (1,061). Earnings were affected by dividend from subsidiaries of SEK 1,430m (800), changes in value relating to unrealised interest rate derivatives of SEK –151m (199) and group contributions paid of SEK of –568m (–340).

The parent company's financial investments, cash and cash equivalents, including unutilised credit facilities amounted to SEK 1,444m (658) on 31 December. Receivables from group companies amounted to SEK 24,629m (21,676) on the closing date. Investments in property, plant and equipment and financial investments amounted to SEK 8m (1) and SEK 42m (846) respectively during the year.

Opportunities and risks

Balder's operations, financial position and results may be affected by a number of risk factors.

Rents and customers

Balder's income is affected by the occupancy rate of the properties, the possibility of charging market-related rents as well as customers' payment capacity. The occupancy rate and rental levels are largely determined by the general and regional economic trends. Naturally, the risk of large fluctuations in vacancies and loss of rental income increases when there are more large individual customers in the property portfolio.

In order to limit the risk of lower rental income and a weakened occupancy rate, Balder strives to develop long-term relationships with the company's existing customers. Balder's distribution between commercial and residential properties and the geographical spread in the portfolio means that the risk relating to rental income is low.

At year-end, Balder had an economic occupancy rate of 95 % (96). Balder's ten largest leases represented 5.6 % (6.1) of total rental income and their average lease term amounted to 11.8 years (11.1). No individual lease accounted for more than 0.8 % (0.9) of Balder's total rental income and no individual customer accounts for more than 4.0 % (2.7) of total rental income. The average lease term in the overall commercial portfolio amounted to 7.1 years (6.3).

A change of +/– 1 % in rental income would affect the profit before tax by +/– SEK 58m.

Debt and risk management

Balder's greatest financial risk is a lack of financing. To limit refinancing risk, Balder works continually to renegotiate loans and to diversify the maturity structure of loans. Meanwhile, this work ensures that competitive long-term financing is maintained. Balder's average fixed credit term amounted to 4.2 years (4.4).

Interest risk arises through fluctuations in the market rate of interest, which affects results and cash flow. A higher market rate of interest means an increased interest expense but this often also coincides with higher inflation and economic growth. This means that 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 elected to use interest rate derivatives to limit the risk of financing costs increasing significantly in the event of a higher market rate of interest.

In the event of an immediate increase in the market rate of interest of one %age unit and the assumption of an unchanged loan and derivative portfolio, the interest expense would increase by SEK 374m. Of Balder's total loan stock at year-end, 48 % (48) had an interest rate refixing period of more than one year. The holdings in Finland, Denmark and Norway have given rise to a currency position. For more information see Note 21, Financial risks and financial policies.

Property costs

Property costs include direct costs such as operating and media expenses, maintenance costs, ground rent and property tax. Each region is responsible for ensuring that the property portfolio is well-maintained and in good condition. Through a local presence, knowledge improves about each property's need for preemptive work, which is more cost-effective in the long-term than extensive repairs.

Balder works continually on improving cost efficiency using rational technical solutions, practical efforts and continuous follow up.

A change of +/– 1 % in property costs would affect the property costs by SEK –/+ 17m.

Changes in value investment properties

Balder reports its investment properties at fair value with changes in value in the income statement. Market assessments of properties always involve a certain amount 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 %. The uncertainty varies according to the type of property, geographical location and real estate market conditions. Balder continually monitors the transactions that are completed in the market in order to substantiate and guarantee valuations. In addition, Balder conducts continual discussions with external participants on acquisition and divestment of properties and regularly allows external parties to value parts of the portfolio, which provides additional guidance. Also see Note 13, Investment properties.

Profit before tax would be affected by SEK +/– 4,309m in the case of a change in value of the investment properties of +/– 5 %. The equity/assets ratio in the event of a positive change in value would amount to 38.0 % and in the event of a negative change in value it would amount to 34.1 %.

Environment

Balder has not carried out any comprehensive study of possible environmental pollution in the property portfolio but estimates that neither the properties nor the customers' operations give rise to any material environmental risks, which could affect the company's position. Acquisitions of properties where a risk of an environmental impact is deemed to exist, are preceded by environmental inspections. For information about Balder's environmental responsibility see page 22.

The share and owners

During September, Balder carried out a

directed new issue of 3,000,633 ordinary Class B shares, which raised SEK 681m after issue expenses. Balder carried out a set-off issue of 4,602,515 ordinary Class B shares in December, which raised SEK 1,099m after issue expenses. After the issues and on 31 December, the share capital amounted to 190,000,000 distributed among 190,000,000 shares. Each share has a quota value of SEK 1, whereof 11,229,432 shares are of Class A, 168,770,568 of Class B and 10,000,000 preference shares. Each Class A share carries one vote and each Class B share and preference share carries one tenth of one vote.

The Annual General Meeting 2016 resolved to authorise the Board during the period until the next AGM to decide on a new issue of shares of Class B and preference shares corresponding to not more than 10 % of the existing share capital. The largest owners are Erik Selin with company, which holds 48.2 % of the votes and Arvid Svensson Invest AB with 14.7 % of the votes. There are no restrictions in the articles of association as to the form of transfer of shares or voting rights at the general meeting.

Since Balder will prioritise growth, capital structure and liquidity during the next few years, the dividend for the ordinary share will be low or may not be declared at all. The quarterly dividend for the preference share amounts to SEK 20.00 per year.

Report on the Board work during the year

The Board held 10 board meetings during the financial year of which one was the statutory meeting. The work follows a formal work plan approved by the Board. The formal work plan governs the Board's working methods and the division of responsibility between the Board and CEO as well as the forms for the day-to-day financial reporting. During the year, strategic questions and other important matters for the company's development were discussed, apart from day-to-day financial reporting and decision-making. The company's auditors participate in at least one board meeting and report on their 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. The corporate governance in the company is based on Swedish legislation, principally on the Swedish Companies Act, the Stockholm Stock Exchange's rules for issuers, the Swedish Corporate Governance Code

as well as other rules and guidelines. Some of the Code's principles involve creating a good basis for exercise of an active balance of power among owners, the Board and Management, which Balder views as a natural element in the principles of the operations.

Remuneration to the CEO and other senior executives

Guidelines for remuneration of senior executives were resolved upon at the preceding Annual General Meeting. Above all, the guidelines mean that market-related salaries and other terms of employment should be applicable for the company management. The remuneration should be paid in the form of a fixed salary. Taken together, dismissal pay and termination benefits should not exceed the equivalent of 18 monthly salaries. The company management refers to the CEO and other members of the Group Management.

The Board's proposed guidelines to the next Annual General Meeting correspond to the present guidelines.

Significant events after the end of the financial year

See Note 28, Significant events after the end of the financial year.

Expectations regarding the future trend

Balder's goal is to grow by means of direct or indirect acquisitions together with our partners in locations, which are considered interesting.

Proposed distribution of earnings

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

Retained earnings	10,451,877,039
Net profit for the year	1,311,144,835
Total [1]	**11,763,021,874**

1) See change in the Parent Company's equity, page 70.

The Board proposes that the amount be allocated as follows:

Dividend SEK 20.00 per preference share	200,000,000
Carried forward	11,563,021,874
Total	**11,763,021,874**

The Board's statement regarding the proposed distribution of profits

The Board considers that full coverage exists for the company's restricted equity after the proposed distribution of profits.

The Board considers that the proposed distribution of profits is reasonable taking account of the assessment criteria prescribed in Chapter 17. Section 3, second and third paragraphs of the Swedish Companies Act (the type, scale, risks, need to strengthen the balance sheet, liquidity and general financial position of the operations).

The Board estimates that the company's equity after the proposed distribution of profits will be sufficiently large in relation to the type, scale and risks of the operations. The Board's assessment of the parent company's and the Group's financial position means that the dividend is defensible in relation to the Group's need to strengthen the balance sheet, liquidity and unexpected events.

The proposed distribution of profits will not affect the company's and the Group's ability to meet their payment obligations at the right time.

The proposed dividend for preference shares accounts for 1.7 % (2.2) of the parent company's equity and 0.6 % (0.8) of the Group's equity.

Balder's declared goal for the Group's capital structure is that the equity/assets ratio should not be less than 35 % over time and that the interest coverage ratio should not be less than 2.0 times and that the net debt to total assets ratio should not be more than 55 %, should also be met after the proposed dividend. In light of this, the Board considers that the company and the Group have a good basis for taking advantage of future business opportunities and also for managing possible losses. Planned investments have been considered in determination of the proposed distribution of profits.

Record days for the quarterly dividend of SEK 5.00 to the preference shareholders are 10 July, 10 October and 10 January and 10 April.

Gothenburg, 31 March 2017
Board of Directors

Financial statements

Consolidated statement of comprehensive income

SEKm	Note	2016	2015
Rental income	2, 3	5,373	2,711
Property costs	3, 6, 7, 8	–1,693	–767
Net operating income		**3,679**	**1,944**
Changes in value of investment properties, realised	13	85	65
Changes in value of investment properties, unrealised	13	4,847	3,323
Other income/costs	33	17	11
Management and administrative expenses	5, 6	–488	–185
Participation in profits of associated companies	15	590	831
Operating profit	3, 4, 5, 6, 7	**8,730**	**5,988**
Financial items			
Financial income	9	104	166
Financial costs	10	–1,077	–603
Changes in value of derivatives	21	–114	227
Net financial items, including changes in value of derivatives		**–1,087**	**–210**
Profit before tax		**7,643**	**5,778**
Income tax	11	–1,550	–862
Net profit for the year		**6,093**	**4,916**
Other comprehensive income - items that may be reclassified to the income statement			
Translation difference regarding foreign operations		438	3
Cash flow hedges after tax		–26	–
Participation in other comprehensive income from associated companies		2	–10
Comprehensive income for the year		**6,507**	**4,909**
Net profit for the year attributable to			
The parent company's shareholders		5,474	4,916
Non-controlling interests		619	–
		6,093	**4,916**
Total comprehensive income for the year attributable to			
The parent company's shareholders		5,685	4,909
Non-controlling interests		823	–
		6,507	**4,909**
Profit from property management before tax, SEKm [1]		2,653	1,780
Profit from property management before tax attributable to the parent company's shareholders, SEKm [1]		2,265	1,780
Profit from property management before tax per ordinary share, SEK [2]		11.89	9.71
Profit after tax per ordinary share, SEK [2]	12	30.38	28.98
		419	457

1) Including Balder's participation in the profit from property management from associated companies
2) Reduced by the preference share dividend for the period.
There is no dilutive effect as no potential shares arise.

Consolidated statement of financial position

SEKm	Note	31 Dec 2016	31 Dec 2015
Assets			
Non-current assets			
Investment properties	13, 24	86,177	68,456
Other property, plant and equipment	14	136	122
Participations in associated companies	15	3,362	2,276
Other long-term receivables	17	908	1,173
Total non-current assets		**90,583**	**72,027**
Current assets			
Trade receivables	16	150	130
Other receivables		146	87
Prepaid expenses and accrued income	18	153	107
Financial investments	19	305	405
Cash and cash equivalents	25	1,287	620
Total current assets		**2,041**	**1,349**
Total assets		**92,623**	**73,376**
Equity and liabilities			
Equity	20		
Share capital		190	182
Other contributed capital		7,806	6,034
Translation differences		218	–7
Reserves		–14	–
Retained earnings including net profit for the year		19,739	14,465
Equity attributable to the parent company's shareholders		**27,939**	**20,675**
Non-controlling interests		5,540	4,377
Total equity		**33,479**	**25,052**
Provisions			
Deferred tax liability	11	5,808	4,071
Total provisions		**5,808**	**4,071**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities [1)]	21	33,267	39,095
Other non-current liabilities		176	331
Credit facilities	21, 22	–	36
Derivatives	21	1,453	1,294
Total non-current liabilities		**34,896**	**40,755**
Current liabilities			
Current interest-bearing liabilities [1)]	21	16,314	1,933
Trade payables		267	179
Derivatives	21	94	–
Other liabilities		636	542
Accrued expenses and deferred income	23	1,130	845
Total current liabilities		**18,441**	**3,498**
Total liabilities		**59,144**	**48,324**
Total equity and liabilities		**92,623**	**73,376**

1) Interest-bearing liabilities for the most part are formally current but are non-current in character, as they are continually extended. From 2016, the interest bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.

Consolidated statement of changes in equity

	Attributable to the parent company's shareholders							
SEKm	**Share capital**	**Other contributed capital**	**Reserves**	**Translation difference**	**Retained earnings including net profit for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening balance, 1 Jan 2015	**172**	**4,339**	**–**	**1**	**9,749**	**14,261**	**–**	**14,261**
Net profit for the year					4,916	4,916		4,916
Other comprehensive income				–7		–7		–7
Total comprehensive income	**–**	**–**	**–**	**–7**	**4,916**	**4,909**	**–**	**4,909**
Non-controlling interests that arose during acquisition of subsidiaries [2]							4,377	4,377
New issue, after issue expenses	10	1,695				1,705		1,705
Dividend approved and entered as a liability to preference shareholders					–200	–200		–200
Total transactions with the company's owners	**10**	**1,695**	**–**	**–**	**–200**	**1,505**	**4,377**	**5,882**
Closing balance, 31 Dec 2015	**182**	**6,034**	**–**	**–7**	**14,465**	**20,675**	**4,377**	**25,052**
Opening balance, 1 Jan 2016	**182**	**6,034**	**–**	**–7**	**14,465**	**20,675**	**4,377**	**25,052**
Net profit for the year					5,474	5,474	619	6,093
Other comprehensive income			–14	225		211	204	414
Total comprehensive income	**–**	**–**	**–14**	**225**	**5,474**	**5,685**	**823**	**6,507**
Transactions with non-controlling interests							–107	–107
Dividends to non-controlling interests							–107	–107
Non-controlling interests that arose during new issue in subsidiaries							554	554
New issue, after issue expenses	8	1,772				1,780		1,780
Dividend approved and entered as a liability to preference shareholders					–200	–200		–200
Total transactions with the company's owners	**8**	**1,772**	**–**	**–**	**–200**	**1,580**	**340**	**1,920**
Closing balance, 31 Dec 2016 [1]	**190**	**7,806**	**–14**	**218**	**19,739**	**27,939**	**5,540**	**33,479**

1) For more information See Note 20 relating to Equity.
2) For more information See Note 32 relating to Business combinations.

Consolidated statement of cash flows

SEKm	Note	2016	2015
Operating activities			
Net operating income		3,679	1,944
Other income/expenses		17	2
Management costs and administrative expenses		–488	–185
Reversal of depreciation and amortisation		26	15
Other adjustments		–	0
Interest received	25	62	32
Interest paid	25	–1,001	–618
Tax paid		–160	4
Cash flow from operating activities before change in working capital		**2,135**	**1,193**
Cash flow from changes in working capital			
Change in operating receivables		176	–660
Change in operating liabilities		580	228
Cash flow from operating activities		**2,891**	**762**
Investing activities			
Acquisition of properties		–7,648	–2,097
Purchase/disposal of property, plant and equipment		–41	–4
Purchase of financial investments		–145	–542
Acquisition of shares in associated companies		–493	–92
Investments in existing properties and projects		–1,843	–791
Acquisition of subsidiaries [1)]	32	–	–4,219
Transactions with non-controlling interests		–107	–
Divestment of properties		1,651	1,606
Sale of financial investments		225	504
Cash flow from investing activities		**–8,401**	**–5,635**
Financing activities			
New issue, after issue expenses		682	1,705
New issue in subsidiaries, non-controlling interests' share in the new issue in Sato Oyj		420	–
Dividend paid preference shares		–200	–200
Dividend paid to non-controlling interests		–107	–
Borrowings		10,783	5,209
Amortisation/Redemption of loans		–5,365	–1,457
Change in credit facilities		–36	36
Cash flow from financing activities		**6,177**	**5,293**
Cash flow for the year		**667**	**421**
Cash and cash equivalents at beginning of year		620	199
Cash and cash equivalents at end of year	25	**1,287**	**620**
Unutilised credit facilities	22	350	314
Financial investments	19	305	405

1) In 2015, the item related to a net outflow of cash and cash equivalents for the acquisition of Sato Oyj. For more information See Note 32 relating to Business combinations.

Parent Company income statement

SEKm	Note	2016	2015
Net sales	2	209	147
Administrative expenses		–224	–167
Operating profit	4, 5	**–14**	**–20**
Profit from financial items			
Dividend from subsidiaries		1,430	800
Interest income and similar profit/loss items	9	1,277	1,125
Interest expenses and similar profit/loss items	10	–698	–633
Changes in value of derivatives	21	–151	199
Profit before appropriations and taxes		**1,843**	**1,470**
Appropriations			
Group contributions paid		–568	–340
Profit before tax		**1,275**	**1,130**
Income tax	11	36	–69
Net profit for the year/comprehensive income [1]		**1,311**	**1,061**

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 2016	31 Dec 2015
Assets			
Non-current assets			
Property, plant and equipment	14	25	20
Financial assets			
Participations in group companies	26, 24	3,346	1,822
Participations in associated companies	15, 24	787	536
Other non-current receivables	17	773	1,036
Receivables from group companies	27	24,629	21,676
Total financial assets		*29,536*	*25,070*
Deferred tax assets	11	180	144
Total non-current assets		**29,741**	**25,233**
Current assets			
Current receivables			
Other receivables		8	6
Prepaid expenses and accrued income	18	8	4
Total current receivables		*16*	*10*
Financial investments	19	203	390
Cash and cash equivalents	25	941	4
Total current assets		**1,159**	**404**
Total assets		**30,900**	**25,637**
Shareholders' equity and liabilities			
Shareholders' equity	20		
Restricted equity			
Share capital		190	182
Non-restricted equity			
Share premium reserve		7,233	5,460
Retained earnings		3,219	2,359
Net profit for the year		1,311	1,061
Total equity		**11,953**	**9,063**
Non-current liabilities			
Liabilities to credit institutions [1)]	21	5,501	10,887
Other non-current liabilities		112	126
Credit facilities	21, 22	–	36
Derivatives	21	805	737
Liabilities to group companies	27	4,440	4,507
Total non-current liabilities		**10,858**	**16,292**
Current liabilities			
Liabilities to credit institutions[1)]	21	7,668	45
Trade payables		4	4
Derivatives	21	84	–
Other liabilities		280	187
Accrued expenses and deferred income	23	53	47
Total current liabilities		**8,089**	**282**
Total equity and liabilities		**30,900**	**25,637**

1) Interest-bearing liabilities for the most part are formally current but are non-current in character, as they are continually extended. From 2016, the interest bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.

Parent Company statement of changes in equity

		Restricted equity	*Non-restricted equity*			
SEKm	**Number of shares**	**Share capital**	**Share premium reserve**	**Retained earnings**	**Net profit for the year**	**Total equity**
Equity at 1 Jan 2015	**172,396,852**	**172**	**3,765**	**2,257**	**302**	**6,497**
Net profit for the year/comprehensive income	**–**	**–**	**–**	**–**	**1,061**	**1,061**
Appropriation of profits				302	–302	–
New issue, after issue expenses	10,000,000	10	1,695			1,705
Dividend approved and entered as a liability to preference shareholders				–200		–200
Total transactions with the company's owners	**10,000,000**	**10**	**1,695**	**102**	**–302**	**1,505**
Equity at 31 Dec 2015	**182,396,852**	**182**	**5,460**	**2,359**	**1,061**	**9,063**
Equity at 1 Jan 2016	**182,396,852**	**182**	**5,460**	**2,359**	**1,061**	**9,063**
Net profit for the year/comprehensive income	**–**	**–**	**–**	**–**	**1,311**	**1,311**
Appropriation of profits				1,061	–1,061	–
New issue, after issue expenses	7,603,148	8	1,772			1,780
Dividend approved and entered as a liability to preference shareholders				–200		–200
Total transactions with the company's owners	**7,603,148**	**8**	**1,772**	**861**	**–1,061**	**1,580**
Equity at 31 Dec 2016 [1)]	**190,000,000**	**190**	**7,233**	**3,219**	**1,311**	**11,953**

1) For further information, see note 20 Share capital.

Parent Company cash flow statement

SEKm	Note	2016	2015
Operating activities			
Operating profit/loss		–14	–20
Reversal of depreciation and amortisation		3	3
Interest received	25	12	18
Interest paid	25	–383	–333
Cash flow from operating activities before change in working capital		**–383**	**–333**
Cash flow from changes in working capital			
Change in operating receivables		–3	–2
Change in operating liabilities		270	72
Cash flow from operating activities		**–116**	**–262**
Investing activities			
Purchase of property, plant and equipment		–8	–1
Acquired participations in group companies		–427	–
Purchase of financial investments		–42	–542
Change in lending to group companies		–1,270	–4,070
Change in lending to associated companies		136	–413
Sale of financial investments		225	504
Acquisition of shares in associated companies		–251	–1
Cash flow from investing activities		**–1,637**	**–4,522**
Financing activities			
New issue, after issue expenses		682	1,705
Dividend paid preference shares		–200	–200
Borrowings		3,368	3,972
Amortisation/Redemption of loans		–1,124	–889
Change in credit facilities		–36	36
Cash flow from financing activities		**2,690**	**4,623**
Cash flow for the year		**937**	**–161**
Cash and cash equivalents at the beginning of the year		4	165
Cash and cash equivalents at the end of the year	25	**941**	**4**
Unutilised credit facilities	22	300	264
Financial investments	19	203	390

Notes to the financial statements

Note 1 · *Accounting policies*

General information
The financial statements for Fastighets AB Balder, as of 31 December 2016, were approved by the Board of Directors and Chief Executive Officer on 31 March 2017 and will be submitted for adoption by the Annual General Meeting on 11 May 2017. Fastighets AB Balder (publ), corporate identity number 556525-6905, with registered office in Gothenburg, constitutes the parent company of a Group with subsidiaries according to Note 26, 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, 411 39 Gothenburg, Sweden. The visiting address is Parkgatan 49. Balder is a listed property company which shall meet the needs of different customer groups for premises and housing based on local support.

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 interpretations by the International Financial Interpretations Committee (IFRIC), as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups is applied.

The annual accounts of the parent company have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities) and statements of the Swedish Financial Reporting Board. The parent company applies the same accounting policies as the Group apart from the instances described below in the section "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 on account 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.

The financial statements are presented in Swedish krona rounded off to millions of kronor unless otherwise stated.

Assets and liabilities are recognised at historical cost, with the exception of investment properties, financial investments and derivative instruments, which are measured at fair value.

Preparation of financial statements in conformity with IFRS requires the 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 experience and other factors that appear reasonable under the existing circumstances. The result of these judgments and assumptions is then used to judge the carrying amounts of assets and liabilities that would not be evident from other sources. The actual outcome may diverge from these estimates and judgements.

Estimates and assumptions are reviewed on a regular basis. 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 the 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 30, Critical estimates and judgements.

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

Segment reporting
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. 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. See further in Note 3, Segment reporting.

Classification etc.
Non-current assets and non-current receivables largely 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 largely 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 character, as they are continually extended, see Note 21. In the parent company, receivables and liabilities from/to group companies are recognised as non-current, when there is no approved amortisation plan.

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

Subsidiaries are accounted for according to the purchase 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 acquisition 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. Costs related to the acquisition are expensed 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 acquiree'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, it 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 asset acquisition is identified if the acquired company only owns one or more properties. There are leases for these properties, but no personnel 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 control arises until the date control ceases.

Transactions eliminated on consolidation
Transactions with non-controlling interests that do not lead to a loss of control are recognised as equity transactions, in other words, as 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 disposals to non-controlling interests are also recognised in equity.

Intra-group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from transactions between group companies, are eliminated in full on preparation of the consolidated accounts.

Recognition of associated companies
Associated companies are considered to be those companies that are not subsidiaries but where the parent company directly or indirectly holds between 20 and 50 per cent of the votes of all shares. Participations in associated companies 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.

Participating interests in associated companies are recognised separately in the consolidated statement of comprehensive income and consolidated statement of financial position. Participations in the profits of associated companies are recognised after tax.

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 to 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 translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency, which applies in the primary economic environments in which companies conduct their operations. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the prevailing at the balance sheet date. 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, which are recognised at historical cost are translated at the exchange rate on the transaction date. Non-monetary assets and liabilities, which are recognised at fair value are translated to the functional currency at the rate prevailing on the date of fair value measurement.

Rental income
Rental income is recognised in the consolidated income statement on a straight-line basis according to the terms of the leasing agreement. The aggregate cost of benefits provided is recognised as a reduction of rental income on a straight-line basis over the term of the lease. Rental income is recorded in the period its refers to.

Other income
Other income is recognised on a straight-line basis in the consolidated income statement.

Costs for operating lease contracts
Costs relating to operating lease contracts and benefits received in connection with the signing of an agreement are recognised in the consolidated income statement on a straight-line basis over the term of the lease.

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

Interest income on receivables and interest expense on liabilities are calculated using the effective rate method. The effective rate is the interest rate which means that the present value of all future incoming and outgoing payments during the interest rate refixing period will be the same as the carrying amount of the receivable or liability. 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, which 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.

Financial instruments
Financial instruments are measured and recognised in the Group in accordance with the rules in IAS 39. 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 securities held as non-current assets as well as derivatives with positive value. Liabilities include trade payables, borrowings and derivatives with negative value. Financial instruments are initially recognised at the cost of acquisition corresponding to the fair value of the instrument plus transaction costs for all financial instruments, apart from those classified as financial assets recognised at fair value via the consolidated statement of comprehensive income, such as derivative instruments, which are recognised at fair value excluding transaction costs. The financial instruments are classified on initial recognition based on the purpose for which the instrument was acquired, which affects the subsequent recognition.

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. Rental 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 recognized when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not 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.

Acquisition and disposal of financial assets are 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 IAS 39.

Financial assets measured at fair value through profit or loss
This category consists of two subcategories: financial assets held for trading and other financial assets that the company initially elected to place in this category, under the so-called Fair Value Option. Financial instruments in this category are measured on a continual basis at fair value with changes in value recognised through profit or loss. The first subcategory includes the Group's derivatives with positive fair value.

Loans and receivables
Receivables, which do not constitute derivatives, are recognised after initial recognition at amortised cost under the effective interest method. A receivable is examined individually as regards estimated risk of loss and is carried at the amount which is expected to be received. Impairments are made for doubtful receivables and are recognised in operating costs

Financial assets available for sale
The category financial assets available for sale includes financial assets which are not classified in any other category or financial assets that the company initially elected to classify in this category. Holdings of shares and participations that are not recognised as subsidiaries or associated companies are recognised here. Assets in this category are continually measured at fair value with changes in value recognised in other comprehensive income, however, not those that are due to impairments and dividend income, which are recognised through profit or loss. In the event of disposal of the asset, accumulated gains or losses, which were previously recognised in equity, are recognised in the consolidated statement of comprehensive income. This category includes unlisted shares which are recognised in the item other securities held as non-current assets.

Financial liabilities measured at fair value through profit or loss
This category consists of two sub-categories,

financial liabilities held for trading and other financial liabilities that the company elected to place in this category, the so-called Fair Value Option. The first category includes the Group's derivatives with negative fair value. Changes in fair value are recognised in profit or loss.

Other financial liabilities
Borrowing is reported initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at amortised cost using the effective interest method. Non-current liabilities have an expected maturity of more than 1 year while current liabilities have maturities of less than 1 year. Declared dividends are recognised as liabilities after the 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 include interest rate and currency swaps that are deployed to cover the risk of fluctuations in interest rates and exchange rates. Derivatives are also terms of agreement which are embedded in other agreements. Embedded derivatives should be accounted for separately if they are not closely related to the host contract. Derivative instruments are measured at fair value. Changes in the value of derivative instruments, stand-alone as well as embedded, are recognised in the consolidated income statement.

Cash and cash equivalents
Cash and cash equivalents consist of cash and immediately available balances with banks and equivalent institutions, and short-term liquid investments with a term to maturity of less than three months, which are exposed to a minimal risk for fluctuations in value.

Impairment testing of financial assets
On each reporting date, the company assesses if there are objective indications that a financial asset, or group of financial assets, requires impairment. Objective evidence consists partly of observable circumstances that occurred and which have a negative impact on the possibility to recover the cost, and partly of a significant or protracted decline in the fair value of an investment in a financial investment classified as a financial asset available for sale

In the event of impairment of an equity instrument which is classified as a financial asset available for sale, any previously recognised accumulated loss in equity is transferred to profit or loss.

The recoverable amount of loans and trade receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial recognition of the asset. Assets with short maturities are not discounted. An impairment loss is recognised as a cost in the consolidated income statement.

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.

Items of property, plant and equipment are recognised in the Group at cost less 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 or 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 less directly related selling expenses. Gains and losses are recognised as other operating income/expenses.

Leased assets
Leases are classified in the consolidated financial statements either as financial or operating leases. Financial leasing exists when the economic risks and rewards associated with ownership have been essentially transferred to the lessee; if this is not the case, it is a matter of an operating lease.

In the case of operating leases, the lease payment is expensed over the term of the lease based on usage, which may differ from what has actually been paid as leasing fees during the year.

The Group has no financial leases.

Additional expenditure
Additional expenditure is added to the 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 expensed 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 turbines	10–20 years

Assessment of the residual value and useful lives of assets is made on an annual basis.

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 valuers. 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.

Income from property divestments is normally recognised on the date of taking possession unless the risks and rewards have been transferred to the purchaser on an earlier date. Control of the asset may have been transferred on an earlier date than the date of possession and if this is the case the property divestment is recognised as income on this earlier date. The assessment of the date of revenue recognition takes into consideration what was agreed between the parties as regards risks and rewards as well as involvement in the day-to-day management.

In addition to this, circumstances that can affect the outcome of the transaction are considered which lie outside the seller's and/or purchaser's control. 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.

Impairment losses
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 need. If such indications exist, the recoverable amount of the asset concerned is calculated. 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 – a so-called cash generating unit. An impairment loss is recognised when the carrying amount of the asset or cash generating unit exceeds its recoverable amount. An impairment loss is recognised in the income statement.

The recoverable amount of assets in the category loans and receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial recognition of the asset.

Assets with short maturities are not discounted. The recoverable amount on other assets is the higher of the fair value less selling expenses and the value in use. In calculating value in use, future cash flows are discounted using a discounting 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.

Reversal of impairment losses
Impairments of loans and receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment was made.

Preference shares
Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. If this right does not exist, the preference shares are recognised as equity. Balder's preference shares are not mandatorily redeemable on a specific date and are thus recognised as equity.

Repurchase of own shares
Purchases of own shares are recognised as a deduction from equity. The proceeds from disposal are recognised as an increase in equity. Any transaction expenses are recognised directly against equity.

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

Employee benefits
Short-term employee benefits
Short-term employee benefits are calculated without discounting and are recognised as a cost as the related services are received.

Pensions
Pension plans are classified as either defined benefit or defined contribution plans. The plans are predominantly defined contribution plans. Defined benefit plans only exist in exceptional cases.

Defined contribution plans
For defined contribution plans, the Group pays contributions to privately managed pension insurance plans on a voluntary basis. The Group has no further payment obligations once the contributions have been paid; that is, the individual carries the risk. The contributions are recognised as employee benefit expenses when they are due for payment. Prepaid contributions are recognised as an asset to the extent that a cash refund or decrease in future payments could accrue to the Group.

Termination benefits
A provision is recognised in connection with terminating the employment of personnel only if the company is demonstrably obligated to end employment before the normal time or when remuneration is provided as an offer to encourage voluntary retirement.

Provisions
Provisions are 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.

Taxes
Income taxes consist of current tax and deferred tax. Income tax is recognised in the income statement except when underlying transactions are recognised in other comprehensive income or directly against equity, whereupon the associated tax effect is recognised in other comprehensive income or in equity. Current tax is tax that shall 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. Also included are adjustments of current taxes attributable to prior 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. Temporary differences not taken into consideration are temporary differences arising on the initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and on the transaction date not affecting 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 were enacted or were 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 carry-forwards 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 asset acquisition is identified if the acquired company only owns one or more properties. There are leases for these properties, but no personnel are employed in the company who can conduct business. In case of recognition as an acquisition of assets, no deferred tax is recognised. All of Balder's completed acquisitions during the year, have been classified as acquisition of assets and therefore no deferred tax is recognised relating to properties in respect of these acquisitions.

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.

New accounting policies
New and amended standards and interpretations which entered into force in 2016
New standards which entered into force from 1 January 2016 did not have any material impact on the consolidated financial statements.

New standards and interpretations which enter into force in 2017 and subsequently
A number of new and amended IFRS will only become effective in future financial years and have not been adopted in the preparation of these financial statements. The amendments are not expected to have a major impact on the consolidated accounts. The new future standards are:

IFRS 9 Financial Instruments was adopted during autumn 2016 by the EU and will become effective on 1 January 2018. Among other things, the standard means a new classification of financial instruments and a new model for provisions for credit losses and management of hedge accounting. This is not expected to have any material impact on the Balder Group apart from changed documentation.

IFRS 15 Revenue Recognition was also adopted during autumn 2016 and will become effective on 1 January 2018. Balder's revenue mainly consists of rental income, which is recognised in the period in which the tenant uses the apartment/premises. The introduction of IFRS 15 is not expected to have any material effects on Balder's financial reporting apart from disclosure requirements.

IFRS 16 Leasing will be applied from 1 January 2019. The standard will impact the recognition of the Group's operating lease agreements where the Group is a lessee. For this type of lease, a future value shall be calculated and carried in the balance sheet. The Group only has a few such leases, and for this reason it is estimated that the standard will not have any major impact on the consolidated financial statements.

The company management has still not carried out a detailed analysis of the effect of applying IFRS 9, 15 and 16 and can therefore still not quantify the impact. The company management estimates that other new and amended standards and interpretations, which have not yet become effective will not have any material impact on Balder's financial statements when they are applied for the first time.

Changes in Swedish regulations
Changes made in 2016 have not had any material impact on Balder's reporting but mainly resulted in some expanded disclosure requirements.

Parent Company accounting policies
The Parent Company has prepared its annual accounts according to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The recommendation means that the parent company in

the annual accounts for the legal entity should apply all International Financial Reporting Standards and interpretations approved by the EU as far as possible within the framework of the Annual Accounts Act, and taking into account the connection between recognition and taxation. The recommendation states which exemptions and amendments apply with respect to IFRS.

Differences between the Group and the Parent Company accounting policies
The accounting policies set out for the parent company have been applied consistently for all periods presented in the parent company's financial statements.

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

Subsidiaries and associated companies
Participations in subsidiaries and 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.

Revenue
The parent company's net sales consist of management services in relation to subsidiaries. This revenue is recognised in the period it relates to.

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.

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 72, which implies relief compared to the rules in IAS 39 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.

Leased assets
All lease agreements in the parent company are recognised in accordance with the rules for operating leases.

Taxes
In the parent company, untaxed reserves are recognised including deferred tax. However, in the consolidated accounts, untaxed reserves are allocated between deferred tax liabilities and equity.

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 recorded directly in equity in the case of the receiver and capitalised in shares and participations by the grantor, to the extent that impairment is not required. Group contributions are recognised as income in the income statement of the receiver and as a cost for the grantor. The tax effects are recognised according to IAS 12 in the income statement.

Note 2 · *Revenue distribution*

	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Rental income	5,373	2,711	–	–
Rendering of services	–	–	209	147
Total	**5,373**	**2,711**	**209**	**147**

Rental income distributed by country

	Group	
SEKm	**2016**	**2015**
Sweden	2,595	2,519
Denmark	193	119
Finland	2,558	74
Norway	27	–
Total	**5,373**	**2,711**

Rental income distributed by property category

	Group	
SEKm	**2016**	**2015**
Residential	3,538	1,109
Office	725	717
Retail	527	314
Other	523	487
Project	59	83
Total	**5,373**	**2,711**

Rental income distributed by region

	Group	
SEKm	**2016**	**2015**
Helsinki	1,901	–
Stockholm	819	843
Gothenburg	1,030	938
Öresund	496	414
East	933	352
North	193	164
Total	**5,373**	**2,711**

Note 3 · *Segment reporting*

Balder' operating segments consist of the regions Helsinki, Stockholm, Gothenburg, Öresund, East and North. This division is aligned with the Group's internal reporting. The Management primarily follows up operating segments based on their net operating income, where common property adminstration expenses have been allocated according to the cost principle. Also see Note 1, Accounting policies applied.

Regions	*Helsinki*		*Stockholm*		*Gothenburg*		*Öresund*		*East*		*North*		*Group*	
SEKm	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Rental income	1,901	–	819	843	1,030	938	496	414	933	352	193	164	5,373	2,711
Property costs	–677	–	–209	–200	–287	–288	–91	–99	–367	–119	–63	–61	–1,693	–767
Net operating income	**1,224**	**–**	**610**	**643**	**743**	**650**	**405**	**315**	**566**	**233**	**130**	**103**	**3,679**	**1,944**
Changes in value of properties														
Commercial properties	–	–	1,179	1,298	935	593	181	144	69	93	92	27	2,455	2,156
Residential properties	916	–	181	188	273	320	825	387	186	181	96	156	2,477	1,232
Net operating income including changes in value	**2,140**	**–**	**1,970**	**2,129**	**1,951**	**1,563**	**1,412**	**846**	**820**	**507**	**319**	**286**	**8,612**	**5,331**
Non-allocated items:														
Other income/expenses													17	11
Management costs and administrative expenses													–488	–185
Participations in the profit from associated companies													590	831
Operating profit													**8,730**	**5,988**
Net financial items													–973	–437
Changes in value of derivatives													–114	227
Income tax													–1,550	–862
Net profit for the year													**6,093**	**4,916**
Other comprehensive income													414	–7
Comprehensive income for the year													**6,507**	**4,909**
Assets														
Commercial properties	–	–	13,370	10,981	12,737	8,774	5,079	3,500	1,195	1,159	1,084	308	33,466	24,722
Residential properties	26,175	21,291	3,014	2,852	4,734	4,687	6,493	4,698	10,293	8,313	2,002	1,893	52,711	43,734
Investment properties	**26,175**	**21,291**	**16,385**	**13,833**	**17,471**	**13,461**	**11,571**	**8,197**	**11,489**	**9,472**	**3,087**	**2,201**	**86,177**	**68,456**
Non-allocated items:														
Property, plant and equipment													136	122
Other non-current receivables													908	1,173
Participations in associated companies													3,362	2,276
Current assets													2,041	1,349
Total assets													**92,623**	**73,376**
Equity and liabilities														
Non-allocated items:														
Equity													33,479	25,052
Deferred tax liability													5,808	4,071
Interest-bearing liabilities													49,580	41,063
Derivatives													1,547	1,294
Non-interest-bearing liabilities													2,209	1,896
Total equity and liabilities													**92,623**	**73,376**
Investments (including company acquisitions)														
Commercial properties	–	–	1,248	733	3,115	90	1,378	127	13	7	722	1	6,478	958
Residential properties	3,603	21,291	32	384	159	507	832	1,049	2 047	5,236	36	26	6,707	28,493
Investment properties	**3,603**	**21,291**	**1,280**	**1,117**	**3,274**	**597**	**2,210**	**1,176**	**2,061**	**5,243**	**758**	**27**	**13,185**	**29,451**

The Group's registered office is in Sweden. Revenue from external customers in Sweden amounted to SEK 2,595m (2,519) and total revenue from external customers in Denmark, Finland and Norway amounted to SEK 2,778m (193). Total non-current assets, other than financial instruments and deferred tax receivables that are located in Sweden amounted to SEK 45,735m (37,676) and the total of such non-current assets located in other countries amounted to SEK 40,578m (30,902).

Note 4 · *Employees and personnel expenses*

At year-end, the Group had a total of 546 employees (522), of whom 255 (234) were women. The number of employees in the parent company at year-end was 223 (196), of whom 85 (70) were women.

During 2016, Fastighets AB Balder had 5 Board members (5) including the Chairman, of whom 1 (1) was a woman. The Group as well as the parent company had 6 senior executives (6) including the CEO, of whom 1 (1) was a woman.

Number of emplyees	*Group*		*Parent Company*	
	2016	**2015**	**2016**	**2015**
Average number of employees	556	349	228	185
Of which women	264	123	87	69

Salaries, fees and benefits	*Group*		*Parent Company*	
SEKm	**2016**	**2015**	**2016**	**2015**
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	–	–	–	–
Other senior executives				
Basic salary	5.6	5.4	5.6	5.4
Benefits	0.3	0.3	0.3	0.3
Other employees				
Basic salary	220.0	121.6	85.6	61.9
Benefits	1.7	1.7	1.7	1.0
Total	**229.0**	**130.4**	**94.6**	**70.0**

Statutory social security contributions including payroll tax	*Group*		*Parent Company*	
SEKm	**2016**	**2015**	**2016**	**2015**
Board of Directors	0.1	0.1	0.1	0.1
Chief Executive Officer	0.4	0.4	0.4	0.4
Other senior executives	2.0	1.9	2.0	1.9
Other employees	72.4	39.8	29.0	20.1
Total	**74.9**	**42.2**	**31.5**	**22.5**

Contractual pension expenses	*Group*		*Parent Company*	
SEKm	**2016**	**2015**	**2016**	**2015**
President and CEO	0.3	0.3	0.3	0.3
Other senior executives	0.8	0.8	0.8	0.8
Other employees	27.5	7.5	5.0	3.1
Total	**28.6**	**8.6**	**6.1**	**4.2**
Total	**332.5**	**181.2**	**132.2**	**96.7**

Remuneration to senior executives and other benefits during the year	*2016-01-01–2016-12-31*				*2015-01-01–2015-12-31*			
SEKm	**Basic salary directors' fees**	**Benefits**	**Pension expense**	**Total**	**Basic salary directors' fees**	**Benefits**	**Pension expense**	**Total**
Chairman of the Board Christina Rogestam	0.2	–	–	0.2	0.2	–	–	0.2
Board member Fredrik Svensson	0.1	–	–	0.1	0.1	–	–	0.1
Board member Sten Dunér	0.1	–	–	0.1	0.1	–	–	0.1
Board member Anders Wennergren	0.1	–	–	0.1	0.1	–	–	0.1
CEO	0.9	–	0.3	1.2	0.9	–	0.3	1.2
Management team (5 persons)	5.6	0.3	0.8	6.7	5.4	0.3	0.8	6.5
Total	**7.0**	**0.3**	**1.1**	**8.4**	**6.8**	**0.3**	**1.1**	**8.2**

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

Note 4 · *Cont'd*

A defined benefit pension plan agreement has been entered into with the CEO which means that an amount of SEK 0.4m (0.4) will be paid out annually to the CEO when he reaches 55 until he is 65. Future payments will be limited by the fund's assets by agreement. The payments are not dependent on future employment. The present value of the commitment amounted to SEK 3.2m (3.0). The commitment has been secured by a provision to a pension fund, whose plan assets amounted to SEK 3.2m (3.0). The value of the pension commitment has been calculated in accordance with the Pension Obligations Vesting Act, which does not accord with IAS 19. The difference in cost under the two methods of calculation is not significant.

Remuneration to senior executives follows the guidelines resolved upon at the latest Annual General Meeting. The remuneration should be market-related and competitive. The remuneration should be paid in the form of a fixed salary. Pension terms should be market-related and based on defined contribution pension solutions. Total dismissal pay and termination benefits should not exceed 18 monthly salaries. The CEO's salary and benefits are determined by the Board. Salaries and benefits of other senior 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, termination benefits of 12 monthly salaries are payable (not qualifying for pension or holiday pay). A mutual period of notice of six months applies to other members of the Management team. No termination benefits are payable.

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

Note 5 · *Audit fees and reimbursements*

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 observations during the 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.

	Group		*Parent Company*	
SEKm	**2016**	**2015**	**2016**	**2015**
PwC				
The audit assignment	3.9	3.3	3.0	2.5
Tax advice	0.7	0.8	0.5	0.8
KPMG (Sato Oyj)				
The audit assignment	1.3	–	–	–
Tax advice	0.1	–	–	–
Other services	1.5	–	–	–
Total	**7.5**	**4.1**	**3.4**	**3.3**

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

Group, SEKm	**2016**	**2015**
Property costs	1,693	767
Management and administrative expenses	488	185
Total	**2,182**	**953**

Group, SEKm	**2016**	**2015**
Personnel expenses	332	181
Depreciation/amortisation	26	15
Media expenses	549	285
Property tax	222	122
Ground rent	45	21
Maintenance and other costs [1)]	1,006	327
Total	**2,182**	**953**

1) Refers to operating costs and administration excluding personnel expenses.

Note 7 · *Specification of property costs*

Group, SEKm	**2016**	**2015**
Operating and maintenance cost [1)]	868	332
Media expenses [2)]	558	291
Property tax	222	122
Ground rent	45	21
Total	**1,693**	**767**

1) Operating costs include personnel expenses relating to property maintenance.

2) Includes depreciation of wind turbines.

Note 8 · *Operating leases*

Leases where the Group is the lessee

The Group has a number of site leasehold rights and leases under operating leases. The lease payments are renegotiated at the end of the leases to reflect market rents. Leases are mostly due for renegotiation in more than 5 years and amount to SEK 758m (652) in total. In the annual accounts for 2016, an expense of SEK 45m (21) was recognised in respect of operating leases in the Group. The future non-cancellable lease payments are as follows:

Group, SEKm	**2016**	**2015**
Within one year	24	21
1–5 years	94	80
>5 years	640	551
Total	**758**	**652**

No leasing expenses were recognised in the parent company. However, there are a small number of insignificant operating leases, where Balder is lessee, mainly relating to private cars. Payments made during the lease term are expensed in the income statement on a straight-line basis over the term of the lease.

Leases where the Group is lessor

The Group lets out its investment properties under operating leases. The future non-cancellable lease payments are shown in the table on the right:

Leases for commercial premises are normally entered into for 3–5 years with a period of notice of 9 months. Leases for residential properties normally run subject to a period of notice of 3 months.

The average lease term in the portfolio's commercial leases amounted to 7.1 years (6.3).

Group, SEKm	**2016**	**2015**
Residential, parking etc. (within one year)	3,800	3,457
Commercial premises		
Within one year	1,996	1,615
1–5 years	5,823	4,245
>5 years	6,251	4,570
Total	**17,870**	**13,887**

Note 9 · *Financial income*

	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Interest income	69	67	48	54
Interest income, subsidiaries	–	–	1,209	974
Other financial income	34	99	19	97
Total	**104**	**166**	**1,277**	**1,125**

Interest income is mainly related to receivables from associated companies. Other financial income mainly relates to changes in value of financial investments and dividends on quoted shares.

Note 10 · *Financial costs*

	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Interest expenses, borrowings	690	294	88	110
Interest expenses, interest rate derivatives	329	288	279	242
Interest expenses, subsidiaries	–	–	311	271
Other financial expenses	57	21	21	11
Total	**1,077**	**603**	**698**	**633**

Interest expenses and other financial expenses are related to interest-bearing liabilities.

Note 11 · *Taxes*

Recognised in the income statement	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Current tax expense (–)/tax revenue (+)				
Current tax	–226	4	0	–
Deferred tax expense (–)/tax revenue (+)				
Deferred tax related to temporary differences	–1,239	–853	36	–58
Deferred tax on changes in loss carry-forwards	–128	–62	0	–11
Released deferred tax in respect of temporary differences on sale	54	76	–	–
Change in other temporary differenses	–12	–27	–	–
Total deferred tax	**–1,325**	**–866**	**36**	**–69**
Total recognised tax	**–1,550**	**–862**	**36**	**–69**

Reconcilation of effective tax

Group, SEKm	**2016, %**	**2016**	**2015, %**	**2015**
Profit before tax		**7,643**		**5,778**
Tax according to applicable tax rate for the parent company	22	–1,682	22	–1,271
Difference between profit for tax purposes and the recognised profit on sale of property	–1	73	–2	89
Tax on participation in profits from associated companies	–2	130	–3	183
Tax pertaining to prior years	0	–18	–0	4
Differences in foreign tax rates	–1	40	–	–
Acquired losses	–	–	–2	116
Non-taxable income/non-deductible expenses etc.	1	–93	–0	18
Recognised effective tax	**20**	**–1,550**	**15**	**–862**

Parent Company, SEKm	**2016, %**	**2016**	**2015, %**	**2015**
Profit before tax		**1,275**		**1,130**
Tax according to applicable tax rate for the parent company	22	–281	22	–249
Non-taxable income/non-deductible expenses	–0	2	–0	3
Tax-exempt dividends	–25	315	–16	176
Tax pertaining to prior years	–0	0	–0	0
Recognised effective tax	**–3**	**36**	**6**	**–69**

Recognised in the balance sheet

Deferred tax assets and tax liabilities

Group 2016, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Properties	–	–6,219	–6,219
Derivatives	294	–	294
Loss carry-forwards	216	–	216
Other temporary differences	–	–98	–98
Set-off	–510	510	–
Total	**–**	**–5,808**	**–5,808**

No non-capitalised loss carry-forwards exist.

Parent Company 2016, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Derivatives	195	–	195
Loss carry-forwards	5	–	5
Other temporary differences	–	–21	–21
Set-off	–21	21	–
Total	**180**	**–**	**180**

No non-capitalised loss carry-forwards exist in Sweden.

Change of deferred tax in temporary differences and loss carry-forwards

Group, SEKm	Balance at 1 Jan 2015	Recognised in income statement	Acquisitions and disposals of companies	Balance at 31 Dec 2015
Properties	–2,119	–727	–1,828	–4,674
Derivative instruments	239	–50	74	263
Capitalisation of the value of loss carry-forwards	380	–62	25	343
Other temporary differences	–49	–27	74	–2
Total	**–1,549**	**–866**	**–1,656**	**–4,071**

Group, SEKm	Balance at 1 Jan 2016	Recognised in income statement	Acquisitions and disposals of companies	Balance at 31 Dec 2016
Properties	–4,674	–1,213	–332	–6,219
Derivative instruments	263	28	3	294
Capitalisation of the value of loss carry-forwards	343	–128	1	216
Other temporary differences	–2	–12	–85	–98
Total	**–4,071**	**–1,325**	**–412**	**–5,808**

Parent Company, SEKm	Balance at 1 Jan 2015	Recognised in income statement	Balance at 31 Dec 2015
Derivative instruments	206	–44	162
Capitalisation of the value of loss carry-forwards	16	–11	5
Other temporary differences	–9	–14	–23
Total	**213**	**–69**	**144**

Parent Company, SEKm	Balance at 1 Jan 2016	Recognised in income statement	Balance at 31 Dec 2016
Derivative instruments	162	33	195
Capitalisation of the value of loss carry-forwards	5	0	5
Other temporary differences	–23	3	–21
Total	**144**	**36**	**180**

Note 12 · *Earnings per ordinary share*

Earnings per share were computed in the following way:

Parent Company, SEKm	2016	2015
Net profit for the year attributable to the parent company's shareholders	5,474	4,916
Less - preference share dividend	–200	–200
Total	**5,274**	**4,716**
Weighted average number of ordinary shares		
Total number of ordinary shares, 1 January	172,396,852	162,396,852
Weighted average number of ordinary shares before dilution	**172,396,852**	**162,396,852**
Effect of newly issued shares	1,201,477	356,164
Weighted average number of ordinary shares after dilution	**173,598,329**	**162,753,016**
Earnings per ordinary share before dilution, SEK	30.59	29.04
Earnings per ordinary share after dilution, SEK	30.38	28.98

The calculation of earnings per ordinary share has been based on the net profit for the year attributable to holders of ordinary shares in the parent company amounting to SEK 5,274m (4,716), after taking account of the participation of preference shares in net profit for the period and on a weighted average number of shares during the year amounting to 173,598,329 shares (162,753,016).

Note 13 · *Investment properties*

Group, SEKm	2016	2015
Opening fair value	**68,456**	**37,382**
Acquisitions	11,342	28,660
Investments in existing properties and projects	1,843	791
Changes in value, unrealised	4,847	3,323
Divestments	–1,905	–1,542
Currency changes	1,593	–158
Closing fair value	**86,177**	**68,456**

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 Balder's property portfolio is based on internal valuations. The properties in Sweden, Denmark and Norway were valued using the yield method. In Finland, besides the yield method, the sales comparison method is also used as well as the acquisition cost method. Fair value is the estimated amount that would be recovered in a transaction on the date of measurement 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.

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

The yield method
During valuation using the yield method, each property is valued by computing the present value of future cash flows, in other words future rent payments less estimated operating and maintenance payments and 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 adjusted to the market by taking account of changes in letting levels and occupancy rates as well as operating and maintenance payments. An inflation rate of 2 % has been assumed in all cash flow calculations.

The sales comparison method
During valuation using the sales comparison method, quoted prices in the market are used as a basis for comparable objects during the past 24 months. The sales comparison method is used in Finland for the properties that consist of apartments that can be sold as separate units without restrictions. Properties equivalent to about 30 % of the total market value were valued by the sales comparison method.

The acquisition cost method
Properties under construction and regulated properties are valued at acquisition cost. Properties equivalent to about 2 % of the total market value were valued at acquisition cost. Initially, these properties are valued at acquisition cost with addition of transaction costs and subsequently at acquisition cost less depreciation and impairment losses.

Market value assessments of properties always involve a certain amount 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 % and should be regarded as the uncertainty, which is part of the assumptions and calculations made. In a less liquid market, the range can be greater. For Balder, a range of uncertainty of +/– 5 % means a value range of SEK +/– 4,309m, equivalent to SEK 81,868–90,486m.

In order to quality-assure its internal valuations, Balder allows parts of the portfolio to be externally valued regularly during the year. During the year, Balder externally valued about 40 % of its properties including Sato's property holdings. The external valuations were less than 1 % higher than the internal valuations at year-end. Historically, deviations between external and internal valuations have been insignificant. For more information about Balder's valuation methods, see pages 45-47.

Changes in value
Balder carried out an individual internal valuation on 31 December of the entire real estate portfolio. Unrealised changes in value during the year amounted to SEK 4,847m (3,323). Realised changes in value amounted to SEK 85m (65),

equivalent to 5 % (5) above the carrying amount.

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 the calculations have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental level, vacancy rate and the condition of the property. The yield requirement and cost of capital used are shown in the table on page 83.

The average yield on the closing date amounted to 5.3 % (5.4).

On 31 December 2016, after Balder's valuation, the company's total property value amounted to SEK 86,177m (68,456). For more information see the "Report of the Board of Directors" and Sensitivity analysis on page 60.

Future investments
On 31 December, Balder had ongoing residential projects with an expected total investment of SEK 8.0 billion, of which about SEK 4.0 billion was already invested. The most large-scale investments are in Copenhagen and Helsinki and mainly relate to condominiums, which are let. In Copenhagen, there are currently about 1,400 apartments under construction and in Helsinki there are about 1,300 apartments under construction. On 31 December 2016, Balder's investment undertakings amounted to approximately SEK 4.0 billion (3.6), of which Sato Oyj's investment undertakings amounted to about SEK 1.2 billion.

Note 13 · *Cont'd*

Sensitivity analysis, excluding project properties Impact on value, SEKm	Residential properties	Commercial properties
Rental value (+/– 1 percentage point)	+/– 745	+/– 345
Economic occupancy rate (+/– 1 percentage point)	+/– 745	+/– 345
Property costs (+/– 1 percentage point)	+/– 264	+/– 63
+/– 5 % change in value	+/– 2,439	+/–1,647

The sensitivity analysis on the left shows how a +/– one percentage point change in cash flow will affect the valuation and what +/–5 % change in value means. One parameter in the sensitivity analysis rarely changes in isolation, but different assumptions are interconnected as regards cash flow and yield requirement.

	Residential properties		*Commercial properties*		
Region	**Cost of capital requirement for discounting of future cash flows, %**	**Yield requirement for estimation of residual value, %**	**Cost of capital requirement for discouting of future cash flows, %**	**Yield requirement for estimation of residual value, %**	**The mean value of yield requirements for estimation of residual value, %**
Helsinki [1)]	7.00–10.00	5.00–8.00	–	–	5.35
Stockholm	4.75–6.75	2.75–4.75	5.00–9.25	3.00–7.25	4.59
Gothenburg	4.75–8.75	2.75–6.75	6.00–12.00	4.00–10.00	5.14
Öresund	6.00–7.50	4.00–5.50	6.50–9.50	4.50–7.50	4.61
East	6.00–8.50	4.00–6.50	6.75–12.00	4.75–10.00	5.92
North	5.90–7.75	3.90–5.75	7.50–8.50	5.50–6.50	4.86

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. 1) Refers to properties valued using the investment method.

Note 14 · *Other property, plant and equipment*

Equipment	*Group*		*Parent Company*	
SEKm	**2016**	**2015**	**2016**	**2015**
Cost				
Opening balance	100	59	9	9
Purchasing	42	4	8	0
Increase through business combination (Sato Oyj)	–	37	–	–
Disposals and retirements	–5	–	–	–
Closing balance	**136**	**100**	**16**	**9**
Depreciation				
Opening balance	–50	–40	–7	–7
Disposals and retirements	4	–	–	–
Depreciation	–18	–9	–1	–1
Closing balance	**–63**	**–50**	**–8**	**–7**
Carrying amount	**73**	**50**	**9**	**1**

Wind turbines	*Group*		*Parent Company*	
SEKm	**2016**	**2015**	**2016**	**2015**
Cost				
Opening balance	164	164	30	30
Closing balance	**164**	**164**	**30**	**30**
Depreciation and impairment losses				
Opening balance	–93	–86	–12	–10
Depreciation	–9	–6	–2	–2
Closing balance	**–101**	**–93**	**–14**	**–12**
Carrying amount	**63**	**72**	**16**	**18**
Total carrying amount	**136**	**122**	**25**	**20**

Depreciation is recognised in administrative expenses and media expenses.

Note 15 · *Participations in associated companies*

Participations in associated companies are recognised in the Group using the equity method and in the Parent Company using the cost method.

	Group		*Parent Company*	
Accumulated cost, SEKm	**2016**	**2015**	**2016**	**2015**
Opening balance	2,276	1,489	536	536
Acquisition of associated companies [1]	473	261	226	1
Disposal of associated companies	–	–0	–	–
Associated companies that were reclassified as subsidiaries [2]	–0	–300	–	–
Dividend from associated companies	–	–1	–	–
Participations in the profits of associated companies after tax	590	831	–	–
Change in shareholders' equity of associated companies	23	–5	25	–
Closing balance	**3,362**	**2,276**	**787**	**536**

Participating interest in associated companies' statements of comprehensive income

Group, SEKm	**2016**	**2015**
Rental income	340	789
Property costs	–69	–266
Net operating income	**271**	**523**
Changes in value of properties, unrealised	343	318
Changes in value of properties, realised	0	85
Management and administrative costs	–26	77
Other operating income [3]	246	289
Opertating profit	**835**	**1,138**
Net interest income/expenses	–73	–153
Changes in value of derivatives, unrealised	–1	1
Profit before tax	**761**	**987**
Tax	–171	–155
Net profit for the year	**590**	**831**
Profit from property management before tax	419	457

Summary of participating interest in associated companies' statements of financial position

Group, SEKm	**2016**	**2015 [4]**
Assets	8,826	6,034
Shareholders' equity including shareholders' loan	3,362	2,276
Liabilities	5,464	3,758

1) Acquisitions of associated companies during the year referred to participations in Trenum AB, Norra Backaplan Bostads AB, Sjaelsö Management ApS and new issues in Brinova Fastigheter AB and Collector AB.
2) The item refers to Balder Administration ApS during 2016, and in 2015 the item refers to Sato Oyj and Bovieran Holding AB.
3) Most relates to Collector AB. Of which profit from property management from Collector amounted to SEK 230m (163).
4) The items do not include Sato Oyj and Bovieran Holding AB as they changed during the year from associated companies to subsidiaries.

Group holdings of participations in associated companies in 2016

Company	Corporate identity number	Registered office	Number of shares	Participation, %	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	1,355	744
Tulia AB	556712-9811	Gothenburg	50,000	50	435	–
Fastighets AB Centur	556813-6369	Stockholm	5,000	50	463	4
Mötesplatsen Intressenter AB	556859-0417	Alingsås	32,000	32	9	15
Bergsspiran AB	556736-4475	Gothenburg	250	25	0	0
Fix 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	64	–
Första Långgatan Fastigheter i GBG HB	916851-7259	Gothenburg	–	50	315	–
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,550,000	31	136	–
Brinova Fastigheter AB [2]	556840-3918	Skåne	18,420,302	25	276	–

Note 15 · *Cont'd*

Company	Corporate identity number	Registered office	Number of shares	Participation, %	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Murbruket Holding Fastighets AB	556940-2877	Gothenburg	250	50	6	–
Fastighets AB Tornet	559008-2912	Gothenburg	500	50	4	–
Trenum AB	556978-8291	Gothenburg	500	50	87	25
Norra Backaplan Bostads AB	556743-0276	Gothenburg	33,333	33	155	–
Sjaelsö Management ApS	35394923	Copenhagen	392	49	43	–
Brahestad AB	556984-8228	Malmö	250	50	4	–
Total					**3,362**	**787**

1) Balder's market value of Collector AB (publ) on 31 December 2016 amounted to SEK 4,661m (5,224).
2) Balder's market value of Brinova Fastigheter AB (publ) on 31 December 2016 amounted to SEK 282m (–).

Group holdings of participations in associated companies in 2015

Company	Corporate identity number	Registered 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	41,136,900	44	951	517
Tulia AB	556712-9811	Gothenburg	50,000	50	331	–
Fastighets AB Centur	556813-6369	Stockholm	5,000	50	371	4
Mötesplatsen Intressenter AB	556859-0417	Alingsås	32,000	32	11	15
Bergsspiran AB	556736-4475	Gothenburg	250	25	0	0
Fix Holding AB	556949-3702	Gothenburg	50,000	50	0	–
(Chirp AB) Proximion Holding AB	556915-7331	Stockholm	17,000	34	6	–
Balder Skåne AB	556699-9230	Gothenburg	500	50	46	–
Första Långgatan Fastigheter i GBG HB	916851-7259	Gothenburg	–	50	259	–
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,550,000	31	102	–
Brinova Fastigheter AB	556840-3918	Skåne	14,778,978	35	188	–
Murbruket Holding Fastighets AB	556940-2877	Gothenburg	250	50	6	–
Fastighets AB Tornet	559008-2912	Gothenburg	500	50	4	–
Balder Administration ApS	31585457	Copenhagen	20,000	40	0	–
Total					**2,276**	**536**

Note 16 · *Trade receivables*

Trade receivables are carried at the amount which is expected to be received less individually estimated doubtful receivables. The individual assessment is made on all trade receivables, which have fallen due for 90 days or more. Earnings in 2016 were charged with SEK 13m (8) in respect of actual and expected bad debt losses. The trade receivables are of a short-term character and this means that they are recognised as current assets, corresponding to fair value.

Age distribution of trade receivables

Group, SEKm	2016	2015
–30 days	106	109
31–60 days	23	20
61–90 days	21	1
91 days–	37	24
Total	**187**	**155**
Doubtful trade receivables	–37	–24
Trade receivables, net	**150**	**130**

Doubtful trade receivables

Group, SEKm	2016	2015
Opening balance	–24	–17
Acquired opening balance	–	–9
Actual bad debt losses during the year	2	5
Changes during the year doubtful trade receivables	–15	–3
Closing balance	**–37**	**–24**

Note 17 · *Other non-current receivables*

	Group		Parent Company	
SEKm	2016	2015	2016	2015
Receivables from the Group associated companies	777	894	773	894
Other receivables	131	279	0	141
Total	**908**	**1,173**	**773**	**1,036**

Note 18 · *Prepaid expenses and accrued income*

	Group		Parent Company	
SEKm	2016	2015	2016	2015
Insurance	3	2	0	–
Interest income	1	3	0	2
Rental income	40	27	–	–
Property expenses	90	60	4	–
Other items	20	15	4	2
Total	**153**	**107**	**8**	**4**

Note 19 · *Financial investments*

	Group		Parent Company	
SEKm	2016	2015	2016	2015
Securities				
Shares and bonds	305	405	203	390
Total	**305**	**405**	**203**	**390**

Financial investments are measured at fair value through profit and loss.

Note 20 · *Equity*

Share capital
On 31 December 2016, the registered share capital consisted of 190,000,000 shares, of which 11,229,432 were ordinary shares of Class A and 168,770,568 ordinary shares of Class B, and 10,000,000 preference shares. Balder carried out a directed issue of 3,000,633 ordinary shares during September, which raised about SEK 681m after issue expenses. For existing ordinary shareholders, the issue implied a dilutive effect of 1.7 % of the capital. In December, a set-off issue of 4,602,515 ordinary shares was completed, which raised SEK 1,099m after issue costs. The issue implied a dilutive effect of 2.6 % of the capital for existing shareholders. After the issues and as of 31 December, the share capital in Balder thus amounted to SEK 190,000,000, distributed among 190,000,000 shares. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote. An ordinary share entitles its holder to a dividend that is determined in due course while a preference share entitles its holder to an annual dividend of SEK 20.00 per share. All shares entitle holders to voting rights at the Annual General Meeting.

Preference share
The Group has made the assessment that the outstanding preference shares constitute equity instruments. This assessment is based on the fact that both the dividend and redemption of preference shares require a resolution of the general meeting of shareholders where the ordinary shareholders have a majority. Thus for the company it is discretionary whether payment or redemption of these preference shares occurs and consequently no contractual obligation exists to pay out funds, which means that the instrument should be classified as equity.

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

Translation difference
Refers to currency translation differences arising due to translation of foreign operations

Reserves
The item refers to cash flow hedges after tax Cask 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 reserve.

Dividend
The Board will propose to the Annual General Meeting for the financial year 2016 that no dividend on ordinary shares (–) should be declared and a dividend of SEK 20.00 per share for preference shares should be declared (20.00). All issued shares are fully paid-up.

Proposed distribution of earnings
The Board has proposed that the profits at the disposal of the Annual General Meeting of SEK 11,763,021,874 shall be appropriated as follows: dividend to the preference shareholders SEK 20.00 per share, total SEK 200,000,000 and that SEK 11,563,021,874 be carried forward.

Share capital trend

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, treasury 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 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 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 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
31	**December**	**2016**			**190,000,000**	**190 000,000**	**1.00**		**190,000,000**

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 market-related financing. Balder's long-term goals for the capital structure are that the equity/assets ratio should not be less than 35 % over time and that the interest coverage ratio should not be less than 2.0 times and that the net debt to total assets ratio should not exceed 55 %.

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 financial 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 risk.

Financial policy goals:
- the equity/assets ratio should exceed 35 % over time,
- the interest coverage ratio should not be less than 2.0 times,
- the net debt to total assets ratio should not exceed 55 %,
- secure 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 year-end, Balder had financing obligations of an interest coverage ratio of 1.5 times, an equity/assets ratio of 25 % and a loan-to-value ratio of 65 %. All covenants were met at year-end. Sato also has covenants in its loan agreements and they are a consolidated solvency ratio of 70 %, an interest coverage ratio of 1.8 times and proportion of assets that should be unsecured of at least 35 % in 2016, at least 40 % in 2017 and at least 42.5 % in 2018. At year-end, the proportion of unsecured assets in Sato 53.1 %, the consolidated solvency ratio was 54.3 % and interest coverage ratio 4.4 times.

		Outcome	
Financial goals	**Goal**	**2016**	**2015**
Equity ratio, %	min. 35.0	38.3	37.8
Net debt to total assets ratio, %	max. 55.0	50.0	51.6
Interest coverage ratio, times	min. 2.0	3.7	5.1

Key ratios including listed associated companies at market value.

Group 2016-12-31

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years
Maturity structure, loans	16,314	5,091	8,598	6,190	5,259	8,129
Interest expenses [1]	1,038	1,033	1,028	1,023	1,018	5,016
Trade payables	267	–	–	–	–	–
Other liabilities	636	–	–	–	–	–
Total	**18,254**	**6,123**	**9,626**	**7,213**	**6,277**	**13,144**

Group 2015-12-31

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years
Maturity structure, loans	11,201	10,269	3,190	2,150	5,763	8,491
Interest expenses [1]	878	873	868	863	858	4,231
Trade payables	179	–	–	–	–	–
Other liabilities	542	–	–	–	–	–
Total	**12,799**	**11,141**	**4,058**	**3,013**	**6,620**	**12,704**

Parent Company 2016-12-31

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years
Maturity structure, loans	7,668	2,358	2,108	432	354	248
Interest expenses [1]	276	274	272	270	269	1,316
Trade payables	4	–	–	–	–	–
Other liabilities	280	–	–	–	–	–
Total	**8,228**	**2,632**	**2,380**	**702**	**623**	**1,565**

Parent Company 2015-12-31

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years
Maturity structure, loans	3,733	5,246	600	600	433	356
Interest expenses [1]	241	240	239	238	237	1,168
Trade payables	4	–	–	–	–	–
Other liabilities	187	–	–	–	–	–
Total	**4,165**	**5,485**	**839**	**838**	**670**	**1,524**

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

Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/– 1 %	+/– 58
Economic occupancy rate	+/– 1 percentage unit	+/– 61
Interest rate level of interest-bearing liabilities	+ 1 percentage unit	–374
Property costs	+/– 1 %	–/+ 17
Changes in value properties	+/– 5 %	+/– 4,309

Maturity structure interest rate derivatives

Year	Nominal amount, SEKm	Interest, %
2017	650	1.99
2018	3,711	3.62
2019	1,126	1.11
2020	987	1.93
2021	4,622	2.52
2022	605	2.01
2023	1,031	1.41
2024	609	1.30
2025	1,835	1.38
2026	1,765	1.97
Total	**16,941**	**2.30**

Capital risk
The Group's goal as regards 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.

Duration analysis of financial liabilities
The tables on the right above show the cash flow per year as regards 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 less interest income.

Refinancing occurs on a regular basis, so no interest expense for a longer period than 10 years is indicated.

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 re-

lating to operating costs, interest, amortisation and dividend on preference shares. 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. On the closing date, Balder's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 1,942m (1,339). 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. At year-end, Balder had credit facilities of SEK 4,827 (4,745), of which SEK 4,827m (4,545) were unutilised. Balder also has credit facilities that fully cover future payments for ongoing construction projects. Balder works continually on raising new loans and on renegotiating existing loans. Over time, 50 % of the loan portfolio should have a credit term of more than two 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 carried out as required to achieve the desired interest risk in the overall borrowing.

Balder has mainly used swaps and interest rate ceilings to manage its interest rate risk, which matures between 2017 and 2026. 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 continually recognised 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. The changes in value during 2016 amounted to SEK –114m (227). 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 sensitivity analysis on the previous page. 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 comprehensive income.

Currency risk
Balder owns properties in Norway, Denmark, Finland and through Sato in St Petersburg. External financing occurs in local currency as far as possible. However, currency risk arises as the value of the assets in local currency is greater than the liabilities. Apart from the liabilities in local currency, Balder has basis swaps, which further limit this exposure. At year-end, there were basis swaps for DKK 400m and EUR 152m and the fair value of these amounted to SEK –54m.

Price risk
Balder's income is affected by the occupancy rate for its properties, the level of market-related rents and customers' payment capacity. A +/– 1 percentage point change in the rent level or the economic occupancy rate has an effect on profit before tax of +/– SEK 58m and +/– 61m 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 creditworthiness 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 year-end, Balder had binding loan agreements with credit institutions totalling SEK 49,580m (41,063). Loans are raised in Swedish kronor, Danish kroner, Norwegian kroner and euro. At year-end, loans in Danish kroner amounted to DKK 2,381m, loans in Norwegian kroner to NOK 481m and loans in euro amounted to EUR 2,206m. The credit agreements mainly consist of bilateral contracts with Nordic banks as well as a commercial paper programme for SEK 5,827m (3,827). On 31 December, the outstanding commercial paper volume was SEK 3,002m (2,680). Net interest-bearing liabilities less cash and cash equivalents and financial investments of SEK 1,592m (1,025) amounted to SEK 47,988m (40,038).

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 mortgage deeds pledged on property,
- commercial paper programme,
- bond loans.

Interest-bearing liabilities for the most part are formally current but are non-current in character, as they are continually extended. From 2016, the 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 guarantees relating to interest coverage ratios, equity/assets ratios and loan-to-value ratios. Balder satisfied all of its guarantees at year-end. Credit agreements contain customary termination conditions.

The average fixed credit term in loan agreements amounted to 4.2 years (4.4) on 31 December 2016. 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 on the closing date amounted to 2.1 % (2.2) including the effect of accrued interest from Balder's interest rate derivatives. The average interest rate refixing period on the same date was 2.4 years (2.9). The proportion of loans with interest dates during the coming 3-year period amounted to 66 % (64).

The fair value of financial liabilities, which are not derivative instruments has been estimated by discounting the future cash flow using the current market rate of interest at the end of the reporting period. The discount rate used in the estimation of fair value is in the range 1.3 and 3.0 %.

Interest rate refixing period	Carrying amount, SEKm		Interest, %		Proportion, %		Fair value, SEKm [3]	
Year	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Within one year	25,975	21,512	1.0	1.1	52	52	26,043	21,522
1–2 years	4,742	304	4.6	3.3	10	1	4,775	304
2–3 years	1,959	4,470	3.3	4.5	4	11	2,026	4,507
3–4 years	4,416	1,631	2.7	3.1	9	4	4,573	1,689
4–5 years	7,736	4,012	3.0	2.6	16	10	7,917	4,068
>5 years	4,752	9,134	3.0	3.2	10	22	4,752	9,143
Total	**49,580**	**41,063**	**2.1**	**2.2**	**100**	**100**	**50,086**	**41,234**

Carrying amount and fair value of financial instruments

	Trade and loan receivables		Financial assets/liabilities measured at fair value through profit or loss [4]		Other liabilities		Total carrying amount		Total fair value	
Group, SEKm	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Trade receivables	150	130	–	–	–	–	150	130	150	130
Other long-term trade receivables [3]	908	1,173	–	–	–	–	908	1,173	908	1,173
Cash and cash equivalents	1,287	620	–	–	–	–	1,287	620	1,287	620
Financial investments [1]	–	–	305	405	–	–	305	405	305	405
Total receivables	**2,345**	**1,923**	**305**	**405**	**–**	**–**	**2,650**	**2,328**	**2,650**	**2,328**
Non-current interest-bearing liabilities [3]	–	–	–	–	33,267	39,095	33,267	39,095	33,772	39,266
Other long-term liabilities [3]	–	–	–	–	176	331	176	331	176	331
Credit facilities	–	–	–	–	0	36	0	36	0	36
Derivatives [2,5]	–	–	1,547	1,294	–	–	1,547	1,294	1,547	1,294
Current interest-bearing liabilities [3]	–	–	–	–	16,314	1,933	16,314	1,933	16,314	1,933
Trade payables	–	–	–	–	267	179	267	179	267	179
Total liabilities	**–**	**–**	**1,547**	**1,294**	**50,023**	**41,573**	**51,570**	**42,867**	**52,076**	**43,038**

	Trade and loan receivables		Financial assets/liabilities measured at fair value through profit or loss [4]		Other liabilities		Total carrying amount		Total fair value	
Parent Company, SEKm	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Receivables from group companies [3]	24,629	21,676	–	–	–	–	24,629	21,676	24,629	21,676
Other non-current receivables [3]	773	1,036	–	–	–	–	773	1,036	773	1,036
Cash and cash equivalents	941	4	–	–	–	–	941	4	941	4
Financial investments [1]	–	–	203	390	–	–	203	390	203	390
Total receivables	**26,343**	**22,715**	**203**	**390**	**–**	**–**	**26,546**	**23,106**	**26,546**	**23,106**
Non-current liabilities to credit institutions [3]	–	–	–	–	5,501	10,887	5,501	10,887	5,501	10,887
Other non-current liabilities [3]	–	–	–	–	112	126	112	126	112	126
Credit facilities	–	–	–	–	0	36	0	36	0	36
Derivatives [2,5]	–	–	888	737	—	—	888	737	888	737
Liabilities to group companies [3]	–	–	–	–	4,440	4,507	4,440	4,507	4,440	4,507
Current liabilities to credit institutions [3]	–	–	–	–	7,668	45	7,668	45	7,668	45
Trade payables	–	–	–	–	4	4	4	4	4	4
Total liabilities	**–**	**–**	**888**	**737**	**17,726**	**15,604**	**18,614**	**16,341**	**18,614**	**16,341**

1) Level 1 – measured at fair value based on quoted market values on active markets for identical assets.
2) Level 2 – measured at fair value based on other observable inputs for assets and liabilities than market values under level 1.
3) Level 3 – measured at fair value based on inputs for assets and liabilities that are not based on observable market inputs.
4) Financial assets/liabilities held for trading.
5) Derivative instruments have been recognised net as a liability. The liability includes positive values in the Group of SEK 5m (20) and in the parent company of SEK 0m (10).

Note 22 · *Credit facilities*

	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Approved credit limit	350	350	300	300
Utilised portion	–	–36	–	–36
Unutilised portion	**350**	**314**	**300**	**264**

Note 23 · *Accrued expenses and deferred income*

	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Personnel expenses	71	63	12	8
Interest expenses	244	166	38	35
Prepaid rents	530	392	–	–
Property costs	264	186	–	–
Other items	20	38	3	3
Total	**1,130**	**845**	**53**	**47**

Note 24 · *Pledged assets and contingent liabilities*

Pledged assets	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Property mortgages	38,418	31,945	–	–
Shares in group companies	19,507	13,377	–	–
Promissory notes	–	–	9,380	6,819
Total	**57,925**	**45,322**	**9,380**	**6,819**

Contingent liabilities	Group		Parent Company	
SEKm	**2016**	**2015**	**2016**	**2015**
Guarantees for subsidiaries	–	–	16,931	13,986
Guarantees for associated companies	1,609	1,596	1,609	1,596
Other guarantees	180	321	–	–
Total	**1,789**	**1,916**	**18,540**	**15,582**

Note 25 · *Cash flow statement*

Cash and cash equivalents	*Group*		*Parent Company*	
SEKm	**2016**	**2015**	**2016**	**2015**
The following sub-components are included in cash and cash equivalents:				
Cash and bank balances	1,287	620	941	4
Total according to the balance sheet	**1,287**	**620**	**941**	**4**
Total according to the cash flow statement	**1,287**	**620**	**941**	**4**

Interest and derivative expenses paid	*Group*		*Parent Company*	
SEKm	**2016**	**2015**	**2016**	**2015**
Interest received	62	32	12	18
Interest paid	–671	–330	–104	–92
Derivative expense paid	–329	–288	–279	–242
Total	**–939**	**–586**	**–371**	**–315**

Intra-group interest income and interest expenses for 2016 and 2015 did not affect the cash flow.

Note 26 · *Participations in group companies*

Specification of the Parent Company's direct holdings of participations in subsidiaries					*Carrying amount*	
Subsidiaries	**Corporate identity number**	**Registered office**	**Number of shares**	**Share, %**	**2016**	**2015**
Balder Storstad AB	556676-4378	Gothenburg	1,172,306	100	1,046	1,046
Balder Mellanstad AB	556514-4291	Gothenburg	1,938,000	100	150	150
Din Bostad Sverige AB	556541-1898	Gothenburg	18,500,000	100	626	626
Egby Vindkraftverk AB	556760-5919	Gothenburg	1,000	100	0	0
Balder Danmark ApS	34058016	Copenhagen	80,000	100	158	0
Balder Fastigheter Norge AS	916755856	Oslo	30,000	100	161	–
Balder Bilrum Fastighet AB	556730-4059	Gothenburg	100,000	100	1,205	–
Summa					**3,346**	**1,822**

The Balder Group owns 100 % of 301 additional companies (263) in Sweden, Denmark and Norway, via the above-mentioned subsidiaries, as presented in each subsidiary's annual accounts. For companies in Finland, see Sato Oyj's annual report at www.Sato.fi.

Parent Company, SEKm	**2016**	**2015**
Accumulated cost		
Opening balance	1,822	1,822
Acquisitions	1,205	–
Shareholders' contribution paid	319	–
Closing balance	**3,346**	**1,822**

Note 27 · *Receivables from/liabilities to Group companies*

	Receivables		*Liabilities*	
Parent Company, SEKm	**2016**	**2015**	**2016**	**2015**
Opening balance	21,676	15,777	4,507	3,952
Change in lending to subsidiaries	2,953	5,900	–67	555
Closing balance	**24,629**	**21,676**	**4,440**	**4,507**

There is no fixed amortisation plan.

Note 28 · *Significant events after the end of the financial year*

Balder in two different transactions divested all properties in Tranås, Falköping, Arboga and Köping. The lettable area amounted to about 221,000 sq.m. and the assessed property value was just over SEK 2 billion in the transactions. Fastighets AB Balder has after the end of the financial year, issued EUR 1 billion in the European bond market, of which EUR 500m was issued with a term of 5 years, at a fixed interest rate of 1.24 % and EUR 500m was issued with a term of 8 years at a fixed interest rate of 2.00 %. Balder issued bonds in Euro, in order to create a natural hedge of the currency risk that Balder has due to owning assets in Denmark and Finland. The liquidity will mainly be used to amortise secured debt with shorter maturities. Otherwise, there were no events of significant importance for Fastighets AB Balder's position that occurred after the end of the reporting period.

Note 29 · *Related parties*

Related parties
Group
The Group is under the control of Erik Selin Fastigheter AB, which holds 48.2 % (49.5) 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 2m (2).The services were priced based on market-related terms.

Parent Company
The parent company performed property-related administrative services on behalf of its subsidiaries amounting to SEK 174m (117). The parent company functions as an internal bank. On the closing date, receivables from subsidiaries amounted to SEK 24,629m (21,676). The price of the administrative and financial services is based on market-related terms.

Associated companies
Apart from the relative parties described above, the Balder Group owns associated companies according to Note 15, Participations in associated companies.

During the financial year, the associated companies have purchased management and administrative services for their organisations from Balder amounting to SEK 32m (27). In addition to this, services were purchased from Collector AB (publ). Net receivables from associated companies amounted to SEK 664m (910) on the closing date. The price of the administrative and financial services is based on market-related terms.

Transactions with key people in executive positions
The company's Board members and companies owned by these members control 63.6 % (65.3) 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 termination benefits, see Note 4, Employees and personnel expenses.

Note 30 · *Critical estimates and assumptions*

The company management and the Board have discussed the development, the choice of and the disclosures in respect of the Group's key accounting policies and estimates, as well as their application.

Investment properties
For important assumptions and estimates in connection with valuation of investment properties see Note 13, Investment properties.

Balder reports its properties according to the fair value method which means that changes in value are recognised in the income statement. Thus the results can be affected significantly.

Balder performs an internal valuation of the properties in connection with each quarterly report. In order to quality-assure its internal valuations, Balder regularly allows parts of the portfolio to be externally valued during the year.

Taxes
Balder has loss carry-forwards 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 carry-forwards.

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. During the previous year, acquisition of Sato Oyj was classified as a business combination.

Note 31 · *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, 411 39 Gothenburg, Sweden. The visiting address is Parkgatan 49.

The consolidated accounts for 2016 include the parent company and its subsidiaries, together referred to as the Group.

Note 32 · *Business combination*

Information about purchase price and acquired net assets relating to Sato Oyj 2015:

SEKm	
Purchase price	
Cash and cash equivalents	444
Ordinary shares issued, after issue expenses	1,705
Total purchase price paid for 22.9 % of the outstanding shares in Sato	**2,149**
Fair value of the participations acquired in Q2 and Q3 2015 (30.4 %) (before the business combination resulting in control) [1)]	2,855
Purchase price	**5,004**

1) The remeasurement effect less acquisition-related costs amounted to SEK 9m during the financial year 2015 and is recognised in the line Other income/costs in the Consolidated statement of comprehensive income.

On 1 April 2015, Balder carried out its first acquisition of shares in Sato Oyj equivalent to about 21 % of the outstanding shares and voting rights. Balder subsequently acquired additional shares and the total holding of shares and voting rights in Sato amounted to 30.4 % before the acquisition of a controlling influence. On 30 December 2015, Balder took possession of a further 22.9 % of the outstanding shares, and after that Balder's ownership in Sato amounted to 53.3 % on 31 December 2015. As control was obtained; Sato was consolidated in the Group's balance sheet as of 31 December 2015 for the first time. Sato is one of Finland's largest residential property companies with high-quality properties in excellent locations that complement Balder's existing operations and property portfolio.

Note 32 · *Cont'd*

The assets and liabilities recognised as a consequence of the acquisition were as follows:

SEKm	31 Dec 2015
Assets and liabilities in Sato [1]	
Investment properties	26,477
Other property, plant and equipment	37
Current receivables	236
Cash and cash equivalents and financial investments	569
Deferred tax liability	–1,691
Interest-bearing liabilities	–15,312
Derivatives	–435
Other liabilities	–499
Acquired identifiable net assets	**9,382**
Non-controlling interests	–4,377
Acquired net assets	**5,004**

1) Carrying amount in the Group, 31 December 2015.

Cash flow to acquire subsidiary, after addition of acquired cash and cash equivalents:

SEKm	
Cash purchase price	–3,068
Ordinary shares issued, after issue costs	–1,705
Total cash flow to acquire subsidiary	**–4,773**
Less: Acquired balances	
Acquired cash and cash equivalents	554
Total acquired cash and cash equivalents	**554**
Net outflow of cash and cash equivalents, investing activities	**–4,219**

Choice of accounting policy for non-controlling interests
The Group recognises non-controlling interests in an acquired entity, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

This choice of policy is made for every individual business combination. For non-controlling interests in Sato, the Group has chosen to recognise non-controlling interests at the fair value of the acquired identifiable net assets.

The fair value of the 10,000,000 ordinary shares issued as part of the purchase price for Sato was based on an issue price of SEK 172 per share. Transaction costs of SEK 15m which are directly related to the new issue were recognised as a deduction from equity.

Revenue and profit in acquired business
If the acquisition had been carried out on 1 January 2015, the consolidated pro-forma financial statements as of 31 December 2015 would show rental income of SEK 5,044m and net profit for the year of SEK 5,873m. These amounts were calculated using the subsidiary's results while adjusting for any differences in accounting policies between the Group and the subsidiary.

Acquisition-related expenses
Acquisition-related expenses of SEK 94m (of which Finnish stamp duty SEK 83m), that were not directly related to the new issue, are included in the line Other income/costs during 2015 in the Consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Note 33 · *Other income/expenses*

The item Other income/expenses includes SEK 9m during the financial year 2015, related to the business combination of Sato Oyj, for more information See Note 32 relating to Business combinations.

The annual accounts and the consolidated accounts were approved for issuance by the Board of Directors and CEO on 31 March 2017. 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 2017. The Board will propose to the AGM that no dividend (–) be declared for ordinary shares and that a dividend of SEK 20.00 per share (20.00) be declared for preference shares for the financial year 2016.

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 the European Parliament's and Council's regulation (EC) No. 1606/2002 from 19 July 2002 on application of the 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, 31 March 2017

Christina Rogestam	***Sten Dunér***	***Fredrik Svensson***	***Anders Wennergren***	***Erik Selin***
Chairman of the Board	*Board member*	*Board member*	*Board member*	*Board member and CEO*

Our audit report was submitted on 31 March 2017
Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdström
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 2016. The company's annual accounts and consolidated financial statements are included in pages 59-93 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 2016 and of its financial performance and its cash flows for the year in accordance with the Swedish 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 2016 and of its financial performance and its cash flows for the year in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated financial statements.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the Auditor's Responsibility section below. 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.

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 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's operations are conducted in five 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 Finnish, Danish and Norwegian companies are audited by local unit audit teams, which report to the group audit team.

In cases where the unit auditors performed work of material importance for our audit of the Group, we evaluate in our capacity as group auditors the need and degree of involvement in the work of the local unit auditors to determine whether sufficient audit evidence has been obtained as the basis for our opinions in the auditor's report for the Group.

The audit of the sub-group Sato Oyj was performed by KPMG 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 the group audit and since we and the unit auditors are not part of the same network, this task is extra important. We have therefore drawn up special instructions to KPMG Finland and ensured via continual communication and meetings as well as written confirmations that they understood 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 KPMG 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 to evaluate the 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 key audit matter 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 matters which, in our professional judgment 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 matters	***How our audit considered this key audit matter***
Valuation of investment properties We refer to the Report of the Board of Directors, description of accounting principles in Note 1, the Balder Group's summary of Key estimates and assumptions in Note 30 and Note 13, Investment properties. Investment properties were recognised at a fair value of SEK 86,177m on 31 December 2016 and account for a significant part of the Balder Group's balance sheet. Fair value of the Group's property holdings is based on internal calculations. The investment method is mainly used. The comparative method is used for some of the Finnish holdings or alternatively, the cost method. To quality-assure the internal valuations, external valuations were obtained for about 40 per cent of the property portfolio. The significance of the estimates and assumptions included in determining fair value, together with the fact that only a small percentage difference in the individual properties calculation parameters can lead to significant errors, means that the valuation of investment properties is a key audit matter.	Our audit procedures included a review of the valuation models applied by the Balder Group. We allowed our valuation specialists to review and assess the valuation models, the mathematical accuracy and reasonableness of the assumptions made. Our audit included the following audit procedures: • Follow up that the valuations comply with Balder's guidelines for property valuation. • Audit sampling to follow up 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 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 quarters. In cases where the assumptions and parameters 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 and that the assumptions and sensitivity analyses Balder made were properly described in Note 13.
Recognition of property transactions We refer to the Report of the Board of Directors, description of accounting principles in Note 1 and Note 13, Investment properties. During the year, a number of transactions took place which in respect of the amount and contractual terms were particularly important to consider in the audit. In the case of each transaction, we estimated that the accounting treatment was in accordance with Balder's accounting principles and IFRS.	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 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 2-58 and 105-111, respectively. The Board of Directors and the Managing Director 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 conclusion 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 Managing Director
The Board of Directors and the Managing Director 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. The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 ISAs 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 Revisorsnämndens website www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf.

This description is part of the auditor's 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 audited the administration of the Board of Directors and the Managing Director of Fastighets AB Balder (publ) for the year 2016 and the proposed appropriations 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 Managing Director 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 in described in further detail in the section 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 Managing Director

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 is responsible for the company's organisation and 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 Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a secure manner.

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 Managing Director 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 Companies Act, the 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 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 Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsnämndens website www.revisorsinspektionen.se/rn/show-document/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Gothenburg, 31 March 2017
Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdström
Authorised Public Accountant

Corporate governance

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 the rules do not always need be complied with if there is a reason and it is explained.

Some of the Code's principles aim to create a good basis for exercise of 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 element of the principles for the 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.

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 objects shall be directly or indirectly, through wholly-owned or part-owned companies, to acquire, manage, own and divest real property and securities and carry on other activities connected therewith.

The articles of association, which are available on Balder's website, among other things, contain 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.

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 AGM also passes resolutions regarding amendments of the articles of association and regarding change in the share capital. 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.

Resolutions at general meetings of shareholders are normally passed by 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 2016

At the AGM on 10 May 2016 at the Elite Park Avenue Hotel in Gothenburg, 337 shareholders were represented, holding about 77 % of the total number of votes. All Board members and the company's auditor were present at the general meeting. The AGM adopted the financial statements for 2015 and discharged the Board and CEO from liability for the financial year 2015.

The following resolutions were passed by the AGM on 10 May 2016;

- not to declare any dividend to ordinary shareholders and to declare a quarterly dividend to preference shareholders of SEK 5 per share, however, a maximum of SEK 20,
- the Board shall, during the period until the next AGM has been held, be composed of five ordinary members without deputies,
- directors' fees of a fixed amount of SEK 460,000 should be paid to the Board, of which 160,000 to the Chairman of the Board and SEK 100,000 to the other Board members who are not permanent employees of the company. The fees include remuneration for committee work,
- re-election of the Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren. All members are elected until the AGM 2017. Christina Rogestam was re-elected as Chairman of the Board,
- approval of the Board's proposed guidelines for remuneration to senior executives,
- mandate for the Board to decide on 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. 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,
- 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 10 May 2016 are available on the company's website. The Annual General Meeting 2017 will take place on 11 May 2017 at 4.00 p.m. at the Radisson BLU Scandinavia Hotel, Södra Hamngatan 59 in Gothenburg. Information concerning the annual general meeting is published on balder.se.

The share and owners

The Balder share is listed on Nasdaq Stockholm, Large Cap. At year-end, the number of shareholders amounted to 22,000. Balder carried out a directed issue of 3,000,633 ordinary shares during September, which raised about SEK 681m after issue expenses. For existing ordinary shareholders, the issue implied a dilutive effect of 1.7 % of the capital. In December, a set-off issue of 4,602,515 ordinary shares was completed, which raised SEK 1,099m after issue expenses. The issue implied a dilutive effect of 2.6 % of the capital for existing shareholders. Balder's share capital after the new issues and on 31 December 2016 amounted to SEK 190,000,000 distributed among 190,000,000 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 shares are of Class A, 168,770,568 of Class B and 10,00,000 preference shares. Each Class A share carries one vote, and each Class B share and preference 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 is found on pages 13–15, The share and owners.

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 2016, 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 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 in the event of the same number of votes.

The Board 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 real estate sector, business development 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 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 are 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. Compensation and remuneration questions 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,
- choosing 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 that company shall 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 include, but are not limited to the following:

- 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,
- verifying that the Board's decisions are implemented 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

The Board adopts a formal work plan for the board 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 constitutes a quorum if more than half of its members are present. The Chairman has the casting vote in the event of the same number of votes.

The work of the Board
Balder's Board held 10 Board meetings during 2016 of which one was the statutory meeting. Under the current formal work plan, the Board shall hold at least five ordinary Board meetings, including the statutory meeting, per calendar year. The 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. Among the regular matters dealt with by the Board in 2016, included acquisition strategies, capital structure and financing position, common corporate policies and formal work plan for the Board. At the extraordinary Board meetings, decisions were taken about the new share issues.

Evaluation of the Board's work
The Board conducted an evaluation of its work during the year. 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 competencies and knowledge in the Board. During the completion of the annual evaluation, Board members were asked, based on their own perspective, to discuss various areas relating to the Board's work with other Board members. These conclusions have been documented in a report. The areas discussed and evaluated in 2016, related to the Board's composition, competencies, 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 composition of the Board of Directors, number of meetings and attendance

			Attendance at meetings		
Name	**Elected**	**Independent[1)]**	**Board meetings**	**Audit committee**	**Remunertion-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	9/10	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 %).

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, the Board shall propose 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 remuneration committee is composed of all independent Board members and should meet at least once every year. For further information see Note 4, Employees and personnel expenses.

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. During 2016, the audit committee, which was composed of all independent Board members, met the company's auditor on one occasion and received a report on the performed audit.

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.

Nomination Committee
The AGM resolves on the procedure for election of the Board, and when applicable, auditors. The AGM 2016 resolved that a nomination committee should be established before the 2017 AGM in order to submit proposals on the number of Board members, election of Board members including the Chairman of the Board 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. All shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The AGM 2016 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 not 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 AGM 2017 is composed of Jesper Mårtensson, representing Erik Selin Fastigheter 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 to re-elect Christina Rogestam as Chairman of the Board.

CEO and Management

The CEO is responsible for the day-to-day administration pursuant to the guidelines and policies determined 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 normally meets once every month with a standing agenda, including property transactions, finance and overall management issues. The Group Management consists of six persons and includes resources such as the CEO, accounting, finance, management, property transactions and personnel. More information about the company's CEO and Management is found on page 104.

Audit

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 and annual accounts.

Öhrlings PriceWaterhouseCoopers AB was elected at the AGM on 7 May 2013 as auditor for a period of four years until the AGM 2017. The auditor in charge is Helén Olsson Svärdström

Ahead of the Annual General Meeting 2017

Ahead of the AGM on 11 May 2017, the Board of Directors proposes:

- that no share dividend shall be declared to the ordinary shareholders,
- that a quarterly dividend of SEK 5 per share shall be declared to the preference shareholders, however, a maximum of SEK 20,
- guidelines for remuneration to senior executives,
- a mandate for the Board until the next annual general meeting, to repurchase and transfer B shares and preference shares in Balder equivalent to not more than 10 % of all shares in the company,
- a renewed mandate for the Board until the next annual general meeting, on one or more occasions, to resolve on new issue of preference shares and/or ordinary shares of Class B corresponding to not more than 10 % of the existing share capital. 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 2017, 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 to re-elect Christina Rogestam 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. 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 not later than six months before the AGM. The nomination committee's term of office extends until a new nomination committee has been appointed.

Information to the stock market

Balder issues interim reports for the operations three times per year; on 31 March, on 30 June and on 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 2016 are now available for distribution and on Balder's website. All documents as well as press releases and presentations in connection with reports are available on www.balder.se.

Internal control over financial reporting

The Board is responsible for the internal control under the Swedish Companies Act and under the Code. This account has been prepared in accordance with the Swedish Annual Accounts Act and the Code and is thus limited to internal control in respect of the financial reporting. Financial reporting refers to interim reports, year-end reports and annual accounts. This report 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 as well as monitoring.

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 1,220 properties, each with its own profit centre, which is 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 profit/loss and balance sheet items in the financial reporting and what measures can reduce these risks. The risk management is built 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 the financial reporting provides a true and fair view at each point of 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 of decisions and approved policies of the Board, general and application-specific IT controls, checking of external counterparties and follow up of results at various levels in the organisation. Other activities are follow up of the 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 the basic control, follow up and analysis in each region. To ensure the quality of the regions' financial reporting, an evaluation is made in conjunction with the Group's controllers.

The follow up at a regional level combined with the controls and analyses at a Group level are an important part of the internal control, to ensure that the 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 the financial information should be communicated between the 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.

Monitoring
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 in order to follow up and ensure reporting to the company management regarding possible shortcomings. Follow-up occurs on both a property level and a Group level.

The Board regularly evaluates the information submitted by the company management and the auditors. The company's auditors report on at least one occasion per year their observations from the audit and their opinion about the internal control over financial reporting.

Need of internal audit
Balder has a decentralised organisation that manages 1,220 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 monitors the administration of the regional offices and the 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 motivated at present.

Gothenburg, 31 March 2017

Christina Rogestam	***Sten Dunér***	***Fredrik Svensson***	***Anders Wennergren***	***Erik Selin***
Chairman of the Board	*Board member*	*Board member*	*Board member*	*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 2016 on pages 97-101 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Scope and focus 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, 31 March 2017
Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdström
Authorised Public Accountant

Board of Directors

Christina Rogestam

Born 1943.
Chairman of the Board since 2006

Education and experience
Bachelor of Arts, Social studies. Previously President and CEO of Akademiska Hus AB, board member of Fastighets AB Stenvalvet.

Shareholding in Balder
61,000 B shares, 3,000 B shares and 2,080 preference shares via company.

Anders Wennergren

Born 1956.
Board member since 2009.

Education and experience
Bachelor of Laws. Lawyer and partner at Advokatfirman Glimstedt. Board member of Serneke Group AB.

Shareholding in Balder
250,000 B shares via companies.

Sten Dunér

Born 1951.
Board member since 2007.

Education and experience
Bachelor of Science (Economics). CEO of Länsförsäkringar AB. Chairman of Länsförsäkringar Bank, Länsförsäkringar Sak and Länsförsäkringar Fondliv. Board member of Länsförsäkringar Liv and Svensk Försäkring and the Employers' Organisation of the Swedish Insurance Companies.

Shareholding in Balder
No shareholding in Balder.

Fredrik Svensson

Born 1961.
Board member since 2005.

Education and experience
Bachelor of Science (Economics). Board member of Klövern AB.

Shareholding in Balder
2,915,892 A shares and 13,542,540 B shares, all via company.

Erik Selin

Born 1967.
Board member since 2005.

Education and experience
Business school economist CEO of Fastighets AB Balder. Chairman of Skandrenting AB, board member and vice chairman of Collector Bank AB (publ), board member of Västsvenska Handelskammaren, Astrid Lindgrens Värld and Hexatronic Scandinavia AB.

Shareholding in Balder
10,500 B shares and 500 preference shares and 8,309,328 A shares and 57,200,400 B shares via company.

Balder's Board of Directors
Balder's Board of Directors is composed of five people, including the Chairman. Board members are elected annually at the AGM for the period up to the end of the next AGM.

Auditor
Öhrlings PricewaterhouseCoopers AB Auditor in charge: Helén Olsson Svärdström, born 1962. Auditor in the company since 2015. Öhrlings PriceWaterhouseCoopers AB was elected at the AGM on 7 May 2013 as auditor for a period of four years.

Management

Erik Selin

Born 1967.
CEO of Fastighets AB Balder.

Education and experience
Business school economist. Employed since 2005.

Shareholding in Balder
10,500 B shares and 500 preference shares and 8,309,328 A shares and 57,200,400 B shares via companies.

Magnus Björndahl

Born 1957.
CFO.

Education and experience
Bachelor of Science (Economics). Employed since 2008.

Shareholding in Balder
31,000 B shares.

Petra Sprangers

Born 1965.
Head of Personnel and Administration

Education and experience
Business school economist. Employed since 2007.

Shareholding in Balder
300 B shares.

Benny Ivarsson

Born 1955.
Head of Property.

Education and experience
Bachelor of Science (Economics). Employed since 2006.

Shareholding in Balder
11,474 B shares and 8,500 preference shares and 12,720 B shares via companies.

Sharam Rahi

Born 1973.
Vice CEO.

Education and experience
Compulsory school. Employed since 2005.

Shareholding in Balder
737,822 B shares and 788,978 B shares and 20,000 preference shares via company.

Marcus Hansson

Born 1974.
Head of Finance.

Education and experience
Bachelor of Science (Economics). Employed since 2007.

Shareholding in Balder
156,500 B shares.

Property list

	Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Lettable area, sq.m. Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other	Total	Tax assessment value,SEKm
	Region Helsinki														
	FI, Sato Oyj	Several properties			Residential							1,010,505		1,010,505	
	Total Helsinki											**1,010,505**		**1,010,505**	
	Region Stockholm														
	Botkyrka	Freja 2	Balders väg 10	1973	Residential							7,060	220	7,280	57
	Botkyrka	Freja 3	Balders väg 1	1973	Residential							7,060	220	7,280	55
	Botkyrka	Hallunda 4:11	Iduns väg 1-16	1900	Other	Yes									
	Botkyrka	Hallunda 4:9	Balders väg 1-16	1900	Other	Yes									
	Botkyrka	Idun 2	Iduns väg 10	1972	Residential							7,060	256	7,316	56
	Botkyrka	Idun 3	Iduns väg 1	1972	Residential				255			7,060		7,315	57
	Huddinge	Bäckgården 8	Vårby Centrum	1974	Office	Yes	2,719	2,550	381				2,238	7,888	56
	Huddinge	Vårby Gård 1:16	Krongårdsvägen 1	1973	Residential		352	37	439			50,800	4,262	55,890	438
	Järfälla	Säby 3:29	Korpralsvägen 10	2008	Residential		10		372			5,344	8	5,734	90
●	Karlskoga	Fordonet 1	Tibastvägen 10	1975	Retail	Yes			1,660					1,660	4
	Lidingö	Fjällräven 1	Karins Allé 3-7, Vesslevägen 3	1900	Residential				100	4,300		2,561		6,961	
●	Linköping	Paletten 2	Ottargatan 1	1972	Retail				5,302				455	5,757	27
●	Linköping	Papegojan 1	Vigfastgatan 5	1967	Retail				7,805					7,805	27
	Nacka	Sicklaön 354:1	Ektorpsvägen 2	1979	Office		6,127	3,871	1,172	5,726	1,385		320	18,601	69
	Nacka	Sicklaön 363:2	Värmdövägen 84	1986	Hotel		2,368				8,365			10,733	78
	Nacka	Älta 9:130	Ältavägen 170	1992	Retail			960				880		1,840	21
	Nynäshamn	Musköten 1	Björn Barkmans väg 1	1968	Residential		206		132			22,490	1,208	24,036	155
	Solna	Banken 14	Hotellgatan 11	1965	Hotel		93				11,444			11,537	127
	Solna	Puman 1	Bangatan 21	1972	Office		2,004		131					2,135	18
●	Stockholm	Alptanäs 1	Haukadalsgatan 3	1981	Retail	Yes	2,222	816	5,715				1,041	9,794	54
	Stockholm	Berget 2	Västmannagatan 13	1929	Project										34
	Stockholm	Doggen 1	Vinthundsvägen 157	1974	Office		1,650							1,650	7
	Stockholm	Doggen 2	Vinthundsvägen 159	1984	Office	Yes	4,690							4,690	27
	Stockholm	Fiskaren Större 3	Götgatan 21	1929	Residential		235	993				1,375		2,603	66
	Stockholm	Gladan 3	Sankt Göransgatan 159	1948	Project	Yes									81
	Stockholm	Granen 21	Floragatan 13	1972	Project										165
	Stockholm	Göta Ark 18	Göta Ark 100	1985	Office	Yes	17,835	300	640					18,775	433
	Stockholm	Havsfrun 26	Artillerigatan 42	1929	Office		3,267		239					3,506	92
	Stockholm	Holar 3	Skalholtsgatan 10	1985	Other		6,133		1,072					7,205	69
	Stockholm	Islandet 4	Adolf Fredriks Kyrkogata 13	1908	Office		1,845	245	125					2,215	62
	Stockholm	Järnplåten 23	Kungsgatan 37	1937	Office		5,226	420	171	148			2,048	8,013	354
	Stockholm	Katthavet 8	Näckströmsgatan 8	1929	Retail						8,022			8,022	212
	Stockholm	Kilaberg 1	Kilabergsvägen	1975	Office	Yes	8,193		4,709					12,902	91
	Stockholm	Kungsbacken 8	Drottninggatan 108	1929	Office		1,787	563	56				25	2,431	64
	Stockholm	Kvasten 8	Mäster Samuelsgatan 10	1929	Office		1,336	614	81				10	2,041	174
	Stockholm	Lindansaren 23	Flaggstång, Holländargatan 22	1929	Office		7,126	863	603			293		8,885	213
	Stockholm	Luftspringaren 10	Saltmätargatan 10	1900	Office		498		18					516	
	Stockholm	Luftspringaren 16	Saltmätargatan 19A	1929	Office		615	372	88			613	796	2,484	43
	Stockholm	Lärftet 2	Brommaplan 407	1941	Residential	Yes	204	530	120			895		1,749	26
	Stockholm	Magneten 32	Voltavägen 13	1982	Office	Yes	6,539	450	3,118					10,107	84
	Stockholm	Meteorologen 4	Finn Malmgrens Väg 9	1991	Residential	Yes		399				725		1,124	19
	Stockholm	Meteorologen 5	Finn Malmgrens Väg 11	1991	Residential	Yes		1,090	74			1,235		2,399	38
	Stockholm	Murmästaren 7	Hantverkargatan 31	1929	Office		2,448	462	89				83	3,082	78
	Stockholm	Prästgårdsängen 3	Götalandsvägen 218	1986	Office	Yes	5,385	847	15					6,247	53
	Stockholm	Silket 2	Brommabågen 4	1941	Retail	Yes	174	602	94			555	7	1,432	23
	Stockholm	Singeln 9	Sorterargatan 8	1970	Office	Yes	5,072		170					5,242	28
	Stockholm	Skeppshandeln 1	Hammarby Allé 45	2013	Retail		2,143	3,033	210		8,550			13,936	399
	Stockholm	Snöflingan 3	Drottningsholmsvägen 59	2009	Hotel						22,000			22,000	402
	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	1,087				191	23,259	840
	Stockholm	Tråden 1	Brommaplan 418-420	1941	Retail	Yes	555		41			537		1,133	18
●	Stockholm	Varmvattnet 3	Esbogatan 8	1977	Retail	Yes			15,000				18,009	33,009	92
	Stockholm	Vattenkraften 1	Solkraftsvägen 13	1989	Office	Yes	6,408	734		3,689			4	10,835	69
	Stockholm	Vilunda 6:48	Hotellvägen 1	1986	Hotel						6,955			6,955	45
	Stockholm	Årstaäng 4 & 6	Fredsborgsgatan 24	1900	Office	Yes	27,922	815	5,379				19	34,135	393
●	Södertälje	Grävmaskinen 23	Morabergsvägen 1	1973	Retail				2,391					2,391	7
	Södertälje	Yxan 8	Täppgatan 15	1975	Hotel						14,115			14,115	52
	Uppsala	Berthåga 53:1	Naturstensvägen 101	2007	Residential							3,814		3,814	53
●	Uppsala	Danmarks-Säby 11:1	Kumlagatan 12	2012	Retail				20,727				712	21,439	169
	Uppsala	Dragarbrunn 16:4	Dragarbrunns torg 18	1962	Hotel			680	51		5,275			6,006	84
	Uppsala	Kvarngärdet 3:2	Gamla Uppsalagatan 50	1983	Hotel						7,518			7,518	52
	Uppsala	Årsta 94:1	Stålgatan 101	1988	Residential							5,274	39	5,313	73
	Uppsala	Årsta 95:1	Stålgatan 35	2005	Residential							4,117	8	4,125	52
●	Örebro	Stjärnregnet 1	Otto E Andersens gata 1	1979	Retail	Yes			4,341					4,341	30
●	**Total Stockholm**						**152,284**	**25,330**	**84,320**	**16,416**	**93,629**	**129,746**	**32,179**	**533,904**	**6,751**

● Acquisitions during 2016.

						Lettable area, sq.m.								
Municipality	Name of property	Address	Year of construc-tion	Property category	Site leasehold right	Office	Retail	Industrial/ Ware-house	Education/ Care	Hotel	Residen-tial	Other	Total	Tax assessment value,SEKm
Region Gothenburg														
Ale	Nödinge 38:14	Ale Torg 10	2007	Retail		3,920	10,032	30					13,982	111
Ale	Surte 1:245	Göteborgsvägen 64 B	1967	Residential		215	337				1,216	90	1,858	13
Ale	Surte 1:293	Göteborgsvägen 93 A	1946	Residential					424		356		780	6
Ale	Surte 1:294	Brattåsstigen 6	1992	Residential					455		330		785	
Ale	Surte 4:119	Göteborgsvägen 64	1987	Retail		808	1,445	272			457	114	3,096	18
Alingsås	Bagaren 14	Hantverksgatan 2	1991	Residential							556		556	6
Alingsås	Bagaren 2	Hantverksgatan 4	1992	Residential							424	9	433	4
Alingsås	Björkhagen 1	Björkhagegatan 2 A	2008	Residential							3,212		3,212	50
Alingsås	Bolltorp 4:13	Bolltorp	2003	Residential							14,166		14,166	200
Alingsås	Dryckeshornet 1	Bankgatan 1	1929	Hotel			219			5,362			5,581	34
● Alingsås	Smedjan 3	Malmgatan 6A	1953	Retail				3,207				15	3,222	7
● Borås	Plutonen 1	Pickesjövägen 2	2011	Retail		40		12,318				762	13,120	63
Borås	Vattnet 4			Project										
Falköping	Agaten 11	Peter Ryttings väg 20	1962	Residential							880	51	931	5
Falköping	Agaten 6	Sigurd Kochs Gata 4	1964	Residential							466		466	2
Falköping	Anden 16	Banérgatan 16	1929	Residential			135				568		703	3
Falköping	Ansgar 1	Sankt Sigfridsgatan 45	1965	Residential				9			2,022	247	2,278	10
Falköping	Apotekaren 2	Sankt Olofsgatan 9 A	1991	Residential		515					710		1,225	6
Falköping	Avenboken 1	Idrottsgatan 49	1961	Residential				7			1,234		1,241	6
Falköping	Avenboken 2	Idrottsgatan 47	1961	Residential							1,234		1,234	6
Falköping	Bagaren 7	Nygatan 2	1995	Residential		994					2,409		3,403	9
Falköping	Byggmästaren 9	Odengatan 16 A	1959	Residential		100					2,240		2,340	11
Falköping	Draken 8	Dotorpsgatan 28	1929	Residential							660		660	2
Falköping	Ejdern 14	Banérgatan 1 A	1962	Residential							2,236	69	2,305	11
Falköping	Flugsnapparen 1	Kapellsgatan 1	1959	Residential							570	30	600	3
Falköping	Flugsnapparen 2	Allégatan 3	1959	Residential							570		570	3
Falköping	Flugsnapparen 6	Kapellsgatan 3	1959	Residential							570		570	3
Falköping	Guldsmeden 21	Trädgårdsgatan 22	1939	Office		325	78				220		623	2
Falköping	Guldsmeden 7	Ekmansgränd	1987	Retail		220	827				468	20	1,535	6
Falköping	Göken 12	Allégatan 11	1952	Residential							423		423	1
Falköping	Hammaren 7	Eriksgatan 33	1943	Residential							376		376	2
Falköping	Hovslagaren 16	Jakobsgatan 18 / Högarens-gatan 9	1960	Residential							2,082	87	2,169	10
Falköping	Kemisten 1	Stora Torget 7	1929	Retail			316				215		531	2
Falköping	Lejonet 2	Hjelmarsrörsg 24-32, 43-46	1971	Residential				118			6,640		6,758	32
Falköping	Mejseln 4	Sankt Sigfridsgatan 20	1942	Residential				18			312		330	1
Falköping	Muraren 15	Sigurd Kochs gata 16	1964	Residential							1,536	15	1,551	7
Falköping	Muraren 3	Hwassgatan 7 A	1960	Residential							960		960	5
Falköping	Muraren 4	Hwassgatan 5 A	1952	Residential							745		745	4
Falköping	Muraren 5	Gärdesgatan 18	1959	Residential							787		787	8
Falköping	Muraren 6	Gärdesgatan 18 A	1959	Residential							787		787	
Falköping	Oxeln 1	Idrottsgatan 51	1952	Residential							1,357	25	1,382	7
Falköping	S:t Lars 1	Per Larsgatan 4	1961	Residential		69					810		879	4
Falköping	Sankt Jakob 14	Sankt Sigfridsgatan 27	1940	Residential							316		316	2
Falköping	Sankt Jakob 18	Eriksgatan 29	1940	Residential							293		293	2
Falköping	Sankt Johannes 18	Sankt Sigfridsgatan 5	1939	Residential							400		400	2
Falköping	Sankt Olof 18	Sankt Olofsgatan 14	1990	Residential		432					1,599		2,031	11
Falköping	Sankt Staffan 13	Bryngelsgatan 6	1929	Office		1,691						698	2,389	7
Falköping	Sankt Tomas 13	Warenbergsgatan 11	1938	Residential							393		393	2
Falköping	Skalbaggen 1	Scheelegatan 21 A	1957	Residential							748	108	856	4
Falköping	Skalbaggen 11	Kapellsgatan 19	1959	Residential							434		434	2
Falköping	Skalbaggen 12	Kapellsgatan 27	1954	Residential							540		540	3
Falköping	Skalbaggen 5	Danska vägen 148	1954	Residential				8			540		548	3
Falköping	Skogslinden 3	Idrottsgatan 39	1948	Residential				24			716		740	4
Falköping	Skogslinden 4	Idrottsgatan 37	1946	Residential				18			712		730	4
Falköping	Spettet 1	Grönelundsgatan 14	1952	Residential				27			1,308	27	1,362	6
Falköping	Svanen 24	Danska vägen 129	1970	Residential							1,099		1,099	5
Falköping	Trädgårdsmästaren 18	Marknadsgatan 7	1971	Residential				66			1,272	28	1,366	7
Falköping	Trädgårdsmästaren 19	Högarensgatan 8 A	1989	Residential							1,018		1,018	6
Falköping	Trädgårdsmästaren 22	Marknadsgatan 11	1969	Residential							2,020		2,020	10
Falköping	Urd 3	Odengatan 19	1965	Residential		745	1,186				1,844		3,775	14
Falköping	Vargen 1	Wetterlinsgatan 13	1955	Residential				10			1,441		1,451	8
Falköping	Vargen 2	Dotorpsgatan 67	1955	Residential							1,163	43	1,206	6
Falköping	Vargen 3	Wetterlinsgatan 13 F	1955	Residential		242					832		1,074	5
Falköping	Vargen 4	Wetterlinsgatan 11 G	1957	Residential							1,130	521	1,651	7
Falköping	Vargen 5	Wetterlinsgatan 11 A	1956	Residential				19			1,086	357	1,462	7
Falköping	Vargen 6 & 8	Wetterlinsgatan 11	1956	Residential				20			1,503	23	1,546	8
Falköping	Vargen 7	Wetterlinsgatan 11 F	1957	Residential							981	51	1,032	5
Falköping	Vitsippan 2	Hagbergsgatan 4	1956	Residential							532		532	3
Gothenburg	Askim 243:20	Askims torg	1972	Office		1,923	638	553	1,251			39	4,404	29

						Lettable area, sq.m.								
Municipality	Name of property	Address	Year of construc-tion	Property category	Site leasehold right	Office	Retail	Industrial/ Ware-house	Education/ Care	Hotel	Residen-tial	Other	Total	Tax assessment value,SEKm
Cont´d. Region Gothenburg														
Gothenburg	Backa 169:3	Södra Deltavägen 3 A	2006	Retail			1,975						1,975	43
Gothenburg	Backa 171:3	Backavägen 1	1955	Retail			4,417						4,417	59
Gothenburg	Backa 21:14	Exportgatan 47 B	1989	Other		608		1,784				108	2,500	11
Gothenburg	Bagaregården 5:8	Kungälvsgatan 6 A	1929	Residential							584		584	11
Gothenburg	Bagaregården 5:9	Kungälvsgatan 6 A	1929	Residential							581		581	11
Gothenburg	Bergsjön 34:1	Atmosfärgatan 1	1970	Residential		115		281			22,271		22,667	141
Gothenburg	Bergsjön 9:6	Kosmosgatan 1	1967	Residential		77	162	399			41,610	3,474	45,722	275
Gothenburg	Biskopsgården 7:1	Långströmsgatan 26	1967	Residential	Yes			388			15,267		15,655	106
Gothenburg	Biskopsgården 7:2	Långströmsgatan 14 C	1967	Residential	Yes	1,253		215			13,619		15,087	95
Gothenburg	Biskopsgården 7:3	Långströmsgatan 10 A	1968	Residential	Yes			278			13,736		14,014	94
Gothenburg	Biskopsgården 830:842	Långströmsgatan 2-52	1967	Residential	Yes									
Gothenburg	Biskopsgården 830:843		1967	Residential	Yes									
Gothenburg	Brämaregården 72:4	Hisingsgatan 28	1959	Office	Yes	2,495	889	42				41	3,467	27
Gothenburg	Bur 134:1	Oxholmsgatan 28	1989	Residential								302	302	
Gothenburg	Bö 93:2	Sofierogatan 1	1940	Office		8,302		472				316	9,090	81
Gothenburg	Gamlestaden 25:11	Marieholmsgatan 4	1990	Office	Yes	3,058	681	178	0	0	0	0	3,917	26
Gothenburg	Gamlestaden 26:13	Vassgatan 3	1988	Office	Yes	3,562		6,604				4,016	14,182	32
Gothenburg	Gullbergsvass 11:2	Gullbergs Strandgata 40	1977	Other	Yes			5,865					5,865	24
Gothenburg	Gårda 15:1	Fabriksgatan 7	1929	Office		7,158	207	487					7,852	148
Gothenburg	Gårda 15:1 (15:12)	Drakegatan 2	1937	Residential		1,587	87				6,717		8,391	198
● Gothenburg	Göteborg Tuve 116:6	Grimbodalen 6	2008	Retail								3,213	3,213	17
Gothenburg	Heden 24:11	Engelbrektsgatan 73	1964	Hotel	Yes					17,875			17,875	254
● Gothenburg	Heden 47:3	Parkgatan 49	2015	Office		5,788	472	50				1,231	7,541	136
Gothenburg	Högsbo 1:1	J A Wettergrens gata 7	1967	Office		11,107		3,864				84	15,055	60
Gothenburg	Högsbo 11:10	Victor Hasselblads gata 8	1982	Office		4,050							4,050	18
● Gothenburg	Högsbo 36:2	Norra Långebergsgatan 2	1974	Retail				5,597				456	6,053	41
● Gothenburg	Högsbo 36:8	Hulda Mellgrens gata 11	1992	Retail		2,448							2,448	27
Gothenburg	Högsbo 38:17	Sisjö Kullegata 5	1986	Office		1,680						26	1,706	13
Gothenburg	Högsbo 38:20	Sisjö Kullegata 6	1989	Office		2,010		780					2,790	15
Gothenburg	Högsbo 38:8	Sisjö Kullegata 8	1990	Office		4,837		2,190				1	7,028	53
Gothenburg	Inom Vallgraven 1:13	Drottninggatan 62	1986	Hotel						26,656			26,656	355
Gothenburg	Inom Vallgraven 14:1	Södra Hamngatan 2	1929	Retail			2,637			2,190			4,827	96
Gothenburg	Inom Vallgraven 15:3	Drottninggatan 30	1980	Office		3,847	379	108					4,334	103
Gothenburg	Inom Vallgraven 16:21	Drottninggatan 10	1929	Retail		2,365	321	86				200	2,972	73
Gothenburg	Inom Vallgraven 19:6	Drottninggatan 35	1929	Office		525	597						1,122	22
Gothenburg	Inom Vallgraven 2:2	Drottninggatan 69	1929	Office		1,038	254						1,292	31
Gothenburg	Inom Vallgraven 22:6	Kungsgatan 41	1869	Office		520	590						1,110	37
Gothenburg	Inom Vallgraven 33:7	Magasinsgatan 26	1929	Office		2,189	897				258	387	3,731	60
Gothenburg	Inom Vallgraven 36:4	Kaserntorget 11 A	1912	Office		2,447		10	9,494			4,779	16,730	
Gothenburg	Inom Vallgraven 4:2	Lilla Kungsgatan 1	1929	Office		2,068	630	62				1,001	3,761	70
Gothenburg	Inom Vallgraven 4:4	Lilla Kungsgatan 3	1929	Office		5,819							5,819	89
Gothenburg	Inom Vallgraven 54:10	Lilla Torget 3	1929	Office		700	173						873	16
Gothenburg	Inom Vallgraven 54:9	Lilla Torget 4	1929	Office		802		8					810	18
Gothenburg	Inom Vallgraven 58:6	Kungsgatan 34	1989	Retail		1,767	230	10				2,728	4,735	
Gothenburg	Inom Vallgraven 8:1	Kyrkogatan 29-31	1850	Retail		1,526	1,668					10	3,204	120
Gothenburg	Inom Vallgraven 8:19	Kungsgatan 56	1962	Office		834	531						1,365	59
Gothenburg	Inom Vallgraven 8:20	Kyrkogatan 33	1930	Retail			803						803	28
Gothenburg	Järnbrott 145:6	Svängrumsgatan 45	1963	Residential							3,844	13	3,857	42
Gothenburg	Kobbegården 6:725	Datavägen 12 A	1988	Office		3,268							3,268	27
Gothenburg	Kyrkbyn 147:1	Almquistgatan 1	1967	Other	Yes				520				520	
Gothenburg	Kålltorp 36:7	Solrosgatan 13 A	1935	Residential							769	105	874	15
Gothenburg	Kålltorp 39:1	Råstensgatan 2 A	1936	Residential							846		846	13
● Gothenburg	Kärra 32:22	Tagenevägen 26	1980	Retail	Yes			2,800					2,800	15
● Gothenburg	Kärra 73:1-2	Tagenevägen 17A	1971	Retail	Yes	192		3,960				220	4,372	16
● Gothenburg	Kärra 95:3	Orrekulla industrigata 14	1990	Retail				7,080				129	7,209	47
● Gothenburg	Lindholmen 29:1	Theres Svenssons Gata 15	2002	Office		11,400	475	347				1	12,223	227
Gothenburg	Lindholmen 39:2	Lindholmspiren 4	2013	Hotel						13,299			13,299	282
● Gothenburg	Lorensberg 45:20	Kungsportsavenyen 6-8	1971	Hotel			1,357			2,305			3,662	95
Gothenburg	Lorensberg 46:1	Storgatan 45	1929	Retail		299	1,288	42				316	1,945	36
Gothenburg	Lorensberg 46:10	Kungsportsavenyn 17	1944	Office		983	572						1,555	42
Gothenburg	Lorensberg 46:11	Teatergatan 18	1929	Retail								1,203	1,203	22
Gothenburg	Lorensberg 46:12	Kungsportsavenyn 11	1929	Retail			2,394						2,394	56
Gothenburg	Lorensberg 46:5	Kungsportsavenyn 7	1929	Retail		201	766						967	25
Gothenburg	Lorensberg 46:6	Kungsportsavenyn 9	1950	Retail								1,176	1,176	32
Gothenburg	Nordstaden 10:15	Köpmansgatan 27	1900	Office		1,031	590					812	2,433	72
Gothenburg	Nordstaden 10:16 & 10:17	Köpmansgatan 29	1929	Hotel			113			7,753			7,866	148
Gothenburg	Olskroken 10:5	Olskroksgatan 30	1985	Office		1,974			2,501			980	5,455	

● Acquisitions during 2016.

	Municipality	Name of property	Address	Year of construc-tion	Property category	Site leasehold right	Lettable area, sq.m. Office	Retail	Industrial/ Ware-house	Education/ Care	Hotel	Residen-tial	Other	Total	Tax assessment value,SEKm
	Cont´d. Region Gothenburg														
	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	478
	Gothenburg	Sannegården 25:1	Säterigatan 20	1971	Other		2,816		222					3,038	18
	Gothenburg	Sannegården 28:5	Sjöporten 1	1945	Office		69	307			1,161			1,537	20
	Gothenburg	Tingstadsvassen 3:6	Krokegårdsgatan 3	1944	Retail		65	3,723					6	3,794	87
	Gothenburg	Tingstadsvassen 3:7	Krokegårdsgatan 7	1987	Retail			5,243						5,243	109
	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	48
	Gothenburg	Utby 39:11	Västra Tvärskedet 3	1990	Residential					116		351		467	
●	Jönköping	Visionen 4	Bataljonsgatan 14	2016	Retail				22,448				385	22,833	85
●	Kungsbacka	Hede 4:14	Hedebrovägen 15	2011	Retail								4,177	4,177	24
	Kungälv	Klocktornet 36	Västra gatan 57	1972	Retail			3,351					423	3,774	32
	Kungälv	Krabbetornet 1&35	Västra Gatan 84	1938	Retail		391	840				272		1,503	13
	Kungälv	Rhodin 19	Strandgatan 77	1967	Retail			2,822	91				7	2,920	27
	Kungälv	Skomakaren 10	Fabriksgatan 10	1988	Office		1,781	478	79	1,474			312	4,124	33
	Kungälv	Slottsträdgården 5	Gamla torget	1958	Hotel						6,100			6,100	32
	Kungälv	Stopet 1			Project										
	Lerum	Floda 3:121	Gamla Vägen 26	1991	Residential							1,016		1,016	11
	Lerum	Lerum 43:21	Skattegårdsbacken 10	1991	Residential							1,383		1,383	3
	Lerum	Torp 1:328	Lindvägen 34 A	1988	Residential							428	11	439	3
	Mariestad	Enen 23	Viktoriagatan 16	1985	Retail			3,889				1,952		5,841	35
	Mariestad	Furan 11	Stockholmsvägen 23	1962	Residential		121					1,620	637	2,378	35
	Mariestad	Furan 12	Stockholmsvägen 25	1962	Residential				6			4,254		4,260	
	Mariestad	Fårtickan 1	Bergsgatan 20	1968	Residential							4,632		4,632	24
	Mariestad	Granen 8	Viktoriagatan 17	1900	Other										0
	Mariestad	Hunden 3	Nya Torget 1	1965	Retail			2,187	260			158	1,209	3,814	13
	Mariestad	Murklan 1	Bergsgatan 18	1968	Residential							12,599		12,599	70
	Mariestad	Staren 8	Nygatan 14	1966	Retail		355	1,621				86		2,062	7
	Mölndal	Bastuban 1	Bäckstensgatan 5	1993	Project										242
●	Mölndal	Gaslyktan 2	Argongatan 20	1981	Retail				3,483				81	3,564	29
●	Mölndal	Leoparden 2	Göteborgsvägen 129	1923	Retail		1,488		20,657				495	22,640	121
●	Mölndal	Pianot 5	Bäckstensgatan 13	2009	Retail		2,329							2,329	16
●	Mölndal	Presenten 1	Flöjelbergsgatan 24	2001	Retail		774		12,726				77	13,577	84
●	Mölndal	Presenten 2	Flöjelbergsgtan 22	1978	Retail				2,250				75	2,325	12
	Mölndal	Stockrosen 10	Norra Ågatan 26 C	1973	Office		1,648		53				35	1,736	11
	Mölndal	Stockrosen 3	Norra Ågatan 38	1964	Office		604	408	4,880				190	6,082	6
	Mölndal	Stockrosen 6	Norra Ågatan 34	1948	Office		551	1,212	252					2,015	12
	Skövde	Dagsländan 10	Barkvägen 10 A	1972	Residential		165					22,212		22,377	71
	Skövde	Ekoxen 10	Barkvägen 32	1974	Residential		2,453	180				21,826	6,231	30,690	120
	Skövde	Mellomkvarn 1	Mellomkvarnsvägen 2	1972	Retail				10,959					10,959	32
	Skövde	Smeden 5	Petter Heléns Gata 2	1976	Office	Yes	2,598							2,598	14
	Skövde	Storängen 13	Kåsatorpsvägen 5	1992	Office		2,181		70					2,251	12
●	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	26
	Trollhättan	Plogen 1	Lantmannavägen	1969	Residential	Ja	32		316			11,156		11,504	50
	Trollhättan	Plogen 2	Lantmannavägen	1967	Residential	Ja						10,555		10,555	37
	Trollhättan	Propellern 7	Saabvägen 1	1992	Office		4,759						9	4,768	18
	Trollhättan	Sjöfrun 5	Magasinsg 4A-4B, Storgatan 35	1936	Residential			193				1,367	161	1,721	14
	Trollhättan	Strandpiparen 12	Slättbergsvägen 22	1952	Residential							654	110	764	8
	Trollhättan	Svan 7	Storgatan 47	1989	Hotel						11,632			11,632	45
	Trollhättan	Venus 9	Föreningsg 10A-10C, Österlångg 44-46	1989	Residential		1,250	475				1,594		3,319	25
	Trollhättan	Verkmästaren 14	Ekholmsg 11, Wallströmsg 9	1910	Other					1,421			75	1,496	
	Uddevalla	Bagge 7	Kungsgatan 10	1968	Retail		1,050	1,569	103					2,722	22
●	Uddevalla	Frölandsgärdet 2	Brunegårdsvägen 5	1989	Retail				5,515				136	5,651	1
	Uddevalla	Kålgården 51	Kyrkogårdsgatan 1, 3, 5	1930	Hotel		1,189	590	500	294	6,500		10	9,083	45
	Uddevalla	Sälghugget 1	Lillbräckegatan	1972	Residential	Yes	243	239	206			14,420		15,108	113
●	Varberg	Kardanen 4	Kardanvägen 6A	1991	Retail				3,847					3,847	11
	Total Gothenburg						**148,523**	**75,273**	**152,474**	**19,919**	**100,833**	**358,245**	**47,939**	**903,206**	**7,670**
	Region Öresund														
●	Burlöv	Tågarp 16:12	Testvägen 4	1990	Retail								3,360	3,360	13
	DK, Greve	Ventrupparken 6	Ventrupparken 6	1900	Retail				4,723					4,723	
	DK, Copen-hagen	Havneholmen	Havneholmen 12 B-G, 14 B-G	2016	Residential							17,451		17,451	
	DK, Copen-hagen	Matr.nr 1002 d Sundby Overdrev	Hannemanns Allé		Project										
	DK, Copen-hagen	Matr.nr 1034, 1035, 955a Sundby Overdrev	Else Alfelts Vej 85-89, 95-101, Richard Mortensens Vej 84-88	2016	Residential							18,234		18,234	

	Municipality	Name of property	Address	Year of construc-tion	Property category	Site leasehold right	Lettable area, sq.m. Office	Retail	Industrial/ Ware-house	Education/ Care	Hotel	Residen-tial	Other	Total	Tax assessment value,SEKm
	Cont´d. Region Öresund														
	DK, Copen-hagen	Matr.nr 1041, 4285 Sundbyøster	Öresundsvej 145 och Strand-lodsvej 67		Project										
	DK, Copen-hagen	Matr.nr 2406 Udenbys Klædebo Kvarter	Markskens Gade 1-35, Borgm. Jensens Allé 11-41, Serridslevvej 4-22	1996	Residential							43,609		43,609	
●	DK, Copen-hagen	Matr.nr 938 Østervold Kvarter	Oslo Plads 5	1958	Hotel						6325			6,325	
	DK, Copen-hagen	Matr.nr 952 g Sundby Overdrev	Else Alfelts Vej		Project										
	DK, Copen-hagen	Matr.nr 954 b, Sundby Overdrev	Else Alfelts Vej 80		Project										
	DK, Copen-hagen		Else Alfelts Vej		Project										
	DK, Copen-hagen	Matr.nr 964 a, Sundby Overdrev	Robert Jacobsens Vej 50		Project										
	DK, Copen-hagen	Matr.nr 966 Sundby Overdrev	Robert Jacobsens vej 93-101	2009	Residential							6,807		6,807	
	DK, Copen-hagen	Vestervold kvarter 0273	Niels Brocks Gade 1		Project										
	DK, Copen-hagen	Vestervold Kvarter	Jernbanegade 8	1900	Retail			5,300						5,300	
●	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	2
●	Halmstad	Eketånga 24:47	Olofsdalsvägen 37	2012	Retail				3,220					3,220	21
●	Halmstad	Stenalyckan 2	Orkangatan 1	1992	Retail								3,750	3,750	15
	Helsingborg	Amerika Södra 28	Bryggaregatan 7	1950	Residential		561	501	20			5,094	1,363	7,539	82
●	Helsingborg	Huggjärnet 10	Garnisonsgatan 5	1971	Retail				2,500				8,610	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	21
	Helsingborg	Skalbaggen 17	Gasverksgatan 34	1935	Residential			83				712	32	827	7
	Helsingborg	Skalbaggen 18	Gasverksgatan 36	1933	Residential			34				818	66	918	8
	Helsingborg	Skalbaggen 19	Gasverksgatan 38	1935	Residential							708	57	765	6
	Helsingborg	Skalbaggen 20	Gasverksgatan 40	1935	Residential			83				632	109	824	6
	Helsingborg	Skalbaggen 21	Gasverksgatan 42	1935	Residential							711	103	814	7
	Helsingborg	Skalbaggen 22	Gasverksgatan 44 A	1930	Residential			143				1,905		2,048	18
	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	44
	Helsingborg	Württemberg 20	Furutorpsgatan 29	1937	Retail		1,589	6,123	15			4,786	1,314	13,827	118
●	Helsingborg	Zirkonen 3	Andesitgatan 18	2016	Retail								5,500	5,500	9
●	Kristianstad	Hammar 9:184	Blekingevägen 104	1989	Retail								5,135	5,135	10
	Kristianstad	Hovrätten 41	Västra Storgatan 13	1985	Hotel			380			7,075			7,455	27
●	Kristianstad	Topplocket 1	Sävevägen 1	1999	Retail				6,509					6,509	22
●	Ljungby	Linné 9	Fabriksgatan 5	1970	Retail				1,975					1,975	3
	Lund	Dioriten 1	Brunnsgård, Råbyvägen 1	2001	Office		3,080							3,080	32
	Lund	Jöns Petter Borg 14	Hedvig Möllers gata 2	2013	Hotel						8,462			8,462	97
	Lund	Kalkstenen 1	Kalkstensvägen 32	2000	Retail			2,180						2,180	16
●	Lund	Kopparkisen 13	Porfyrvägen 11	1989	Retail				4,732				72	4,804	21
	Lund	Lagfarten 1 & 2	Magistratvägen 10	1968	Office		3,472	1,005	289					4,766	36
	Lund	Porfyren 2	Glimmervägen 3	1991	Hotel						15,711			15,711	68
	Lund	Rügen 1	Stralsundsvägen 1-25	2006	Residential							3,083		3,083	46
	Lund	Rügen 2	Stralsundsvägen 29	2006	Residential							5,264	528	5,792	81
●	Malmö	Automobilen 1	Jägersrovägen 100	1985	Retail	Yes			7,218				827	8,045	41
●	Malmö	Hästkälken 3	Jägershillgatan 4	1979	Retail	Yes			2,290					2,290	11
	Malmö	Ledebur 15	Amiralsgatan 20	1990	Office		6,135						1,300	7,435	67
	Malmö	Lejonet 2	Lilla Torg 1	1929	Office		4,896	39	68			314	537	5,854	121
	Malmö	Rosen 9	Engelbrektsgatan 2	1960	Hotel			1,430			9,777			11,207	235
	Malmö	Spinneriet 8	Baltzarsgatan 20	1957	Office		12,342	2,966	2,219		5,540		1,459	24,526	481
	Malmö	Spännbucklan 12 & 13	Agnesfridsvägen 180	1983	Retail	Yes		5,320						5,320	23
	Malmö	Von Conow 54	Baltzarsgatan 31	1964	Office		9,727	3,987	491			2,584	4,185	20,974	349
	Trelleborg	Lavetten 41	Hedvägen 167-173	1987	Retail			990						990	4
●	Trelleborg	Snickeriet 16-17 och Verkstaden 11	Maskingatan 1	1975	Retail				1,600				220	1,820	
●	Värnamo	Sjötungan 1	Margretelundsvägen 2	1973	Retail				4,924				425	5,349	12
	Växjö	Elden Södra 17	Biblioteksgatan 7	1985	Hotel			65			6,888		57	7,010	25
	Växjö	Kocken 3	Hejaregatan 19	1969	Hotel						3,982			3,982	27
	Åstorp	Lärksoppen 10	Ekebrogatan 100	1972	Residential				28			8,030	179	8,237	
	Åstorp	Asken 14	Esplanaden 15	1952	Residential		167	239	53			771		1,230	5
	Åstorp	Blåklockan 9	Fågelsångsgatan 32 A	1966	Residential							808		808	4
	Åstorp	Boken 4	Esplanaden 19 A	1945	Residential		243	1,207	146			7,606		9,202	40

● Acquisitions during 2016.

Municipality	Name of property	Address	Year of construc-tion	Property category	Site leasehold right	Lettable area, sq.m. Office	Retail	Industrial/ Ware-house	Education/ Care	Hotel	Residen-tial	Other	Total	Tax assessment value,SEKm
Cont´d. Region Öresund														
Åstorp	Ekorren 27	Skolgatan 7	1929	Residential			337				639		976	4
Åstorp	Hyllinge 5:122	Postgatan 12 A	1963	Residential				164	120		7,431	123	7,838	22
Åstorp	Hästhoven 12	Fabriksgatan 19 A	1960	Residential			704	103			2,633		3,440	14
Åstorp	Kastanjen 16	Esplanaden 7	1972	Residential		1,873	833				3,458	156	6,320	27
Åstorp	Linden 11	Nyvångsgatan 1 A	1961	Residential							340		340	2
Åstorp	Lotusblomman 15	Nyvångsgatan 31	1961	Residential							340		340	2
Åstorp	Lungörten 1	Nyvångsgatan 2 A	1961	Residential							792		792	4
Åstorp	Lärkträdet 10	Ekebrogatan 1	1970	Residential				42			5,799	142	5,983	24
Åstorp	Moroten 10	Torggatan 35 A	1954	Residential							776		776	4
Åstorp	Resedan 1	Norra Storgatan 10 A	1964	Residential				20			1,069		1,089	5
Åstorp	Svärdsliljan 7	Östergatan 16 A	1958	Residential		245	457				6,457		7,159	31
Åstorp	Tranan 1	Fjällvägen 10 A	1991	Residential							3,820		3,820	22
Ängelholm	Skräddaren 5	Verkstadsgatan 5	1973	Retail				1,172					1,172	4
Ängelholm	Taktäckaren 6	Midgårdsgatan 11	2015	Retail		676	875	4,780				429	6,760	28
Total Öresund						**45,006**	**35,538**	**56,537**	**120**	**63,760**	**176,667**	**40,393**	**418,022**	**2,577**
Region East														
Arboga	Gesällen 15	Bergsgränd 3 A	1958	Residential		436		230			5,048		5,714	22
Arboga	Getingen 1	Västermovägen	1969	Residential							9,515	20	9,535	34
Arboga	Hjulmakaren 25	Vikingagatan	1978	Residential							3,497		3,497	16
Arboga	Ringsborg 1	Kapellgatan 29	1981	Office		1,488							1,488	5
Arboga	Riskan 1	Trädgårdsgatan	1963	Residential		283		71			3,846		4,200	18
Arboga	Vilsta 10	Jädersvägen	1965	Residential		59		48			8,264		8,371	35
Arboga	Vilsta 21	Lundborgsesplanaden	1970	Residential				40			6,532		6,572	26
Arboga	Vilsta 9	Jädersvägen 1	1961	Residential		200	835	46			7,439		8,520	33
FI, Keminmaa	Joulantie 1-3		2001/2002	Retail			12,337						12,337	
FI, Koupio	Leväsentie 2B		2006	Retail			20,123						20,123	
FI, Kuusamo	Loumantie 1-3		1990	Retail			12,617						12,617	
FI, Kuusamo	Ouluntaival 1		1978	Retail			3,718						3,718	
FI, Mäntsälä	Mäntsäläntie 1		1989	Retail			3,463						3,463	
FI, Nurmijärvi	Isoseppäla 14		1966	Retail			3,008						3,008	
FI, Raisio	Kauppakaju 2		1995	Retail			5,513						5,513	
Gotland	Soldaten 1	Volontärgatan	2005	Residential				29			3,050	50	3,129	43
Gotland	Västerhejde Vibble 1:457	Tvinnaregatan 10	1989	Residential							7,734	127	7,861	52
Köping	Disa 1	Stora Torget	1929	Residential			662				924		1,586	7
Köping	Fenja 10	Västra Åpromenaden 20	1965	Retail		1,548	1,958				1,169	578	5,253	17
Köping	Freja 11	Stora G. 8, Ö:A Långg. 8-10	1929	Residential		124	876				1,612	69	2,681	11
Köping	Freja 3	Stora Gatan	1979	Residential			416				1,324		1,740	9
Köping	Immanuel 2	Tunadalsgatan 28	1965	Residential		120					11,131	273	11,524	50
Köping	Inga 1	Sankt Olovsgatan 52	1947	Residential		177	97				2,271	179	2,724	12
Köping	Tunadal 6-8	Tunadalsgatan	1971	Residential		330					8,226	990	9,546	35
Norrköping	Gärdet 1	Rågången 71	1958	Residential			491				4,609		5,100	40
Norrköping	Lammet 2	Kungstorget 2	1939	Residential		173	1,950				2,405	60	4,588	30
Norrköping	Lokatten 12	Hosp.Gat9-11,Olai Kyr-kog12,Trädg.G 8b,10	1992	Residential		1,693	380				5,364	533	7,970	80
Norrköping	Planket 20	Bråddgatan 54	1983	Residential							1,139		1,139	11
Norrköping	Planket 23	Plankgatan 46	1940	Residential		25	60				940	600	1,625	10
Norrköping	Prinsen 18	Hospitalsgatan 42	1967	Residential			30	99			9,558	11	9,698	91
Norrköping	Sprutan 8	Gamla Rådstugugatan 52	1940	Residential			370				1,318	145	1,833	15
Norrköping	Stenhuggaren 25	Sandgatan 28	1960	Residential							2,914		2,914	27
Norrköping	Storgatan 10	Drottninggatan 10	1929	Residential		484					1,213	715	2,412	16
Norrköping	Storgatan 9	Drottn.G14,G:A Rådst.G3-7,Nya Rådst.G2-4	1985	Residential		252	355	15			5,968	231	6,821	64
Norrköping	Stävan 2	Rösgången 32	1959	Residential	Yes						3,639		3,639	31
Norrköping	Tullhuset 1	Gamla Rådstugugatan 11	1929	Residential			273				1,320		1,593	15
Nyköping	Brandholmen 1:72	Idrottsvägen 12 E	2014	Other								16,324	16,324	
Tranås	Bågskytten 4	Gränavägen 21	1949	Residential							478		478	2
Tranås	Bågskytten 5	Stjärngatan 13	1991	Residential							500		500	3
Tranås	Falkberget 24	Vallgatan 6	1969	Residential							1,017	70	1,087	6
Tranås	Flundran 2	Granitgatan 2	1966	Other									0	1
Tranås	Forellen 3	Beckhemsvägen	1972	Residential		56		55			5,577	95	5,783	25
Tranås	Forellen 4	Beckhemsvägen 21	1930	Other							150	250	400	1
Tranås	Forellen 5	Beckhemsvägen 14	1969	Residential		348					6,019	10	6,377	27
Tranås	Gäddan 2	Beckhemsvägen 2	1966	Residential							3,402		3,402	14
Tranås	Jupiter 17	Plangatan	1988	Residential							476		476	3
Tranås	Kometen 10	Nämndemansgatan 8	1944	Residential							708		708	3
Tranås	Kullen 1	Västra vägen 7 A	1946	Residential							670	34	704	4
Tranås	Laxen 2	Beckhemsvägen 10	1967	Residential		324		65			9,161	290	9,840	41
Tranås	Laxen 3	Beckhemsvägen 8	1973	Retail								575	575	1

Municipality	Name of property	Address	Year of construc-tion	Property category	Site leasehold right	Lettable area, sq.m. Office	Retail	Industrial/ Ware-house	Education/ Care	Hotel	Residen-tial	Other	Total	Tax assessment value,SEKm
Cont´d. Region East														
Tranås	Lejonet 5	Sveagatan 4	1940	Residential							1,279	63	1,342	7
Tranås	Lindkullen 11	Majorsgatan 18 A	1929	Residential							814		814	4
Tranås	Lindkullen 12	Majorsgatan 20	1949	Residential							943	128	1,071	5
Tranås	Lindkullen 13	Majorsgatan 22	1946	Residential							999	10	1,009	5
Tranås	Nordstjärnan 7	Storgatan 38	1965	Residential		265	966				1,504	216	2,951	12
Tranås	Norra Gyllenfors 9	Missionsgatan 10	1950	Residential		369	4,938	59			5,658	41	11,065	63
Tranås	Oden 12	Nygatan 18	1992	Residential		367	1,213				1,997	110	3,687	21
Tranås	Sutaren 2	Beckhemsvägen 12 A	1968	Residential		496					2,752	551	3,799	
Tranås	Södra Framnäs 20	Framnäsgatan 2	1984	Residential							402		402	1
Tranås	Tigern 14	Götgatan 29	1960	Residential							736		736	4
Tranås	Tjädern 23	Framnäsgatan 1	1983	Residential							684		684	4
Tranås	Tornsvalan 3	Östra Järnvägsgatan 1	1985	Residential							2,073	10	2,083	12
Tranås	Västermalm 23	Storgatan 15	1955	Residential			3,310	15			2,913	617	6,855	27
Tranås	Öringen 1	Granitgatan 5	1971	Residential							3,040		3,040	16
Västerås	Fältmössan 1	Rönnbergagatan 1	1963	Residential			150	106			14,331		14,587	221
Västerås	Klockarkärleken 2	Rönnbergagatan 4	1962	Residential				260			5,778		6,038	37
Västerås	Rödklinten 2	Bangatan 15	1957	Residential			133	120			7,003	30	7,286	45
Västerås	Sågen 1	Pilgatan 33	1980	Hotel						8,317			8,317	33
Västerås	Vallmon 6	Bangatan 1 A	1968	Residential				84			13,914		13,998	89
Västerås	Vapenrocken 1	Regementsgatan 62	1963	Residential		441		114			19,194	2	19,751	
FI, Sato Oyj	Several properties			Residential							397,902		397,902	
Total East						**10,058**	**80,242**	**1,456**	**0**	**8,317**	**634,041**	**24,007**	**758,121**	**1,591**
Region North														
Gävle	Holmsund 11:1 mfl	Korsnäsvägen 104 A	1929	Residential							1,200	260	1,460	4
Gävle	Holmsund 7:6	Holmsundsvägen 7, 17-29, (Odd numbers)	1929	Residential							3,002	8	3,010	11
Gävle	Kastet 8: 1, 12:1 m fl	Forskarvägen 27 mfl	1929	Residential		1,014	104	260			12,407	2,114	15,899	51
Gävle	Lillhagen 5:3	Torkarvägen 10	1946	Residential							3,027		3,027	10
Gävle	Norr 18:6	Hattmakargatan 11	1985	Residential		42	408				2,641	385	3,476	31
Gävle	Norr 27:2	Nygatan 40	1929	Residential		127	480				2,185	40	2,832	24
Gävle	Söder 58:7	Kaserngatan 65	1969	Residential		289	941	280			2,004		3,514	24
Gävle	Sörby 10:9	Falkvägen 5 A	1994	Residential							512		512	5
Gävle	Valbo-Backa 6:12	Johanneslötsvägen 6	1981	Hotel						7,382			7,382	33
Karlstad	Anden 9	Långgatan 65	1983	Residential							1,472	75	1,547	17
Karlstad	Braxen 34	Nygatan 1	1944	Residential			322	27			1,198	521	2,067	16
Karlstad	Druvan 1	Drottninggatan 22	1929	Residential			459			601	1,443	80	2,583	34
Karlstad	Ekorren 9	Sandbäcksg 5/S Klaragatan 1	1929	Residential		715	46				1,811		2,572	23
Karlstad	Furan 5	Gillbergsgatan 3	1951	Residential			119				1,710		1,829	21
Karlstad	Furan 7	Jössegatan 3	1968	Residential							925	97	1,022	12
Karlstad	Granatkastaren 4	Artillerigatan 1	1945	Residential							748		748	6
Karlstad	Gruvan 12	Västra Kanalgatan 3	1991	Residential			126				2,525		2,651	34
Karlstad	Gruvan 2	Östra Kyrkogatan 4	1929	Residential							1,064	102	1,166	14
Karlstad	Grävlingen 3	Herrhagsgatan 43	1929	Residential			138				1,018	44	1,200	13
Karlstad	Höken 1	Hamngatan 16	1929	Hotel						5,890			5,890	43
Karlstad	Pilbågen 1	Sandelsgatan 2 a	1942	Residential							2,184		2,184	18
Karlstad	Registratorn 1	Norra Allén 26 A	1949	Residential							502	56	558	6
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	6
Karlstad	Spiran 1-6	Lignellsgatan 1	1939	Residential			95				4,456	105	4,656	52
Karlstad	Trätälja 11	Drottningg 37/Pihlgrensgatan 4	1959	Residential			259				4,567	35	4,861	58
Karlstad	Tusenskönan 1	Älvdalsgatan 8	1950	Residential	Yes		69				1,288		1,357	16
Karlstad	Väduren 3	Rudsvägen 1	1942	Residential							1,344	54	1,398	15
● NO, Elverum	Högskolan i Hedmark	Hamarvegen 112	2010	Other					16,393				16,393	
Sundsvall	Aeolus 1	Nybrogatan 19	1944	Residential		89	501				872		1,462	9
Sundsvall	Bredsand 1:3 mfl	Appelbergsvägen 1 a	1950	Residential				118			7,127	119	7,364	25
● Acquisitions during 2016														
Sundsvall	Bredsand 1:4 mfl	Appelbergsv. 14, 16, 18	1950	Residential							4,479	3	4,482	16
Sundsvall	Dingersjö 28:27 mfl	Appelbergsvägen 26	1989	Residential				15			9,464	56	9,535	11
Sundsvall	Dingersjö 3:131 m fl	Bergsvägen 3	1964	Residential		176		350			21,016	2,858	24,400	64
Sundsvall	Fliten 10	Skolhusallén 7	1990	Office		3,125		5				36	3,166	26
Sundsvall	Fliten 11	Rådhusgatan 39 a	1992	Residential		272					3,371		3,643	33
Sundsvall	Kvissle 2:53 & 2:43	Affärsgatan 26 A-D	1962	Residential							1,468		1,468	4
Sundsvall	Kvissle 22:2 & 39:1	Affärsgatan 22	1968	Residential		192	137	19			6,311	45	6,704	17
Sundsvall	Lagmannen 10	Esplanaden 18	1962	Residential		757	240				3,980	1,042	6,019	35
Sundsvall	Nolby 1:48, 40:1, 1:108	Affärsgatan 20	1983	Residential		1,059		39			4,097	748	5,943	18
Sundsvall	Nolby 3:268	Brovägen 9	1988	Residential							997		997	4
Sundsvall	Nolby 40:2	Affärsgatan 18	1964	Residential			901	6			2,166	201	3,274	8
Sundsvall	Nolby 41:3 & 37:1	Affärsgatan 14	1974	Residential			1,006	5			5,328	43	6,381	19
Total North						**7,957**	**6,351**	**1,136**	**16,393**	**13,873**	**126,829**	**9,216**	**181,755**	**891**
Total Fastighets AB Balder						**363,828**	**222,734**	**295,923**	**52,848**	**280,412**	**2,436,033**	**153,734**	**3,805,512**	**19,480**