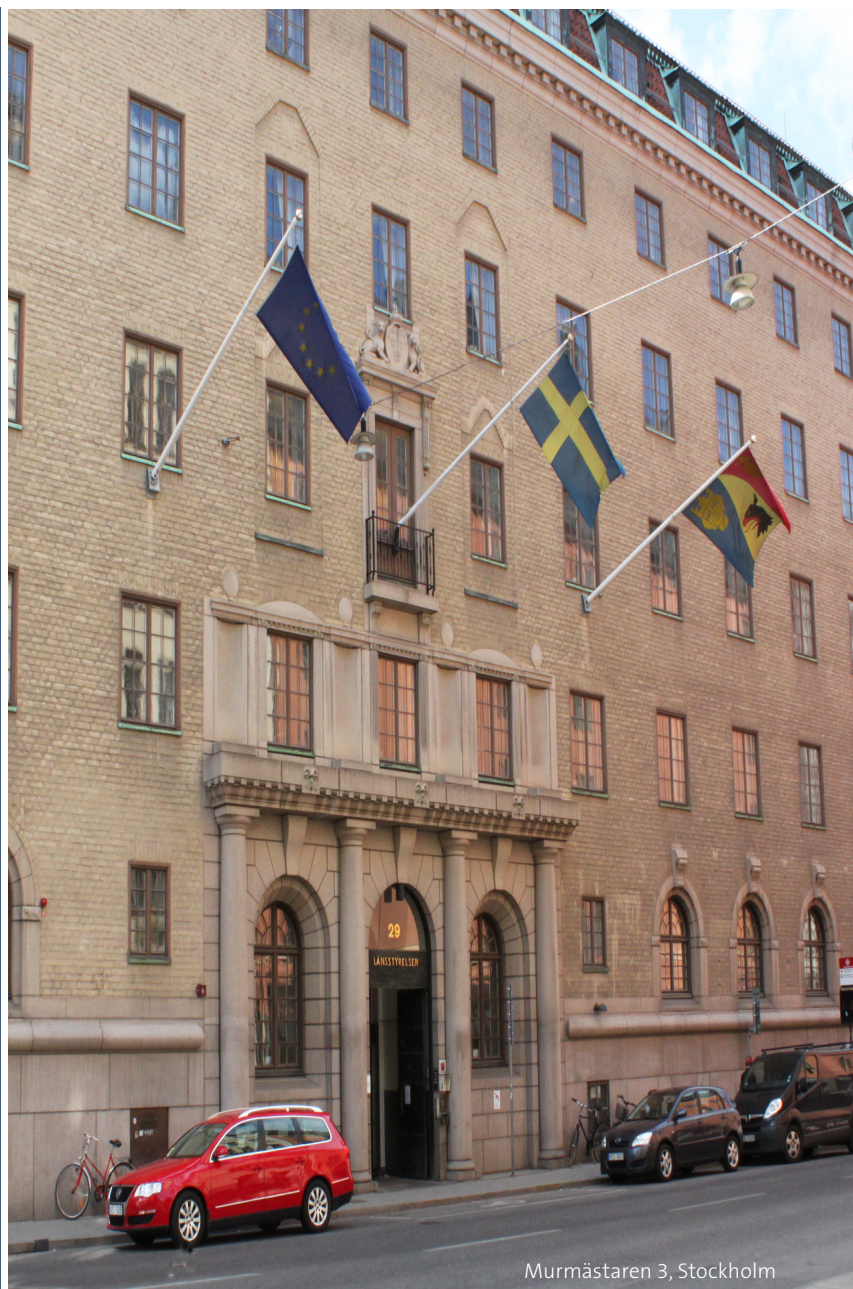


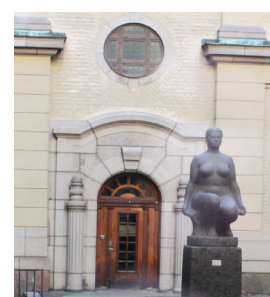
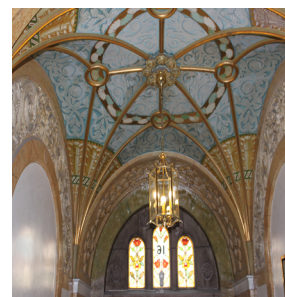
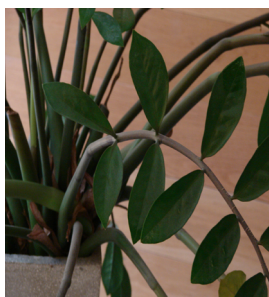
Fastighets AB Balder Interim report January–March 2014

- Profit from property management before tax amounted to SEK 234m (161), corresponding to SEK 1.15 per ordinary share (0.82)
- Rental income amounted to SEK 566m (448)
- Profit after tax amounted to SEK 282m (406), corresponding to SEK 1.45 per ordinary share (2.36)
- Shareholders' equity amounted to SEK 54.02 per ordinary share (44.47) and the net asset value amounted to SEK 63.41 per ordinary share (52.19)

Fastighets AB Balder is a listed property company which shall meet the needs of different customer groups for premises and housing based on local support. Balder's real estate portfolio had a value of SEK 29.1 billion (22.5) as of 31 March 2014. The Balder share is listed on NASDAQ OMX Stockholm, Mid Cap segment.



Murmästaren 3, Stockholm



Net profit for the year in brief

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

Jan–Mar 2014

- Rental income amounted to SEK 566m (448).
- Net operating income increased by 29 per cent to SEK 350m (272).
- Profit from property management increased by 45 per cent to SEK 234m (161), which corresponds to SEK 1.15 per ordinary share (0.82).
- The occupancy rate has increased to 95 per cent (93).
- Changes in value in respect of investment properties amounted to SEK 247m (170). The average yield requirement amounted to 5.9 per cent (5.9).
- Changes in value of interest rate derivatives have impacted the result by SEK –124m (189).
- Net profit after tax amounted to SEK 282m (406), which corresponds to SEK 1.45 per ordinary share (2.36).
- Six properties were acquired and three were sold.
- Disposed of all repurchased shares for SEK 221m (–).

	2014 Jan–Mar	2013 Jan–Mar	2013 Jan–Dec	2012 Jan–Dec	2011 Jan–Dec	2010 Jan–Dec	2009 Jan–Dec	2008 Jan–Dec	2007 Jan–Dec	2006 Jan–Dec
Rental income, SEKm	566	448	1 884	1 701	1 466	1 333	854	633	678	524
Profit from property management before tax, SEKm	234	161	854	691	516	417	315	174	179	160
Changes in value of properties, SEKm	247	170	854	812	990	1 047	4	–201	642	212
Changes in value of derivatives, SEKm	–124	189	433	–71	–520	148	–23	–333	7	–
Profit after tax, SEKm	282	406	1 738	1 162	812	1 338	248	–388	785	441
Carrying amount of properties, SEKm	29,105	22,483	27,532	22,278	17,556	14,389	12,669	7,086	6,758	6,997
Data per ordinary share										
Average number of shares, thousands	159,919	159,537	159,537	159,537	158,656	149,487	112,902	95,910	97,318	94,050
Profit after tax, SEK	1.45	2.36	10.11	6.69	4.87	8.95	2.20	–4.04	8.07	4.69
Profit from property management before tax, SEK	1.15	0.82	4.57	3.73	3.00	2.79	2.79	1.81	1.84	1.70
Outstanding number of shares, thousands	162,397	159,537	159,537	159,537	159,537	149,487	149,487	94,458	97,318	97,318
Carrying amount of properties, SEK	179.22	140.93	172.58	139.64	110.04	96.25	84.75	75.02	69.44	71.90
Shareholders' equity, SEK	54.02	44.47	52.14	42.15	35.57	31.13	22.19	19.63	23.49	15.42
Long-term net asset value (EPRA NAV), SEK	63.41	52.19	60.50	50.37	41.83	32.89	22.16	20.95	22.33	13.06
Share price on closing date, SEK	78.50	45.90	66.00	37.30	25.30	29.40	12.50	7.00	13.33	17.00

Comments by the CEO

Dear shareholder!

We have had an excellent start to the year. During the first quarter, we acquired additional properties at Backaplan in Gothenburg, among other transactions. In our view, Backaplan is one of the most interesting development areas in Gothenburg, particularly for residential properties. We are currently engaged in intensive work, to stake out the way forward together with the City of Gothenburg and all of the other stakeholders.

We are also very happy about the acquisitions of hotel properties during the first quarter and not least about the

acquisition of an additional 14 hotels, which we will take into possession during the second quarter.

Profit from property management is increasing strongly, helped by low interest rates, a mild winter but most importantly of all, by the outstanding dedication and energetic work of Balder's employees and the staff of our associated companies during all these years. We have a lower level of vacancies than the previous year, despite a clearly larger property portfolio, which now gives us an occupancy rate of 95%.

I take a bow on behalf of all shareholders!

Erik Selin
Chief Executive Officer

Current earning capacity

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

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

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

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

The costs of the interest-bearing liabilities are based on the group's average interest rate level including the effect of derivative instruments. The tax is calculated using the effective tax rate during each period and is estimated to largely consist of deferred tax, which does not affect the cash flow.

Current earning capacity on a twelve-month basis

SEKm	2014 31 Mar	2013 31 Dec	2013 30 Sep	2013 30 June	2013 31 Mar	2012 31 Dec	2012 30 Sep	2012 30 June	2012 31 Mar	2011 31 Dec	2011 30 Sep	2011 30 June
Rental income	2,310	2,260	1,885	1,865	1,800	1,800	1,790	1,710	1,685	1,530	1,480	1,450
Property costs	-735	-735	-580	-575	-560	-560	-560	-530	-525	-465	-455	-445
Net operating income	1,575	1,525	1,305	1,290	1,240	1,240	1,230	1,180	1,160	1,065	1,025	1,005
Property and administrative expenses	-165	-165	-125	-120	-120	-120	-115	-115	-110	-105	-100	-100
Profit from property management from associated companies	180	170	150	130	130	120	110	95	95	90	85	85
Operating profit	1,590	1,530	1,330	1,300	1,250	1,240	1,225	1,160	1,145	1,050	1,010	990
Net financial items	-535	-535	-515	-510	-495	-495	-505	-500	-505	-445	-420	-410
Profit from property management	1 055	995	815	790	755	745	720	660	640	605	590	580
Taxes	-232	-219	-179	-174	-166	-164	-189	-174	-168	-159	-155	-153
Profit after tax	823	776	636	616	589	581	531	486	472	446	435	427
Profit after tax attributable to												
Ordinary shareholders	623	576	506	486	469	461	411	386	372	366	355	347
Preference shareholders	200	200	130	130	120	120	120	100	100	80	80	80
Profit from property management before tax according to current earnings capacity per ordinary share, SEK	5.26	4.99	4.29	4.14	3.98	3.92	3.76	3.51	3.38	3.29	3.20	3.13

Results, income and costs

Results

Profit from property management increased by 45 per cent during the period and amounted to SEK 234m (161), which corresponds to SEK 1.15 per ordinary share (0.82). Profit from property management includes SEK 39m (36) in respect of associated companies.

Net profit after tax for the period amounted to SEK 282m (406), corresponding to SEK 1.45 per ordinary share (2.36). Profit before tax was affected by changes in value in respect of properties of SEK 247m (170), changes in value of interest rate derivatives of SEK –124m (189) and profit from participations in associated companies of SEK 33m (30).

Rental income

Rental income increased by 26 per cent to SEK 566m (448). The increase was primarily due to a larger real estate portfolio. The leasing portfolio was estimated to have a rental value on 31 March of SEK 2,463m (1,934) on a full-year basis. The average rental level for the entire real estate portfolio amounted to SEK 1,233/sq.m. (1,256). The decrease in the average rental level was due to the acquisition of Bovista Invest, which mainly consists of 4,300 residential apartments.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 95 per cent (93) on 31 March. The total rental value of unlet areas for the period amounted to SEK 128m (134) on an annual basis.

Property costs

Property costs amounted to SEK 217m (176) during the year. The increase in property costs was mainly due to the change in the property portfolio but these costs were also positively impacted by a mild winter with very little snow.

Net operating income increased by 29 per cent to SEK 350m (272), which implies a surplus ratio of 62 per cent (61). Operating costs normally vary with the seasons. The first and fourth quarters have higher costs than the other quarters, while the third quarter usually has the lowest cost level.

Changes in value of investment properties

Balder carried out an individual internal valuation on 31 March, based on a ten-year cash flow model, of the entire real estate portfolio. Unrealised changes in value during the period amounted to SEK 238m (167). Realised changes in value amounted to SEK 9m (3).

The average yield requirement as of 31 March amounted to 5.9 per cent (5.9). The change in value during the period was attributable to improved net operating income.

Management and administrative costs

Management and administrative costs amounted to SEK 40m (31) during the first quarter. The increase was largely due to the acquisition of Bovista.

Participations in the profit of associated companies

Balder owns 50 per cent of the property-managing associated companies and project development companies Bovieran and Fix Holding. The participating interest in the finance and credit management company Collector amounts to 48 per cent. Profit from participations in associated companies amounted to SEK 33m (30) during the period and Balder's participation in the associated companies' profit from property management amounted to SEK 39m (36). Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 2m (2).

Net financial items and changes in value of derivatives

Net financial items amounted to SEK –115m (–116) and unrealised changes on value of interest rate derivatives amounted to SEK –124m (189). The negative change in value during the period was due to a decrease in the level of interest rates since year-end. Unrealised changes in value do not affect the cash flow.

Net financial items are equivalent to borrowing at an average interest rate of 2.7 per cent (3.4) during the period, including the effect of accrued interest from interest rate derivatives.

Taxes

Balder reported a deferred tax expense for the period of SEK 69m (109).

Current tax only arises in exceptional cases due to the possibilities of making tax write-offs, tax deductions for certain investments in properties and use of existing loss carry-forwards. Current tax arises for subsidiaries where no group contributions for tax purposes exist mainly companies acquired during the year.

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 930m (552). At year-end, the group's overall tax deficit amounted to about SEK 2,000m.

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 187m (111). Investing activities have burdened the cash flow by SEK 1,204m (155). During the period, acquisition of properties of SEK 1,164m (–), investments in existing properties of SEK 210m (105) and investments in property, plant and equipment, financial investments, associated companies of SEK 86m (72) and dividends paid of SEK 50m (30) have been financed through cash flow from operating activities of SEK 196m (77), by property divestments of SEK 47m (20) and financial investments of SEK 210m (2), disposal of own shares of SEK 221m (–) and net borrowing of SEK 937m (85).

Total cash flow for the period amounted to SEK 100m (–23). The group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 1,432m (259) on 31 March.

Employees and organisation

The number of employees on 31 March amounted to 288 persons (221), of whom 95 (63) were women. Balder is organised into five regions with 16 areas in total. The head office with group-wide functions is located in Gothenburg.

Parent Company

The parent company's operations mainly consist of performing group-wide services but an important part also relates to sales of services, principally to associated companies. Sales in the parent company amounted to SEK 29m (25) during the period.

Net profit amounted to SEK –39m (157). No dividend from subsidiaries and associated companies was included (–) and changes in value of unrealised interest rate derivatives amounted to SEK –111m (160).

Real estate holdings

On 31 March, Balder owned 501 properties (430) with a lettable area of approximately 1,997,000 sq.m. (1,540,000) and a value of SEK 29,105m (22,483). Balder's total rental value amounted to SEK 2,463m (1,934).

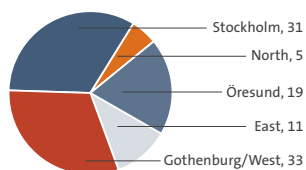
Balder's commercial properties are located in the centre and immediate suburbs of big cities and surrounding municipal areas. Balder's residential properties are located in places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

Balder's real estate holdings on 2014-03-31 ¹⁾

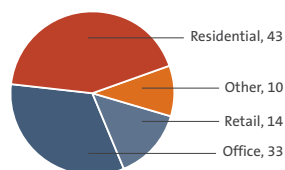
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	57	429,679	693	1,612	647	93	9,165	31
Gothenburg/ West	209	756,738	877	1,160	841	96	9,644	33
Öresund	57	276,553	405	1,463	378	94	5,427	19
East	98	379,973	341	898	326	95	3,292	11
North	80	153,754	147	953	143	97	1,577	5
Total	501	1,996,697	2,463	1,233	2,335	95	29,105	100
Distributed by property category								
Residential	346	1,210,180	1,177	973	1,148	97	12,605	43
Office	77	464,574	805	1,732	741	92	9,540	33
Retail	40	175,879	272	1,547	258	95	3,971	14
Other	38	146,064	208	1,427	189	91	2,989	10
Total	501	1,996,697	2,463	1,233	2,335	95	29,105	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, %



Distributed by property category, %



Change in real estate portfolio

The value of Balder's real estate portfolio is based on internal valuations. All properties have been valued using the yield method, which means that each property is valued by discounting the estimated future cash flows. An estimate is also made of the future development of the immediate surroundings and the position of the property within its market segment. On 31 March, Balder's average yield requirement amounted to 5.9 per cent, excluding project real estate, which is unchanged compared to the start of the year.

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

Project real estate

During the first quarter, we took possession of the hotel property in Lund. The property is fully let and is managed under the Park Inn by Radisson brand. Balder had three properties under construction as of 31 March. The overall investment will amount to about SEK 1,375m on completion, of which about SEK 380m remains to be invested.

Rosvalla arena, Brandholmen 1:72 is under construction in Nyköping, with a lettable area of about 13,000 sq.m. The property is fully let to Nyköping municipality and is subject to a 25-year lease. The property will be completed during the third quarter of 2014.

In Stockholm, Skeppshandeln 1 is under construction with a lettable area of almost 14,000 sq.m. and 280 retaining parking places. The property is 95 per cent let to tenants including ICA, Profil Hotels and Bengt Dahlgren AB. The property will be completed during the third quarter of 2014.

Balder has entered into a turnkey agreement regarding construction of approximately 200 apartments in Örestad Syd in Copenhagen. The lettable area will amount to about 18,000 sq.m. The project is expected to be completed during the fourth quarter of 2015, and will be let in three phases.

Unrealised changes in value

The overall carrying amount of Balder's 501 properties (430) amounted to SEK 29,105m (22,483) on 31 March. The unrealised change in value during the period amounted to SEK 238m (167) and was attributable to improved net operating income.

Investments, acquisitions and divestments

During the year, a total of SEK 1,374m (105) was invested, of which SEK 1,164m(–) related to acquisitions and SEK 210m(105) related to investments in existing properties and projects. Properties with a sales value of SEK 47m (20) were sold during the period.

The change in the real estate portfolio during the year may be seen in the table below.

Change in carrying amount of properties

	2014		2013	
	SEKm	Number	SEKm	Number
Real estate portfolio, 1 January	27,532	498	22,278	432
Investments in existing properties	210		105	
Acquisitions	1,164	6	–	–
Sales	–38	–3	–18	–2
Change in value of investment properties, unrealised	238		167	
Currency changes	–1		–50	
Real estate portfolio, 31 December	29,105	501	22,483	430

Property transactions 2014

Quarter	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
Acquisitions					
One	1	Nordstaden 10:15	Gothenburg	Office	2,529
One	1	Backa 170:1	Gothenburg	Other	3,500
One	1	Tingstadsvassen 3:7	Gothenburg	Retail	5,243
One	1	Backa 169:3	Gothenburg	Retail	1,975
One	1	Jöns Petter Borg 14	Lund	Hotel	8,462
One	1	Heden 24:11	Gothenburg	Hotel	17,875
Total	6				39,584
Divestments					
One	1	Rivan 4	Lund	Retail	1,231
One	1	Edberga 1	Åtvidaberg	Residential	5,572
One	1	Norr 5:8	Hjo	Residential	3,270
Total	3				10,073

Associated companies

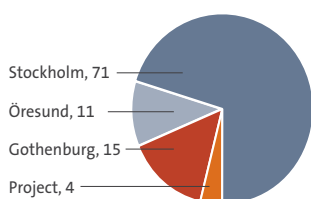
Balder owns 50 per cent of property-managing associated companies and associated companies which conduct project development. In addition, Balder owns 48 per cent of the finance and credit management company Collector. The property-managing associated companies include Centur, Akroterion and Tulia. Bovieran and Fix Holding work

In order to illustrate Balder's holdings in associated companies, Balder's participations in the balance sheets and real estate holdings of property-managing associated companies are reported below and presented according to IFRS accounting policies.

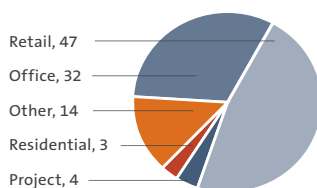
Balder's participation in the real estate portfolio of associated companies on 2014-03-31

	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								
Stockholm	32	87,980	148	1,686	137	93	1,831	71
Gothenburg	10	30,076	29	954	28	99	379	15
Öresund	7	24,282	23	947	21	92	277	11
Total	49	142,337	200	1,405	187	93	2,487	96
Project	4	–	–	–	1	–	98	4
Total	53	142,337	200	1,405	188	93	2,585	100
Distributed by property category								
Residential	4	3,406	4	1,279	4	97	80	3
Office	7	34,711	77	2,216	68	88	820	32
Retail	32	94,454	98	1,038	94	96	1,221	47
Other	6	9,768	21	2,117	21	99	366	14
Total	49	142,337	200	1,405	187	93	2,487	96
Project	4	–	–	–	1	–	98	4
Total	53	142,337	200	1,405	188	93	2,585	100

Distributed by region, %



Distributed by property category, %



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

SEKm	2014 31 Mar	2013 31 Mar
Assets		
Properties	2,585	2,243
Other assets	28	20
Cash and cash equivalents	63	18
Total assets	2,676	2,282
Shareholders' equity and liabilities		
Equity/shareholder loan	1,043	769
Interest-bearing liabilities	1,449	1,392
Other liabilities	184	120
Total equity and liabilities	2,676	2,282

Customers

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

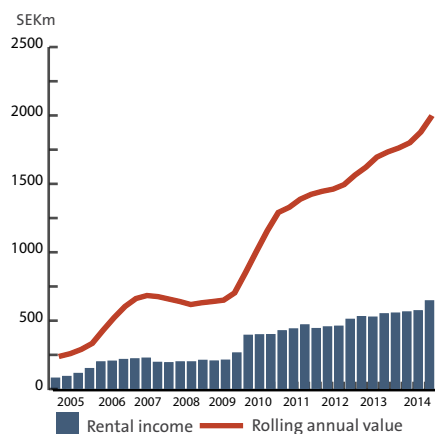
Balder's commercial leases have an average lease term of 5.3 years (4.3). Balder's 10 largest leases represent 9.3 per cent (8.6) of total rental income and the average lease term amounts to 11.1 years (10.3). No individual lease accounts for more than 1.7 per cent (1.6) of Balder's total rental income and no individual customer accounts for more than 1.7 per cent (2.6) of total rental income.

Lease maturity structure 2014-03-31

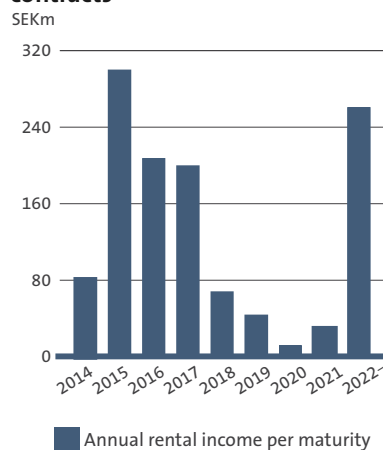
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2014	573	23	84	4
2015	728	29	292	12
2016	551	22	209	9
2017	430	17	195	8
2018–	236	9	431	18
Total	2,518	100	1,211	52
Residential ¹⁾	15,360		1,065	46
Car park ¹⁾	5,353		16	1
Garage ¹⁾	5,478		43	2
Total	28,709		2,335	100

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

Rental income



Maturity structure of commercial lease contracts



Balder's ten largest customers

2014-03-31

- ICA Sverige
- Kopparbergs Bryggerier
- County Administrative board of Stockholm
- Magnora AB
- Rasta Group
- Scandic Hotels AB
- Sirius International Insurance
- Stureplansgruppen
- Västra Götalands county council
- Winn Hotel Group

Financing

Shareholders' equity

Consolidated equity amounted to SEK 11,649m (8,660) on 31 March and the equity/assets ratio amounted to 36.8 per cent (35.7). During the period, equity increased by comprehensive income for the period of SEK 283m (401), the disposal of all repurchased shares of SEK 221m (-) and decreased by SEK 50m (30) on account of dividend to the preference shareholders, which is paid out quarterly.

Interest-bearing liabilities

The group's interest-bearing liabilities in respect of properties amounted to SEK 16,379m (13,504) on 31 March, corresponding to a loan-to-value ratio of 56.3 per cent (60.1). The interest-bearing liabilities consist of three bonds of SEK 1,350m (250) in total, a certificate programme with a framework amount of SEK 1,500m (1,000) and bilateral bank loans with Nordic banks. Balder's certificate programme had an outstanding volume of SEK 825m (925) on 31 March. On 31 March, the average interest rate refixing period was 3.3 years (4.8).

The fixed credit term amounted to 5.0 years (6.4) and the average interest rate amounted to 3.1 per cent (3.6), including the effect of accrued interest from the interest rate derivative instruments which are recognised as fixed interest borrowing in the table.

Interest rate derivative instruments are deployed in order to obtain preferred interest rate refixing targets. Derivatives are continually recognised at fair value in the balance sheet with changes in value recognised in the income statement without using hedge accounting. Unrealised changes in value amounted to SEK -124m (189) during the period. The remaining deficit on derivatives, SEK 596m (679), will be released during the remainder of the term and recognised as income. This means that Balder has a reserve of SEK 596m which will be reversed in its entirety to equity, adjusted by deferred tax, concurrently with the expiry of interest rate derivatives. All derivatives are classified as Level 2 according to IFRS 13.

Liquidity

The group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 1,432m (259) at the end of the accounting period.

Financial goals

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-based financing. Balder's financial goals are that the equity/assets ratio shall not be less than 35 per cent over time and that the interest coverage ratio should not be less than 1.5 times. As of 31 March, the equity/assets ratio was 36.8 per cent (35.7) and the interest coverage ratio was 3.0 times (2.4).

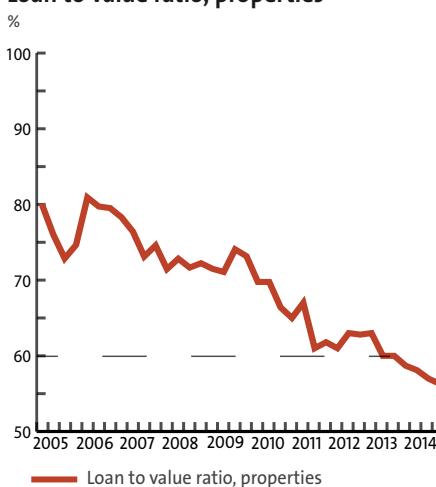
Financial targets

	Target	Outcome
Equity/assets ratio, %	35.0	36.8
Interest coverage ratio, times	1.5	3.0

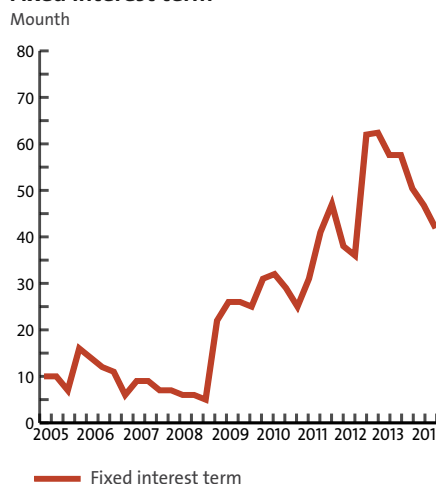
Interest maturity structure on 2014-03-31

Year	Interest refixing period		
	SEKm	Interest, %	Proportion, %
Within one year	9,598	2.1	53.7
1-2 years	261	4.4	1.5
2-3 years	500	4.5	2.8
3-4 years	-	-	-
4-5 years	3,000	4.8	16.8
> 5 years	4,500	3.9	25.2
Total	17,859	3.1	100.0

Loan to value ratio, properties



Fixed interest term



Other disclosures

Events after the end of the year

After the end of the period, Balder made an agreement to acquire a hotel portfolio from Pandox consisting of 14 hotel properties. The purchase price amounted to about SEK 2.2 billion and the transaction includes 127,000 sq.m. and 2,400 hotel rooms. Halmstad Eketånga 24:45, Stockholm Magneten 19 and all nine properties in Landskrona were sold in three property transactions. The total purchase price amounted to about SEK 137m and included an area of approximately 23,000 sq.m.

Related company transactions

Balder receives fees from associated companies and Erik Selin Fastigheter AB for property and company management services. These fees amounted to SEK 6m (4) during the period and are recognised in management and administrative costs.

Risks and uncertainties

Balder's operations, financial position and results may be affected by a number of risks and uncertainty factors. These are described in the Annual Report for 2013, on pages 42-45.

Accounting policies

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

The accounting policies and calculation methods applied are unchanged compared with the Annual Report for 2013.

The interpretation IFRIC 21 Levies described in the Annual Report for 2013 has still not been adopted by the EU. Therefore it has not been applied by the group in this interim report. Of course, Balder will apply the interpretation when it has been adopted, which will result in the recognition of the entire remaining property tax for 2014 as a liability.

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

Gothenburg, 7 May 2014

Erik Selin
Chief Executive Officer

Consolidated statement of comprehensive income

SEKm	2014 Jan-Mar	2013 Jan-Mar	2013/2014 April-Mar	2013 Jan-Dec
Rental income	566	448	2,001	1,884
Property costs	-217	-176	-649	-609
Net operating income	350	272	1,352	1,274
Changes in value of properties, realised	9	3	22	16
Changes in value of properties and wind turbines, unrealised ¹⁾	238	167	872	801
Property and administrative costs	-40	-31	-130	-121
Participations in the profits of associated companies	33	30	206	204
Operating profit	590	441	2,322	2,174
Net financial items	-115	-116	-455	-456
Changes in value of derivatives, unrealised	-124	189	120	433
Profit before tax	351	515	1,987	2,151
Current taxes	0	—	6	6
Deferred tax	-69	-109	-378	-418
Net profit for the period/year	282	406	1,615	1,738
Other comprehensive income				
Translation difference	0	-4	2	8
Participation in other comprehensive income of associated companies	1	-1	-1	-12
Total comprehensive income for the period/year	283	401	1,616	1,735
Profit from property management before tax, SEKm	234	161	927	854
Profit from property management before tax per ordinary share, SEK	1.15	0.82	4.90	4.57
Profit after tax per ordinary share, SEK	1.45	2.36	9.21	10.11

All of the comprehensive income for the period/year accrues to the parent company's shareholders. There is no dilutive effect as no potential shares arise.

SEKm	2014 Jan-Mar	2013 Jan-Mar	2013/2014 April-Mar	2013 Jan-Dec
1) Unrealised changes in value in respect of properties	238	167	910	839
Unrealised changes in value in respect of wind turbines	—	—	-37	-37
Total	238	167	872	801

Consolidated statement of financial position

SEKm	2014 31 Mar	2013 31 Mar	2013 31 Dec
Assets			
Investment properties	29,105	22,483	27,532
Other property, plant and equipment	105	151	108
Participations in associated companies	1,139	857	1,020
Other receivables ¹⁾	932	648	867
Cash and cash equivalents and financial investments	407	101	513
Total assets	31,688	24,240	30,041
Shareholders' equity and liabilities			
Shareholders' equity	11,649	8,660	11,196
Deferred tax liability	930	552	862
Interest-bearing liabilities ²⁾	17,859	13,829	16,521
Derivatives	596	679	472
Other liabilities	654	520	990
Total equity and liabilities	31,688	24,240	30,041
1) Of which most part refers to receivables in associated companies			
2) Of which interest-bearing liabilities in respect of properties	16,379	13,504	15,703

Consolidated statement of changes in equity

Attributable to the Parent Company's shareholders, SEKm	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
Opening equity	11,196	8,289	8,289
New issue	–	–	1,297
Dividend paid for preference shares	–50	–30	–125
Disposal of own shares	221	–	–
Net profit for the period/year	283	401	1,735
Closing equity	11,649	8,660	11,196

Consolidated statement of cash flows

SEKm	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
Net operating income	350	272	1,274
Management and administrative expenses	-40	-31	-121
Reversal of depreciation and amortisation	3	4	17
Adjustment item	0	-1	3
Net financial items paid	-126	-133	-465
Taxes paid	-	-	0
Cash flow from operating activities before change in working capital	187	111	708
Change in operating receivables	-57	-106	-332
Change in operating liabilities	66	72	126
Cash flow from operating activities	196	77	502
Acquisition of properties	-1,164	-	-3,606
Acquisition of property, plant and equipment	0	-3	-12
Purchase of financial investments	-	-2	-218
Investment in existing properties	-210	-105	-880
Acquisition of Bovista, liquidity ¹⁾	-	-	36
Sale of properties	47	20	145
Sale of financial investments	210	2	7
Acquisition of shares in associated companies	-86	-67	-67
Cash flow from investing activities	-1,204	-155	-4,593
New issue	-	-	1,297
Dividend paid for preference shares	-50	-30	-125
Loans raised	1,434	126	3,865
Disposal of own shares	221	-	-
Amortisation/redemption of loans sold properties/change in credit facilities	-497	-41	-786
Cash flow from financing activities	1,108	55	4,252
Cash flow for the period/year	100	-23	160
Cash and cash equivalents at the start of the period/year	208	47	47
Cash and cash equivalents at the end of the period/year	308	25	208
Unutilised credit facilities	1,025	157	491
Financial investments	99	77	305

1) Refers to the liquidity that was provided in connection with the acquisition of Bovista.

Segment information

SEKm	2014 Jan-Mar	2013 Jan-Mar	2013/2014 April-Mar	2013 Jan-Dec
Rental income				
Stockholm	158	143	599	584
Gothenburg/West	203	144	682	624
Öresund	91	86	351	346
East	79	41	230	192
North	35	34	139	137
Total	566	448	2,001	1,884
Net operating income				
Stockholm	110	92	437	420
Gothenburg/West	126	89	463	425
Öresund	59	55	244	240
East	37	22	125	109
North	17	15	83	81
Total	350	272	1,352	1,274

The group's internal reporting of operations is divided into the above segments. Total net operating income corresponds with reported net operating income in the income statement. The difference between net operating income of SEK 350m (272) and profit before tax of SEK 351m (515) consists of changes in value of properties of SEK 247m (170), management and administrative costs of SEK -40m (-31), participations in profits of associated companies of SEK 33m (30), net financial items of SEK -115m (-116) and changes in value of derivatives of SEK -124m (189).

The carrying amounts of properties increased during the period by SEK 202m in the Stockholm region, SEK 1,009m in the Gothenburg/West region, SEK 246m in the Öresund region, SEK 99m in the East region and by SEK 17m in the North region.

Key ratios

SEKm	2014 Jan-Mar	2013 Jan-Mar	2013/2014 April-Mar	2013 Jan-Dec
Share-related, ordinary shares ¹⁾				
<i>Average number of shares, thousands</i>	159,919	159,537	159,632	159,537
Profit after tax, SEK	1.45	2.36	9.21	10.11
Profit after tax excluding unrealised changes in value, SEK	0.88	0.60	4.46	3.77
Profit from property management before tax, SEK	1.15	0.82	4.90	4.57
Net operating income, SEK	2.19	1.71	8.47	7.99
<i>Outstanding number of shares, thousands</i>	162,397	159,537	162,397	159,537
Carrying amount of properties, SEK	179.22	140.93	179.22	172.58
Shareholders' equity, SEK	54.02	44.47	54.02	52.14
Long-term net asset value (EPRA NAV), SEK	63.41	52.19	63.41	60.50
Share price on the closing date, SEK	78.50	45.90	78.50	66.00
1) There is no dilutive effect as no potential shares arise.				
Property-related				
Rental value full-year, SEK/sq.m.	1,233	1,256	1,233	1,216
Rental income full-year, SEK/sq.m.	1,170	1,169	1,170	1,148
Economic occupancy rate, %	95	93	95	94
Surplus ratio, %	62	61	68	68
Carrying amount, SEK/sq.m.	14,577	14,586	14,577	13,985
Number of properties	501	430	501	498
Lettable area, sq.m. thousands	1,997	1,540	1,997	1,969
Profit from property management before tax, SEKm	234	161	927	854
Financial				
Return on equity, ordinary share, %	7.4	9.5	18.5	21.5
Return on total assets, %	4.8	6.0	8.7	9.7
Interest coverage ratio, times	3.0	2.4	3.0	2.9
Equity/assets ratio, %	36.8	35.7	36.8	37.3
Debt/equity ratio, times	1.5	1.6	1.5	1.5
Loan-to-value ratio, %	56.4	57.0	56.4	55.0
Loan-to-value ratio properties, %	56.3	60.1	56.3	57.0

Condensed parent company income statement

SEKm	2014 Jan-Mar	2013 Jan-Mar	2013/2014 April-Mar	2013 Jan-Dec
Net sales	29	25	103	99
Administrative expenses	-32	-29	-116	-113
Operating profit	-3	-4	-13	-14
Profit from financial items				
Impairment of subsidiaries	-	-	-2	-2
Net financial items	64	46	124	106
Changes in value of derivatives, unrealised	-111	160	103	374
Profit before tax	-50	202	212	464
Deferred tax	11	-45	-43	-99
Net profit for the period/year	-39	157	169	365

Condensed parent company balance sheet

SEKm	2014 31 Mar	2013 31 Mar	2013 31 Dec
Assets			
Property, plant and equipment	23	26	24
Financial non-current assets	3,279	3,038	3,160
Receivables from group companies	12,741	10,021	11,506
Current receivables	27	20	21
Cash and cash equivalents and financial investments	360	81	450
Total assets	16,430	13,186	15,161
Shareholders' equity and liabilities			
Shareholders' equity	6,406	4,865	6,274
Interest-bearing liabilities	6,560	5,374	5,690
Liabilities to group companies	2,943	2,356	2,782
Derivatives	472	538	361
Other liabilities	49	53	54
Total equity and liabilities	16,430	13,186	15,161

The share and owners

Balder's shares are listed on NASDAQ OMX Stockholm, Mid Cap segment. Balder has two listed classes of shares, an ordinary Class B share and a preference share, which pays a dividend of SEK 5 per quarter. The company's market capitalisation as of 31 March amounted to SEK 16,238m (9,204).

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 38.0 per cent of the capital and 51.3 per cent of the votes. Foreign ownership amounts to approximately 18 percent of the outstanding shares.

Ordinary shares

At the end of the period, approximately 9,280 shareholders (8,345) held ordinary shares. During the period, 21.2 million shares were traded (14.6), which corresponds to an average of about 342,000 shares per trading day (235,000). The annual turnover rate amounted to 52 per cent (37) during the period. The price of the ordinary share was SEK 78.50 (45.90) on 31 March, corresponding to a rise of 19 per cent since year-end.

During the period, the company sold 2,859,600 repurchased Class B shares at a price of SEK 77.25 per Ordinary share, amounting to about SEK 221m in total. After the disposal,

Balder no longer holds any repurchased Ordinary shares. The entire proceeds have been recognised directly against equity.

Preference shares

At the end of the period, approximately 8,144 shareholders (6,081) held preference shares. During the period, 0.9 million shares were traded (0.7), which corresponds to an average of 14,900 shares per trading day (11,800). The annual turnover rate amounted to 37 per cent (49). On 31 March, the market value of the preference share was SEK 349.00 (313.50), corresponding to a rise of 4 per cent since year-end.

Share capital

On 31 March, the share capital in Balder amounted to SEK 172,396,852 distributed among 172,396,852 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 shares are of Class A, 151,167,420 of Class B and 10,000,000 preference shares. The total number of outstanding shares amounts to 172,396,852. Each Class A share carries one vote and each Class B share and preference share carries one tenth of one vote.

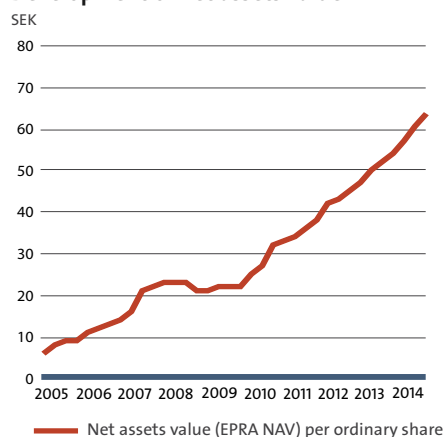
Share price



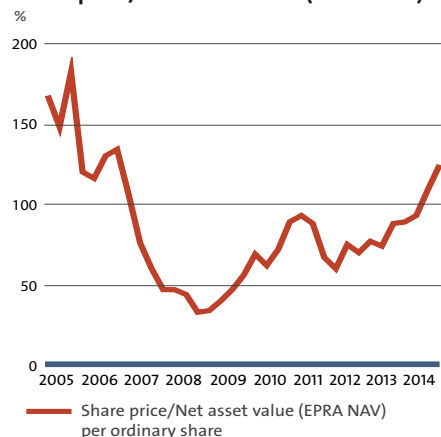
— OMXSPI
— Fastighets AB Balder
— NASDAQ OMX NORDIC CONSTRUCTION & REAL ESTATE

Källa: Cision/Millistream

Development of net assets value



Share price/Net asset value (EPRA NAV)



Ownership list as of 2014-03-31

Owner	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Selin, Erik via bolag	8,301,930	57,218,298	500	65,520,728	38.0	51.3
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	9.5	15.6
Swedbank Robur fonder	—	12,082,999	—	12,082,999	7.0	4.4
Länsförsäkringar fondförvaltning AB	—	8,002,614	—	8,002,614	4.6	2.9
JP Morgan Chase	—	7,880,704	92,184	7,972,888	4.6	2.9
Handelsbanken fonder	—	5,564,378	—	5,564,378	3.2	2.0
Lannebo fonder	—	3,000,000	—	3,000,000	1.7	1.1
SEB Investment Management	—	2,217,826	—	2,217,826	1.3	0.8
Rahi, Sharam via bolag	—	1,516,300	20,000	1,536,300	0.9	0.6
Second Swedish National Pension Fund	—	1,344,585	—	1,344,585	0.8	0.5
Other	11,610	38,797,176	9,887,316	48,696,102	26.6	16.8
Total registered shares	11,229,432	151,167,420	10,000,000	172,396,852	100	100

Preference share calendar

Final day of trading incl. right to payment of dividend	7 July 2014
Record day for payment of dividend	10 July 2014
Expected day of payment from Euroclear	15 July 2014
Final day of trading incl. right to payment of dividend	7 October 2014
Record day for payment of dividend	10 October 2014
Expected day of payment from Euroclear	15 October 2014
Final day of trading incl. right to payment of dividend	7 January 2015
Record day for payment of dividend	9 January 2015
Expected day of payment from Euroclear	15 January 2015

Definitions

FINANCIAL

Return on equity, ordinary share, %

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

Return on total assets, %

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

Loan-to-value ratio, %

Interest-bearing liabilities at the end of the period in relation to total assets at the end of the period.

Loan-to-value ratio properties, %

Interest-bearing liabilities with direct or indirect collateral in properties in relation to the fair value of the properties.

Profit from property management before tax, SEKm

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

Risk-free interest

Annual average of a five-year government bond.

Interest coverage ratio, times

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

Debt/equity ratio, times

Interest-bearing liabilities in relation to shareholders' equity.

Equity/assets ratio, %

Shareholders' equity including minority in relation to the balance sheet total at the end of the period.

SHARE RELATED

Equity per ordinary share, SEK

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

Equity per preference share, SEK

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

Profit from property management per ordinary share, SEK

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

Average number of shares

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

Preference capital, SEK

Preference capital amounts to an average issue price of SEK 287.70 per preference share.

Net asset value per ordinary share (EPRA NAV), SEK

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

Profit after tax per ordinary share, SEK

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

PROPERTY RELATED

Yield, %

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

Net operating income, SEKm

Rental income less property costs.

Economic occupancy rate, %

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

Property category

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

Property costs, SEKm

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

Rental value, SEKm

Contracted rent and estimated market rent for vacant premises.

Surplus ratio, SEKm %

Net operating income in relation to rental income.

The information in this report is such that Fastighets AB Balder (publ) is obliged to disclose according to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. This information has been published at 12.00 a.m. on 7 May 2014.

This report is a translation of the Swedish Year-end report January–December 2013. In the event of any disparities between this report and the Swedish version, the latter will have priority.

Contact

For additional information, please contact CEO Erik Selin, telephone +46 706 074 790 or CFO Magnus Björndahl, telephone +46 735 582 929.

Financial information

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

Calendar

Interim report Jan-Jun 2014	22 August 2014
Interim report Jan-Sep 2014	4 November 2014
Year-end report 2014	18 February 2015

Fastighets AB Balder (publ) www.balder.se · info@balder.se · Org.nr 556525-6905

Head office Vasagatan 54 · Box 53 121 · 400 15 Gothenburg · Tel +46 31-10 95 70 · Fax 031-10 95 99

Regional offices

Stockholm Drottninggatan 108 · 113 60 Stockholm · Tel +46-73 53 770 · Fax +46-73 53 779

Vårby Allé 14 · 143 40 Vårby · Tel +46-72 11 650 · Fax +46-71 02 270

Gothenburg Storgatan 20B · 521 42 Falköping · Tel +46 515-72 14 80 · Fax +46 515-71 12 18

/West Timmervägen 7A · 541 64 Skövde · Tel +46 500-43 64 44 · Fax +46 500-42 84 78

Vasagatan 54 · Box 53 121 · 400 15 Gothenburg · Tel +46 31-10 95 70 · Fax +46 31-10 95 99

Öresund Esplanaden 15 · 265 34 Åstorp · Tel +46 42-569 40 · Fax +46 42-569 41

Gustav Adolfs Torg 8 · 252 25 Helsingborg · Tel +46 42-17 21 30 · Fax +46 42-14 04 34

Stora Nygatan 29 · 211 37 Malmö · Tel +46 40-600 96 50 · Fax +46 40-600 96 64

East Hospitalsgatan 11 · 602 27 Norrköping · Tel +46 11-15 88 90 · Fax +46 11-12 53 05

Kapellgatan 29 A · 732 45 Arboga · Tel +46 589-194 50 · Fax +46 589-170 45

Rönnergagatan 10 · 723 46 Västerås · Tel +46 21-14 90 98 · Fax +46 21-83 08 38

Stora Allén 24 · 26 · Box 2025 · 612 02 Finspång · Tel +46 122-393 90 · Fax +46 122-103 41

Storgatan 51 · 573 32 Tranås · Tel +46 140-654 80 · Fax +46 140-530 35

Tunadalsgatan 6 · 731 31 Köping · Tel +46 221-377 80 · Fax +46 221-132 60

North Forskarvägen 27 · 804 23 Gävle · Tel +46 26-54 55 80 · Fax +46 26-51 92 20

Sandbäcksgatan 5 · 653 40 Karlstad · Tel +46 54-14 81 80 · Fax +46 54-15 42 55

Tallvägen 8 · 854 66 Sundsvall · Tel +46 60-55 47 10 · Fax +46 60-55 43 38

Letting Tel +46 20-151 151

Customer service Tel +46 774-49 49 49