

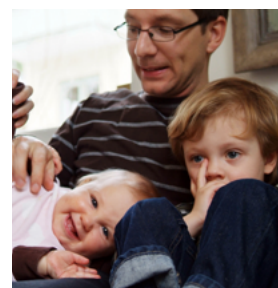
Fastighets AB Balder Year-end report January–December 2012

- Profit from property management before tax amounted to SEK 691m (516) corresponding to SEK 3.73 per ordinary share (3.00)
- Rental income amounted to SEK 1,701m (1,466)
- Profit after tax amounted to SEK 1,162m (812), corresponding to SEK 6.69 per ordinary share (4.87)
- Shareholders' equity amounted to SEK 42.15 per ordinary share (35.57) and the net asset value amounted to SEK 50.37 per ordinary share (41.83)
- Profit from property management before tax increased by SEK 37m during the fourth quarter to SEK 183m (146)
- The Board proposes that no dividend shall be declared for ordinary shares (—) and that a dividend of SEK 20 per share (20) shall be paid for preference shares

Fastighets AB Balder is a listed property company which shall meet the needs of different customer groups for premises and housing through local support. Balder's real estate portfolio had a value of SEK 22.3 billion (17.6) as of 31 December 2012. The Balder share is listed on NASDAQ OMX Stockholm, Mid Cap.



Bromsen 5, Skara



Net profit for the period in brief

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

Rental income

Rental income increased to SEK 1,701m (1,466).

Property costs

Property costs amounted to SEK 537m (471).

Net operating income

Net operating income increased by 17 per cent to SEK 1,164m (996).

Profit from property management

The profit from property management amounted to SEK 691m (516), which corresponds to SEK 3.73 per ordinary share (3.00).

Changes in value of investment properties

The carrying amount of the properties amounted to SEK 22,278m (17,556). The profit was impacted by positive unrealised changes in value of SEK 809m (978) and realised changes in value of SEK 3m (12). The average yield requirement amounted to 5.9 per cent (6.2).

Changes in value of derivatives

Unrealised changes in value of interest rate derivatives have impacted the result by SEK -71m (-520).

Profit after tax

Profit after tax for the period amounted to SEK 1,162m (812), which corresponds to SEK 6.69 per ordinary share (4.87).

Shareholders' equity

Shareholders' equity amounted to SEK 42.15 per ordinary share (35.57).

Net asset value

The net asset value amounted to SEK 50.37 per ordinary share (41.83).

	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2009	Jan-Dec 2008	Jan-Dec 2007	Jan-Dec 2006
Rental income, SEKm	443	369	1,701	1,466	1,333	854	633	678	524
Profit from property management before tax, SEKm	183	146	691	516	417	315	174	179	160
Changes in value of properties, SEKm	363	504	812	990	1,047	4	-201	642	212
Changes in value of derivatives, SEKm	-21	-141	-71	-520	148	-23	-333	7	-
Changes in value of financial investments, SEKm	-	5	-	-7	90	-	-	-	-
Profit after tax, SEKm	497	439	1,162	812	1,338	248	-388	785	441
Carrying amount of properties, SEKm	22,278	17,556	22,278	17,556	14,389	12,669	7,086	6,758	6,997

Data per ordinary share

Average number of shares, thousands			159,537	158,656	149,487	112,902	95,910	97,318	94,050
Profit after tax, SEK			6.69	4.87	8.95	2.20	-4.04	8.07	4.69
Profit from property management before tax, SEK			3.73	3.00	2.79	2.79	1.81	1.84	1.70
Outstanding number of shares, thousands			159,537	159,537	149,487	149,487	94,458	97,318	97,318
Carrying amount of properties, SEK			139.64	110.04	96.25	84.75	75.02	69.44	71.90
Shareholders' equity, SEK			42.15	35.57	31.13	22.19	19.63	23.49	15.42
Net asset value (EPRA NAV), SEK			50.37	41.83	32.89	22.16	20.95	22.33	13.06
Share price on closing date, SEK			37.30	25.30	29.40	12.50	7.00	13.33	17.00

CEO's comments

Profit from property management

The positive trend in our profit from property management continued during 2012. Profit from property management increased during the fourth quarter by 25 per cent and by 34 per cent for the full year. We have a good management organisation which works on generating revenue while maintaining good cost control. The main reasons behind the increase were the acquisitions made, the favourable interest rate level during the year and the fact that we also carried out issues of preference shares during the year.

We still do not see any major change in the letting situation or in our customers' solvency. We will also continue to try to maintain a close relationship with our customers in order to prevent the risk of rental losses. The interest rate level will probably remain at a lower level in 2013 compared to 2012. This is something of a safety value, which will compensate for a possible weaker development by a good margin.

Denmark - our new market - performed at least as well as expected and we are hoping for more business opportunities there in the next few years. Our overall goal is that profit from property management should continue to grow, both through the existing portfolio as well as through acquisitions. I have high expectations for the growth of profit from property management. However, we have no fixed growth target in percentage terms but the growth rate depends on the overall trend and what business opportunities arise.

Real estate transactions and changes in value

If we look back at the full year 2012, we can note that transaction volume increased in the market compared to 2011 and especially during the fourth quarter. We acquired properties for just over SEK 3.7 billion during the year featuring a mix of residential and commercial properties in very good locations, which will generate a good increase in value for us in the longer term. Our ambition is to continue to grow in our prioritised markets, to continue to maintain a strong balance sheet and to reduce our loan-to-value ratio over time.

Our changes in value for the year amounted to approximately SEK 800m, which is slightly lower than the previous year. Our average yield requirement decreased from 6.2 per cent to 5.9 per cent during the year. The reduction is mainly due to the major residential acquisitions that were carried during the year but also on account of the fact that we have reduced the yield requirement marginally for some parts of our existing residential portfolio. About half of the changes in value during the year were due to improved net operating income.

Financing

The banking system also functioned very well during 2012 and we have good access to financing. In addition, the bond market and interest for preference shares is still strong at present.

Outlook

Predicting how the future will look is impossible for most people. At Balder, we will continue to work meticulously in the same way we have to date, and looking ahead, I expect that we will have good opportunities to develop positively.

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 or interest rate developments.

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 financial investments and 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 effect of derivative instruments. The company's tax as of 31 December is calculated according to the new corporation tax rate of 22.0 per cent, which applies from 1 January 2013. The standard tax, which is mainly estimated to consist of deferred tax, therefore does not affect the cash flow.

Current earning capacity on a twelve-month basis

SEKm	31 Dec 2012	30 Sept 2012	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Sept 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010
Rental income	1,800	1,790	1,710	1,685	1,530	1,480	1,450	1,405	1,405
Property costs	-560	-560	-530	-525	-465	-455	-445	-430	-430
Net operating income	1,240	1,230	1,180	1,160	1,065	1,025	1,005	975	975
Management and administrative costs	-120	-115	-115	-110	-105	-100	-100	-105	-105
Profit from property management from associated companies	120	110	95	95	90	85	85	30	20
Operating profit	1,240	1,225	1,160	1,145	1,050	1,010	990	900	890
Net financial items	-495	-505	-500	-505	-445	-420	-410	-425	-440
Profit from property management	745	720	660	640	605	590	580	475	450
Tax	-164	-189	-174	-168	-159	-155	-153	-125	-118
Profit after tax	581	531	486	471	446	435	427	350	332
Profit after tax attributable to									
Ordinary shareholders	461	411	386	371	366	355	347	350	332
Preference shareholders	120	120	100	100	80	80	80	—	—
Profit from property management according to current earning capacity per ordinary share, SEK	3.92	3.76	3.51	3.38	3.29	3.20	3.13	2.98	3.01

Results, income and costs

Result

Profit from property management for the year increased by 34 per cent and amounted to SEK 691m (516), which corresponds to SEK 3.73 per ordinary share (3.00). Profit from property management includes SEK 108m (62) in respect of associated companies.

Profit after tax for the year amounted to SEK 1,162m (812), corresponding to SEK 6.69 per ordinary share (4.87). Profit before tax was affected by changes in value in respect of properties of SEK 812m (990), changes in value of interest rate derivatives of SEK -71m (-520) and profit from participations in associated companies of SEK 105m (133).

Rental income

Rental income increased by 16 percent to SEK 1,701m (1,466). The increase was primarily due to a larger real estate portfolio. The leasing portfolio was estimated to have a rental value on 31 December of SEK 1,924m (1,638) on a full-year basis. The average rental level for the entire real estate portfolio amounted to SEK 1,247/sq.m. (1,163).

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 94 per cent (94) on 31 December. On 31 December, the total rental value for unlet areas amounted to SEK 124m (107) on an annual basis.

Property costs

Property costs amounted to SEK 537m (471) during the year. The increase in property costs was due to changes in real estate portfolio.

Net operating income increased by 17 per cent to SEK 1,164m (996), which implies a surplus ratio of 68 per cent (68). Operating costs normally vary with the seasons. The first and fourth quarters have higher costs compared to 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 December, based on a ten-year cash flow model, of the entire real estate portfolio. Unrealised changes in value during the year amounted to SEK 809m (978). Realised changes in value amounted to SEK 3m (12).

The average yield requirement as of 31 December amounted to 5.9 per cent (6.2), which is 0.1 per cent lower compared to the previous quarter. Half of the change in value during the year of SEK 809m is attributable to improved net operating income and the remainder is due to reduction of the yield requirement.

Property and administrative costs

Property and administrative costs amounted to SEK 115m (103) during the period.

Participations in the profit of associated companies

Balder has property-managing associated companies and project developments companies Bovieran and Majornas Projektutveckling, which are all 50 per cent-owned. The participating interest in Collector amounts to 38 per cent. Profit from participations in associated companies amounted to SEK 105m (133) during the period. Balder's participation in the associated companies' profit from property management amounted to SEK 108m (62). Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 8m (118). Deferred tax liabilities have been adjusted to the new corporation tax of 22 percent, generating a positive non-recurring effect of SEK 18m (-) in the tax expense for the year. Net financial items and unrealised changes in value of derivatives

Net financial items and unrealised changes in value of derivatives

Net financial items amounted to SEK -466m (-438) and unrealised changes in value of interest rate derivatives amounted to SEK -71m (-520). The negative change in value during the period was due to the fact that the level of interest rates also fell this year since year-end. The change in value has not affected the cash flow.

Net financial items are equivalent to borrowing at an average interest rate of 3.7 per cent (4.2) including the effect of accrued interest from interest rate derivatives.

Taxes

Balder reported a current tax expense for the period of SEK 10m (10) and a deferred tax expense of SEK 240m (215).

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 443m (202).

Deferred tax liabilities have been adjusted to the new tax rate of 22 percent, which applies from 1 January 2013, generating a positive non-recurring effect of SEK 87m (-) in the tax expense for the year.

The fourth quarter of 2012

Profit from property management for the fourth quarter of 2012 increased by 25 per cent and amounted to SEK 183m (146), which corresponds to SEK 0.99 per ordinary share (0.79). Profit from property management included SEK 30m (28) in respect of associated companies. Rental income amounted to SEK 443m (369) and property costs amounted to SEK 150m (117), which meant that net operating income increased by 17 per cent and generated net operating income for the fourth quarter of SEK 294m (252). The surplus ratio amounted to 66 per cent (68).

Profit was affected by changes in value in respect of properties of SEK 363m (504), unrealised changes in value of interest rate derivatives of SEK -21m (-141) and profit from participations in associated companies of SEK 47m (81).

Deferred tax liabilities have been adjusted to the new corporation tax rate of 22 percent, which applies from 1 January 2013, generating a positive non-recurring effect of SEK 87m (-) in the tax expense for the period.

Net profit after tax for the period amounted to SEK 497m (439), corresponding to SEK 2.96 per ordinary share (2.63). The change in profit was due to improved profit from property management, decreased positive unrealised changes in value in respect of properties, interest rate derivatives net and a positive non-recurring effect on the deferred tax expense for the period on account of the new lower tax rate.

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 543m (426). Investing activities have burdened the cash flow by SEK 3,888m (2,579).

During the period, acquisition of properties of SEK 3,756m (3,640), investments in existing properties of SEK 273m (219) and investments in property, plant and equipment, financial investments, associated companies etc, non-controlling interests of SEK 102m (454) and dividends paid of 95m (40) have been financed through cash flow from operating activities of SEK 438m (414), by sales of properties of SEK 72m (1,683) and financial investments of SEK 154m (52), dividends from associated companies of SEK 18m (-), a new issue of SEK 554m (1,251) and net borrowings of SEK 3,031m (912). The cash flow for the period amounted to SEK 40m (-41). The group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 470m (298) on 31 December.

Employees and organisation

The number of employees on 31 December amounted to 215 persons (208), of which 67 were women (75). Balder is organised into five regions with 13 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 96m (82) during the period.

Profit after tax during the year amounted to SEK 387m (-167). Profit was positively affected by dividends received from subsidiaries and associated companies of SEK 351m (135). Changes in value in respect of interest rate derivatives amounted to SEK -97m (-474).

Deferred tax receivables have been adjusted to the new corporation tax rate of 22 percent, which applies from 1 January 2013, generating a negative non-recurring effect of SEK 39m (-) in the tax expense for the year.

Proposed dividend

The Board intends propose to the annual general meeting that no dividend shall be declared for ordinary shares (-) and that a dividend of SEK 20 per share (20) shall be paid for preference shares.

Annual Report and Annual General Meeting

The annual report for 2012 will be available on Balder's website, www.balder.se, from the week starting 15 April 2013.

Fastighets AB Balder's annual general meeting will take place on Tuesday, 7 May 2013 at 4.00 p.m. at Restaurang Palace, Södra Hamngatan 2 in Gothenburg.

Real estate holdings

On 31 December, Balder owned 432 properties (433) with a lettable area of approximately 1,543,000 sq.m. (1,408,000) with a value of SEK 22,278m (17,556). Balder's total rental value amounted to SEK 1,924m (1,638) on 31 December.

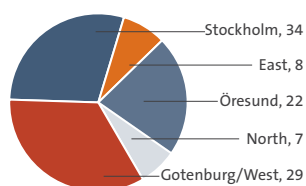
Balder's commercial properties are located in the centre and immediate suburbs of big cities and surrounding municipal areas. Balder's residential properties are located in places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

Balder's real estate portfolio as of 31-12-2012 ¹⁾

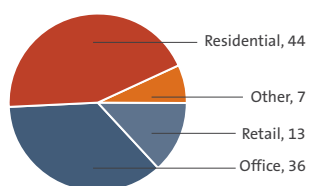
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	57	398,998	626	1,569	577	92	7,505	34
Gothenburg/ West	190	530,369	604	1,138	571	95	6,565	29
Öresund	49	264,051	374	1,418	349	93	4,926	22
East	56	195,703	177	905	165	93	1,798	8
North	80	153,754	143	929	137	96	1,485	7
Total	432	1,542,875	1,924	1,247	1,800	94	22,278	100
Distributed by property category								
Residential	294	881,737	863	978	830	96	9,864	44
Office	68	422,669	704	1,666	644	91	8,047	36
Retail	34	132,969	230	1,733	216	94	2,910	13
Other	36	105,500	127	1,203	110	86	1,457	7
Total	432	1,542,875	1,924	1,247	1,800	94	22,278	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 revalued 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 December, Balder's average yield requirement amounted to 5.9 per cent, which is 0.3 percentage units lower than at the start of the year. The reduction is mainly related to the major residential acquisitions which were carried out at a lower yield compared to the previous average yield requirement of the portfolio. In addition, we have adjusted the yield requirement downwards marginally for some parts of the existing residential portfolio. In order to quality-assure Balder's internal valuations, Balder allows external valuation of portions of its portfolio regularly during the year. On 31 August, Balder's entire property portfolio was externally valued. The external valuation exceeded Balder's internal valuation by less than 1 per cent.

Change in carrying amounts of properties

	2012		2011	
	SEKm	Number	SEKm	Number
Real estate portfolio, 1 January	17,556	433	14,389	432
Investments in existing properties	273		219	
Acquisitions	3,756	14	3,640	40
Sales	-69	-6	-1,671	-39
Property control	—	-9	—	—
Change in value of investment properties, unrealised	809		978	
Changes in foreign exchange rates	-47		0	
Real estate portfolio, 31 December	22,278	432	17,556	433

Real estate transactions 2011

Quarter	Number	Property name	Municipality	Property category	Lettable area, sq.m.
Acquisitions					
One	1	Rosen 9	Malmö	Other	11,207
One	6	Biskopsgården 7:1-7:3 m fl	Gothenburg	Residential	45,107
One	1	Österfaelled Torv	Copenhagen	Residential	43,500
One	1	Staevnen Örestad	Copenhagen	Residential	6,830
Two	1	Lorensberg 46:5	Gothenburg	Commercial	967
Two	1	Granen 21	Stockholm	Office	4,292
Two	1	Lejonet 2	Malmö	Office	5,852
Four	1	Spårvagnen 4	Stockholm	Office	23,012
Four	1	Brandholmen 1:69	Nyköping	Other	—
Total	14				140,767
Divestments					
Two	1	Syllen 3	Stockholm	Office	5,220
Two	1	Karlstorps-Råsa 3:116	Vetlanda	Commercial	308
Two	1	Karlstorps-Råsa 3:117	Vetlanda	Other	339
Two	1	Lillhagen 2:11	Gävle	Other	305
Three	2	Kastet 6:2, 6:3	Gävle	Residential	432
Total	6				6,604

Unrealised changes in value

The overall carrying amount of Balder's 432 properties (433) amounted to SEK 22,278m (17,556) on 31 December. The unrealised change in value during the period amounted to SEK 809m (978). During the year, SEK 389m of the change related to improved net operating income and SEK 420m related to the reduction in the yield requirement. The change in value was mainly related to residential properties.

Investments, acquisitions and sales

During the year, a total of SEK 4,029m (3,859) was invested, of which SEK 3,756m (3,640) related to acquisitions and SEK 273m (219) related to investments in existing properties. About 40 per cent of the acquisitions during the year related to acquisitions of residential properties in Copenhagen. Properties to a value of SEK 69m (1,671) were sold during the period.

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

Associated companies

Balder has property-managing associated companies and associated companies, which are all 50 per cent-owned. In addition, Balder owns 38 per cent of Collector. The property-managing associated companies include Centur, Akroterion and Tulia. Bovieran and Majornas Projektutveckling work with project development.

In order to illustrate Balder's holdings in associated companies, Balder's participations in the balances sheets and

real estate holdings of property-managing associated companies are reported below and presented according to IFRS accounting policies.

These companies own 43 properties (41) in total. Balder's participation in the lettable area of the real estate holdings amounts to approximately 135,000 sq.m. (125,000) with a rental value of SEK 168m (157). The economic occupancy rate amounted to 95 per cent (97).

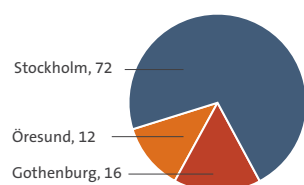
Balder's participation in associated companies' real estate holdings as of 31-12-2012

	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	26	80,454	118	1,464	113	96	1,567	72
Gothenburg	10	30,076	27	900	27	98	342	16
Öresund	7	24,282	23	947	21	90	262	12
Total	43	134,811	168	1,245	160	95	2,171	100

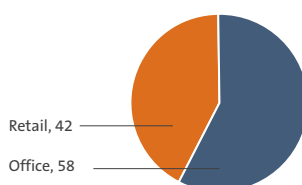
Distributed by property category

Office	16	53,680	91	1,703	87	95	1,268	58
Retail	27	81,132	76	943	73	96	903	42
Total	43	134,811	168	1,245	160	95	2,171	100

Distributed by region, %



Distributed by property category, %



Balder's participation in balance sheet of associated companies with property holdings

SEKm	31 dec 2012	31 dec 2011
Assets		
Properties	2,171	2,023
Other assets	22	17
Cash and cash equivalents	13	13
Total assets	2,206	2,054
Shareholders' equity and liabilities		
Shareholders' equity/owner loan	724	649
Interest-bearing liabilities	1,359	1,296
Other liabilities	123	109
Total equity and liabilities	2,206	2,054

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 satisfactory occupancy rate.

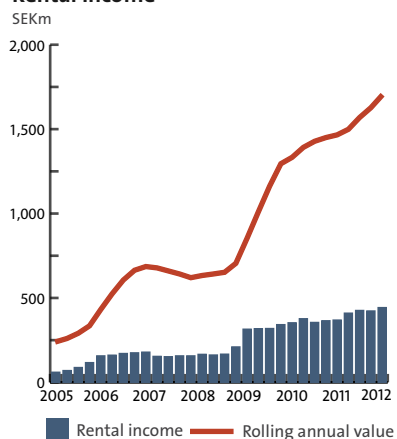
Balder's commercial leases have an average lease term of 4.4 years (4.3). Balder's 10 largest leases represent 8.7 per cent (7.4) of the total rental income, while the average lease term amounts to 10.5 years (11.0). No individual lease accounts for more than 1.6 per cent (1.9) of Balder's total rental income and no individual customer accounts for more than 2.6 per cent (3.3) of the total rental income.

Leasing contract structure 31-12-2012

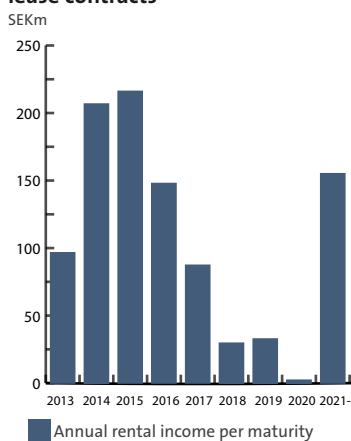
Maturity date	Number of leasing contracts	Share, %	Contracted leases, SEKm	Share, %
2013	660	30	94	5
2014	591	27	216	12
2015	478	22	233	13
2016	309	14	149	8
2017–	175	8	303	17
Total	2,213	100	994	55
Residential ¹⁾	11,000		759	42
Car park ¹⁾	3,335		11	1
Garage ¹⁾	3,124		35	2
Total	19,672		1,800	100

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

Rental income



Maturity structure of commercial lease contracts



Balder's 10 largest customers

per 31-12-2012

- Domstolsverket
- ICA Sverige
- Järfälla Kommun
- Magnora
- Nokas Värdehantering
- Rasta Group
- SHG Rosen R Hotel
- Sirius International Försäkring
- Stureplansgruppen
- Västra Götalands Läns Landsting

Financing

Shareholders' equity

Consolidated equity amounted to SEK 8,289m (6,675) on 31 December and the equity/assets ratio amounted to 34.8 per cent (35.2). Shareholders' equity increased during the period by SEK 554m through directed issues of two million preference shares and through comprehensive income for the period of SEK 1,155m (810). During the period, shareholders' equity decreased by SEK 95m (40) on account of dividend to the preference shareholders, which occurs quarterly.

Interest-bearing liabilities

The group's interest-bearing liabilities in respect of properties amounted to SEK 13,450m (10,635) on 31 December, corresponding to a loan-to-value ratio of 60.4 per cent (60.6). The interest-bearing liabilities consist of a bond of SEK 250m, which is quoted on NASDAQ OMX, a certificate programme with a framework amount of SEK 1,000m and bilateral bank loans with Nordic banks. Balder's certificate programme had an outstanding volume of approximately SEK 614m on 31 December. On 31 December, Balder's average interest rate refixing period amounted to 4.8 years (3.9), which is approximately one year longer than at the start of the year. The average fixed credit term amounted to 6.6 years (5.5) and the average interest rate amounted to 3.6 per cent (4.1), 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 during the period amounted to SEK -71m (-520). The deficit on derivatives, SEK 868m (797), will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 868m which will be reversed in its entirety to equity, adjusted by deferred tax, concurrently with the expiry of interest rate derivatives.

Liquidity

The group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 470m (298) 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 30 per cent over time and that the interest coverage ratio should not be less than 1.5 times. As of 31 December, the equity/assets ratio was 34.8 per cent (35.2) and the interest coverage ratio was 2.4 times (2.1).

Financial targets and outcome

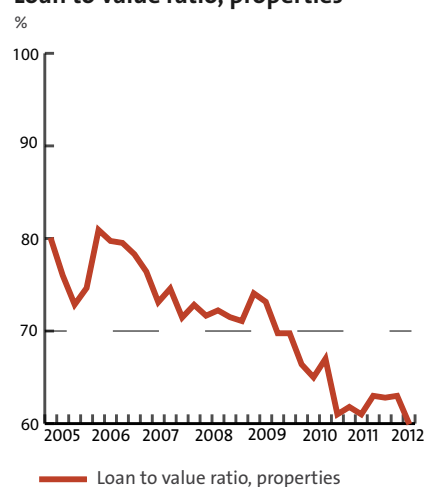
	Target	Outcome
Equity/assets ratio, %	30.0	34.8
Debt/assets ratio, multiple	1.5	2.4
Return on equity, % ¹⁾		15.5

1) Return on equity which exceeds the risk-free rate of interest over time. The riskfree rate of interest, the yearly average of a five-year government bond, amounted to 1.16 per cent as of 31-12-2012.

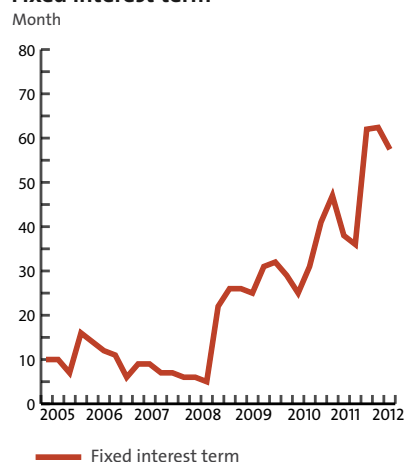
Interest maturity structure as of 31-12-2012

Year	Fixed interest term		
	SEKm	Interest, %	Share, %
Within one year	5,483	2.5	39.8
1-2 år	30	4.0	0.2
2-3 år	276	4.3	2.0
3-4 år	500	4.4	3.6
4-5 år	—	—	—
> 5 år	7,500	4.3	54.4
Total	13,789	3.6	100.0

Loan to value ratio, properties



Fixed interest term



Other information

Events after the end of the period

No significant events have occurred since year-end.

Related company transactions

Balder receives fees from associated companies and Erik Selin Fastigheter AB for property and company management. These fees amounted to SEK 15m (13) during the period and are reported in management and administrative costs.

Risks and uncertainty factors

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 2011, on pages 42–45. Acquisitions have been carried out in Denmark since year-end which means that a limited currency position has arisen. No material changes have been noted in other respects.

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 2011.

Nomination Committee

In accordance with the annual general meeting on 9 May 2012, a nomination committee has been appointed with representatives of the company's two largest shareholders or ownership spheres, which are Erik Selin Fastigheter AB through Christian Hahne and Arvid Svensson Invest AB through Rikard Svensson. In addition to the above-mentioned persons, the nomination committee also includes Lars Rasin, who is chairman of the nomination committee.

The Board's proposals to the Annual General Meeting 2013

Ahead of the Annual General Meeting on 7 May 2013, the Board intends to propose that the general meeting pass resolutions regarding the following matters:

- That no dividend shall be declared for the ordinary share.
- Dividend of SEK 20.00 shall be declared per preference share.
- To authorise the Board until the next annual general meeting to repurchase and transfer B shares and preference shares in Balder corresponding to a maximum of 10 per cent of all shares in the company.
- Authorise the board until the next annual general meeting, on one or more occasions, to resolve on new issue of preference- and/or ordinary shares of class B corresponding to a maximum of 10 per cent of the existing share capital. It shall be possible to subscribe for the shares in cash, in kind or by right of set-off.

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

Gothenburg, 20 February 2013

Erik Selin
Chief Executive Officer

Consolidated statement of comprehensive income

SEKm	Oct–Dec 2012	Oct–Dec 2011	Jan–Dec 2012	Jan–Dec 2011
Rental income	443	369	1,701	1,466
Property costs	–150	–117	–537	–471
Net operating income	294	252	1,164	996
Changes in value of properties, realised	–	–	3	12
Changes in value of properties, unrealised	363	504	809	978
Changes in value of financial investments	–	5	–	–7
Other income/expenses	–2	–2	–16	–13
Management and administrative costs	–28	–27	–115	–103
Participation in the profit from associated companies	47	81	105	133
Operating profit	673	813	1,950	1,995
Net financial items	–113	–107	–466	–438
Changes in value of derivatives, unrealised	–21	–141	–71	–520
Profit before tax	540	564	1,412	1,037
Current tax	–9	–5	–10	–10
Deferred tax	–34	–120	–240	–215
Net profit for the period/year	497	439	1,162	812
Other comprehensive income				
Translation difference	2	–2	–7	–2
Participation in other comprehensive income from associated companies	0	–	0	–
Net profit for the period/year	499	437	1,155	810
Profit from property management before tax, SEKm	183	146	691	516
Profit from property management before tax per ordinary share, SEK	0.99	0.79	3.73	3.00
Profit after tax per ordinary share, SEK	2.96	2.63	6.69	4.87

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.

Consolidated statement of financial position

SEKm	31 Dec 2012	31 Dec 2011
Assets		
Investment properties	22,278	17,556
Other property, plant and equipment	152	148
Participations in associated companies etc.	760	654
Other receivables	537	455
Cash and cash equivalents and financial investments	116	165
Total assets	23,843	18,978
Shareholders' equity and liabilities		
Shareholders' equity	8,289	6,675
Non-controlling interests	—	4
Deferred tax liability	443	202
Interest-bearing liabilities ¹⁾	13,789	10,801
Derivatives	868	797
Other liabilities	453	499
Total equity and liabilities	23,843	18,978
1) Of which interest-bearing liabilities in respect of properties	13,450	10,635

Consolidated statement of changes in equity

Attributable to the parent company's shareholders, SEKm	Jan-Dec 2012	Jan-Dec 2011
Opening equity	6,675	4,654
New issue	554	1,251
Dividend paid for preference shares	-95	-40
Comprehensive income for the year	1,155	810
Closing equity	8,289	6,675

Consolidated statement of cash flows

SEKm	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
Net operating income	294	252	1 164	996
Other operating income/expenses	-2	-2	-16	-13
Management and administrative expenses	-28	-27	-115	-103
Reversal of depreciation and amortisation	5	4	16	15
Adjustment item	1	4	0	-2
Net financial items paid	-125	-122	-495	-457
Taxes paid	-9	-5	-10	-10
Cash flow from operating activities before change in working capital	134	104	543	426
Change in operating receivables	-58	9	-59	-65
Change in operating liabilities	37	16	-47	52
Cash flow from operating activities	113	129	438	414
Acquisition of properties	-1,128	-483	-3,756	-3,640
Acquisition of property, plant and equipment	-8	-1	-19	-122
Purchase of financial investments	-12	—	-60	-12
Investment in existing properties	-88	-74	-273	-219
Sale of properties	—	—	72	1,683
Acquisitions from non-controlling interests	—	—	-4	—
Sale of financial investments	13	21	154	52
Acquisition of shares in associated companies etc.	-4	-36	-19	-320
Dividend paid preference share	—	—	18	—
Cash flow from investing activities	-1,228	-573	-3,888	-2,579
New issue	289	—	554	1,251
Dividend paid for preference shares	-25	-20	-95	-40
Loans raised	1,446	425	4,307	4,189
Amortisation/redemption of loans sold properties/change in credit facilities	-574	14	-1,276	-3,277
Cash flow from financing activities	1,137	419	3,490	2,124
Cash flow for the period/year	21	-26	40	-41
Cash and cash equivalents at the start of the period/year	26	33	8	48
Cash and cash equivalents at the end of the period/year	47	8	47	8
Unutilised credit facilities	354	133	354	133
Financial investments	69	157	69	157

Segment information

SEKm	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
Rental income				
Stockholm	138	117	493	460
Gothenburg/West	141	128	568	504
Öresund	89	51	341	210
East	41	41	164	161
North	34	33	135	130
Total	443	369	1,701	1,466
Net operating income				
Stockholm	97	84	344	325
Gothenburg/West	92	87	391	348
Öresund	63	31	243	141
East	23	28	101	102
North	19	21	84	80
Total	294	252	1,164	996

The group's internal reporting of operations is divided into the above segments. Total net operating income corresponds with the net operating income reported in the income statement. The difference between net operating income of SEK 1,164m (996) and profit before tax of SEK 1,412m (1,037) consists of changes in value of properties of SEK 812m (990), change in value of financial investments of SEK –m (–7), management and administrative expenses of SEK –115m (–103), other income/expenses of SEK –16m (–13), participations in profits of associated companies of SEK 105m (133), net financial items of SEK –466 (–438) and changes in value of derivatives of SEK –71m (–520).

During the period, the carrying amount in respect of properties of the Stockholm, Gothenburg/West and Öresund regions increased by SEK 1,639m, SEK 651m, and SEK 2,133m respectively.

Key ratios

SEKm	Oct–Dec 2012	Oct–Dec 2011	Jan–Dec 2012	Jan–Dec 2011
Share-related, ordinary shares ¹⁾				
<i>Average number of shares, thousands</i>	159,537	159,537	159,537	158,656
Profit after tax, SEK	2.96	2.63	6.69	4.87
Profit after tax excluding unrealised changes in value, SEK	1.14	0.57	3.04	2.27
Profit from property management before tax, SEK	0.99	0.79	3.73	3.00
Net operating income, SEK	1.84	1.58	7.30	6.27
<i>Outstanding number of shares, thousands</i>	159,537	159,537	159,537	159,537
Carrying amount of properties, SEK	139.64	110.04	139.64	110.04
Shareholders' equity, SEK	42.15	35.57	42.15	35.57
Net asset value (EPRA NAV), SEK	50.37	41.83	50.37	41.83
Share price on the closing date, SEK	37.30	25.30	37.30	25.30
1) There is no dilutive effect as no potential shares arise.				
Property-related				
Rental value full-year, SEK/sq.m.	1,247	1,163	1,247	1,163
Rental income full-year, SEK/sq.m.	1,166	1,088	1,166	1,088
Economic occupancy rate, %	94	94	94	94
Surplus ratio, %	66	68	68	68
Carrying amount, SEK/sq.m.	14,439	12,467	14,439	12,467
Number of properties	432	433	432	433
Lettable area, sq.m. thousands	1,543	1,408	1,543	1,408
Profit from property management before tax, SEKm	183	146	691	516
Financial				
Return on equity, %	14.8	11.8	15.5	14.3
Return on total assets, %	6.8	7.3	8.8	8.7
Interest coverage ratio, times	2.6	2.3	2.4	2.1
Equity/assets ratio, %	34.8	35.2	34.8	35.2
Debt/equity ratio, times	1.7	1.6	1.7	1.6
Loan-to-value ratio, %	57.8	56.9	57.8	56.9
Loan-to-value ratio properties, %	60.4	60.6	60.4	60.6

Condensed parent company income statement

SEKm	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
Net sales	26	23	96	82
Administrative expenses	-28	-28	-115	-98
Change in value of financial investments	—	5	—	-7
Operating profit	-2	0	-19	-22
Profit from financial items				
Net financial items	73	29	563	212
Changes in value of derivatives, unrealised	-29	-140	-97	-474
Profit before tax	42	-111	447	-285
Deferred tax	-45	38	-60	118
Net profit for the period/year	-3	-73	387	-167

Condensed parent company balance sheet

SEKm	31 Dec 2012	31 Dec 2011
Assets		
Property, plant and equipment	27	30
Financial non-current assets	2,855	2,820
Receivables from group companies	10,599	8,507
Current receivables	69	46
Cash and cash equivalents and financial investments	74	159
Total assets	13,624	11,562
Shareholders' equity and liabilities		
Shareholders' equity	4,738	3,891
Interest-bearing liabilities	5,200	4,654
Liabilities to group companies	2,927	2,310
Derivatives	698	601
Other liabilities	61	106
Total equity and liabilities	13,624	11,562

The share and owners

Balder's shares are listed on NASDAQ OMX Stockholm, Mid Cap. Since 20 June 2011, when the preference share was listed, 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 December amounted to SEK 7,800m (5,100). The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 38.9 per cent of the capital and 52.0 per cent of the votes.

Ordinary shares

The price of the ordinary share was SEK 37.30 (25.30) at year-end, corresponding to a rise of 47 per cent during the year. During 2012, the number of ordinary shareholders increased by almost 10 per cent to approximately 7,500 shareholders (6,900), of which just over 13 per cent are shareholders with an registered address outside of Sweden. During the year, approximately 62 million shares were traded, which is equal to an average of 249,000 shares (207,000) per trading day. The annual turnover rate amounted to 39 per cent (35) during the period.

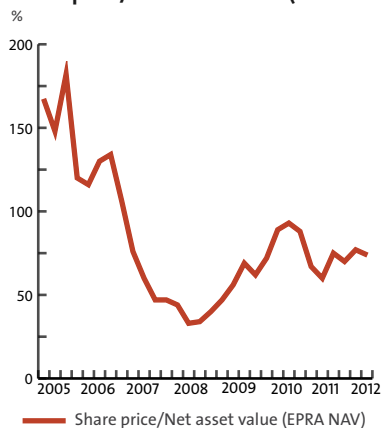
Preference shares

At year-end, the preference share had approximately 5,900 shareholders (2,000), which corresponds to an increase of 190 per cent. During the year, approximately 3.8 million shares were traded, which is equal to an average of 15,300 shares (13,000) per trading day. The annual turnover rate amounted to 74 per cent. On 31 December, the market price of the preference share was SEK 303 (267), which corresponds to a total yield of 21 per cent during the year.

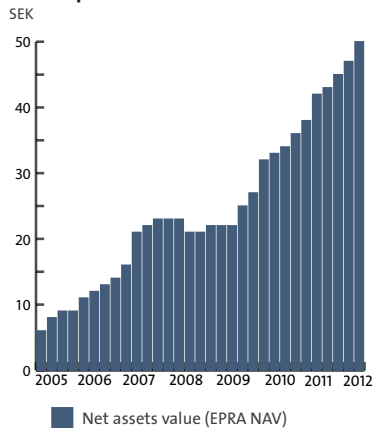
Share capital

During 2012, Balder issued 2 million preference shares at an average price of SEK 282.5, which brought the company SEK 554m after transaction costs. On 31 December, the share capital in Balder amounted to SEK 168,396,852 distributed among 168,396,852 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 shares are of class A, 151,167,420 are of class B and 6 million are preference shares. Of the B shares, 2,859,600 were repurchased as of 31 December, which means that the total number of outstanding shares amounts to 165,537,252. Each class A share carries one vote and each class B share and preference share carries one tenth of one vote.

Share price/Net asset value (EPRA NAV)



Development of net assets value



Ownership list as of 31-12-2012

Owners	A shares	B shares	Preference shares	Total number of shares	Capital, %	Votes, %
Selin, Erik with company	8,298,594	57,218,298	500	65,517,392	38.9	52.0
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	9.8	15.9
Länsförsäkringar fondförvaltning AB	—	11,738,224	—	11,738,224	7.0	4.4
Swedbank Robur fonder	—	7,541,331	91,250	7,632,581	4.5	2.8
Andra AP-fonden	—	6,992,480	—	6,992,480	4.2	2.6
Handelsbanken fonder	—	5,865,821	—	5,865,821	3.5	2.2
Lannebo fonder	—	3,500,000	—	3,500,000	2.1	1.3
SEB Investment Management	—	2,641,824	—	2,641,824	1.6	1.0
Rahi, Sharam with company	—	1,516,300	20,000	1,536,300	0.9	0.6
Rasjö, Staffan	—	1,113,369	—	1,113,369	0.7	0.4
Others	14,946	36,637,633	5,888,250	42,540,829	25.1	15.6
Total outstanding shares	11,229,432	148,307,820	6,000,000	165,537,252	98.3	98.9
Repurchased own shares	—	2,859,600	—	2,859,600	1.7	1.1
Total registered shares	11,229,432	151,167,420	6,000,000	168,396,852	100.0	100.0

Preference share calendar

Final day of trading incl. right to payment of dividend	5 April 2013
Record day for payment of dividend	10 April 2013
Expected day of payment from Euroclear	15 April 2013
Final day of trading incl. right to payment of dividend	5 July 2013
Record day for payment of dividend	10 July 2013
Expected day of payment from Euroclear	15 July 2013
Final day of trading incl. right to payment of dividend	7 October 2013
Record day for payment of dividend	10 October 2013
Expected day of payment from Euroclear	15 October 2013

Definitions

FINANCIAL

Return on equity, %

Profit after tax in relation to average shareholders' equity. 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, %

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.

Profit from property management before tax, SEKm

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

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 non-controlling interests in relation to the balance sheet total at the end of 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, commercial, 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 and residential properties.

Surplus ratio, %

Net operating income in relation to rental income.

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

Equity per preference share is equivalent to the subscription price of the preference share of SEK 260,83 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 260,83 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 shares' portion of the profit for the period.

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. The information has been published at 2.00 p.m. on 20 February 2013.

This report is a translation of the Swedish Year-end report 2012. In the event of any disparities between this report and the Swedish version, the latter will have priority.

Contact

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Financial information

There is an overall presentation of information on Balder's home page www.balder.se, regarding the operations, board of directors and management, financial reporting and press releases.

Calendar

Annual report	April 2013
Annual General Meeting	7 May 2013
Interim report January–March 2013	7 May 2013
Interim report January–June 2013	26 August 2013
Interim report Januari–September 2012	7 November 2013
Year end 2013	19 February 2014

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