

## Fastighets AB Balder Interim report January–June 2014

- Profit from property management before tax amounted to SEK 537m (378), corresponding to SEK 2.71 per ordinary share (2.00)
- Rental income amounted to SEK 1,193m (902)
- Profit after tax amounted to SEK 1,370m (851), corresponding to SEK 7.88 per ordinary share (4.96)
- Shareholders' equity amounted to SEK 59.17 per ordinary share (47.11) and the net asset value amounted to SEK 70.82 per ordinary share (54.40).

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 33.7 billion (23.6) as of 30 June 2014. The Balder share is listed on NASDAQ OMX Stockholm, Mid Cap segment.



# Net profit for the year in brief

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

## April–June 2014

- Rental income amounted to SEK 627m (454).
- Net operating income increased by 35 per cent to SEK 436m (322).
- Profit from property management increased by 40 per cent to SEK 303m (217), which corresponds to SEK 1.56 per ordinary share (1.18).
- Changes in value in respect of investment properties amounted to SEK 1,053m (166). The average yield requirement amounted to 5.8 per cent (5.9).
- Changes in value of interest rate derivatives have impacted the result by SEK –179m (184).
- Net profit after tax for the period amounted to SEK 1,087m (445), which corresponds to SEK 6.39 per ordinary share (2.60).
- 37 properties (3) were divested for a property value of SEK 876m with an area of 112,000 sq.m.
- 26 properties (4) were acquired for a property value of SEK 3,964m with an area of 240,000 sq.m.

## January–June 2014

- Rental income amounted to SEK 1,193m (902).
- Net operating income increased by 32 per cent to SEK 785m (594).
- Profit from property management increased by 42 per cent to SEK 537m (378), which corresponds to SEK 2.71 per ordinary share (2.00).
- The occupancy rate has increased to 95 per cent (94).
- Changes in value in respect of investment properties amounted to SEK 1,301m (337). The average yield requirement amounted to 5.8 per cent (5.9).
- Changes in value of interest rate derivatives have impacted the result by SEK –303m (373).
- Net profit after tax for the period amounted to SEK 1,370m (851), which corresponds to SEK 7.88 per ordinary share (4.96).
- 32 (4) properties were acquired and 40 (5) were sold.
- All repurchased shares were sold for SEK 220m (–).

	2014 Jan-Jun	2013 Jan-Jun	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	1,193	902	1,884	1,701	1,466	1,333	854	633	678	524
Profit from property management before tax, SEKm	537	378	854	691	516	417	315	174	179	160
Changes in value of properties, SEKm	1,301	337	854	812	990	1,047	4	–201	642	212
Changes in value of derivatives, SEKm	–303	373	433	–71	–520	148	–23	–333	7	–
Profit after tax, SEKm	1,370	851	1,738	1,162	812	1,338	248	–388	785	441
Carrying amount of properties, SEKm	33,717	23,611	27,532	22,278	17,556	14,389	12,669	7,086	6,758	6,997
<b>Data per ordinary share</b>										
Average number of shares, thousands	161,165	159,537	159,537	159,537	158,656	149,487	112,902	95,910	97,318	94,050
Profit after tax, SEK	7.88	4.96	10.11	6.69	4.87	8.95	2.20	–4.04	8.07	4.69
Profit from property management before tax, SEK	2.71	2.00	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	207.62	148.00	172.58	139.64	110.04	96.25	84.75	75.02	69.44	71.90
Shareholders' equity, SEK	59.17	47.11	52.14	42.15	35.57	31.13	22.19	19.63	23.49	15.42
Long-term net asset value (EPRA NAV), SEK	70.82	54.40	60.50	50.37	41.83	32.89	22.16	20.95	22.33	13.06
Share price on closing date, SEK	90.50	48.50	66.00	37.30	25.30	29.40	12.50	7.00	13.33	17.00

## Comments by the CEO – Balder 9 years

### Dear shareholder

It is now nine years since Balder was established in its present form and thus we have one year left until we can present the company's performance over the past decade.

In most cases, it really doesn't matter if Balder has existed for x or y number of years but from an owner and investor perspective, I personally believe that is positive to be able to follow the performance over the past ten years, and all things being equal, I have always felt that time is on our side.

Since my childhood, I have always been very interested in companies and investments and naturally it is most interesting to think about the future performance but as a rule I always take a look at how things have gone over the past ten years. I would like to point out, however, that at Balder we like to think several decades ahead.

To date, 2014 has been a transaction-intensive year, during which we have acquired properties for just over SEK 5 billion and divested properties for SEK 1 billion. The profit from property management, which for us is the most important performance measurement, increased by more than 35 per cent per ordinary share compared to last year. This abnormal increase was due to a combination of a good performance in our property management, many large acquisitions and the low level of interest rates.

There is currently a strong interest for property investments generally, which has resulted in a slightly lower yield requirement in the market and together with improved net operating income, this affects the value of our properties positively by approximately SEK 1 billion.

### Outlook and goals

From a financial perspective, our goal is to achieve a good total yield in the long term. We don't have any profitability targets in the short term, per year or per transaction. The decisive factor is what is best for our owners who intend to retain their shares over a longer period of time. When and how much we invest and expand is determined by the business opportunities that appear over the course of the journey. Thus we can also be a net seller of properties occasionally.

I would like to thank all of you who have been involved in our operations in some way during the first nine years and I look forward to many, many more years, of meetings and opportunities.

It feels like we are still only at the beginning of our journey.

Erik Selin  
Chief Executive Officer

## Current earnings 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 earnings capacity on a twelve-months basis

SEKm	2014 30 Jun	2014 31 Mar	2013 31 Dec	2013 30 Sep	2013 30 Jun	2013 31 Mar	2012 31 Dec	2012 30 Sep	2012 30 Jun	2012 31 Mar	2011 31 Dec
Rental income	2,600	2,310	2,260	1,885	1,865	1,800	1,800	1,790	1,710	1,685	1,530
Property costs	-785	-735	-735	-580	-575	-560	-560	-560	-530	-525	-465
<b>Net operating income</b>	<b>1,815</b>	<b>1,575</b>	<b>1,525</b>	<b>1,305</b>	<b>1,290</b>	<b>1,240</b>	<b>1,240</b>	<b>1,230</b>	<b>1,180</b>	<b>1,160</b>	<b>1,065</b>
Property and administrative expenses	-165	-165	-165	-125	-120	-120	-120	-115	-115	-110	-105
Profit from property management from associated companies	180	180	170	150	130	130	120	110	95	95	90
<b>Operating profit</b>	<b>1,830</b>	<b>1,590</b>	<b>1,530</b>	<b>1,330</b>	<b>1,300</b>	<b>1,250</b>	<b>1,240</b>	<b>1,225</b>	<b>1,160</b>	<b>1,145</b>	<b>1,050</b>
Net financial items	-580	-535	-535	-515	-510	-495	-495	-505	-500	-505	-445
<b>Profit from property management</b>	<b>1,250</b>	<b>1,055</b>	<b>995</b>	<b>815</b>	<b>790</b>	<b>755</b>	<b>745</b>	<b>720</b>	<b>660</b>	<b>640</b>	<b>605</b>
Taxes	-275	-232	-219	-179	-174	-166	-164	-189	-174	-168	-159
<b>Profit after tax</b>	<b>975</b>	<b>823</b>	<b>776</b>	<b>636</b>	<b>616</b>	<b>589</b>	<b>581</b>	<b>531</b>	<b>486</b>	<b>472</b>	<b>446</b>
<b>Profit after tax attributable to</b>											
Ordinary shareholders	775	623	576	506	486	469	461	411	386	372	366
Preference shareholders	200	200	200	130	130	120	120	120	100	100	80
<b>Profit from property management before tax according to current earnings capacity per ordinary share, SEK</b>	<b>6.47</b>	<b>5.26</b>	<b>4.99</b>	<b>4.29</b>	<b>4.14</b>	<b>3.98</b>	<b>3.92</b>	<b>3.76</b>	<b>3.51</b>	<b>3.38</b>	<b>3.29</b>

# Results, income and costs

## Results

Profit from property management increased by 42 per cent during the period and amounted to SEK 537m (378), which corresponds to SEK 2.71 per ordinary share (2.00). Profit from property management includes SEK 86m (71) in respect of associated companies.

Profit after tax for the period amounted to SEK 1,370m (851), corresponding to SEK 7.88 per ordinary share (4.96). Profit before tax was affected by changes in value in respect of properties of SEK 1,301m (337), changes in value of interest rate derivatives of SEK –303m (373) and profit from participations in associated companies of SEK 190m (60).

## Rental income

Rental income increased by 32 percent to SEK 1,193m (902). The increase was primarily due to a larger real estate portfolio. The leasing portfolio was estimated to have a rental value on 30 June of SEK 2,738m (1,993) on an annual basis. The average rental level for the entire real estate portfolio amounted to SEK 1,289/sq.m. (1,267).

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 95 per cent (94) on 30 June. The total rental value of unlet areas for the period amounted to SEK 138m (128) on an annual basis.

## Property costs

Property costs amounted to SEK 408m (309) 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 32 per cent to SEK 785m (594), which implies a surplus ratio of 66 per cent (66).

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 30 June, based on a ten-year cash flow model, of the entire real estate portfolio. Unrealised changes in value during the period amounted to SEK 1,189m (329). Realised changes in value amounted to SEK 112m (8).

The average yield requirement as of 30 June amounted to 5.8 per cent (5.9). The change in value during the period was attributable to improved net operating income and a 0.1 per cent lower yield requirement.

## Management and administrative costs

Management and administrative costs amounted to SEK 78m (62) during the first half of 2014. The increase was mainly due to a significantly larger property portfolio.

## Participations in the profit of associated companies

Balder owns 50 per cent of the property-managing associated companies and project development companies Bovie-ran and Fix Holding. The participating interest in the finance and credit management company Collector amounts to 48 per cent.

On 30 June, Balder acquired the remaining 50 per cent of the shares in Akroterion AB, which means that the company is now a wholly-owned subsidiary.

Profit from participations in associated companies amounted to SEK 190m (60) during the period and Balder's participation in the associated companies' profit from property management amounted to SEK 86m (71).

Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 122m (3).

## Net financial items and changes in value of derivatives

Net financial items amounted to SEK –257m (–224) and unrealised changes in value of interest rate derivatives amounted to SEK –303m (373). 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 2.8 per cent (3.2) 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 266m (226).

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 1,127m (667). At year-end, the group's overall tax deficit amounted to about SEK 2,000m.

## Second quarter, 2014

Profit from property management for the second quarter of 2014 increased by 40 per cent and amounted to SEK 303m (217), which corresponds to SEK 1.56 per share (1.18). Profit from property management included SEK 47m (34) in respect of associated companies. Rental income amounted to SEK 627m (454) and property costs amounted to SEK 191m (132), which meant that net operating income increased by 35 per cent and generated net operating income for the second quarter of SEK 436m (322). The surplus ratio amounted to 70 per cent (71).

Net profit after tax for the period amounted to SEK 1,087m (445), corresponding to SEK 6.39 per share (2.60). The change in profit was mainly due to changes in value in respect of properties and derivatives.

The result was affected by changes in value in respect of properties of SEK 1,053m (166), changes in value of interest rate derivatives of SEK -179m (184) and profit from participations in associated companies of SEK 157m (29).

## Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 429m (291). Investing activities have burdened the cash flow by SEK 4,470m (1,043). During the period, acquisition of properties of SEK 5,128m (837), investments in existing properties and projects of SEK 403m (212) and investments in property, plant and equipment,

financial investments and associated companies of SEK 137m (74) and dividends paid of SEK 100m (60) have been financed through cash flow from operating activities of SEK 437m (137), by property divestments of SEK 922m (78) and financial investments of SEK 212m (3), disposal of own shares of SEK 220m (-), secured liquidity of SEK 19m (-), dividends from associated companies of SEK 45m (-) and net borrowings of SEK 4,213m (1,038).

Total cash flow for the period amounted to SEK 300m (71). The group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 1,455m (549) on 30 June.

## Employees and organisation

The number of employees on 30 June amounted to 297 persons (223), of which 102 (73) 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 52m (48) during the period.

Net profit after tax amounted to SEK 603m (325). Dividend of SEK 714m (-) from subsidiaries and associated companies was included and changes in value of interest rate derivatives amounted to SEK -276m (321).

## Real estate holdings

On 30 June, Balder owned 490 properties (431) with a lettable area of approximately 2,125,000 sq.m. (1,572,000) and with a value of SEK 33,717m (23,611). Balder's total rental value amounted to SEK 2,738m (1,993).

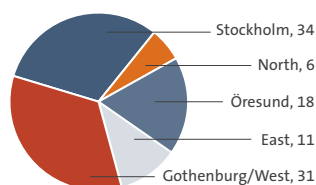
Balder's commercial properties are located in the centre and immediate suburbs of big cities and surrounding municipal areas. Balder's residential properties are located in places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

### Balder's real estate holdings on 2014-06-30 <sup>1)</sup>

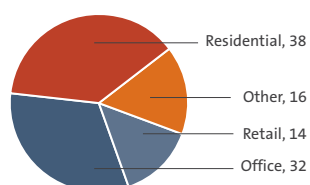
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	61	498,910	883	1,770	826	94	11,554	34
Gothenburg/ West	211	771,098	896	1,162	858	96	10,381	31
Öresund	52	303,060	438	1,446	411	94	6,048	18
East	84	384,630	353	917	343	97	3,800	11
North	82	167,026	168	1,005	163	97	1,934	6
<b>Total</b>	<b>490</b>	<b>2,124,724</b>	<b>2,738</b>	<b>1,289</b>	<b>2,600</b>	<b>95</b>	<b>33,717</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	319	1,146,592	1,128	984	1,100	98	12,912	38
Office	72	467,118	845	1,810	785	93	10,659	32
Retail	47	240,603	384	1,596	357	93	4,887	14
Other	52	270,411	381	1,408	359	94	5,260	16
<b>Total</b>	<b>490</b>	<b>2,124,724</b>	<b>2,738</b>	<b>1,289</b>	<b>2,600</b>	<b>95</b>	<b>33,717</b>	<b>100</b>

<sup>1)</sup> 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, care, 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 cash flow based 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 30 June, Balder's average yield requirement amounted to 5.8 per cent, excluding project real estate, which is 0.1 per cent lower than at the start of the year. The reduction in the yield requirement is attributable to the strong prevailing demand for properties. Our assessment is that the new yield requirement better reflects the market's determination of prices.

In order to quality-assure its internal valuations, Balder regularly allows parts of its 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.

During the second quarter, we took possession of Skeppshandel 1 in Stockholm. The property is 95 per cent let to tenants including ICA, Profil Hotels and Bengt Dahlgren AB.

Balder had two properties under construction as of 30 June. The overall investment will amount to about

SEK 775m on completion, of which about SEK 325m 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.

Balder has entered into a turnkey agreement for 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 490 properties (431) amounted to SEK 33,717m (23,611) on 30 June. The unrealised change in value during the period amounted to SEK 1,189m (329) and was attributable to improved net operating income and a 0.1 percent lower yield requirement.

### Investments, acquisitions and divestments

During the year, a total of SEK 5,755m (1,049) was invested, of which SEK 5,352m (837) related to acquisitions and SEK 403m (212) related to investments in existing properties and projects. Properties with a sales value of SEK 922m (78) were divested 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
<b>Real estate portfolio, 1 January</b>	<b>27,532</b>	<b>498</b>	<b>22,278</b>	<b>432</b>
Investments in existing properties	403		212	
Acquisitions	5,352	32	837	4
Sales	-810	-40	-70	-5
Change in value of investment properties, unrealised	1,189		329	
Currency changes	52		26	
<b>Real estate portfolio, 30 June</b>	<b>33,717</b>	<b>490</b>	<b>23,611</b>	<b>431</b>



## Property transactions 2014

Quarter	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
<b>Acquisitions</b>					
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
Two	1	Porfyren 2	Lund	Hotel	15,711
Two	1	Banken 14	Solna	Hotel	11,537
Two	1	Hovrätten 41	Kristianstad	Hotel	7,524
Two	1	Kocken 3	Växjö	Hotel	3,982
Two	1	Elden Södra 17	Växjö	Hotel	7,112
Two	1	Dragarbrunn 16:4	Uppsala	Hotel	5,402
Two	1	Vilunda 6:48	Upplands Väsby	Hotel	6,955
Two	1	Sicklaön 363:2	Nacka	Hotel	10,840
Two	1	Yxan 8	Södertälje	Hotel	14,115
Two	1	Höken 1	Karlstad	Hotel	5,890
Two	1	Svan 7	Trollhättan	Hotel	11,632
Two	1	Kvarngärdet 3:2	Uppsala	Hotel	7,518
Two	1	Sågen 1	Västerås	Hotel	8,317
Two	1	Valbo-backa 6:12	Gävle	Hotel	7,382
Two	1	Inom Vallgraven 16:21	Gothenburg	Retail	2,972
Two	1	Göta Ark 18	Stockholm	Office	18,775
Two	1	Årstaäng 4 & 6	Stockholm	Office	24,588
Two	1	Vestervold Kvarter	Kopenhagen	Retail	5,300
Two	1	Leväsentie 2B	Koupio	Retail	19,473
Two	1	Ouluntaival 1	Kuusamo	Retail	3,718
Two	1	Loumantie 1-3	Kuusamo	Retail	12,623
Two	1	Joulantie 1-3	Keminmaa	Retail	12,337
Two	1	Isoseppäla 14	Klaukkala	Retail	2,742
Two	1	Mäntsäläntie 1	Mäntsälä	Retail	3,573
Two	1	Kauppakaju 2	Raisio	Retail	5,856
Two	1	Kauppakatu 4	Seinäjoki	Retail	4,591
<b>Total</b>	<b>32</b>				<b>280,049</b>

### Property transactions 2014 (continued)

Quarter	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
<b>Divestments</b>					
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
Two	1	Banér 13	Landskrona	Residential	1,615
Two	1	Berzelius 12	Landskrona	Residential	840
Two	1	Delfinen 25	Landskrona	Residential	868
Two	1	Erik Dahlberg 3	Landskrona	Residential	775
Two	1	Juno 3	Landskrona	Residential	1,302
Two	1	Juno 37	Landskrona	Residential	2,214
Two	1	Lyckan 1	Landskrona	Residential	866
Two	1	Sankt Göran 12	Landskrona	Residential	1,145
Two	1	Vildanden 6	Landskrona	Residential	446
Two	2	Klubben 5 & Generatorn 2	Finspång	Residential	4,723
Two	1	Kjusorna 12	Finspång	Residential	3,689
Two	1	Klubben 6	Finspång	Residential	3,448
Two	2	Kuggväxeln 7 & 8	Finspång	Residential	11,114
Two	2	Ringugnen 1 & Lervagnen 1	Finspång	Residential	9,027
Two	1	Lodet 1	Finspång	Residential	1,728
Two	2	Manan 1 & 2	Finspång	Residential	3,152
Two	1	Manteln 9	Finspång	Residential	1,719
Two	1	Murklan 1	Finspång	Residential	3,720
Two	1	Soldaten 10	Finspång	Residential	3,108
Two	1	Luntan 1	Finspång	Residential	1,378
Two	1	Trasten 7	Finspång	Residential	3,880
Two	1	Kalkugnen 3	Finspång	Retail	3,359
Two	1	Köpmanen 3	Finspång	Retail	1,291
Two	1	Köpmanen 6	Finspång	Office	4,821
Two	1	Vinkelhaken 4	Finspång	Retail	3,857
Two	1	Hårstorp 4:7	Finspång	Office	1,962
Two	1	Kullerstads- Åby 3:7	Norrköping	Residential	662
Two	1	Kullerstads- Åby 2:48	Norrköping	Residential	1,406
Two	1	Magneten 19	Stockholm	Office	9,325
Two	1	Eketånga 24:45	Halmstad	Office	3,522
Two	-	Eketånga 24:72	Halmstad	Other	-
Two	1	Magneten 25	Stockholm	Office	4,782
Two	1	Motståndet 7 & 9	Stockholm	Office	4,253
Two	1	Sparrisen 2	Solna	Office	12,322
<b>Total</b>	<b>40</b>				<b>122,392</b>

## 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 and Tulia. Bovieran and Fix Holding work with project development.

On 30 June, Balder acquired the remaining 50 per cent of the

shares in Akroterion. The assigned property value of the transaction was SEK 1,250m. The acquisition means that Akroterion is a wholly-owned subsidiary of Balder from 30 June 2014. 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.

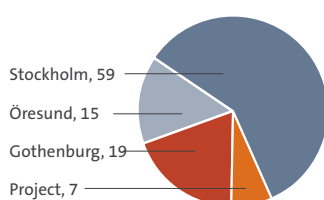
### Balder's participation in the real estate portfolio of associated companies on 2014-06-30

	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	30	61,693	88	1,425	86	98	1,275	59
Gothenburg	10	29,992	29	972	29	99	421	19
Öresund	7	24,282	25	1,048	24	93	316	15
<b>Total</b>	<b>47</b>	<b>115,967</b>	<b>143</b>	<b>1,229</b>	<b>138</b>	<b>97</b>	<b>2,012</b>	<b>93</b>
Project	4	–	–	–	1	–	151	7
<b>Total</b>	<b>51</b>	<b>115,967</b>	<b>143</b>	<b>1,229</b>	<b>140</b>	<b>97</b>	<b>2,163</b>	<b>100</b>

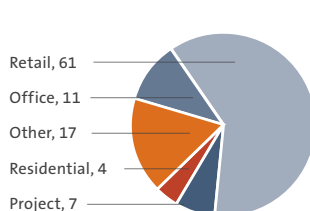
### Distributed by property category

Residential	4	3,461	4	1,284	4	99	81	4
Office	5	8,290	16	1,942	15	92	233	11
Retail	32	94,448	101	1,073	98	97	1,330	61
<b>Other</b>	<b>6</b>	<b>9,768</b>	<b>21</b>	<b>2,114</b>	<b>21</b>	<b>99</b>	<b>368</b>	<b>17</b>
<b>Total</b>	<b>47</b>	<b>115,967</b>	<b>143</b>	<b>1,229</b>	<b>138</b>	<b>97</b>	<b>2,012</b>	<b>93</b>
Project	4	–	–	–	1	–	151	7
<b>Total</b>	<b>51</b>	<b>115,967</b>	<b>143</b>	<b>1,229</b>	<b>140</b>	<b>97</b>	<b>2,163</b>	<b>100</b>

Distributed by region, %



Distributed by property category, %



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

SEKm	2014 30 Jun	2013 30 Jun
<b>Assets</b>		
Properties	2,163	2,363
Other assets	20	21
Cash and cash equivalents	21	26
<b>Total assets</b>	<b>2,205</b>	<b>2,410</b>
<b>Shareholders' equity and liabilities</b>		
Equity/shareholder loan	908	815
Interest-bearing liabilities	1,130	1,459
Other liabilities	167	136
<b>Total equity and liabilities</b>	<b>2,205</b>	<b>2,410</b>

# 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.

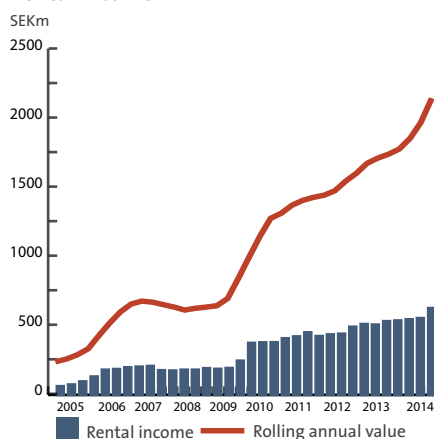
Balder's commercial leases have an average lease term of 5.6 years (4.9). Balder's 10 largest leases represent 8.6 per cent (9.1) of total rental income and the average lease term amounts to 9.7 years (12.4). No individual lease accounts for more than 1.5 per cent (1.6) of Balder's total rental income and no individual customer accounts for more than 5.6 per cent (2.5) of total rental income.

## Lease maturity structure 2014-06-30

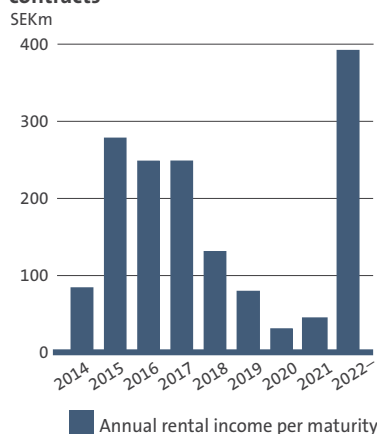
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2014	518	20	83	3
2015	698	27	276	11
2016	555	21	240	9
2017	477	18	242	9
2018–	383	15	683	26
<b>Total</b>	<b>2,631</b>	<b>100</b>	<b>1,525</b>	<b>59</b>
Residential <sup>1)</sup>	14,430		1,016	39
Car park <sup>1)</sup>	5,211		16	1
Garage <sup>1)</sup>	5,240		43	2
<b>Total</b>	<b>27,512</b>		<b>2,600</b>	<b>100</b>

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

2014-06-30

- Choice Hotel Group
- ICA Sverige AB
- Kopparbergs Bryggerier
- Länsstyrelsen i Stockholms län
- Scandic Hotels AB
- Sirius International Försäkring AB
- Stockholms Kommun
- Stureplansgruppen
- Västra Götalands Läns Landsting
- Winn Hotel Group

# Financing

## Shareholders' equity

Consolidated equity amounted to SEK 12,486m (9,242) on 30 June and the equity/assets ratio amounted to 34.2 per cent (36.0). During the period, equity increased by comprehensive income for the period of SEK 1,370m (854), the disposal of all repurchased shares of SEK 220m (–) and decreased by SEK 100m (60) on account of dividends paid to the preference shareholders and dividends entered as a liability but still unpaid to the preference shareholders of SEK 200m, according to the resolution of the Annual General Meeting 2014. The dividend is paid out quarterly.

## Interest-bearing liabilities

The group's interest-bearing liabilities in respect of properties amounted to SEK 19,227m (13,867) on 30 June, corresponding to a loan-to-value ratio of 57.0 per cent (58.7). The interest-bearing liabilities consist of bonds of SEK 1,800m in total (750), 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 750m (760) on 30 June. On 30 June, Balder's average interest rate refixing period amounted to 2.5 years (4.2).

The fixed credit term amounted to 4.6 years (6.0) and the average interest rate amounted to 2.8 per cent (3.5), 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 –292m (373) during the period. The remaining deficit on derivatives, SEK 765m (495), will be released during the remainder of the term and recognised as income. This means that Balder has a reserve of SEK 765m 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 1,455m (549) at the end of the accounting period.

## Financial targets

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 30 June, the equity/assets ratio was 34.2 per cent (36.0) and the interest coverage ratio was 3.1 times (2.7).

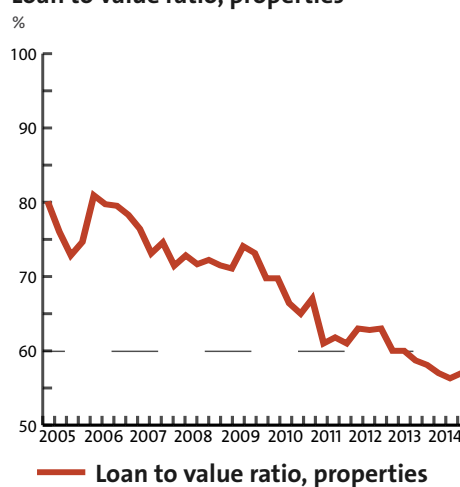
## Financial targets

	Target	Outcome
Equity/assets ratio, %	35.0	34.2
Interest coverage ratio, times	1.5	3.1

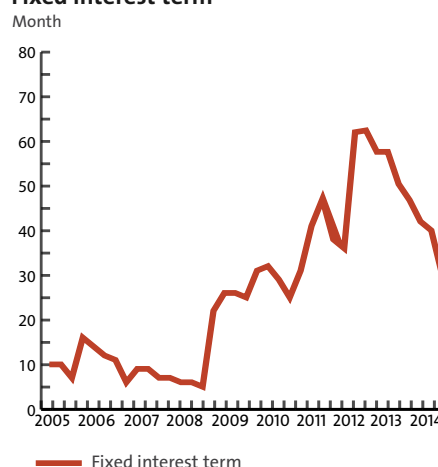
## Interest maturity structure on 2014-06-30

Year	SEKm	Interest, %	Proportion, %
Within one year	12,439	1.9	58.7
1–2 years	834	4.3	3.9
2–3 years	–	–	–
3–4 years	1,000	5.1	4.7
4–5 years	2,000	4.5	9.4
> 5 years	4,905	3.6	23.2
<b>Total</b>	<b>21,178</b>	<b>2.8</b>	<b>100.0</b>

## Loan to value ratio, properties



## Fixed interest term



## Other disclosures

### Events after the end of the period

After the end of the period, Balder acquired the properties Nordstaden 10:16 and 10:17 in Gothenburg with a lettable area of 7,900 sq.m. mainly containing the Grand Hotel Opera. The property is located in proximity to Nordstaden shopping centre and Central station in the centre of Gothenburg. Balder has also agreed to acquire the office property Stockholm Havsfrun 26 with a lettable area of 3,500 sq.m., which is located in Östermalm in central Stockholm. The total assigned property value of the properties amounted to SEK 475m.

### Related party transactions

Balder receives fees from associated companies and Erik Selin Fastigheter AB for property and company management services. These fees amounted to SEK 12m (8) 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. It therefore has not been applied by the group in this interim report. When the interpretation has been fully adopted, Balder will apply it, which will result in reporting 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.

### Signature and verification

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

Gothenburg, 22 August 2014

Christina Rogestam  
Chairman of the Board

Fredrik Svensson  
Board member

Sten Dunér  
Board member

Anders Wennergren  
Board member

Erik Selin  
Board member  
and CEO

## Consolidated statement of comprehensive income

SEKm	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/2014 Jul-Jun	2013 Jan-Dec
Rental income	627	454	1,193	902	2,175	1,884
Property costs	-191	-132	-408	-309	-708	-609
<b>Net operating income</b>	<b>436</b>	<b>322</b>	<b>785</b>	<b>594</b>	<b>1,466</b>	<b>1,274</b>
Changes in value of properties, realised	103	5	112	8	120	16
Changes in value of properties and wind turbines, unrealised <sup>1)</sup>	950	161	1,189	329	1,661	801
Property and administrative costs	-38	-31	-78	-62	-138	-121
Participations in the profits of associated companies	157	29	190	60	334	204
<b>Operating profit</b>	<b>1,607</b>	<b>486</b>	<b>2,197</b>	<b>928</b>	<b>3,443</b>	<b>2,174</b>
Net financial items	-142	-108	-257	-224	-489	-456
Changes in value of derivatives	-179	184	-303	373	-243	433
<b>Profit before tax</b>	<b>1,286</b>	<b>562</b>	<b>1,637</b>	<b>1,077</b>	<b>2,711</b>	<b>2,151</b>
Current taxes	-2	0	-2	0	4	6
Deferred tax	-197	-117	-266	-226	-458	-418
<b>Net profit for the period/year</b>	<b>1,087</b>	<b>445</b>	<b>1,370</b>	<b>851</b>	<b>2,257</b>	<b>1,738</b>
<b>Other comprehensive income</b>						
Translation difference	0	7	0	3	-6	8
Participation in other comprehensive income of associated companies	0	1	0	0	0	-12
<b>Total comprehensive income for the period/year</b>	<b>1,087</b>	<b>453</b>	<b>1,370</b>	<b>854</b>	<b>2,251</b>	<b>1,735</b>
Profit from property management before tax, SEKm	303	217	537	378	1 012	854
Profit from property management before tax per ordinary share, SEK	1.56	1.18	2.71	2.00	5.28	4.57
Profit after tax per ordinary share, SEK	6.39	2.60	7.88	4.96	13.05	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 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/2014 Jul-Jun	2013 Jan-Dec
1) Unrealised changes in value in respect of properties	950	161	1,189	329	1,698	838
Unrealised changes in value in respect of wind turbines	-	-	-	-	-37	-37
<b>Total</b>	<b>950</b>	<b>161</b>	<b>1,189</b>	<b>329</b>	<b>1,661</b>	<b>801</b>

## Consolidated statement of financial position

SEKm	2014 30 Jun	2013 30 Jun	2013 31 Dec
<b>Assets</b>			
Investment properties	33,717	23,611	27,532
Other fixed assets	100	148	108
Participations in associated companies	1,033	887	1,020
Other receivables <sup>1)</sup>	969	823	867
Cash and cash equivalents and financial investments	656	199	513
<b>Total assets</b>	<b>36,475</b>	<b>25,669</b>	<b>30,041</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	12,486	9,242	11,196
Deferred tax liability	1,127	667	862
Interest-bearing liabilities <sup>2)</sup>	21,178	14,690	16,521
Derivatives	765	495	472
Other liabilities	919	574	990
<b>Total equity and liabilities</b>	<b>36,475</b>	<b>25,669</b>	<b>30,041</b>
1) Of which most part refers to receivables in associated companies			
2) Of which interest-bearing liabilities in respect of properties	19,227	13,867	15,703

## Consolidated statement of changes in equity

Attributable to the Parent Company's shareholders, SEKm	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
<b>Opening equity</b>	<b>11,196</b>	<b>8,289</b>	<b>8,289</b>
New issue	–	160	1,297
Dividend for preference shares <sup>1)</sup>	–300	–60	–125
Disposal of treasury shares	220	–	–
Net profit for the period/year	1,370	854	1,735
<b>Closing equity</b>	<b>12,486</b>	<b>9,242</b>	<b>11,196</b>

1) Of which paid 100 Mkr.



# Consolidated statement of cash flows

SEKm	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Net operating income	436	322	785	594	1 274
Management and administrative expenses	-38	-31	-78	-62	-121
Reversal of depreciation	5	4	8	8	17
Adjustment item	-1	-1	-1	-2	3
Net financial items paid	-160	-114	-286	-247	-465
Taxes paid	-	0	-	0	0
<b>Cash flow from operating activities before change in working capital</b>	<b>242</b>	<b>180</b>	<b>429</b>	<b>291</b>	<b>708</b>
Change in operating receivables	-23	-170	-80	-276	-332
Change in operating liabilities	22	50	88	121	126
<b>Cash flow from operating activities</b>	<b>241</b>	<b>60</b>	<b>437</b>	<b>137</b>	<b>502</b>
Acquisition of properties	-3 964	-837	- 5 128	-837	-3 606
Acquisition of property, plant and equipment	0	-1	-1	-5	-12
Purchase of financial investments	-44	-	-44	-2	-218
Investment in existing properties	-193	-108	-403	-212	-880
Acquisition, liquidity	19	-	19	-	36
Sale of properties	876	58	922	78	145
Sale of financial investments	2	1	212	3	7
Acquisition of shares in associated companies	-6	0	-92	-67	-67
Dividend paid from associated companies	45	-	45	-	-
<b>Cash flow from investing activities</b>	<b>-3 266</b>	<b>-887</b>	<b>-4 470</b>	<b>-1 043</b>	<b>-4 593</b>
New issue	-	160	-	160	1 297
Dividend paid for preference shares	-50	-30	-100	-60	-125
Loans raised	3 680	1 060	5 114	1 186	3 865
Disposal of treasury shares	0	-	220	-	-
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-404	-268	-901	-308	-786
<b>Cash flow from financing activities</b>	<b>3 225</b>	<b>921</b>	<b>4 333</b>	<b>977</b>	<b>4 252</b>
<b>Cash flow for the period/year</b>	<b>200</b>	<b>94</b>	<b>300</b>	<b>71</b>	<b>160</b>
Cash and cash equivalents at the start of the period/year	308	25	208	47	47
<b>Cash and cash equivalents at the end of the period/year</b>	<b>508</b>	<b>118</b>	<b>508</b>	<b>118</b>	<b>208</b>
Unutilised credit facilities	800	350	800	350	491
Financial investments	147	81	147	81	305

## Segment information

SEKm	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/2014 Jul-Jun	2013 Jan-Dec
<b>Rental income</b>						
Stockholm	183	144	341	288	638	584
Gothenburg/West	215	146	417	291	750	624
Öresund	98	86	188	172	362	346
East	93	42	172	83	281	192
North	39	35	74	69	143	137
<b>Total</b>	<b>627</b>	<b>454</b>	<b>1,193</b>	<b>902</b>	<b>2,175</b>	<b>1,884</b>
<b>Net operating income</b>						
Stockholm	134	108	243	200	463	420
Gothenburg/West	144	104	271	193	504	425
Öresund	71	62	130	117	253	240
East	62	25	99	47	161	109
North	25	22	42	37	85	81
<b>Total</b>	<b>436</b>	<b>322</b>	<b>785</b>	<b>594</b>	<b>1,466</b>	<b>1,274</b>

The group's internal reporting of operations is divided into the above segments. Total net operating income corresponds with reported net operating income in the income statement. The difference between net operating income of SEK 785m (594) and profit before tax of SEK 1,637m (1,077) consists of changes in value of properties of SEK 1,301m (337), management and administrative costs of SEK -78m (-62), participations in profits of associated companies of SEK 190m (60), net financial items of SEK -257m (-224) and changes in value of derivatives of SEK -303m (373).

The carrying amounts of properties increased during the period by SEK 2,592m in the Stockholm region, SEK 1,746m in the Gothenburg/West region, SEK 867m in the Öresund region, SEK 607m in the East region and by SEK 372m in the North region.

## Key ratios

SEKm	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/2014 Jul-Jun	2013 Jan-Dec
<b>Share-related, ordinary shares <sup>1)</sup></b>						
<i>Average number of shares, thousands</i>	162,397	159,537	161,165	159,537	160,346	159,537
Profit after tax, SEK	6.39	2.60	7.88	4.96	13.05	10.11
Profit after tax excluding unrealised changes in value, SEK	2.06	0.91	2.95	1.51	5.03	3.77
Profit from property management before tax, SEK	1.56	1.18	2.71	2.00	5.28	4.57
Net operating income, SEK	2.68	2.02	4.87	3.72	9.14	7.99
<i>Outstanding number of shares, thousands</i>	162,397	159,537	162,397	159,537	162,397	159,537
Carrying amount of properties, SEK	207.62	148.00	207.62	148.00	207.62	172.58
Shareholders' equity, SEK	59.17	47.11	59.17	47.11	59.17	52.14
Long-term net asset value (EPRA NAV), SEK	70.82	54.40	70.82	54.40	70.82	60.50
Share price on the closing date, SEK	90.50	48.50	90.50	48.50	90.50	66.00
1) There is no dilutive effect as no potential shares arise.						
<b>Property-related</b>						
Rental value full-year, SEK/sq.m.	1,289	1,267	1,289	1,267	1,289	1,216
Rental income full-year, SEK/sq.m.	1,224	1,186	1,224	1,186	1,224	1,148
Economic occupancy rate, %	95	94	95	94	95	94
Surplus ratio, %	70	71	66	66	67	68
Carrying amount, SEK/sq.m.	15,869	15,017	15,869	15,017	15,869	13,985
Number of properties	490	431	490	431	490	498
Lettable area, sq.m. thousands	2,125	1,572	2,125	1,572	2,125	1,969
Profit from property management before tax, SEKm	303	217	537	378	1,012	854
<b>Financial</b>						
Return on equity, ordinary share, %	19.8	12.7	18.6	14.4	24.4	21.5
Return on total assets, %	8.0	6.5	8.0	7.6	10.3	9.7
Interest coverage ratio, times	3.1	3.0	3.1	2.7	3.1	2.9
Equity/assets ratio, %	34.2	36.0	34.2	36.0	34.2	37.3
Debt/equity ratio, times	1.7	1.6	1.7	1.6	1.7	1.5
Loan-to-value ratio, %	58.1	57.2	58.1	57.2	58.1	55.0
Loan-to-value ratio properties, %	57.0	58.7	57.0	58.7	57.0	57.0

## Condensed parent company income statement

SEKm	2014 Apr-Jun	2013 Apr-Jun	2014 Jan-Jun	2013 Jan-Jun	2013/2014 Jul-Jun	2013 Jan-Dec
Net sales	23	23	52	48	103	99
Administrative expenses	-30	-27	-62	-56	-119	-113
<b>Operating profit</b>	<b>-6</b>	<b>-4</b>	<b>-9</b>	<b>-8</b>	<b>-15</b>	<b>-14</b>
<b>Profit from financial items</b>						
Impairment of subsidiaries	-	-	-	-	-2	-2
Net financial items	793	58	857	104	859	106
Changes in value of derivatives	-165	161	-276	321	-223	374
<b>Profit before tax</b>	<b>622</b>	<b>215</b>	<b>572</b>	<b>417</b>	<b>619</b>	<b>464</b>
Deferred tax	20	-47	31	-92	24	-99
<b>Net profit for the period/year</b>	<b>642</b>	<b>168</b>	<b>603</b>	<b>325</b>	<b>643</b>	<b>365</b>

## Condensed parent company balance sheet

SEKm	2014 30 Jun	2013 30 Jun	2013 31 Dec
<b>Assets</b>			
Property, plant and equipment	23	25	24
Financial non-current assets	3,026	3,127	3,160
Receivables from group companies	14,075	10,490	11,506
Current receivables	19	33	21
Cash and cash equivalents and financial investments	498	167	450
<b>Total assets</b>	<b>17,640</b>	<b>13,842</b>	<b>15,161</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	6,798	5,162	6,274
Interest-bearing liabilities	7,107	5,722	5,690
Liabilities to group companies	2,855	2,527	2,782
Derivatives	626	378	361
Other liabilities	253	53	54
<b>Total equity and liabilities</b>	<b>17,640</b>	<b>13,842</b>	<b>15,161</b>

## 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 30 June amounted to SEK 18,267m (9,879).

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 outstanding shares.

### Ordinary shares

At the end of the period, approximately 9,275 shareholders (8,618) held ordinary shares. During the period, 35 million shares were traded (29), which corresponds to an average of about 285,000 shares per trading day (234,500). The annual turnover rate amounted to 42 per cent (36) during the period. The price of the ordinary share was SEK 90.50 (48.50) on 30 June, corresponding to a rise of 37 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 220m 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 8,242 (6,218) shareholders held preference shares. During the period, 1.7 million shares were traded (1.5), which corresponds to an average of 14,000 shares per trading day (12,310). The annual turnover rate amounted to 34 per cent (49). On 30 June, the market value of the preference share was SEK 357.50 (329.50), corresponding to a rise of 6 per cent since year-end.

### Share capital

On 30 June, 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.

### Annual General Meeting

The Annual General Meeting (AGM) of Fastighets AB Balder on 7 May 2014, resolved on the following matters, among others:

The AGM adopted the annual accounts for 2013 and resolved on a dividend of SEK 20 per preference share and that no dividend shall be declared to the ordinary shareholders.

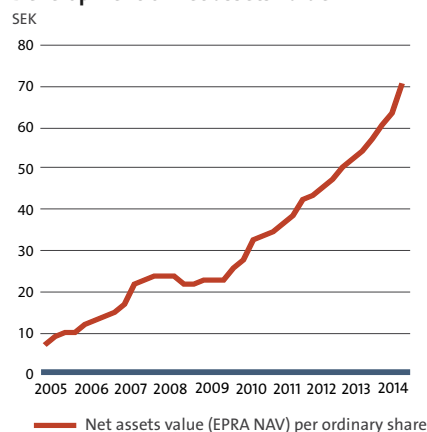
The AGM discharged the Board and the CEO from liability and re-elected the Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren according to the nomination committee's proposal. Christina Rogestam was elected as Chairman.

Öhrlings PriceWaterhouseCoopers was re-elected as auditor with Bengt Kron as chief auditor for the period until the end of the Annual General Meeting 2017.

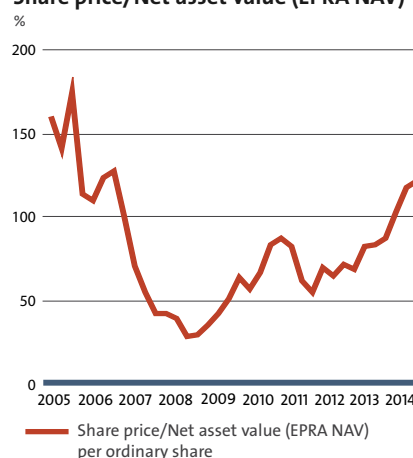
The meeting resolved to authorise the Board, during the period until the next Annual General Meeting, on one or more occasion, to be able to decide on a new issue of not more than 5,000,000 preference shares and/or shares of Class B corresponding to not more than 10 per cent of the existing share capital.

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

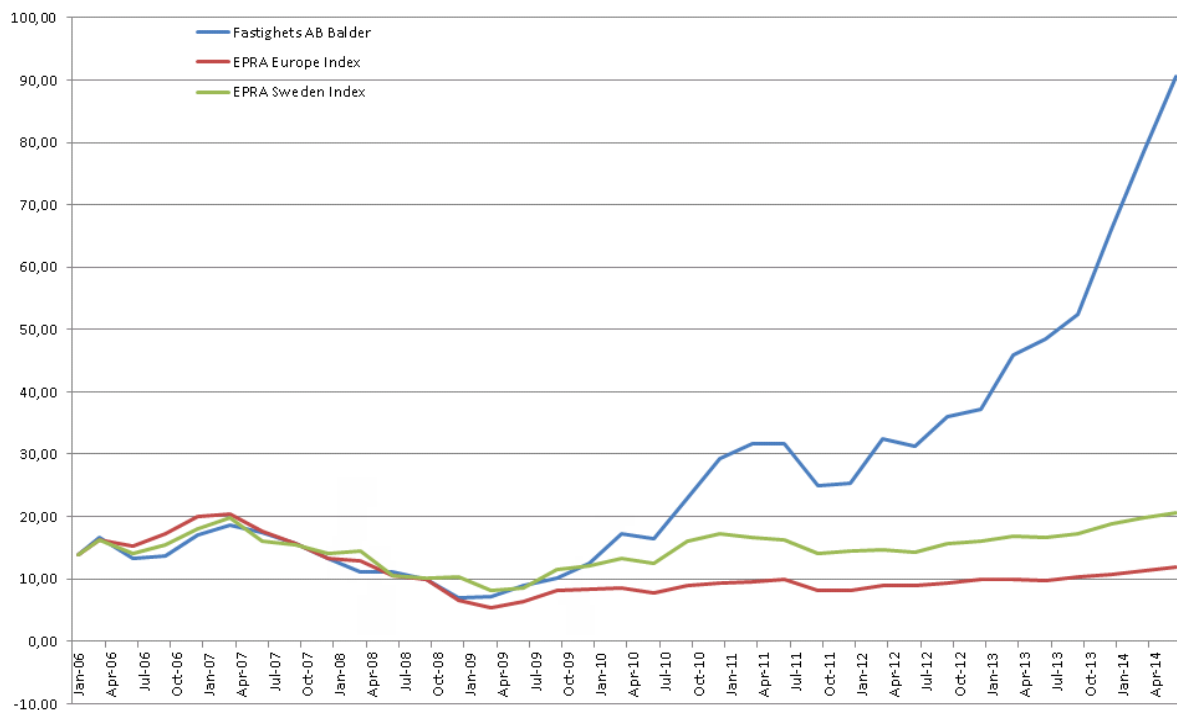
### Development of net assets value



### Share price/Net asset value (EPRA NAV)



## Share price



## Ownership list as of 2014-06-30

Owner	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Selin, Erik med 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	–	11,622,699	–	11,622,699	6.7	4.3
Länsförsäkringar fondförvaltning AB	–	8,479,372	–	8,479,372	4.9	3.1
JP Morgan Chase	–	7,144,445	119,839	7,264,284	4.2	2.7
Handelsbanken Fonder	–	5,789,545	–	5,789,545	3.4	2.1
AMF - Försäkring och Fonder	–	4,092,359	–	4,092,359	2.4	1.5
Lannebo fonder	–	2,700,000	–	2,700,000	1.6	1.0
SEB Investment Management	–	1,997,372	–	1,997,372	1.2	0.7
Rahi, Sharam med bolag	–	1,516,300	20,000	1,536,300	0.9	0.6
Other	11,610	37,064,490	9,859,661	46,935,761	27.2	17.1
<b>Total registered shares</b>	<b>11,229,432</b>	<b>151,167,420</b>	<b>10,000,000</b>	<b>172,396,852</b>	<b>100</b>	<b>100</b>

## Preference share calendar

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	5 January 2015
Record day for payment of dividend	9 January 2015
Expected day of payment from Euroclear	14 January 2015
Final day of trading incl. right to payment of dividend	7 April 2015
Record day for payment of dividend	10 April 2015
Expected day of payment from Euroclear	15 April 2015

# Definitions

## FINANCIALS

### **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.

### **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.

### **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, %**

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 14.00 a.m. on 22 August 2014.

This report is a translation of the Swedish Interim report January–June 2014. In the event of any disparities between this report and the Swedish version, the latter will have priority.

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#### Financial information

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

#### Calendar

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

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