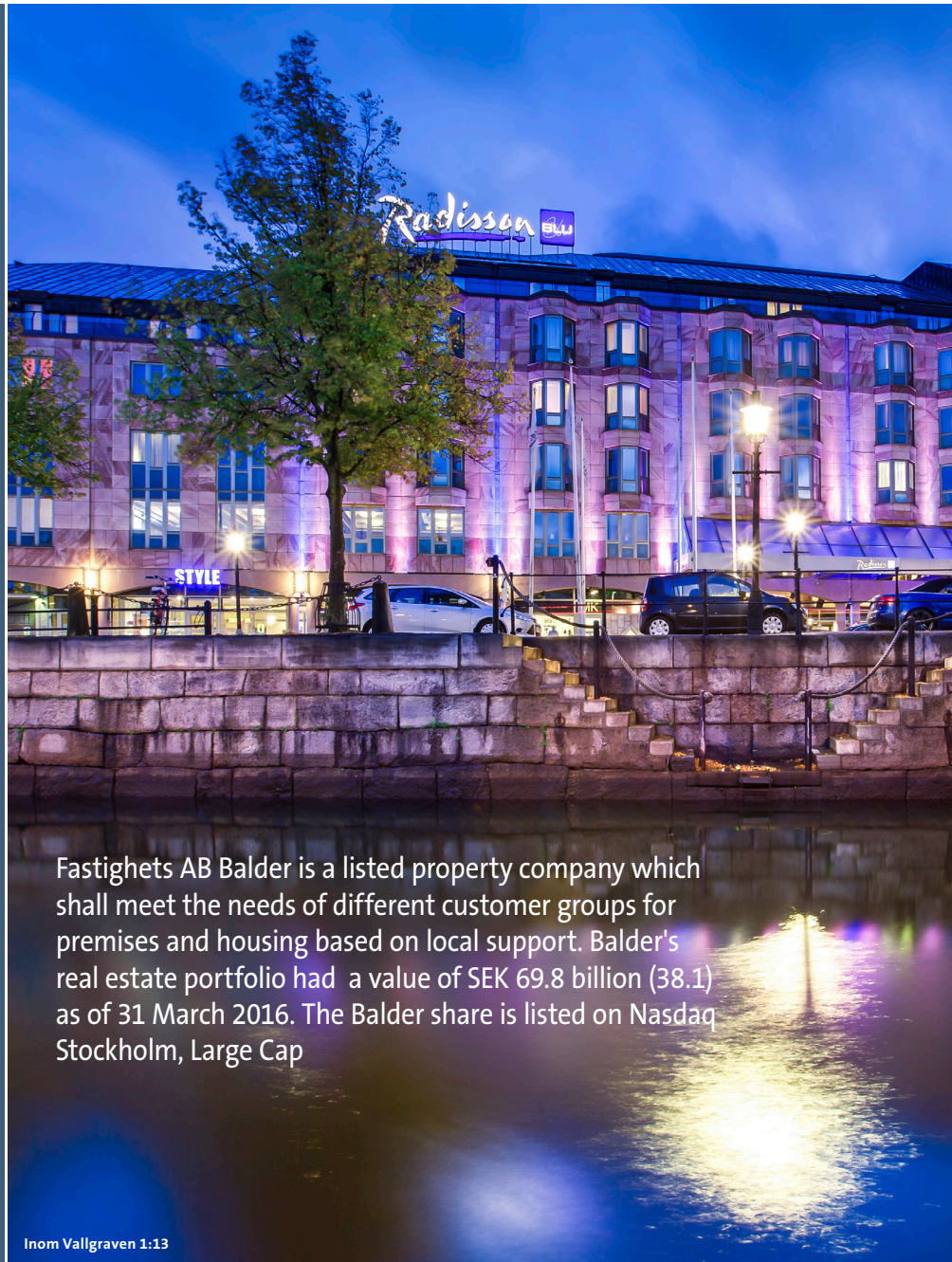


Fastighets AB Balder

Interim report

January-March 2016

- Profit from property management before tax attributable to parent company shareholders amounted to SEK 468m (323), corresponding to an increase per ordinary share by 44 per cent to SEK 2.42 (1.68)
- Rental income amounted to SEK 1,258 m (685)
- Profit after tax attributable to parent company shareholders amounted to SEK 707m (435), corresponding to SEK 3.81 per ordinary share (2.37)
- Shareholders' equity (including Collector AB at market value) amounted to SEK 136.39 per ordinary share (72.72) and the net asset value amounted to SEK 170.15 per ordinary share (90.70)



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 69.8 billion (38.1) as of 31 March 2016. The Balder share is listed on Nasdaq Stockholm, Large Cap

Inom Vallgraven 1:13

The period in brief

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

January-March 2016

- Sato Oyj's income statement is consolidated for the first time during this quarter.
- Rental income amounted to SEK 1,258m (685).
- Net operating income increased by 80 per cent to SEK 814m (451).
- Profit from property management attributable to parent company shareholders increased by 45 per cent to SEK 468m (323), which corresponds to an increase by 44 per cent to SEK 2.42 per ordinary share (1.68).
- Changes in value in respect of investment properties amounted to SEK 625m (402). The average yield requirement amounted to 5.4 per cent (5.5).
- Changes in value of interest rate derivatives have impacted the result by SEK –236m (–179).
- Net profit after tax for the period amounted to SEK 775m (435).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 707m (435), which corresponds to SEK 3.81 per ordinary share (2.37).
- 2 properties (2) has been acquired at a property value of SEK 330m.
- 33 properties (3) were divested at a property value of SEK 451m.

	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2012 Jan-Dec	2011 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec	2008 Jan-Dec
Rental income, SEKm	1,258	685	2,711	2,525	1,884	1,701	1,466	1,333	854	633
Profit from property management before tax, SEKm ¹⁾	468	323	1,780	1,275	854	691	516	417	315	174
Changes in value of properties, SEKm	625	402	3,388	3,050	854	812	990	1,047	4	–201
Changes in value of derivatives, SEKm	–236	–179	227	–624	433	–71	–520	148	–23	–333
Profit after tax, SEKm ¹⁾	707	435	4,916	3,128	1,738	1,162	812	1,338	248	–388
Carrying amount of properties, SEKm	69,775	38,076	68,456	37,382	27,532	22,278	17,556	14,389	12,669	7,086

Data per ordinary share including Collector AB (publ) at market value

Average number of shares, thousands	172,397	162,397	162,753	161,786	159,537	159,537	158,656	149,487	112,902	95,910
Profit after tax, SEK	3.81	2.37	28.98	18.10	10.11	6.69	4.87	8.95	2.20	–4.04
Profit from property management before tax, SEK	2.42	1.68	9.71	6.64	4.57	3.73	3.00	2.79	2.79	1.81
Outstanding number of shares, thousands	172,397	162,397	172,397	162,397	159,537	159,537	159,537	149,487	149,487	94,458
Shareholders' equity, SEK	136.39	72.72	128.03	70.10	52.14	42.15	35.57	31.13	22.19	19.63
Long-term net asset value (EPRA NAV), SEK	170.15	90.70	159.14	86.33	60.50	50.37	41.83	32.89	22.16	20.95
Share price on closing date, SEK	206.00	146.00	208.70	110.25	66.00	37.30	25.30	29.40	12.50	7.00

1) Attributable to parent company shareholders.

Comments by the CEO

Dear shareholder,

Balder had a quiet first quarter in terms of transactions but otherwise it was full of activity and positive energy in our “business model”.

Rental income

Rental income rose sharply, mainly due to the fact that Sato was included in our income statement from year-end. However, Sato was already consolidated in our balance sheet from 31 December 2015.

Profit from property management and net asset value

Profit from property management continued to develop positively and the increase per ordinary share was 44 per cent compared to the same period of the previous year. Our goal over time is to increase the profit from property management/earning capacity at a good rate without weakening our balance sheet.

The net asset value in Q1 amounted to SEK 170 per ordinary share, which was an increase of SEK 11 from year-end and SEK 80 in total compared to the year-earlier period. However, in all fairness, I have to point out that Collector was not listed in the comparative figures for the previous year and was thus not recognised at market value.

Scandinavia and onwards

After the end of the quarter, we carried out our first acquisitions in Norway where the dominant tenant is the Norwegian State with a 24-year lease. Sato also carried out a few acquisitions after the end of the quarter so I can confirm that we had a good transaction momentum in Q2.

Despite the strong property market, I feel optimistic about our company’s opportunities going forward (I should perhaps add that I am also optimistic in general).

Erik Selin
Chief Executive Officer

Current earning capacity

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

Balder's income statement is also impacted by the development in the value of the real estate portfolio as well as future property acquisitions and/or property divestments.

Additional items affecting the operating result are changes in value of derivatives. None of the above has been considered in the current earning capacity.

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

Current earning capacity on a twelve-months basis

SEKm	2016 31 Mar	2015 31 Dec	2015 30 Sep	2015 30 June	2015 31 Mar	2014 31 Dec	2014 30 Sep	2014 30 June	2014 31 Mar	2013 31 Dec	2013 30 Sep
Rental income	5,135	5,045	2,725	2,650	2,745	2,730	2,650	2,600	2,310	2,260	1,885
Property costs	-1,670	-1,635	-775	-760	-800	-800	-795	-785	-735	-735	-580
Net operating income	3,465	3,410	1,950	1,890	1,945	1,930	1,855	1,815	1,575	1,525	1,305
Property and administrative expenses	-440	-425	-175	-175	-170	-165	-165	-165	-165	-165	-125
Profit from property management from associated companies	355	340	560	500	410	220	200	180	180	170	150
Operating profit	3,380	3,325	2,335	2,215	2,185	1,985	1,890	1,830	1,590	1,530	1,330
Net financial items	-930	-880	-530	-575	-575	-585	-580	-580	-535	-535	-515
Of which non-controlling interests	-400	-410	-	-	-	-	-	-	-	-	-
Profit from property management	2,050	2,035	1,805	1,640	1,610	1,400	1,310	1,250	1,055	995	815
Taxes	-440	-439	-397	-361	-354	-308	-288	-275	-232	-219	-179
Profit after tax	1,610	1,596	1,408	1,279	1,256	1,092	1,021	975	823	776	636
Profit after tax attributable to											
Ordinary shareholders	1,410	1,396	1,208	1,079	1,056	892	821	775	623	576	506
Preference shareholders	200	200	200	200	200	200	200	200	200	200	130
Profit from property management before tax according to current earning capacity per ordinary share, SEK	10.73	10.64	9.88	8.87	8.68	7.39	6.83	6.47	5.26	4.99	4.29

The consolidated statement of financial position including Collector AB (publ) at market value

Under IFRS, Collector AB (publ) should not be recognised at market value when Balder reports its participation in the profit from associated companies from Collector. In order to clarify Collector's market value, Collector is reported below at the share price as of 31 March.

SEKm	2016 31 Mar
Assets	
Investment properties	69,775
Other fixed assets	133
Participations in associated companies ¹⁾	7,400
Other receivables ²⁾	1,634
Cash and cash equivalents and financial investments	4,098
Total assets	83,039
Shareholders' equity and liabilities	
Shareholders' equity ³⁾	30,639
Deferred tax liability	4,211
Interest-bearing liabilities	44,504
Derivatives	1,610
Other liabilities	2,075
Total equity and liabilities	83,039
1) Including Balder's marketable value of Collector AB (publ).	5,975
2) Of which most part refers to receivables in associated companies.	
3) Of which non-controlling interests.	4,249

Consolidated statement of changes in equity

SEKm	2016 31 Mar
Opening equity	29,325
Total comprehensive income for the period	814
Transactions with non-controlling interests	-107
Dividend to non-controlling interests	-107
The change during the period of Collector AB (publ) to market value	714
Closing equity	30,639

Results, income and costs

Profit from property management

Profit from property management for the period amounted to SEK 562m (323). Profit from property management attributable to parent company shareholders increased by 45 per cent and amounted to SEK 468m (323), which corresponds to an increase per ordinary share by 44 per cent to SEK 2.42 (1.68). Profit from property management includes SEK 79m (55) in respect of associated companies.

Net profit after tax

Net profit after tax for the period amounted to SEK 775m (435). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 707m (435) corresponding to SEK 3.81 per ordinary share (2.37). Profit before tax was affected by changes in value in respect of properties of SEK 625m (402), changes in value of interest rate derivatives of SEK -236m (-179) and profit from participations in associated companies of SEK 81m (51).

Rental income

Rental income increased by 84 per cent to SEK 1,258m (685). The increase was primarily due to the consolidation of Sato Oyj, whose income statement was consolidated for the first time during this quarter. The leasing portfolio was estimated to have a rental value on 31 March of SEK 5,418m (2,890). The average rental level for the entire real estate portfolio amounted to SEK 1,574/sq.m. (1,326) excl. project properties.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 95 per cent (95) on 31 March. The total rental value of unlet areas at the end of the period amounted to SEK 283m (145) on an annual basis.

Property costs

Property costs amounted to SEK 444m (234) during the period. The increase in property costs was mainly due to the consolidation of Sato Oyj.

Net operating income increased by 80 per cent to SEK 814m (451), which implies a surplus ratio of 65 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 valuation on 31 March, based on a ten-year cash flow model, of the entire real estate portfolio. Unrealised changes in value during the period amounted to SEK 579m (402). Realised changes in value amounted to SEK 46m (0).

The average yield requirement as of 31 March amounted to 5.4 per cent (5.5), which is a reduction by 0.1 percentage points compared to the corresponding period previous year and unchanged since year-end. The change in value during the period was attributable to improved net operating income.

Management and administrative costs

Management and administrative costs amounted to SEK 112m (44) during the period. The increase was mainly due to the consolidation of Sato Oyj.

Participations in the profit of associated companies

Balder owns property-managing and project developing associated companies and 44.1 per cent in Collector AB (publ) which is listed. In order to clarify Collector's value in Balder, Balder also reports a consolidated statement of financial position including Collector AB (publ) at market value.

During the period 49 per cent of the shares in Sjaelsö Management ApS were acquired. Sjaelsö Management is one of the major actors in project development and construction management in Denmark.

Profit from participations in associated companies amounted to SEK 81m (51) and Balder's participation in the associated companies profit from property management amounted to SEK 79m (55).

Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 25m (8).

Net financial items and changes in value of derivatives

Net financial items amounted to SEK -215m (-138) and changes in value of interest rate derivatives amounted to SEK -236m (-179). The negative change in value of derivatives during the period is due to the fact that the interest rates have fallen during the year. Unrealised changes in value do not affect the cash flow.

Net financial items are equivalent to borrowing at an average interest rate of 2.0 per cent (2.4) during the period, including the effect of accrued interest from interest rate-derivatives.

Taxes

Balder reported a current tax cost for the period of SEK 54m (–), which is mainly attributable to the consolidation of Sato Oyj, and a deferred tax expense of SEK 123m (107).

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 4,211m (1,656).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 437m (230). Investing activities have burdened the cash flow by SEK 390m (242).

During the period, acquisition of properties of SEK 330m (740), investments in existing properties and projects of SEK 485m (142), investments in property, plant and equipment, financial investments and associated companies and transactions with non-controlling interests SEK 207m (20), dividends paid preference shares of SEK 50m (50) and dividends paid to non-controlling interests SEK 107m (–) adds up to SEK 1,179m (952).

These have been financed through cash flow from operating activities of SEK 522m (28), by property divestments of SEK 451m (504), financial investments of SEK 181m (155) and net borrowings of SEK 3,265m (929), adds up to SEK 4,419m (1,616).

Total cash flow for the period amounted to SEK 3,240m (666). The group's cash and cash equivalents, financial Investments and unutilised credit facilities amounted to SEK 4,448m (1,343) on 31 March.

Employees and organisation

The number of employees on 31 March including hotel business amounted to 725 persons (427), of whom 359 were women (175). Balder is, after the acquisition of Sato Oyj, organised into six regions with 17 areas in total. The head office with groupwide functions is located in Gothenburg.

Parent Company

The parent company's operations mainly consist of performing group-wide services but an important part relates to sales of services, principally to associated companies. Sales in the parent company amounted to SEK 48m (33).

Net profit after tax amounted to SEK –85m (–56). Unrealised changes in value of interest rate derivatives amounted to SEK –239m (–177)

Real estate holding

On 31 March Balder owned 1,144 properties (493) with a lettable area of 3,402 sq.m. (2,179) and a value of SEK 69,775m (38,076), including project properties. Balder's total rental value excluding project properties amounted to SEK 5,355 m (2,890). Balder's commercial properties are mainly

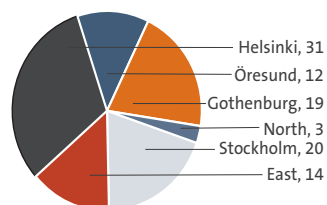
located in the central parts of large cities. Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

Balder's real estate holdings on 2016-03-31¹⁾

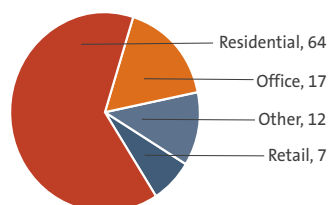
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Helsinki	477	934,942	1,946	2,082	1,850	95	19,942	29
Stockholm	54	447,599	843	1,883	780	93	13,555	19
Gothenburg	175	760,141	956	1,258	923	96	13,188	19
Öresund	52	316,356	478	1,511	443	93	7,256	10
East	308	777,749	963	1,238	911	95	9,239	13
North	78	165,349	169	1,023	166	98	2,208	3
Total	1,144	3,402,136	5,355	1,574	5,073	95	65,389	94
Project			62		62		4,386	6
Total	1,144	3,402,136	5,418	1,574	5,135	95	69,775	100
Distributed by property category								
Residential	989	2,455,675	3,699	1,506	3,538	96	40,326	58
Office	68	415,390	798	1,920	706	89	12,150	17
Retail	46	211,358	328	1,551	317	97	4,633	7
Other	41	319,713	530	1,659	510	96	8,279	12
Total	1,144	3,402,136	5,355	1,574	5,073	95	65,389	94
Project			62		62		4,386	6
Total	1,144	3,402,136	5,418	1,574	5,135	95	69,775	100

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

Distributed by region including projects, %



Distributed by property category including projects, %



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 31 March, Balder's average yield requirement amounted to 5.4 per cent (5.5) excluding project and development properties.

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

Project real estate

On 31 March, Balder had ongoing residential projects with an expected total investment of SEK 8,400m, of which about SEK 4,700m was already invested. The most large-scale investments are in Copenhagen and Helsinki and mainly relate to condominiums that are let. In Copenhagen, there are currently about 1,000 apartments under construction as well as about 1,200 apartments in Finland and

in Sweden about 500 apartments where the majority refers to tenant-owner's rights. We expect to complete about 500 apartments during the first half of 2016.

Unrealised changes in value

The overall carrying amount of Balder's properties amounted to SEK 69,775m (38,076) on 31 March. The unrealised change in value during the period amounted to SEK 579m (402) and was attributable to improved net operating income.

Investments, acquisitions and divestments

During the year, a total of SEK 815m (882) was invested, of which SEK 330m (740) related to acquisitions and SEK 485m (142) related to investments in existing properties and projects. Properties with a sales value of SEK 451m (504) were divested during the period. Profit from property sales amounted to SEK 46m (0). The change in the real estate portfolio during the period may be seen in the table below.

Change in carrying amount of properties

	2016		2015	
	SEKm	Number ¹⁾	SEKm	Number ¹⁾
Real estate portfolio, 1 January	68,456	1,177	37,382	494
Investments in existing properties and projects	485		142	
Acquisitions	330	2	740	2
Sales/Reclassifications	-406	-35	-504	-3
Change in value of investment properties, unrealised	579		402	
Currency changes	331		-86	
Real estate portfolio, 31 March	69,775	1,144	38,076	493

1) Number of investment properties.

Property transactions 2016

Quarter	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
Acquisitions					
One	1	Lorensberg 45:20	Gothenburg	Hotel	3,662
One	1	Sato Oyj	Finland	Residential	1,652
Total	2				5,314
Divestments					
One	1	Miklaholt 2	Stockholm	Office	1,916
One	1	Backa 170:1	Gothenburg	Other	3,500
One	1	Advokaten 1	Töreboda	Retail	2,128
One	1	Rönnen 11	Töreboda	Residential	1,039
One	1	Sotaren 12	Töreboda	Residential	976
One	1	Byggmästaren 5	Töreboda	Residential	1,381
One	1	Plåtslagaren 9	Töreboda	Residential	1,849
One	1	Rådhuset 40	Skara	Residential	2,103
One	1	Tallen 7	Skara	Residential	852
One	1	Frigga 4	Skara	Residential	824
One	1	Frigga 5	Skara	Residential	828
One	1	Fjärilen 6	Skara	Residential	350
One	1	Svärdet 11	Skara	Residential	412
One	1	Bromsen 5	Skara	Residential	534
One	1	Bisittaren 6	Skara	Residential	300
One	1	Bisittaren 2	Skara	Residential	354
One	1	Smörberget 2	Skara	Residential	410
One	1	Almen 4	Skara	Residential	709
One	1	Sländan 1	Skara	Residential	1,434
One	1	Plymen 4, 5	Skara	Residential	705
One	1	Tor 6	Skara	Residential	1,141
One	1	Heimdal 1	Skara	Residential	682
One	1	Heimdal 4	Skara	Residential	672
One	1	Tyr 1	Skara	Residential	680
One	1	Boken 38	Skara	Residential	967
One	1	Aspen 1	Skara	Residential	1,465
One	1	Tor 10	Skara	Residential	689
One	6	Sato Oyj	Finland	Residential	2,946
Total	33				31,846

Associated companies

Balder owns 50 per cent of a number of companies where Balder handles the management and administration, for further information, see page 50-52 in Balder's Annual Report. Balder's 50 per cent-owned associated companies are shown in the table below. Apart from the 50 per cent

owned associated companies, Balder owns 44.1 per cent (48) in Collector AB (publ), 31 per cent (-) of Tornet Bostadsproduktion AB and 35 per cent (-) of Brinova AB and 49 per cent (-) in Sjaelsö Management ApS. For more information about these associated companies, see each company's website: Collector.se, Tornet.se, Brinova.se and Sjaelsoema-nagement.dk.

Balder's participation in the 50 per cent-owned associated companies' real estate holdings on 2016-03-31¹⁾

	Number of properties ²⁾	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	37	102,720	159	1,550	156	98	2,298	51
Gothenburg	11	47,401	56	1,174	52	93	804	18
Öresund	8	35,073	49	1,394	48	98	660	15
Total	56	185,194	264	1,424	256	97	3,762	83
Project			16		16		746	17
Total	56	185,194	280	1,424	271	97	4,507	100
Distributed by property category								
Residential	7	10,102	14	1,402	14	97	250	6
Office	10	35,026	69	1,960	64	93	959	21
Retail	31	91,434	99	1,082	97	98	1,401	31
Other	8	48,632	82	1,686	81	99	1,152	26
Total	56	185,194	264	1,424	256	97	3,762	83
Project			16		16		746	17
Total	56	185,194	280	1,424	271	97	4,507	100

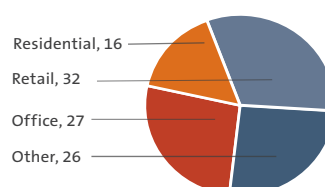
1) The above table refers to the properties owned by the associated companies at the end of the period. Sold properties have been excluded and acquired properties have been estimated using full-year values. Other properties include hotel, educational, nursing, industrial and mixed-use properties.

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

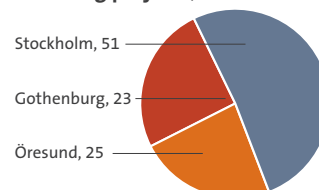
Balder's participation in the balance sheets of 50 per cent-owned associated companies

SEKm	2016 31 Mar	2015 31 Mar
Assets		
Properties	4,507	3,666
Other assets	18	20
Cash and cash equivalents	75	33
Total assets	4,601	3,718
Shareholders' equity and liabilities		
Equity/shareholder loan	1,579	1,349
Interest-bearing liabilities	2,552	2,188
Other liabilities	470	182
Total equity and liabilities	4,601	3,718

Distributed by property category including projects, %



Distributed by region including projects, %



Customers

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

leases have an average lease term of 6.3 years (6.4). Balder's 10 largest leases represent 6.0 per cent (10.0) of total rental income and the average lease term amounts to 11.0 years (13.5).

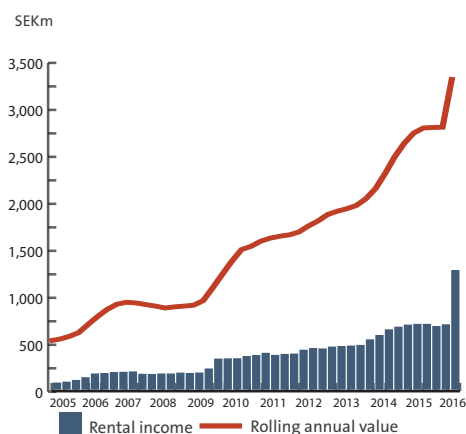
No individual lease accounts for more than 0.9 per cent (1.6) of Balder's total rental income and no individual customer accounts for more than 2.6 per cent (4.7) of total rental income.

Lease maturity structure 2016-03-31

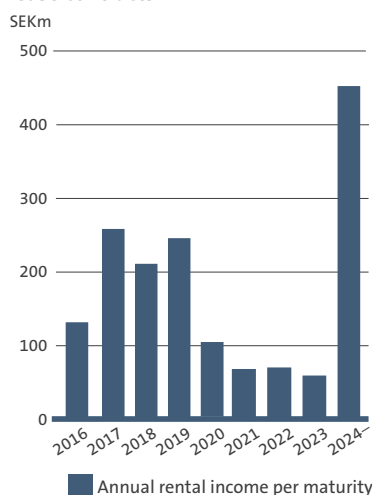
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2016	818	30	122	2
2017	777	28	265	5
2018	507	18	215	4
2019	415	15	250	5
2020–	247	9	773	15
Total	2,764	100	1,625	32
Residential ¹⁾	37,983		3,454	67
Car park ¹⁾	5,562		15	0
Garage ¹⁾	4,738		41	1
Total	51,047		5,135	100

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 2016-03-31

- ICA Sverige AB
- Kopparbergs bryggerier
- Profilhotels
- Scandic Hotels AB
- SCA Hygiene Products AB
- Stockholm municipality
- Stureplansgruppen
- Winn Hotel Group
- Sirius International Försäkrings AB
- Nyköping municipality

Financing

Equity

Consolidated equity, including Collector AB (publ) at market value, amounted to SEK 30,639m (14,687) on 31 March and the equity/assets ratio amounted to 36.9 per cent (35.1).

During the period, equity increased by comprehensive income for the period of SEK 814m (425), and the change in market value of the holding in Collector AB (publ) SEK 714m (–), decreased by SEK 107m (–) regarding dividends to non-controlling interests, and decreased by SEK 107m (–) regarding transactions with non-controlling interests.

Interest-bearing liabilities

The majority of Balder's liabilities are revolving bilateral liabilities with eight different Nordic banks. Apart from bank financing, Balder has outstanding bonds totalling SEK 10,688m (2,650) and outstanding certificates of SEK 2,758m (825).

The Group's net debt to assets excluding cash ratio calculated as net interest-bearing liabilities divided by net total assets including Collector at market value, amounted to 51.2 per cent (54.5) on 31 March. The secured liabilities in relation to total assets amounted to 40 per cent (54) on 31 March.

On 31 March, Balder had credit facilities of SEK 3,677m (1,000) of which SEK 3,677m (1,000) were unutilised. Apart from these facilities, Balder had cash and cash equivalents, unutilised overdrafts and financial investments of SEK 4,448m (1,343). Balder also has credit facilities that fully covers future payments for ongoing construction projects.

The interest rate refixing period and fixed credit term amounted to 2.9 years (2.4) and 4.1 years (3.9).

Financial goals

Balder's financial goals are that the equity/assets ratio shall not be less than 35 per cent and the interest coverage ratio should not be less than 2.0 times.

As of 31 March, the equity/assets ratio was 36.9 per cent (35.1) and the interest coverage ratio was 3.6 times (3.3).

Financial targets

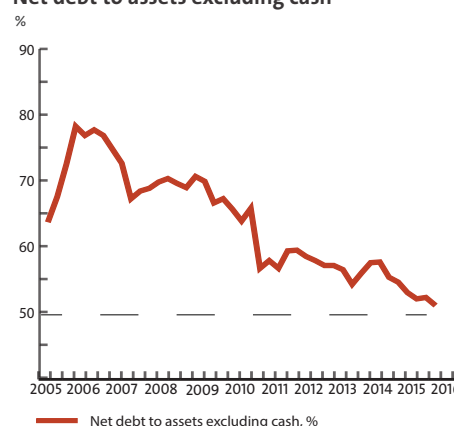
	Target	Outcome ¹⁾
Equity/assets ratio, %	35.0	36.9
Interest coverage ratio, times	2.0	3.6

1) Key ratios including Collector AB at market value.

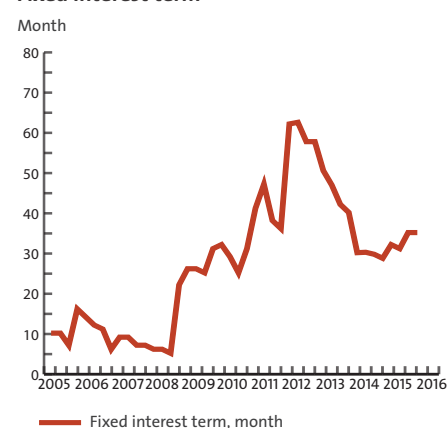
Interest maturity structure on 2016-03-31

Year	Fixed interest term		
	SEKm	Interest, %	Proportion, %
Within one year	21,793	1.1	49
1–2 years	1,287	3.5	3
2–3 years	3,423	5.1	8
3–4 years	1,170	3.9	3
4–5 years	9,238	2.8	21
> 5 years	7,594	2.9	17
Total	44,504	2.1	100

Net debt to assets excluding cash



Fixed interest term



Other disclosures

Events after the end of the period

After the end of the period Fastighets AB Balder has acquired the property that contains Hedmark University College in Norway for about NOK 700m. The majority of the property is rented to the Norwegian State on a 24 year lease. The building was completed in 2010 and the university has over 8,000 students. Balder has also agreed to sell the properties Tigern 7, Lejoninnan 10 and Björnen 6 in Huskvarna, Hålan 6:2 in Jönköping and Mjälaryd 3:300 in Tenhult. The total lettable area amounts to approximately 31,000 sq.m., of which 30,000 sq.m. are residentials. The possession will take place in the third quarter of 2016.

Through the group company Sato Oyj, 2,270 apartments located in Helsinki, Tampere and Turku has been acquired.

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 8m (7) during the period and are reported in management and administrative costs. In addition, services are bought from Collector AB (publ).

Risks and uncertainties

Balder's operations, financial position and results may be affected by a number of risks and uncertainty factors. These are described in the Annual Report for 2015, on pages 53-55. Otherwise, no significant changes has been noted.

Accounting policies

Balder 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 2015.

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

Gothenburg 10 May 2016

Erik Selin
Chief Executive Officer

Consolidated statement of comprehensive income

SEKm	2016 Jan-Mar	2015 Jan-Mar	2015/2016 April-Mar	2015 Jan-Dec
Rental income	1,258	685	3,284	2,711
Property costs	-444	-234	-978	-767
Net operating income	814	451	2,307	1,944
Changes in value of properties, realised	46	0	110	65
Changes in value of properties, unrealised	579	402	3,501	3,323
Other income/costs	-4	-1	-1	2
Non-recurring items	-	-	9	9
Property and administrative costs	-112	-44	-254	-185
Participations in the profits of associated companies	81	51	862	831
Operating profit	1,404	858	6,533	5,988
Net financial items	-215	-138	-514	-437
Changes in value of derivatives	-236	-179	169	227
Profit before tax	952	542	6,188	5,778
Current tax	-177	-107	-932	-862
Net profit for the year	775	435	5,257	4,916
<i>Net profit after tax for the period/year attributable to:</i>				
Parent company shareholders	707	435	5,188	4,916
Non-controlling interests	69	-	69	-
	775	435	5,257	4,916
Other comprehensive income - Items that may be subsequently reclassified to profit or loss				
Translation difference	95	-12	109	3
Cash flow hedges after tax	-57	-	-57	-
Participation in other comprehensive income of associated companies	0	2	-12	-10
Total comprehensive income for the period/year	814	425	5,297	4,909
<i>Total comprehensive income for the period/year attributable to:</i>				
Parent company shareholders	728	425	5,211	4,909
Non-controlling interests	86	-	86	-
	814	425	5,297	4,909
Profit from property management before tax, SEKm	562	323	2,019	1,780
Profit from property management before tax, attributable to parent company shareholders, SEKm	468	323	1,924	1,780
Profit from property management before tax per ordinary share, SEK ¹⁾	2.42	1.68	10.44	9.71
Profit after tax per ordinary share, SEK ¹⁾	3.81	2.37	30.19	28.98

1) Reduced by dividend for the preference share for the period.

There is no dilutive effect as no potential shares arise.

Consolidated statement of financial position

SEKm	2016 31 Mar	2015 31 Mar	2015 31 Dec
Assets			
Investment properties	69,775	38,076	68,456
Other fixed assets	133	93	122
Participations in associated companies	2,413	1,560	2,276
Other receivables ¹⁾	1,634	1,088	1,497
Cash and cash equivalents and financial investments	4,098	993	1,025
Total assets	78,052	41,809	73,376
Shareholders' equity and liabilities			
Shareholders' equity ²⁾	25,652	14,687	25,052
Deferred tax liability	4,211	1,656	4,071
Interest-bearing liabilities	44,504	23,236	41,063
Derivatives	1,610	1,264	1,294
Other liabilities	2,075	966	1,896
Total equity and liabilities	78,052	41,809	73,376
1) Of which most part refers to receivables in associated companies.			
2) Of which non-controlling interests.	4,249	–	4,377

Consolidated statement of changes in equity

SEKm	2016 31 Mar	2015 31 Mar	2015 31 Dec
Opening equity	25,052	14,261	14,261
Total comprehensive income for the period/year	814	425	4,909
Dividend preference shares	–	–	–200
Share issue, after issue costs	–	–	1,705
Transactions with non-controlling interests	–107	–	–
Dividend to non-controlling interests	–107	–	–
Non-controlling interests, arising on the acquisition of subsidiary	–	–	4,377
Closing equity	25,652	14,687	25,052

Consolidated statement of cash flows

SEKm	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
Net operating income	814	451	1,944
Other income/costs	-4	-1	2
Management and administrative expenses	-112	-44	-185
Reversal of depreciation	4	4	15
Adjustment item	4	-7	0
Net financial items paid	-214	-172	-586
Taxes paid	-54	-	4
Cash flow from operating activities before change in working capital	437	230	1,193
Change in operating receivables	-115	-280	-660
Change in operating liabilities	200	78	228
Cash flow from operating activities	522	28	762
Acquisition of properties	-330	-740	-2,097
Acquisition of property, plant and equipment	-14	-1	-4
Purchase of financial investments	-30	0	-542
Acquisition of shares in associated companies	-56	-19	-92
Investment in existing properties and projects	-485	-142	-791
Acquisition of subsidiary ¹⁾	-	-	-4,219
Transactions with non-controlling interests	-107	-	-
Sale of properties	451	504	1,606
Sale of financial investments	181	155	504
Cash flow from investing activities	-390	-242	-5,635
Share issue, after issue costs	-	-	1,705
Dividend paid for preference shares	-50	-50	-200
Dividend paid to non-controlling interests	-107	-	-
Loans raised	4,096	1,274	5,209
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-832	-345	-1,421
Cash flow from financing activities	3,108	880	5,293
Cash flow for the period/year	3,240	666	421
Cash and cash equivalents at the start of the year	620	199	199
Cash and cash equivalents at the end of the period/year	3,860	865	620
Unutilised credit facilities	350	350	314
Financial investments	238	128	405

1) The item in 2015 represents a net outflow of cash for the acquisition of Sato Oyj.

Segment information

SEKm	2016 Jan-Mar	2015 Jan-Mar	2015/2016 April-Mar	2015 Jan-Dec
Rental income				
Helsinki	441	–	441	–
Stockholm	201	221	823	843
Gothenburg	248	234	953	938
Öresund	109	101	421	414
East	218	88	482	352
North	41	41	165	164
Total	1,258	685	3,284	2,711
Net operating income				
Helsinki	284	–	284	–
Stockholm	153	157	638	643
Gothenburg	163	151	663	650
Öresund	86	69	332	315
East	105	53	285	233
North	23	21	105	103
Total	814	451	2,307	1,944

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 814m (451) and profit before tax of SEK 952m (542) consists of changes in value of properties of SEK 625m (402), other income/costs SEK –4m (–1), management and administrative costs of SEK –112m (–44), participations in profits of associated companies of SEK 81m (51), net financial items of SEK –215m (–138) and changes in value of derivatives of SEK –236m (–179).

The carrying amounts of properties has during the period changed by SEK 347m in Helsinki region, SEK 5m in the Stockholm region, SEK 301m in the Gothenburg region, SEK 675m in the Öresund region, SEK 30m in the North region and by SEK 154m in the East region. The group's projects has decreased by SEK –195m. Sato's property portfolio is divided between the regions Helsinki and East.

Key ratios including Collector AB at market value

	2016 Jan-Mar	2015 Jan-Mar	2015/2016 April-Mar	2015 Jan-Dec
Share-related, ordinary shares ¹⁾				
Average number of shares, thousands	172,397	162,397	165,246	162,753
Profit after tax, SEK	3.81	2.37	30.19	28.98
Profit after tax excluding unrealised changes in value, SEK	2.27	1.26	10.98	10.00
Profit from property management before tax, SEK	2.42	1.68	10.44	9.71
Net operating income, SEK	3.77	2.78	12.97	11.94
Outstanding number of shares, thousands	172,397	162,397	172,397	172,397
Shareholders' equity, SEK	136.39	72.72	136.39	128.03
Long-term net asset value (EPRA NAV), SEK	170.15	90.70	170.15	159.14
Share price on the closing date, SEK	206.00	146.00	206.00	208.70
Property-related				
Rental value full-year, SEK/sq.m.	1,574	1,326	1,574	1,508
Rental income full-year, SEK/sq.m.	1,491	1,260	1,491	1,455
Economic occupancy rate, %	95	95	95	96
Surplus ratio, %	65	66	70	72
Carrying amount, SEK/sq.m.	19,220	17,474	19,220	18,622
Number of properties	1,144	493	1,144	1,177
Lettable area, sq.m. thousands	3,402	2,179	3,402	3,430
Profit from property management before tax, attributable to parent company shareholders, SEKm	468	323	1,924	1,780
Financial				
Return on equity, ordinary share, %	7.6	8.6	28.2	28.2
Return on total assets, %	4.3	4.9	10.7	10.5
Interest coverage ratio, times	3.6	3.3	4.9	5.1
Equity/assets ratio, %	36.9	35.1	36.9	37.8
Debt/equity ratio, times	1.5	1.6	1.5	1.4
Net debt to assets excluding cash, %	51.2	54.5	51.2	52.3

Key ratios excluding Collector AB at market value

	2016 Jan-Mar	2015 Jan-Mar	2015/2016 April-Mar	2015 Jan-Dec
Share-related, ordinary shares ¹⁾				
Shareholders' equity, SEK	107.46	72.72	107.46	103.24
Financial				
Return on equity, ordinary share, %	9.6	8.6	32.9	32.3
Return on total assets, %	4.5	4.9	11.2	10.9
Equity/assets ratio, %	32.9	35.1	32.9	34.1
Debt/equity ratio, times	1.7	1.6	1.7	1.6
Net debt to assets excluding cash, %	54.6	54.5	54.6	55.3

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

Condensed parent company income statement

SEKm	2016 Jan-Mar	2015 Jan-Mar	2015/2016 April-Mar	2015 Jan-Dec
Net sales	48	33	162	147
Administrative expenses	-53	-38	-183	-167
Operating profit	-6	-5	-21	-20
Profit from financial items				
Dividends from subsidiaries	-	-	800	800
Other net financial items	135	110	517	492
Changes in value of derivatives	-239	-177	137	199
Profit before appropriations and taxes	-109	-72	1,433	1,470
Appropriations				
Group contributions paid	-	-	-340	-340
Profit before tax	-109	-72	1,093	1,130
Deferred tax	25	16	-61	-69
Net profit for the period/year ¹⁾	-85	-56	1,032	1,061

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

Condensed parent company balance sheet

SEKm	2016 31 Mar	2015 31 Mar	2015 31 Dec
Assets			
Property, plant and equipment	21	21	20
Financial non-current assets	3,449	3,357	3,537
Receivables from group companies	20,587	16,082	21,676
Current receivables	58	13	10
Cash and cash equivalents and financial investments	1,276	881	394
Total assets	25,390	20,355	25,637
Shareholders' equity and liabilities			
Shareholders' equity	8,978	6,441	9,063
Interest-bearing liabilities	10,445	9,014	10,968
Liabilities to group companies	4,669	3,682	4,507
Derivatives	976	1,113	737
Other liabilities	323	105	363
Total equity and liabilities	25,390	20,355	25,637

The share and owners

Balder's shares are listed on Nasdaq Stockholm, Large Cap segment. Balder has two listed classes of shares, an ordinary Class B share and a preference share, which pays a dividend of SEK 5 per quarter. The company's market capitalisation as of 31 March amounted to SEK 38,787m (27,360).

The principal owner in Fastighets AB Balder is Erik Selin-Fastigheter AB, which owns 35.9 percent (38.0) of the capital and 49.5 per cent (51.3) of the votes. Foreign ownership amounts to approximately 21 per cent (17) of outstanding ordinary shares.

Ordinary shares

At the end of the period, approximately 10,100 shareholders (8,700) held ordinary shares. During the period, approximately 20.2 million shares were traded (19.0) which corresponds to an average of about 331,000 shares per trading day (307,000). The annual turnover rate amounted to 47 per cent (47) during the period. The price of the ordinary share was SEK 206.00 (146.00) on 31 March, corresponding to a decrease with one per cent since year-end.

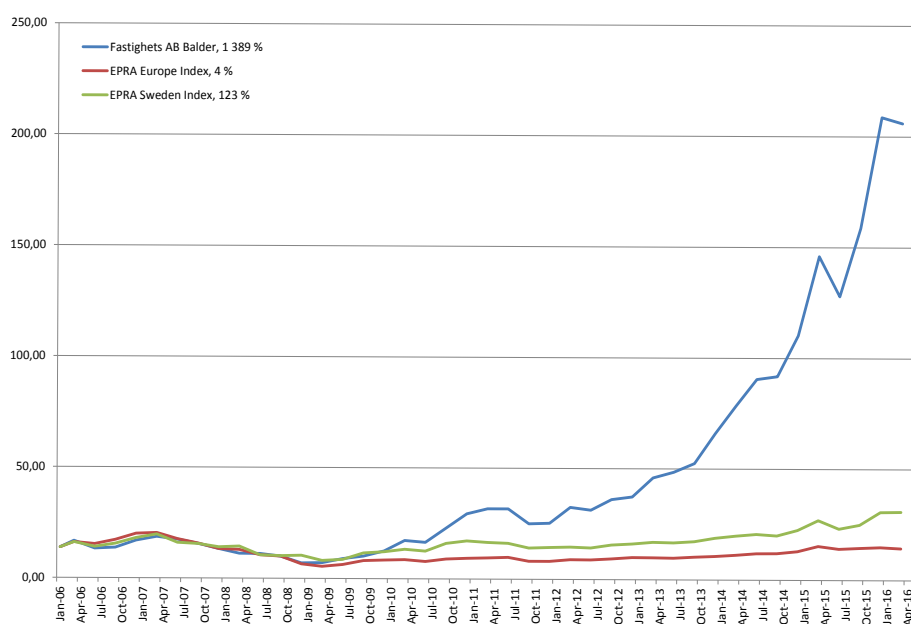
Preference shares

At the end of the period, approximately 8,700 shareholders (8,300) held preference shares. During the period approximately 0.7 million shares were traded (0.9), which corresponds to an average of about 11,800 shares per trading day (14,700). The annual turnover rate amounted to 29 per cent (36). On 31 March, the share price of the preference share was SEK 327.30 (365.00), corresponding to an increase of 4.9 per cent since year-end and a total return of 6.5 per cent since year-end.

Share capital

On 31 March, the share capital in Balder amounted to SEK 182,396,852 distributed among 182,396,852 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 shares are of Class A, 161,167,420 of Class B and 10,000,000 preference shares. The total number of outstanding shares amounts to 182,396,852. Each Class A share carries one vote and each Class B share and preference share carries one tenth of one vote.

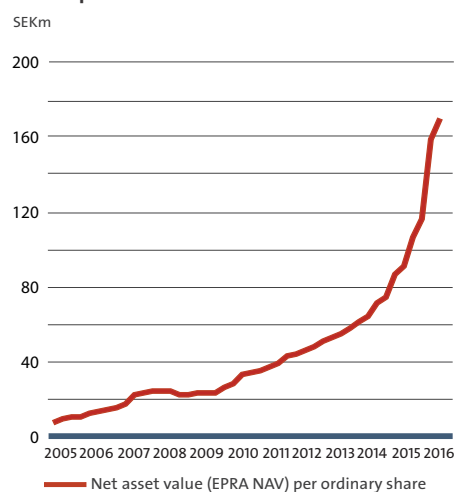
Share price



EPRA key ratios

	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec
EPRA NAV (Long-term net asset value), SEKm	29,334	14,730	27,436
EPRA NAV, SEK per share	170.15	90.70	159.14
EPRA Vacancy rate	5	5	4

Development of net asset value



Share price/Net asset value



Ownership list as of 2016-03-31

Owner	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	500	65,520,728	35.9	49.5
Arvid Svensson Invest AB	2,915,892	13,542,540	–	16,458,432	9.0	15.1
Swedbank Robur fonder	–	11,469,751	–	11,469,751	6.3	4.1
Länsförsäkringar fondförvaltning AB	–	6,267,899	–	6,267,899	3.4	2.2
Handelsbanken Fonder AB	–	5,278,388	–	5,278,388	2.9	1.9
SEB Investment Management	–	4,850,650	–	4,850,650	2.7	1.7
CBNY Norges Bank	–	2,955,571	–	2,955,571	1.6	1.0
AMF - Försäkring och fonder	–	2,716,472	–	2,716,472	1.5	1.0
Lannebo fonder	–	2,700,000	–	2,700,000	1.5	1.0
JPM Chase	–	2,614,035	68,487	2,682,522	1.5	1.0
Other	4,212	51,561,214	9,931,013	61,496,439	33.7	21.5
Total	11,229,432	161,167,420	10,000,000	182,396,852	100	100

Preference share calendar

Final day of trading incl. right to payment of dividend	6 July 2016
Record day for payment of dividend	8 July 2016
Expected day of payment from Euroclear	13 July 2016
Final day of trading incl. right to payment of dividend	6 October 2016
Record day for payment of dividend	10 October 2016
Expected day of payment from Euroclear	13 October 2016
Final day of trading incl. right to payment of dividend	5 January 2017
Record day for payment of dividend	10 January 2017
Expected day of payment from Euroclear	13 January 2017

Definitions

Financial

Return on equity, ordinary share, %

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

Return on total assets, %

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

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.

Net debt to assets excluding cash, %

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

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.

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 year.

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

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

Profit after tax per ordinary share, SEK

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

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 2.00 p.m. on May 10, 2016.

This report is a translation of the Swedish Interim Report January-March 2016. In the event of any disparities between this report and the Swedish version, the latter will have priority.

Contact

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

Financial information

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

Calendar

Interim report January-June 2016	23 August 2016
Interim report January-September 2016	3 November 2016
Year-end report 2016	22 February 2017

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

Head office Vasagatan 54 · Box 53 121 · 400 15 Gothenburg · Tel +46 31-10 95 70 · Fax +46 31-10 95 99
From 16 May our is new address is:
Parkgatan 49 · Box 53 121 · 411 39 Gothenburg · Tel +46 31-10 95 70 · Fax +46 31-10 95 99

Regional offices

Stockholm Drottninggatan 108 · 113 60 Stockholm · Tel +46 8-73 53 770
Vårby Allé 14 · 143 40 Vårby · Tel +46 8-73 53 770

Gothenburg Wetterlingsgatan 11G · 521 34 Falköping · Tel +46 515-72 14 80
Timmervägen 9A · 541 64 Skövde · Tel +46 500-47 88 50
Vasagatan 54 · Box 53 121 · 400 15 Göteborg · Tel +46 31-10 95 70

Öresund Esplanaden 15 · 265 34 Åstorp · Tel +46 42-569 40
Gustav Adolfs Torg 8 · 252 25 Helsingborg · Tel +46 42-17 21 30
Kalendegatan 26 · 211 35 Malmö · Tel +46 40-600 96 50

East Hospitalsgatan 11 · 602 27 Norrköping · Tel +46 11-15 88 90
Kapellgatan 29 A · 732 45 Arboga · Tel +46 589-194 50
Rönnebergagatan 10 · 723 46 Västerås · Tel +46 21-14 90 98
Storgatan 51 · 573 32 Tranås · Tel +46 140-654 80
Tunadalsgatan 6 · 731 31 Köping · Tel +46 221-377 80

North Forskarvägen 27 · 804 23 Gävle · Tel +46 26-54 55 80
Sandbäcksgatan 5 · 653 40 Karlstad · Tel +46 54-14 81 80
Tallvägen 8 · 854 66 Sundsvall · Tel +46 60-55 47 10

Letting Tel +46 20-151 151

Customer service Tel +46 774-49 49 49