

# *Fastighets AB Balder*

## *Interim report*

*January-June 2016*

Heden 47:3, Gothenburg

- Profit from property management before tax attributable to parent company shareholders amounted to SEK 1,015m (763), corresponding to an increase per ordinary share by 30 % to SEK 5.31 (4.08)
- Rental income amounted to SEK 2,565m (1,370)
- Profit after tax attributable to parent company shareholders amounted to SEK 1,733m (1,595) corresponding to SEK 9.47 per ordinary share (9.21)
- Shareholders' equity (including Collector AB at market value) amounted to SEK 132.45 per ordinary share (89.33) and the net asset value amounted to SEK 169.39 per ordinary share (106.16)

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 77.5 billion (38.1) as of 30 June 2016. The Balder share is listed on Nasdaq Stockholm, Large Cap



# The period in brief

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

## April-June 2016

- Rental income amounted to SEK 1,307m (685).
- Net operating income increased by 86 % to SEK 896m (481).
- Profit from property management attributable to parent company shareholders increased by 25 % to SEK 547m (439), which corresponds to an increase by 20 % per ordinary share to SEK 2.88 (2.40).
- Changes in value in respect of investment properties amounted to SEK 1,026m (391). The average yield requirement amounted to 5.4 % (5.3).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –193m (321).
- Net profit after tax for the period amounted to SEK 1,184m (1,160).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,026m (1,160) which corresponds to SEK 5.66 per ordinary share (6.84).
- 57 properties (4) has been acquired at a property value of SEK 5,775m (289).
- 4 properties (18) were divested at a property value of SEK 274m (922).

## January-June 2016

- Sato Oyj's income statement is consolidated for the first time from 1 January 2016.
- Rental income amounted to SEK 2,565m (1,370).
- Net operating income increased by 83 % to SEK 1,710m (932).
- Profit from property management attributable to parent company shareholders increased by 33 % to SEK 1,015m (763), which corresponds to an increase per ordinary share by 30 % to SEK 5.31 (4.08).
- Changes in value in respect of investment properties amounted to SEK 1,651m (793). The average yield requirement amounted to 5.4 % (5.3).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –429m (142).
- Net profit after tax for the period amounted to SEK 1,959m (1,595).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,733m (1,595) which corresponds to SEK 9.47 per ordinary share (9.21).
- 59 properties (7) has been acquired at a property value of SEK 6,105m (1,029).
- 37 properties (21) were divested at a property value of SEK 725m (1,426).

	2016 Jan-June	2015 Jan-June	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	2,565	1,370	2,711	2,525	1,884	1,701	1,466	1,333	854	633
Profit from property management before tax, SEKm <sup>1)</sup>	1,015	763	1,780	1,275	854	691	516	417	315	174
Changes in value of properties, SEKm	1,651	793	3,388	3,050	854	812	990	1,047	4	–201
Changes in value of derivatives, SEKm	–429	142	227	–624	433	–71	–520	148	–23	–333
Profit after tax, SEKm <sup>1)</sup>	1,733	1,595	4,916	3,128	1,738	1,162	812	1,338	248	–388
Carrying amount of properties, SEKm	77,538	38,071	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	9.47	9.21	28.98	18.10	10.11	6.69	4.87	8.95	2.20	–4.04
Profit from property management before tax, SEK	5.31	4.08	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	132.45	89.33	128.03	70.10	52.14	42.15	35.57	31.13	22.19	19.63
Long-term net asset value (EPRA NAV), SEK	169.39	106.16	159.14	86.33	60.50	50.37	41.83	32.89	22.16	20.95
Share price on closing date, SEK	212.90	127.90	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

## Q 2 , 2016

Profit from property management per ordinary share for the second quarter and the first half of 2016 improved by 20 and 30 %, respectively, compared to the same period of last year. Increasing the profit from property management over time has been the most important financial performance measure for us on a day-to-day basis since Balder was established in its present form 11 years ago.

We present Balder's current earning capacity on a quarterly basis, which provides a snapshot of the profit from property management on an annual basis at the end of each interim period. Compared to the same quarter of last year, the increase in current earnings per ordinary share was 30 %. If we compare with the previous quarter and the net profit for the year, the improvement was 7.6 and 8.6 %, respectively.

## Investments

During the first half of 2016, net investments in properties and projects amounted to about SEK 6.5 billion. A large proportion related to residential properties in Finland via Sato. However, in Denmark, apart from residential constructions in progress, we also bought a hotel and after many valiant attempts we completed a transaction in Norway. Last but not least, we acquired/took possession of three excellently located commercial properties in Gothenburg.

## Associated companies

Almost since the start of the company in its present form, Balder has made an increasing number of investments in associated companies. Investing in partly-owned companies increases the number of potential transactions, which in turn, in my view, has a positive impact on the return for Balder's shareholders.

Apart from financial dividends, our partners also provide us with increased knowledge about all sorts of things and it is also a very enriching and pleasant experience for me and many of our employees.

Towards the end of the second quarter in one of our associated companies, which we own jointly with the Third Swedish National Pension Fund, we agreed to acquire a portfolio of excellent residential properties in the Stockholm and Öresund regions for SEK 2 billion. The portfolio was taken into possession just after mid-year. The Third Swedish National Pension Fund shares our long-term view on investments and I cannot say other than that I admire their management team.

## Balder 11

With this interim report, Balder has been established in its present form for 11 years. Net asset value and subscription-/share price development has been as follows as of 30 June each year:

Year	Net asset value	Share price (2005 refers to subscription price)
2005	6.59	7.075
2006	11.08	13.33
2007	16.46	17.50
2008	23.44	11.15
2009	22.39	9.00
2010	26.57	16.47
2011	36.04	31.70
2012	44.85	31.30
2013	54.41	48.50
2014	70.82	90.50
2015	106.16	127.90
2016	169.39	212.90

Average increase per year : net asset value 34 %  
share price 36 %

We have made the assessment to date that the best total yield for Balder's shareholders is achieved by reinvestment of the profits generated. The goal is also the same going forward and I am optimistic regarding the possibility of being able to continue finding investments over time with a reasonably good return.

## In conclusion

I would like to thank all those who have been with us in one way or another during our first 11 years. I am very fortunate to be able to spend my days doing what I really want to do and also to choose with whom to work with.

If I had a wish, it would be to be able to continue doing this for many, many years to come. I have said it before but it bears repeating, namely that I really should pay to have my job.

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 30 June	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
Rental income	5,325	5,135	5,045	2,725	2,650	2,745	2,730	2,650	2,600	2,310	2,260
Property costs	-1,685	-1,670	-1,635	-775	-760	-800	-800	-795	-785	-735	-735
<b>Net operating income</b>	<b>3,640</b>	<b>3,465</b>	<b>3,410</b>	<b>1,950</b>	<b>1,890</b>	<b>1,945</b>	<b>1,930</b>	<b>1,855</b>	<b>1,815</b>	<b>1,575</b>	<b>1,525</b>
Property and administrative expenses	-480	-440	-425	-175	-175	-170	-165	-165	-165	-165	-165
Profit from property management from associated companies	420	355	340	560	500	410	220	200	180	180	170
<b>Operating profit</b>	<b>3,580</b>	<b>3,380</b>	<b>3,325</b>	<b>2,335</b>	<b>2,215</b>	<b>2,185</b>	<b>1,985</b>	<b>1,890</b>	<b>1,830</b>	<b>1,590</b>	<b>1,530</b>
Net financial items	-1,010	-930	-880	-530	-575	-575	-585	-580	-580	-535	-535
Of which non-controlling interests	-380	-400	-410	-	-	-	-	-	-	-	-
<b>Profit from property management</b>	<b>2,190</b>	<b>2,050</b>	<b>2,035</b>	<b>1,805</b>	<b>1,640</b>	<b>1,610</b>	<b>1,400</b>	<b>1,310</b>	<b>1,250</b>	<b>1,055</b>	<b>995</b>
Taxes	-470	-440	-439	-397	-361	-354	-308	-288	-275	-232	-219
<b>Profit after tax</b>	<b>1,720</b>	<b>1,610</b>	<b>1,596</b>	<b>1,408</b>	<b>1,279</b>	<b>1,256</b>	<b>1,092</b>	<b>1,021</b>	<b>975</b>	<b>823</b>	<b>776</b>
<b>Profit after tax attributable to</b>											
Ordinary shareholders	1,520	1,410	1,396	1,208	1,079	1,056	892	821	775	623	576
Preference shareholders	200	200	200	200	200	200	200	200	200	200	200
<b>Profit from property management before tax according to current earning capacity per ordinary share, SEK</b>	<b>11.55</b>	<b>10.73</b>	<b>10.64</b>	<b>9.88</b>	<b>8.87</b>	<b>8.68</b>	<b>7.39</b>	<b>6.83</b>	<b>6.47</b>	<b>5.26</b>	<b>4.99</b>



## 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 30 June.

SEKm	2016 30 June	2015 30 June	2015 31 Dec
<b>Assets</b>			
Investment properties	77,538	38,071	68,456
Other fixed assets	135	93	122
Participations in associated companies <sup>1)</sup>	6,110	6,051	6,549
Other receivables <sup>2)</sup>	1,575	1,158	1,497
Cash and cash equivalents and financial investments	1,124	1,159	1,025
<b>Total assets</b>	<b>86,482</b>	<b>46,532</b>	<b>77,649</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity <sup>3)</sup>	30,740	17,384	29,325
Deferred tax liability	4,473	1,789	4,071
Interest-bearing liabilities	47,281	25,218	41,063
Derivatives	1,895	944	1,294
Other liabilities	2,092	1,197	1,896
<b>Total equity and liabilities</b>	<b>86,482</b>	<b>46,532</b>	<b>77,649</b>
1) Including Balder's marketable value of Collector AB (publ).	4,453	2,653	5,224
2) Of which most part refers to receivables in associated companies.			
3) Of which non-controlling interests.	5,029	–	4,377

## Consolidated statement of changes in equity

SEKm	2016 30 June	2015 30 June	2015 31 Dec
<b>Opening equity</b>	<b>29,325</b>	<b>14,261</b>	<b>14,261</b>
Total comprehensive income for the period/year	2,126	1,564	4,909
Dividend preference shares, approved and entered as a liability	–200	–200	–200
Share issue, after issue costs	–	–	1,705
Transactions with non-controlling interests	–107	–17	–
Dividend to non-controlling interests	–107	–	–
Non-controlling interests, arising on the acquisitions of subsidiary	–	–	4,377
Non-controlling interests, arising on share issue in subsidiary	554	–	–
The change during the period of Collector AB (publ) to market value	–851	1,776	4,273
<b>Closing equity</b>	<b>30,740</b>	<b>17,384</b>	<b>29,325</b>

# Results, income and costs

## Profit from property management

Profit from property management for the period amounted to SEK 1,199m (763). Profit from property management attributable to parent company shareholders increased by 33 % and amounted to SEK 1,015m (763), which corresponds to an increase per ordinary share by 30 % to SEK 5.31 (4.08). Profit from property management includes SEK 179m (181) in respect of associated companies.

## Net profit after tax

Net profit after tax for the period amounted to SEK 1,959m (1,595). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,733m (1,595) corresponding to SEK 9.47 per ordinary share (9.21). Profit before tax was affected by changes in value in respect of properties of SEK 1,651m (793), changes in value of interest rate derivatives of SEK –429m (142) and profit from participations in associated companies of SEK 196m (326).

## Rental income

Rental income increased by 87 % to SEK 2,565m (1,370). The increase was primarily due to Sato Oyj, whose income statement was consolidated for the first time from January 1, 2016. The leasing portfolio was estimated to have a rental value on 30 June of SEK 5,607m (2,804). The average rental level for the entire real estate portfolio amounted to SEK 1,551/sq.m. (1,329) excl. project properties.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 95 % (95) on 30 June. The total rental value of unlet areas at the end of the period amounted to SEK 282m (137) on an annual basis.

## Property costs

Property costs amounted to SEK 855m (438) during the period. The increase in property costs was mainly due to the consolidation of Sato Oyj.

Net operating income increased by 83 % to SEK 1,710m (932), which implies a surplus ratio of 67 % (68).

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 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 1,600m (723). Realised changes in value amounted to SEK 51m (70).

The average yield requirement as of 30 June amounted to 5.4 % (5.3), which is unchanged since year-end. The change in value during the period was attributable to improved net operating income and a slightly reduced yield requirement.

## Management and administrative costs

Management and administrative costs amounted to SEK 236m (91) 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 % in Collector AB (publ) which is listed. In order to clarify Collectors value in Balder, Balder also reports a consolidated statement of financial position including Collector AB (publ) at market value.

During the period 49 % 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 196m (326) and Balder's participation in the associated companies profit from property management amounted to SEK 179m (181).

Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 71m (69).

## Net financial items and changes in value of derivatives

Net financial items amounted to SEK –460m (–259) and changes in value of interest rate derivatives amounted to SEK –429m (142). 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 2.1 % (2.2) 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 79m (4), which is mainly attributable to the consolidation of Sato Oyj, and a deferred tax expense of SEK 401m (244). 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 4,473m (1,789).

## Second quarter 2016

Profit from property management for the second quarter of 2016 increased by 45 % and amounted to SEK 637m (439). Profit from property management attributable to parent company shareholders for the second quarter of 2016 increased by 25 % and amounted to SEK 547m (439) which corresponds to an increase per ordinary share of 20 % to SEK 2.88 (2.40). Profit from property management included SEK 100m (126) in respect of associated companies. Rental income amounted to SEK 1,307m (685) and property costs amounted to SEK 411m (204), which meant that net operating income increased by 86 % to SEK 896m (481). The increase compared to the same period last year is mainly due to the consolidation of Sato Oyj from January 1, 2016.

The surplus ratio amounted to 69 % (70).

Net profit after tax for the period amounted to SEK 1,184m (1,160). Profit after tax attributable to parent company shareholders amounted to SEK 1,026m (1,160) corresponding to SEK 5.66 per ordinary share (6.84). The result was affected by changes in value in respect of properties of SEK 1,026m (391), changes in value of interest rate derivatives of SEK -193m (321) and profit from participations in associated companies of SEK 115m (275).

## Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 938m (503). Investing activities have burdened the cash flow by SEK 4,590m (2,566).

During the period, acquisition of properties of SEK 3,853m (944), investments in existing properties and projects of SEK 1,079m (386), investments in property, plant and equipment, financial investments and associated companies and transactions with non-controlling interests SEK 372m (2,853), dividends paid preference shares of SEK 100m (100) and dividends paid to non-controlling interests SEK 107m (-) adds up to SEK 5,511m (4,283).

These have been financed through cash flow from operating activities of SEK 1,232m (296), by property divestments of SEK 489m (1,425), financial investments of SEK 224m (192), new issue in the subsidiary Sato Oyj of SEK 420m (-) and net borrowings of SEK 3,432m (2,937), adds up to SEK 5,797m (4,850).

Total cash flow for the period amounted to SEK 287m (567). The group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 1,474m (1,509) on 30 June.

## Employees and organisation

The number of employees on 30 June amounted to 755 persons (444), of whom 368 were women (191). 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 97m (69).

Net profit after tax amounted to SEK 1,301m (1,057). Dividend from subsidiary were included with SEK 1,430m (800), and unrealised changes in value of interest rate derivatives amounted to SEK -441m (130).

# Real estate holding

On 30 June Balder owned 1,197 properties (479) with a lettable area of 3,571 sq.m. (2,110) and a value of SEK 77,538m (38,071), including project properties. Balder's total rental value excluding project properties amounted to SEK 5,540m (2,804). Balder's commercial properties are mainly located in

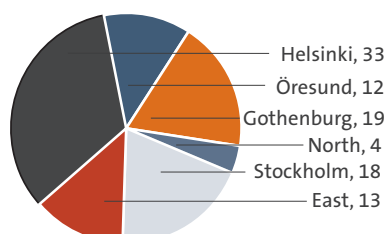
the central parts of large cities. Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

## Balder's real estate holdings on 2016-06-30 <sup>1)</sup>

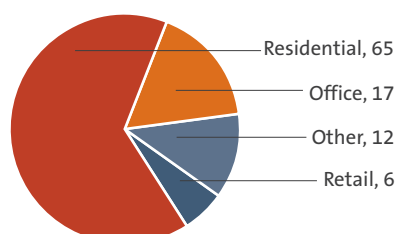
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Helsinki	495	989,473	1,971	1,992	1,867	95	23,805	31
Stockholm	53	443,295	813	1,833	764	94	13,567	17
Gothenburg	177	779,941	1,010	1,295	974	96	14,204	18
Öresund	54	340,132	524	1,540	484	92	8,613	11
East	339	836,786	1,018	1,217	967	95	9,592	12
North	79	181,742	205	1,129	202	98	2,932	4
<b>Total</b>	<b>1,197</b>	<b>3,571,368</b>	<b>5,540</b>	<b>1,551</b>	<b>5,259</b>	<b>95</b>	<b>72,713</b>	<b>94</b>
Project			67		67		4,824	6
<b>Total</b>	<b>1,197</b>	<b>3,571,368</b>	<b>5,607</b>	<b>1,551</b>	<b>5,325</b>	<b>95</b>	<b>77,538</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	1,039	2,586,888	3,820	1,477	3,652	96	45,762	59
Office	69	430,850	830	1,927	749	90	13,098	17
Retail	46	211,200	325	1,539	316	97	4,654	6
Other	43	342,431	565	1,650	542	96	9,199	12
<b>Total</b>	<b>1,197</b>	<b>3,571,368</b>	<b>5,540</b>	<b>1,551</b>	<b>5,259</b>	<b>95</b>	<b>72,713</b>	<b>94</b>
Project			67		67		4,824	6
<b>Total</b>	<b>1,197</b>	<b>3,571,368</b>	<b>5,607</b>	<b>1,551</b>	<b>5,325</b>	<b>95</b>	<b>77,538</b>	<b>100</b>

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 30 June, Balder's average yield requirement amounted to 5.4 % (5.3) 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 30 June, Balder had ongoing residential projects with an expected total investment of SEK 7,400m, of which about SEK 4,000m was already invested. The most large-scale investments are in Copenhagen and Helsinki and mainly relate to condominiums for rent. In Copenhagen, there are currently about 600 apartments under construction as well as about 1,600 apartments in Finland and

in Sweden about 400 apartments where the majority refers to tenant-owner's rights.

### Unrealised changes in value

The overall carrying amount of Balder's properties amounted to SEK 77,538m (38,071) on 30 June. The unrealised change in value during the period amounted to SEK 1,600m (723) and was attributable to improved net operating income and slightly lower yield.

### Investments, acquisitions and divestments

During the year, a total of SEK 7,184m (1,415) was invested, of which SEK 6,105m (1,029) related to acquisitions and SEK 1,079m (386) related to investments in existing properties and projects.

The majority of the acquisitions during the period refers to acquisitions in Sato Oyj of about 2,300 apartments. Properties with a sales value of SEK 725m (1,425) were divested during the period. Profit from property sales amounted to SEK 51m (70). 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 <sup>1)</sup>	SEKm	Number <sup>1)</sup>
<b>Real estate portfolio, 1 January</b>	<b>68,456</b>	<b>1,177</b>	<b>37,382</b>	<b>494</b>
Investments in existing properties and projects	1,079		386	
Acquisitions	6,105	59	1,029	6
Sales/Reclassifications	-674	-39	-1,354	-21
Change in value of investment properties, unrealised	1,600		723	
Currency changes	971		-95	
<b>Real estate portfolio, 30 June</b>	<b>77,538</b>	<b>1,197</b>	<b>38,071</b>	<b>479</b>

1) Number of investment properties.

## Property transactions 2016

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
<b>Acquisitions</b>					
One	1	Lorensberg 45:20	Gothenburg	Hotel	3,662
One	1	Sato Oyj	Finland	Residential	1,652
Two	53	Sato Oyj	Finland	Residential	123,089
Two	1	Hedmark University, Elverum	Norway	Education	16,393
Two	1	Lindholmen 29:1	Gothenburg	Office	12,223
Two	1	Heden 47:3	Gothenburg	Office	7,541
Two	1	Hotel Österport, Copenhagen	Denmark	Hotel	6,325
<b>Total</b>	<b>59</b>				<b>170,885</b>
<b>Divestments</b>					
One	1	Miklaholt 2	Stockholm	Office	1,916
One	1	Backa 170:1	Gothenburg	Other	3,500
One	1	Advokaten 1	Töreboda	Retail	2,128
One	1	Rönnen 11	Töreboda	Residential	1,039
One	1	Sotaren 12	Töreboda	Residential	976
One	1	Byggmästaren 5	Töreboda	Residential	1,381
One	1	Plåtslagaren 9	Töreboda	Residential	1,849
One	1	Rådhuset 40	Skara	Residential	2,103
One	1	Tallen 7	Skara	Residential	852
One	1	Frigga 4	Skara	Residential	824
One	1	Frigga 5	Skara	Residential	828
One	1	Fjärilen 6	Skara	Residential	350
One	1	Svärdet 11	Skara	Residential	412
One	1	Bromsen 5	Skara	Residential	534
One	1	Bisittaren 6	Skara	Residential	300
One	1	Bisittaren 2	Skara	Residential	354
One	1	Smörberget 2	Skara	Residential	410
One	1	Almen 4	Skara	Residential	709
One	1	Sländan 1	Skara	Residential	1,434
One	1	Plymen 4, 5	Skara	Residential	705
One	1	Tor 6	Skara	Residential	1,141
One	1	Heimdal 1	Skara	Residential	682
One	1	Heimdal 4	Skara	Residential	672
One	1	Tyr 1	Skara	Residential	680
One	1	Boken 38	Skara	Residential	967
One	1	Aspen 1	Skara	Residential	1,465
One	1	Tor 10	Skara	Residential	689
One	6	Sato Oyj	Finland	Residential	2,946
Two	4	Sato Oyj	Finland	Residential	2,169
<b>Total</b>	<b>37</b>				<b>34,015</b>

## Associated companies

Balder owns 50 % of a number of companies where Balder handles the management and administration, for further information, see page 50-52 in Balder's Annual Report for 2015. Balder's 50 %-owned associated companies are shown in the table below. Apart from the 50 %-

owned associated companies, Balder owns 44.1 % (44.1) in Collector AB (publ), 31 % (31) of Tornet Bostadsproduktion AB, 28 % (-) of Brinova AB and 49 % (-) in Sjaelsö Management ApS. For more information about these associated companies, see each company's website: Collector.se, Tornet.se, Brinova.se and Sjaelsoemangement.dk.

### Balder's participation in the 50 %-owned associated companies' real estate holdings on 2016-06-30<sup>1)</sup>

	Number of properties <sup>2)</sup>	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	39	104,947	163	1,549	159	98	2,364	51
Gothenburg	11	47,401	57	1,200	52	92	826	18
Öresund	8	35,073	49	1,389	48	98	659	14
<b>Total</b>	<b>58</b>	<b>187,420</b>	<b>268</b>	<b>1,431</b>	<b>259</b>	<b>97</b>	<b>3,850</b>	<b>83</b>
Project			16		16		812	17
<b>Total</b>	<b>58</b>	<b>187,420</b>	<b>284</b>	<b>1,431</b>	<b>275</b>	<b>97</b>	<b>4,663</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	7	10,102	14	1,427	14	97	252	5
Office	12	37,253	73	1,955	67	93	1,040	22
Retail	31	91,434	99	1,083	97	98	1,406	30
Other	8	48,632	82	1,685	81	99	1,153	25
<b>Total</b>	<b>58</b>	<b>187,420</b>	<b>268</b>	<b>1,431</b>	<b>259</b>	<b>97</b>	<b>3,850</b>	<b>83</b>
Project			16		16		812	17
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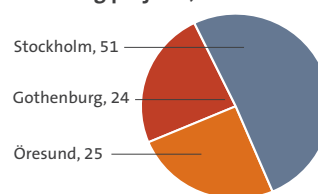
1) The above table refers to the properties owned by the associated companies at the end of the period. Sold properties have been excluded and acquired properties have been estimated using full-year values. Other properties include hotel, educational, nursing, industrial and mixed-use properties.

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

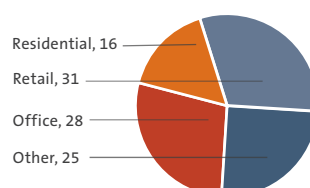
### Balder's participation in the balance sheets of 50 %-owned associated companies

SEKm	2016 30 June	2015 30 June
<b>Assets</b>		
Properties	4,663	3,750
Other assets	54	9
Cash and cash equivalents	89	69
<b>Total assets</b>	<b>4,806</b>	<b>3,828</b>
<b>Shareholders' equity and liabilities</b>		
Equity/shareholder loan	1,948	1,415
Interest-bearing liabilities	2,563	2,218
Other liabilities	294	195
<b>Total equity and liabilities</b>	<b>4,806</b>	<b>3,828</b>

#### Distributed by region including projects, %



#### Distributed by property category 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 6.7 years (6.4). Balder's 10 largest leases represent 6.0 % (10.4) of total rental income and the average lease term amounts to 12.9 years (13.2).

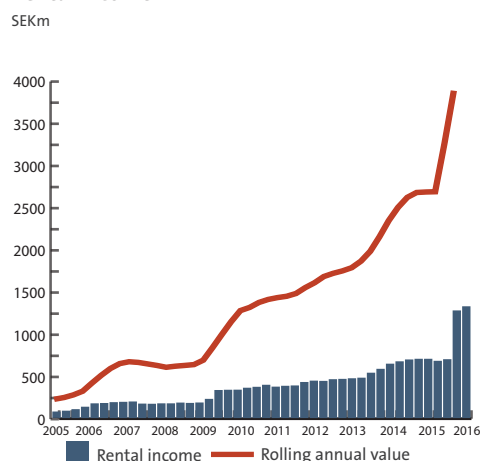
No individual lease accounts for more than 0.9 % (1.6) of Balder's total rental income and no individual customer accounts for more than 2.5 % (4.9) of total rental income.

## Lease maturity structure 2016-06-30

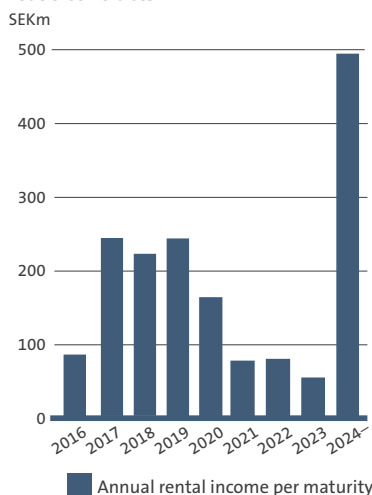
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2016	713	26	80	1
2017	737	26	247	5
2018	544	20	231	4
2019	448	16	254	5
2020–	343	12	873	16
<b>Total</b>	<b>2,785</b>	<b>100</b>	<b>1,685</b>	<b>32</b>
Residential <sup>1)</sup>	39,070		3,582	67
Car park <sup>1)</sup>	5,688		16	0
Garage <sup>1)</sup>	4,801		42	1
<b>Total</b>	<b>52,344</b>		<b>5,325</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 10 largest customers

per 2016-06-30

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

# Financing

## Equity

Consolidated equity, including Collector AB (publ) at market value, amounted to SEK 30,740m (17,384) on 30 June and the equity/assets ratio amounted to 35.5 % (37.4). During the period, equity increased by comprehensive income for the period of SEK 2,126m (1,564), and the minoritys part of the new issue in Sato Oyj of SEK 554m (-), decreased by SEK -200m (-200) regarding dividends approved and entered as a liability to the preference shareholders, decreased by SEK -107m (-) regarding dividends to non-controlling interests, the change in market value of the holding in Collector AB (publ) SEK -851m (1,776) 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 10,845m (2,650) and outstanding certificates of SEK 2,538m (1,996).

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 54.1 % (53.0) on 30 June. The secured liabilities in relation to total assets amounted to 44 % (46) on 30 June.

On 30 June, Balder had credit facilities of SEK 4,767m (1,000) of which SEK 4,767m (1,000) were unutilised. Apart from these facilities, Balder had cash and cash equivalents, unutilised overdrafts and financial investments of SEK 1,474m (1,509). 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 3.0 years (2.7) and 4.0 years (3.5).

## Financial goals

Balder's financial goals are an equity/assets ratio not less than 35 % and an interest coverage ratio not less than 2.0 times.

As of 30 June, the equity/assets ratio was 35.5 % (37.4) and the interest coverage ratio was 3.6 times (3.9).

## Financial targets

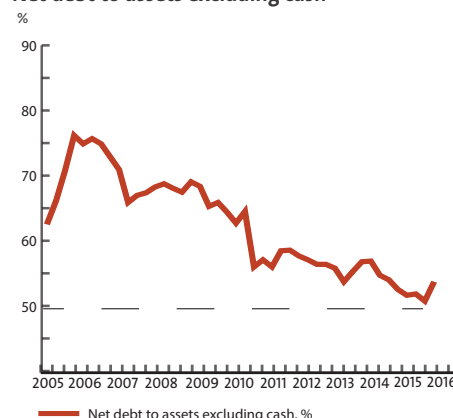
	Target	Outcome <sup>1)</sup>
Equity/assets ratio, %	35.0	35.5
Interest coverage ratio, times	2.0	3.6

1) Key ratios including Collector AB at market value.

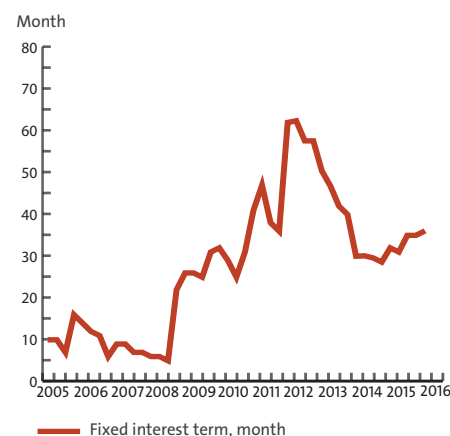
## Interest maturity structure on 2016-06-30

Year	Fixed interest term		
	SEKm	Interest, %	Proportion, %
Within one year	22,451	0.9	47
1-2 years	3,040	3.6	6
2-3 years	3,741	4.2	8
3-4 years	582	2.1	1
4-5 years	10,822	2.8	23
> 5 years	6,646	3.1	14
<b>Total</b>	<b>47,281</b>	<b>2.1</b>	<b>100</b>

## Net debt to assets excluding cash



## Fixed interest term





## Other disclosures

### Events after the end of the period

After the end of the period no significant events has occurred.

### 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 15m (13) 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 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.

From this interim report, the company has applied the new guidelines for alternative key ratios, "Alternative Performance Measures" (APMs) by ESMA. Definitions of the key ratios are found on page 23.

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 23 August 2016

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	2016 Apr-June	2015 Apr-June	2016 Jan-June	2015 Jan-June	2015/2016 July-June	2015 Jan-Dec
Rental income	1,307	685	2,565	1,370	3,906	2,711
Property costs	-411	-204	-855	-438	-1,184	-767
<b>Net operating income</b>	<b>896</b>	<b>481</b>	<b>1,710</b>	<b>932</b>	<b>2,722</b>	<b>1,944</b>
Changes in value of properties, realised	5	70	51	70	45	65
Changes in value of properties, unrealised	1,021	321	1,600	723	4,201	3,323
Other income/costs	10	0	6	-1	9	2
Non-recurring items	-	-	-	-	9	9
Property and administrative costs	-123	-47	-236	-91	-330	-185
Participations in the profits of associated companies	115	275	196	326	702	831
<b>Operating profit</b>	<b>1,924</b>	<b>1,101</b>	<b>3,328</b>	<b>1,959</b>	<b>7,357</b>	<b>5,988</b>
Net financial items	-245	-121	-460	-259	-638	-437
Changes in value of derivatives	-193	321	-429	142	-344	227
<b>Profit before tax</b>	<b>1,487</b>	<b>1,300</b>	<b>2,439</b>	<b>1,842</b>	<b>6,375</b>	<b>5,778</b>
Current tax	-303	-140	-480	-247	-1,095	-862
<b>Net profit for the period/year</b>	<b>1,184</b>	<b>1,160</b>	<b>1,959</b>	<b>1,595</b>	<b>5,280</b>	<b>4,916</b>
<i>Net profit after tax for the period/year attributable to:</i>						
Parent company shareholders	1,026	1,160	1,733	1,595	5,054	4,916
Non-controlling interests	158	-	226	-	226	-
	<b>1,184</b>	<b>1,160</b>	<b>1,959</b>	<b>1,595</b>	<b>5,280</b>	<b>4,916</b>
<b>Other comprehensive income - Items that may be subsequently reclassified to profit or loss</b>						
Translation difference	177	-18	272	-30	304	3
Cash flow hedges after tax	-51	-	-107	-	-107	-
Participation in other comprehensive income of associated companies	2	-4	2	-2	-7	-10
<b>Total comprehensive income for the period/year</b>	<b>1,312</b>	<b>1,138</b>	<b>2,126</b>	<b>1,564</b>	<b>5,471</b>	<b>4,909</b>
<i>Total comprehensive income for the period/year attributable to:</i>						
Parent company shareholders	1,086	1,138	1,813	1,564	5,159	4,909
Non-controlling interests	226	-	312	-	312	-
	<b>1,312</b>	<b>1,138</b>	<b>2,126</b>	<b>1,564</b>	<b>5,471</b>	<b>4,909</b>
Profit from property management before tax, SEKm	637	439	1,199	763	2,216	1,780
Profit from property management before tax, attributable to parent company shareholders, SEKm	547	439	1,015	763	2,032	1,780
Profit from property management before tax per ordinary share, SEK <sup>1)</sup>	2.88	2.40	5.31	4.08	10.92	9.71
Profit after tax per ordinary share, SEK <sup>1)</sup>	5.66	6.84	9.47	9.21	28.94	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 30 June	2015 30 June	2015 31 Dec
<b>Assets</b>			
Investment properties	77,538	38,071	68,456
Other fixed assets	135	93	122
Participations in associated companies	2,687	4,275	2,276
Other receivables <sup>1)</sup>	1,575	1,158	1,497
Cash and cash equivalents and financial investments	1,124	1,159	1,025
<b>Total assets</b>	<b>83,060</b>	<b>44,756</b>	<b>73,376</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity <sup>2)</sup>	27,318	15,608	25,052
Deferred tax liability	4,473	1,789	4,071
Interest-bearing liabilities	47,281	25,218	41,063
Derivatives	1,895	944	1,294
Other liabilities	2,092	1,197	1,896
<b>Total equity and liabilities</b>	<b>83,060</b>	<b>44,756</b>	<b>73,376</b>
1) Of which most part refers to receivables in associated companies.			
2) Of which non-controlling interests.	5,029	–	4,377

## Consolidated statement of changes in equity

SEKm	2016 30 June	2015 30 June	2015 31 Dec
<b>Opening equity</b>	<b>25,052</b>	<b>14,261</b>	<b>14,261</b>
Total comprehensive income for the period/year	2,126	1,564	4,909
Dividend preference shares, approved and entered as a liability	–200	–200	–200
Share issue, after issue costs	–	–	1,705
Transactions with non-controlling interests	–107	–17	–
Dividend to non-controlling interests	–107	–	–
Non-controlling interests arising on the acquisition of subsidiary	–	–	4,377
Non-controlling interests arising on new issue in subsidiary	554	–	–
<b>Closing equity</b>	<b>27,318</b>	<b>15,608</b>	<b>25,052</b>

# Consolidated statement of cash flows

SEKm	2016 Apr-June	2015 Apr-June	2016 Jan-June	2015 Jan-June	2015 Jan-Dec
Net operating income	896	481	1,710	932	1,944
Other income/costs	10	0	6	-1	2
Management and administrative expenses	-123	-47	-236	-91	-185
Reversal of depreciation	4	4	7	8	15
Adjustment item	-18	-2	-14	-9	0
Net financial items paid	-243	-160	-457	-333	-586
Taxes paid	-25	-3	-78	-3	4
<b>Cash flow from operating activities before change in working capital</b>	<b>500</b>	<b>273</b>	<b>938</b>	<b>503</b>	<b>1,193</b>
Change in operating receivables	63	-103	-51	-383	-660
Change in operating liabilities	146	98	345	176	228
<b>Cash flow from operating activities</b>	<b>709</b>	<b>268</b>	<b>1,232</b>	<b>296</b>	<b>762</b>
Acquisition of properties	-3,523	-204	-3,853	-944	-2,097
Acquisition of property, plant and equipment	-6	-3	-21	-5	-4
Purchase of financial investments	-	-300	-30	-300	-542
Acquisition of shares in associated companies	-158	-2,530	-214	-2,548	-92
Investment in existing properties and projects	-594	-244	-1,079	-386	-791
Acquisition of subsidiary <sup>1)</sup>	-	-	-	-	-4,219
Transactions with non-controlling interests	-	-	-107	-	-
Sale of properties	37	921	489	1,425	1,606
Sale of financial investments	43	36	224	192	504
<b>Cash flow from investing activities</b>	<b>-4,200</b>	<b>-2,324</b>	<b>-4,590</b>	<b>-2,566</b>	<b>-5,635</b>
Share issue, after issue costs	-	-	-	-	1,705
Share issue in subsidiary, non-controlling interest's part of the share issue in Sato Oyj	420	-	420	-	-
Dividend paid for preference shares	-50	-50	-100	-100	-200
Dividend paid to non-controlling interests	-	-	-107	-	-
Loans raised	2,510	2,464	6,607	3,738	5,209
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-2,343	-456	-3,175	-801	-1,421
<b>Cash flow from financing activities</b>	<b>537</b>	<b>1,958</b>	<b>3,645</b>	<b>2,837</b>	<b>5,293</b>
<b>Cash flow for the period/year</b>	<b>-2,953</b>	<b>-99</b>	<b>287</b>	<b>567</b>	<b>421</b>
Cash and cash equivalents at the start of the period/year	3,860	865	620	199	199
<b>Cash and cash equivalents at the end of the period/year</b>	<b>907</b>	<b>766</b>	<b>907</b>	<b>766</b>	<b>620</b>
Unutilised credit facilities	350	350	350	350	314
Financial investments	218	393	218	393	405

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

## Segment information

SEKm	2016 Apr-June	2015 Apr-June	2016 Jan-June	2015 Jan-June	2015/2016 July-June	2015 Jan-Dec
<b>Rental income</b>						
Helsinki	462	–	902	–	902	–
Stockholm	198	222	400	443	800	843
Gothenburg	246	234	494	468	964	938
Öresund	117	100	226	201	438	414
East	236	88	454	176	630	352
North	47	41	89	82	171	164
<b>Total</b>	<b>1,307</b>	<b>685</b>	<b>2,565</b>	<b>1,370</b>	<b>3,906</b>	<b>2,711</b>
<b>Net operating income</b>						
Helsinki	311	–	595	–	595	–
Stockholm	150	169	303	326	620	643
Gothenburg	166	162	329	313	667	650
Öresund	96	74	182	143	354	315
East	142	50	247	103	377	233
North	31	26	53	47	110	103
<b>Total</b>	<b>896</b>	<b>481</b>	<b>1,710</b>	<b>932</b>	<b>2,722</b>	<b>1,944</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 1,710m (932) and profit before tax of SEK 2,439m (1,842) consists of changes in value of properties of SEK 1,651m (793), other income/costs SEK 6m (–1), management and administrative costs of SEK –236m (–91), participations in profits of associated companies of SEK 196m (326), net financial items of SEK –460m (–259) and changes in value of derivatives of SEK –429m (142).

The carrying amounts of properties has during the period changed by SEK 4,210m in Helsinki region, SEK 17m in the Stockholm region, SEK 1,317m in the Gothenburg region, SEK 2,032m in the Öresund region, SEK 754m in the North region and by SEK 507m in the East region.

The group's projects has increased by SEK 243m. Sato's property portfolio is divided between the regions Helsinki and East. The real estate holdings in Norway is classified in the North region.



## Key ratios including Collector AB at market value

	2016 Apr-June	2015 Apr-June	2016 Jan-June	2015 Jan-June	2015/2016 July-June	2015 Jan-Dec
<b>Share-related. ordinary shares <sup>1)</sup></b>						
Average number of shares, thousands	172,397	162,397	172,397	162,397	167,739	162,753
Profit after tax, SEK	5.66	6.84	9.47	9.21	28.94	28.98
Profit after tax excluding unrealised changes in value, SEK	2.16	3.46	4.42	4.72	9.68	10.00
Profit from property management before tax, SEK	2.88	2.40	5.31	4.08	10.92	9.71
Net operating income, SEK	4.14	2.96	7.91	5.74	14.16	11.94
Outstanding number of shares, thousands	172,397	162,397	172,397	162,397	172,397	172,397
Shareholders' equity, SEK	132.45	89.33	132.45	89.33	132.45	128.03
Long-term net asset value (EPRA NAV), SEK	169.39	106.16	169.39	106.16	169.39	159.14
Share price on the closing date, SEK	212.90	127.90	212.90	127.90	212.90	208.70
<b>Property-related</b>						
Rental value full-year, SEK/sq,m,	1,554	1,329	1,554	1,329	1,554	1,508
Rental income full-year, SEK/sq,m,	1,475	1,264	1,475	1,264	1,475	1,455
Economic occupancy rate, %	95	95	95	95	95	96
Surplus ratio, %	69	70	67	68	70	72
Carrying amount, SEK/sq,m,	20,396	18,042	20,396	18,042	20,396	18,622
Number of properties	1,197	479	1,197	479	1,197	1,177
Lettable area, sq,m, thousands	3,565	2,110	3,565	2,110	3,565	3,430
Profit from property management before tax, attributable to parent company shareholders, SEKm	547	439	1,015	763	2,032	1,780
<b>Financial</b>						
Return on equity, ordinary share, %	9.0	20.0	10.5	17.0	26.0	28.2
Return on total assets, %	5.1	7.6	5.5	7.4	10.5	10.5
Interest coverage ratio, times	3.6	4.6	3.6	3.9	4.5	5.1
Equity/assets ratio, %	35.5	37.4	35.5	37.4	35.5	37.8
Debt/equity ratio, times	1.5	1.5	1.5	1.5	1.5	1.4
Net debt to assets excluding cash, %	54.1	53.0	54.1	53.0	54.1	52.3

## Key ratios excluding Collector AB at market value

	2016 Apr-June	2015 Apr-June	2016 Jan-June	2015 Jan-June	2015/2016 July-June	2015 Jan-Dec
<b>Share-related. ordinary shares <sup>1)</sup></b>						
Shareholders' equity, SEK	112.60	78.39	112.60	78.39	112.60	103.24
<b>Financial</b>						
Return on equity, ordinary share, %	11.0	21.4	12.7	18.3	30.2	32.3
Return on total assets, %	5.3	7.8	5.8	7.5	11.0	10.9
Equity/assets ratio, %	32.9	34.9	32.9	34.9	32.9	34.1
Debt/equity ratio, times	1.7	1.6	1.7	1.6	1.7	1.6
Net debt to assets excluding cash, %	56.3	55.2	56.3	55.2	56.3	55.3

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

## Condensed parent company income statement

SEKm	2016 Apr-June	2015 Apr-June	2016 Jan-June	2015 Jan-June	2015/2016 July-June	2015 Jan-Dec
Net sales	50	36	97	69	175	147
Administrative expenses	-56	-42	-109	-80	-197	-167
<b>Operating profit</b>	<b>-7</b>	<b>-6</b>	<b>-12</b>	<b>-11</b>	<b>-22</b>	<b>-20</b>
<b>Profit from financial items</b>						
Dividends from subsidiary	1,430	800	1,430	800	1,430	800
Other net financial items	152	100	287	210	569	492
Changes in value of derivatives	-202	307	-441	130	-372	199
<b>Profit before appropriations and taxes</b>	<b>1,374</b>	<b>1,201</b>	<b>1,265</b>	<b>1,129</b>	<b>1,606</b>	<b>1,470</b>
<b>Appropriations</b>						
Group contributions paid	-	-	-	-	-340	-340
<b>Profit before tax</b>	<b>1,374</b>	<b>1,201</b>	<b>1,265</b>	<b>1,129</b>	<b>1,266</b>	<b>1,130</b>
Deferred tax	12	-88	37	-73	40	-69
<b>Net profit for the period/year <sup>1)</sup></b>	<b>1,386</b>	<b>1,113</b>	<b>1,301</b>	<b>1,057</b>	<b>1,306</b>	<b>1,061</b>

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 30 June	2015 30 June	2015 31 Dec
<b>Assets</b>			
Property, plant and equipment	22	21	20
Financial non-current assets	3,582	3,142	3,537
Receivables from group companies	23,459	18,413	21,676
Current receivables	7	76	10
Cash and cash equivalents and financial investments	253	1,022	394
<b>Total assets</b>	<b>27,323</b>	<b>22,673</b>	<b>25,637</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	10,164	7,354	9,063
Interest-bearing liabilities	10,858	9,988	10,968
Liabilities to group companies	4,675	4,220	4,507
Derivatives	1,178	806	737
Other liabilities	448	306	363
<b>Total equity and liabilities</b>	<b>27,323</b>	<b>22,673</b>	<b>25,637</b>

# 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 30 June amounted to SEK 39,927m (24,028).

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 35.9 % (38.0) of the capital and 49.5 % (51.3) of the votes. Foreign ownership amounts to approximately 23 % (17) of outstanding ordinary shares.

## Ordinary shares

At the end of the period, approximately 10,507 shareholders (8,413) held ordinary shares. During the period, approximately 36 million shares were traded (35) which corresponds to an average of about 290,000 shares per trading day (288,000). The annual turnover rate amounted to 41 % (43) during the period. The price of the ordinary share was SEK 212.90 (127.90) on 30 June, corresponding to an increase with 2 % since year-end.

## Preference shares

At the end of the period, approximately 8,789 shareholders (8,266) held preference shares. During the period approximately 1.2 million shares were traded (1.8), which corresponds to an average of about 9,800 shares per trading day (15,000). The annual turnover rate amounted to 24 % (37). On 30 June, the share price of the preference share was SEK 322.40 (325.70), corresponding to an increase of 3.3% since year-end and a total return of 6.5 % since year-end.

## Share capital

On 30 June, 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.

## Annual General Meeting

The Annual General Meeting (AGM) of Fastighets AB Balder on 10 May 2016, resolved on the following matters, among others:

The AGM adopted the annual accounts for 2015 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 reelected 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.

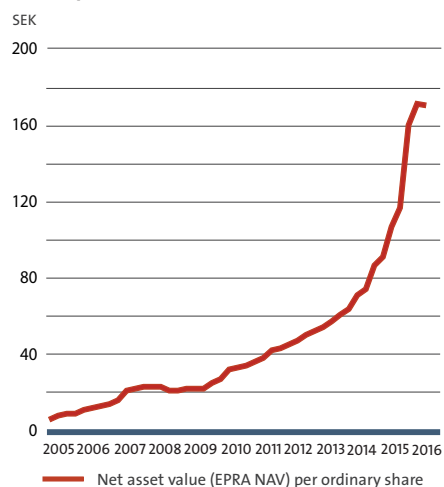
The meeting resolved to authorise the Board, during the period until the next Annual General Meeting, on one or more occasion, to be able to decide on a new issue of not more than 5,000,000 preference shares and/or shares of Class B corresponding to not more than 10 % of the existing share capital at the time of the AGM 2016.

The AGM further resolved during the period until the next Annual General Meeting, to authorise the Board on one or more occasion 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 % of all shares in the company.

## EPRA key ratios

	2016 Jan-June	2015 Jan-June	2015 Jan-Dec
EPRA NAV (Long-term net asset value), SEKm	29,202	17,239	27,436
EPRA NAV, SEK per share	169.39	106.16	159.14
EPRA Vacancy rate	5	5	4

### Development of net asset value



### Share price/Net asset value



### Ownership list as of 2016-06-30

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	—	11,519,985	—	11,519,985	6.3	4.1
Länsförsäkringar fondförvaltning AB	—	6,109,301	—	6,109,301	3.3	2.2
Handelsbanken Fonder AB	—	5,712,438	—	5,712,438	3.1	2.0
SEB Investment Management	—	4,707,787	—	4,707,787	2.6	1.7
AMF - Försäkring och fonder	—	3,522,407	—	3,522,407	1.9	1.2
Lannebo fonder	—	2,700,000	—	2,700,000	1.5	1.0
CBNY Norges Bank	—	2,675,977	—	2,675,977	1.5	0.9
Second Swedish National Pension Fund	—	2,546,661	—	2,546,661	1.4	0.9
Other	4,212	50,919,424	9,999,500	60,923,136	33.4	21.5
<b>Total</b>	<b>11,229,432</b>	<b>161,167,420</b>	<b>10,000,000</b>	<b>182,396,852</b>	<b>100</b>	<b>100</b>

### Preference share calendar

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
Final day of trading incl. right to payment of dividend	6 April 2017
Record day for payment of dividend	10 April 2017
Expected day of payment from Euroclear	13 April 2017

# Definitions

The company presents a number of financial metrics in the interim report that are not defined according to IFRS (so-called Alternative Performance Measures according to ESMA's guidelines). These performance measures provide valuable supplementary information to investors, the company's management and other stakeholders since they facilitate effective evaluation and analysis of the company's financial position and performance. These alternative performance measures are not always comparable with measures used by other companies and shall therefore be considered as a complement to measures defined according to IFRS. Fastighets AB Balder will apply these alternative performance measures consistently over time. The key ratios are alternative performance measures according to ESMA's guidelines unless otherwise stated. A description follows below of how Fastighets AB Balder's key ratios are defined and calculated.

## Financial

### Return on equity, ordinary share, %

Profit after tax reduced by preference share dividend for the period in relation to average equity after deduction of the preference capital. The 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 <sup>2)</sup>

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, % <sup>1)</sup>

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 <sup>1)</sup>

Contracted rent and estimated market rent for vacant premises.

### Surplus ratio, %

Net operating income in relation to rental income.

1) The key ratio is operational and is not considered to be a alternative key ratio according to ESMA's guidelines.

2) When calculating profit from property management before tax attributable to parent company shareholders, the profit from property management is also reduced with the non-controlling interests' share.



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 August 23, 2016.

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

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### *Calendar*

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

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