

# Fastighets AB Balder

## Interim report

January-March 2019

- Profit from property management attributable to parent company shareholders amounted to SEK 901m (683), corresponding to an increase per share by 32 % to SEK 5.01 (3.80)
- Long term net asset value amounted to SEK 288.74 per share (237.48)
- Rental income amounted to SEK 1,797m (1,573)
- Profit after tax attributable to parent company shareholders amounted to SEK 1,188m (2,015) corresponding to SEK 6.60 per share (11.20)

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 123.2 billion (104.1) as of 31 March 2019. The Balder share is listed on Nasdaq Stockholm, Large Cap.



Fixfabriken, Gothenburg  
Illustration: Carbon White

# The period in brief

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

## January-March 2019

- Rental income amounted to SEK 1,797m (1,573) of which effect of changes in exchange rates amounted to SEK 42m (38).
- Net operating income amounted to SEK 1,288m (1,094) of which effect of changes in exchange rates amounted to SEK 29m (26).
- Profit from property management attributable to parent company shareholders increased by 32 % to SEK 901m (683), which corresponds to SEK 5.01 per share (3.80).
- Changes in value in respect of investment properties amounted to SEK 708m (1,737). The average yield requirement amounted to 4.8 % (5.0) which is unchanged compared to year-end.
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –99m (–16).
- Net profit after tax for the period amounted to SEK 1,390m (2,187).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,188m (2,015) which corresponds to SEK 6.60 per share (11.20).
- 12 properties (6) have been acquired at a property value of SEK 2,125m (455), where of one office property in central London.
- No properties (–) were divested during the period, only condominiums and land were divested at a value of SEK 82m (28).

	2019 Jan-March	2018 Jan-March	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2012 Jan-Dec
Rental income, SEKm	1,797	1,573	6,714	5,915	5,373	2,711	2,525	1,884	1,701
Profit from property management, SEKm <sup>1)</sup>	901	683	3,304	2,804	2,265	1,780	1,275	854	691
Changes in value of investment properties, SEKm	708	1,737	8,007	5,336	4,932	3,388	3,050	854	812
Changes in value of derivatives, SEKm	–99	–16	–34	144	–114	227	–624	433	–71
Profit after tax, SEKm <sup>1)</sup>	1,188	2,015	9,308	7,118	5,474	4,916	3,128	1,738	1,162
Investment properties, SEKm	121,366	104,118	116,542	98,360	86,177	68,456	37,382	27,532	22,278
Development properties, SEKm <sup>2)</sup>	1,861	–	1,598	–	–	–	–	–	–

## Data per share, including listed associated companies at market value<sup>3)</sup>

Average number of shares, thousands	180,000	180,000	180,000	180,000	173,598	162,753	161,786	159,537	159,537
Profit after tax, SEK	6.60	11.20	51.71	38.71	30.38	28.98	18.10	10.11	6.69
Profit from property management, SEK	5.01	3.80	18.35	14.74	11.89	9.71	6.64	4.57	3.73
Outstanding number of shares, thousands	180,000	180,000	180,000	180,000	180,000	172,397	162,397	159,537	159,537
Shareholders' equity, SEK	231.77	190.60	225.60	185.02	157.63	128.03	70.10	52.14	42.15
Long-term net asset value (NAV), SEK	288.74	237.48	280.17	229.25	198.49	159.14	86.33	60.50	50.37
Share price on the closing date, SEK	298.00	209.60	252.00	219.40	184.10	208.70	110.25	66.00	37.30

1) Attributable to parent company shareholders.

2) On 31 March 2019 ongoing projects in the form of development properties have been reclassified and thus separated from investment properties.

3) Listed associated companies at market value refers to Collector AB (publ) and Brinova Fastigheter AB (publ).

# Comments by the CEO

Dear shareholder,

## Profit from property management

The year started well with profit from property management which increased by 32 % in the first quarter to SEK 5.01 per share. The increase was generated from the existing portfolio, new investments, associated companies and net financial items.

## Investments and projects

During Q1, we invested SEK 3.6 billion in property acquisitions and projects. During the year, we noticed an increased interest in our tenant-owners' association projects in Gothenburg. For example, the tenant-owners' association Sjöstjärnan in Frölunda with 130 apartments is now sold out. The property will be completed during the fourth quarter this year.

We continue to be positive about the development of our project operations and the opportunities that will arise in the future.

## New regional division

Balder's operations in Copenhagen have existed for many years and have now reached a size both as an organisation and in property value, which means that they will be reported separately from now on. The remaining part of the former Öresund region as well as the United Kingdom and Germany are now reported as the South region.

## Accounting

A change in the accounting rules started to apply in 2019, which in our case means that we shall record our Site leasehold agreements in the balance sheet as an asset of SEK 1.5 billion and also a corresponding liability of SEK 1.5 billion. You can see this in the line item in the balance sheet called Lease contract.

In the income statement, ground rent has been moved from the property cost to the expense in net financial items. My personal opinion is that this accounting change provides a less accurate view of the reality than under the previous accounting principle.

For operating companies, the slightly simplified impact of these leases will be an increase in the balance sheet as they must book future rent payments and thereby the right to the premises as an asset and a liability. In the income statement, the rent is moved from an expense in the business to become depreciation instead. Their EBITDA will increase (but nothing has happened in reality), the profit before tax will be the same, however.

So in the case that we rent out a property on a long lease to the company X, which in turn sublets on the same terms and conditions to the company Y, the result will be that the property/asset just like before is in our balance sheet but is also in the balance sheet of the company X and the company Y, i.e. the same property/asset in a case like this is now in three different balance sheets.

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	2019 31 March	2018 31 Dec	2018 30 Sep	2018 30 June	2018 31 March	2017 31 Dec	2017 30 Sep	2017 30 June	2017 31 March	2016 31 Dec	2016 30 Sep
Rental income	7,175	7,000	6,800	6,665	6,430	6,240	5,920	5,860	5,700	5,800	5,470
Property costs	-1,875	-1,885	-1,845	-1,815	-1,760	-1,720	-1,655	-1,690	-1,660	-1,695	-1,690
<b>Net operating income</b>	<b>5,300</b>	<b>5,115</b>	<b>4,955</b>	<b>4,850</b>	<b>4,670</b>	<b>4,520</b>	<b>4,265</b>	<b>4,170</b>	<b>4,040</b>	<b>4,105</b>	<b>3,780</b>
Management and administrative costs	-620	-595	-590	-590	-565	-550	-510	-490	-490	-490	-490
Profit from property management from associated companies	775	735	660	650	650	640	600	530	530	505	470
<b>Operating profit</b>	<b>5,455</b>	<b>5,255</b>	<b>5,025</b>	<b>4,910</b>	<b>4,755</b>	<b>4,610</b>	<b>4,355</b>	<b>4,210</b>	<b>4,080</b>	<b>4,120</b>	<b>3,760</b>
Net financial items, including ground rent	-1,250	-1,125	-1,100	-1,120	-1,120	-1,060	-1,050	-950	-950	-1,040	-1,025
Of which non-controlling interests	-580	-565	-555	-555	-550	-525	-475	-455	-450	-445	-445
<b>Profit from property management<sup>1)</sup></b>	<b>3,625</b>	<b>3,565</b>	<b>3,370</b>	<b>3,235</b>	<b>3,085</b>	<b>3,025</b>	<b>2,830</b>	<b>2,805</b>	<b>2,680</b>	<b>2,635</b>	<b>2,290</b>
Tax	-765	-750	-730	-700	-665	-650	-610	-605	-580	-570	-490
<b>Profit after tax</b>	<b>2,860</b>	<b>2,815</b>	<b>2,640</b>	<b>2,535</b>	<b>2,420</b>	<b>2,375</b>	<b>2,220</b>	<b>2,200</b>	<b>2,100</b>	<b>2,065</b>	<b>1,800</b>
<b>Profit from property management per share, SEK</b>	<b>20.14</b>	<b>19.81</b>	<b>18.72</b>	<b>17.97</b>	<b>17.14</b>	<b>16.81</b>	<b>15.72</b>	<b>14.47</b>	<b>13.78</b>	<b>13.52</b>	<b>11.92</b>

1) Attributable to parent company shareholders.

In the current earning capacity the exchange rate at the end of the reporting period has been used for translation of the foreign subsidiaries' income statement items.

# Consolidated statement of financial position including listed associated companies at market value

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

SEKm	2019 31 March	2018 31 March	2018 31 Dec
<b>Assets</b>			
Investment properties	121,366	104,118	116,542
Development properties	1,861	–	1,598
Lease contract; Right-of-use assets	1,534	–	–
Other fixed assets	138	109	123
Participations in associated companies <sup>1,2)</sup>	6,923	6,143	6,682
Other receivables	2,599	1,909	2,198
Cash and cash equivalents and financial investments	1,921	1,527	1,328
<b>Total assets</b>	<b>136,343</b>	<b>113,806</b>	<b>128,471</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity <sup>3)</sup>	49,258	41,067	47,871
Deferred tax liability	9,077	7,406	8,857
Interest-bearing liabilities	71,583	61,811	67,205
–of which Hybrid capital <sup>4)</sup>	3,648	3,603	3,596
Derivatives	1,178	1,033	965
Lease contract	1,534	–	–
Other liabilities	3,714	2,489	3,573
<b>Total equity and liabilities</b>	<b>136,343</b>	<b>113,806</b>	<b>128,471</b>
1) Including Balder's market value of Collector AB (publ) Collector's share price (SEK)	2,244 49.60	2,955 65.30	2,240 49.50
2) Including Balder's market value of Brinova Fastigheter AB (publ) Brinova's share price (SEK)	345 18.75	238 12.90	319 17.30
3) Of which non-controlling interests	7,539	6,759	7,262
4) 50 % of Hybrid capital is treated as equity by the rating agencies and thus decreases the interest-bearing liabilities when calculating the debt/equity ratio and the net debt to total assets ratio	1,824	1,801	1,798

# Consolidated statement of changes in equity

SEKm	2019 31 March	2018 31 March	2018 31 Dec
<b>Opening equity</b>	<b>47,871</b>	<b>39,725</b>	<b>39,725</b>
Transition effect IFRS 9	–	–92	–92
Changed accounting principles in Sato Oyj (IAS 12)	–	–	–124
Total comprehensive income for the period/year	1,431	2,256	10,143
Transactions with non-controlling interests	–3	–	–111
Dividend to non-controlling interests	–	–135	–135
Non-controlling interests, arising on the acquisitions of subsidiary	2	–	8
The change during the period/year of listed associated companies at market value	–43	–688	–1,545
<b>Closing equity</b>	<b>49,258</b>	<b>41,067</b>	<b>47,871</b>

# Income, costs and results

## Profit from property management

Profit from property management for the period amounted to SEK 1,046m (815), of which effect of changes in exchange rates amounted to SEK 18m (8). Profit from property management attributable to parent company shareholders increased by 32 % and amounted to SEK 901m (683), which corresponds to SEK 5.01 per share (3.80). Profit from property management includes SEK 196m (151) in respect of associated companies.

## Net profit after tax

Net profit after tax for the period amounted to SEK 1,390m (2,187). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,188m (2,015), corresponding to SEK 6.60 per share (11.20). Profit before tax was affected by changes in value in respect of investment properties of SEK 708m (1,737), changes in value of interest rate derivatives of SEK -99m (-16) and profit from participations in associated companies of SEK 178m (170).

## Rental income

Rental income increased by 14 % to SEK 1,797m (1,573), of which the effect of changes in exchange rates was SEK 42m (38). The increase was primarily due to acquisitions, new leases and completed projects for own management. The leasing portfolio was estimated to have a rental value on 31 March of SEK 7,456m (6,694). The average rental level for the entire real estate portfolio amounted to SEK 1,821/sq.m. (1,760) excluding project properties.

The like for like rental income has increased with 2.8 % after adjustments for currency changes.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 96 % (96) on 31 March. The total rental value of unlet areas at the end of the period amounted to SEK 281m (264) on an annual basis.

## Property costs

Property costs amounted to SEK -509m (-480) during the period, of which the effect of changes in exchange rates was SEK -13m (-12).

Net operating income increased by 18 % to SEK 1,288m (1,094), which implies a surplus ratio of 72 % (70).

As a consequence of new accounting rules, from 1 January 2019, ground rents are recognised within net financial items, which had a positive impact on property costs of about SEK 15m.

Operating costs normally vary with the seasons. The first and fourth quarters have higher costs than the other quarters, while the third quarter usually has the lowest cost level.

## Changes in value of investment properties

Balder carried out an individual internal valuation on 31 March of the entire real estate portfolio, see page 9.

Unrealised changes in value during the period amounted to SEK 717m (1,722). Realised changes in value amounted to SEK -9m (15). The average yield requirement as of 31 March amounted to 4.8 % (5.0), which is unchanged compared to year-end. The change in value during the period is mainly attributable to improved net operating income.

## Management and administrative costs

Management and administrative costs amounted to SEK -157m (141) during the period, of which the effect of changes in exchange rates was SEK -4m (-4).

## Participations in the profits of associated companies

Balder owns property managing and project developing associated companies, see note 15 in Balder's Annual Report for 2018, and 44.1 % in Collector AB (publ) which is listed. Brinova Fastigheter AB (publ) is also listed and Balder's share amounts to 25.5 %. In order to clarify these associated companies value in Balder, Balder also reports a consolidated statement of financial position including listed associated companies at market value, see page 5.

Profit from participations in associated companies amounted to SEK 178m (170) and Balder's participation in the associated companies profit from property management amounted to SEK 196m (151).

Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 31m (65). The tax expense for the period amounted to SEK -49m (-46).

## Net financial items and changes in value of derivatives

Net financial items amounted to SEK -278m (-286), of which the effect of changes in exchange rates was SEK -7m (-14). Due to new accounting rules, from January 1, 2019, ground rents are reported in net financial items, which negatively impacted net financial items by approximately SEK -15m. Changes in value of interest rate derivatives amounted to SEK -99m (-16). The negative change in value of derivatives during the period is due to the fact that the interest rates have fallen during the period. Unrealised changes in value do not affect the cash flow.

The average interest rate was 1.7 % (1.8) on the closing date and 1.7 % (2.0) for the period.

## Taxes

The group's tax cost amounted to SEK -247m (-369), of which effect of changes in exchange rates amounted to SEK -6m (-8). Current tax for the period amounts to SEK -58m (-68), mainly attributable to Sato Oyj, and also a deferred tax expense of SEK -189m (-301). Current tax attributable to parent company shareholders amounted to SEK -40m (-43).

Tax was calculated based on the applicable tax rate in each country. In Sweden, tax was calculated at 21.4 %

based on current taxable income. Deferred tax liabilities and tax receivables were calculated at the lower tax rate of 20.6 %, which applies starting from 2021.

The new tax rules apply as of 1 January 2019 in Sweden. Balder estimates that the new rules will not have any material impact on the calculation of taxes for the year 2019 provided that an efficient balancing can occur in the Group of net interest income and expense.

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 9,077m (7,406).

### **Cash flow**

Cash flow from operating activities before changes in working capital amounted to SEK 700m (474). Investing activities have burdened the cash flow by SEK -3,759m (-1,936).

During the period, acquisition of investment properties of SEK -2,125m (-455), investments in existing properties and projects of SEK -1,480m (-1,466), investments in property, plant and equipment, financial investments, associated companies and transactions with non-controlling interests SEK -264m (-46) adds up to SEK -3,870m (-1,966).

These have been financed through cash flow from operating activities of SEK 520m (359), by property divestments of SEK 82m (28), financial investments of SEK 29m (2) and net borrowings of SEK 3,754m (1,488), which adds up to SEK 4,385m (1,878).

Total cash flow for the period amounted to SEK 516m (-88). In addition to unutilised credit facilities of SEK 8,669m (6,117), the group's cash and cash equivalents, financial investments and unutilised overdraft facilities amounted to SEK 2,272m (1,877) on 31 March.

### **Employees and organisation**

The number of employees on 31 March amounted to 691 persons (617), of whom 292 were women (271). Balder is organised into seven regions. The head office with group-wide functions is located in Gothenburg.

### **Parent Company**

The parent company's operations mainly consist of performing group-wide services but an important part relates to sales of services, principally to associated companies. Sales in the parent company amounted to SEK 86m (67) during the period.

Net profit after tax amounted to SEK -182m (-438). Other net financial items amounted to SEK -130m (-547) of which exchange rates differences amounted to SEK -254m (-758), changes in value of interest rate derivatives amounted to SEK -99m (-16).

Reported exchange differences mainly refer to the translation of the company's euro bonds, which from a group perspective are used for hedging of foreign net investments.

# Real estate portfolio

On 31 March Balder owned 1,196 investment properties (1,156) with a lettable area of 4,084 thousand sq.m. (3,779) and a value of SEK 121,366m (104,118). Balder's total rental value excluding projects amounted to SEK 7,438m (6,649).

In addition to investment properties Balder owns development properties with a value of SEK 1,861m (-). The value of the total property portfolio amounted to SEK 123,227m (104,118).

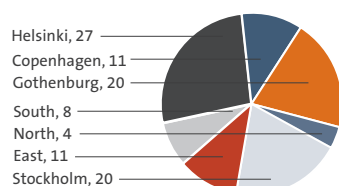
Balder's commercial properties are mainly located in the central parts of the major cities. Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

## Balder's real estate portfolio on 2019-03-31<sup>1)</sup>

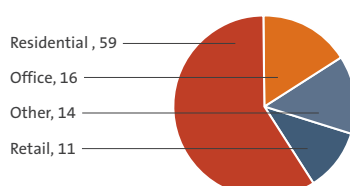
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Helsinki	508	1,059,627	2,463	2,325	2,423	98	31,544	26
Stockholm	78	669,596	1,267	1,893	1,194	94	24,053	20
Gothenburg	158	935,873	1,331	1,422	1,265	95	23,134	19
Copenhagen	15	192,720	524	2,719	502	96	11,271	9
South	79	402,438	581	1,444	543	94	9,310	8
East	274	622,609	1,001	1,608	966	96	12,864	10
North	84	200,765	270	1,346	264	98	4,484	4
<b>Total excluding projects</b>	<b>1,196</b>	<b>4,083,628</b>	<b>7,438</b>	<b>1,821</b>	<b>7,157</b>	<b>96</b>	<b>116,660</b>	<b>95</b>
Projects for own management			18		18		4,706	4
<b>Total investment properties</b>	<b>1,196</b>	<b>4,083,628</b>	<b>7,456</b>	<b>1,821</b>	<b>7,175</b>	<b>96</b>	<b>121,366</b>	<b>98</b>
Development properties							1,861	2
<b>Total real estate portfolio</b>	<b>1,196</b>	<b>4,083,628</b>	<b>7,456</b>	<b>1,821</b>	<b>7,175</b>	<b>96</b>	<b>123,227</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	945	2,478,551	4,582	1,849	4,468	98	66,485	54
Office	73	488,031	1,077	2,207	981	91	19,899	16
Retail	107	602,594	816	1,354	770	94	13,040	11
Other	71	514,452	962	1,871	938	97	17,236	14
<b>Total excluding projects</b>	<b>1,196</b>	<b>4,083,628</b>	<b>7,438</b>	<b>1,821</b>	<b>7,157</b>	<b>96</b>	<b>116,660</b>	<b>95</b>
Projects for own management			18		18		4,706	4
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Development properties							1,861	2
<b>Total real estate portfolio</b>	<b>1,196</b>	<b>4,083,628</b>	<b>7,456</b>	<b>1,821</b>	<b>7,175</b>	<b>96</b>	<b>123,227</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, care, industrial and mixed-use properties.

Carrying amount distributed by region, total real estate portfolio, %



Carrying amount distributed by property category, total real estate portfolio, %





# Changes in real estate portfolio

## Investment properties

Balder's investment properties are reported on the basis of internal valuations. The properties in Sweden, Denmark, Norway, Germany and United Kingdom are valued using the cash flow based method. In Finland and Russia, in addition to the cash flow based method, the sales comparison method and valuation at acquisition cost are used. Properties under construction and project properties for own management are valued at market value reduced by estimated building expenditure and project risk, which usually results in valuation at cost. On 31 March, Balder's average yield requirement amounted to 4.8 % (5.0) excluding project properties for own management, which is unchanged compared to year-end.

In order to quality-assure its internal valuations, Balder regularly allows parts of its portfolio to be externally valued and obtain second opinions on internal valuations. Historically, deviations between external and internal valuations have been insignificant.

## Unrealised changes in value investment properties

The overall carrying amount of Balder's investment properties amounted to SEK 121,366m (104,118) on 31 March. The unrealised change in value during the period amounted to SEK 717m (1,722) and is mainly attributable to improved net operating income.

## Investments, acquisitions and divestments

During the period, a total of SEK 3,342m (1,921) was invested relating to investment properties, of which SEK 2,125m (455) related to acquisitions and SEK 1,217m (1,466) related to investments in existing properties and projects for own management. During the period only condominiums and land have been divested at a sales value of SEK 82m (28). Pro-

fit from property sales amounted to SEK –9m (15). The change in the real estate portfolio during the period is presented in the table below.

## Project properties for own management

On 31 March, Balder has project properties for own management amounting to SEK 4.7 billion. Projects with ongoing construction are included with SEK 4.3 billion and projects where construction has not yet started amounts to SEK 0.4 billion. The ongoing construction work has an estimated total investment of approximately SEK 7.6 billion, which means that SEK 3.3 billion remains to be invested. Most of the ongoing projects relate to residential projects. The projects mainly comprise about 1,200 apartments in Copenhagen and about 1,000 apartments in Helsinki. The investments relate to owner apartments for rental use.

## Development properties

On 31 March, Balder has development properties amounting to SEK 1.9 billion. Projects with ongoing construction are included with SEK 0.7 billion and projects where construction has not begun amounts to SEK 1.2 billion. The projects with ongoing construction has an estimated total investment of approximately SEK 1.8 billion, which means that SEK 1.1 billion remains to invest. The majority of the development projects in progress refer to tenant-owner's apartments and primarily involve approx. 600 tenant-owner's apartments in Sweden.

A development property is a property that is held for refinement with the intention of being divested. These properties are continually recognised at cost and profit/loss is recognised when each property is completed, sold and handed over to the buyer.

## Change in carrying amount of properties

	2019		2018	
	SEKm	Number <sup>1)</sup>	SEKm	Number <sup>1)</sup>
<b>Investment properties, 1 January</b>	<b>116,542</b>	<b>1,185</b>	<b>98,360</b>	<b>1,148</b>
Investments in existing properties and projects	1,217		1,466	
Acquisitions	2,125	12	455	6
Sales/Reclassifications	–91	–1	–14	2
Change in value of investment properties, unrealised	717		1,722	
Currency changes	856		2,128	
<b>Investment properties, 31 March</b>	<b>121,366</b>	<b>1,196</b>	<b>104,118</b>	<b>1,156</b>
<b>Development properties, 1 January <sup>2)</sup></b>	<b>1,598</b>		–	
Investments in projects	263		–	
<b>Development properties, 31 March</b>	<b>1,861</b>		–	
<b>Total real estate portfolio, 31 March</b>	<b>123,227</b>		–	

1) Number of investment properties.

2) On 31 March 2019 ongoing projects in the form of development properties have been reclassified and thus separated from investment properties.

## Property transactions 2019

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
<b>Acquisitions</b>					
One	1	Hans Michelsen 10	Malmö	Hotel	4,168
One	1	Stampen 7:12	Gothenburg	Hotel	3,533
One	1	Lejonet 1	Malmö	Hotel	3,849
One	1	Bulten 1	Borås	Retail	1,815
One	1	Skorpionen 9	Luleå	Retail	1,800
One	1	Traktorn 5	Östersund	Retail	3,216
One	1	Basaren 1	Sundbyberg	Residential	10,272
One	1	Muraren 9	Sundbyberg	Residential	8,275
One	1	Kvillebäcken 61:5	Gothenburg	Office	3,564
One	1	Kvillebäcken 61:8	Gothenburg	Project	–
One	1	Aagaards plass 5	Sandefjord, Norway	Project	–
One	1	8 Fenchurch Place	London, United Kingdom	Office	9,161
<b>Total</b>	<b>12</b>				<b>49,653</b>

## Associated companies

Balder owns 50 % of a number of property companies where Balder handles the management and administration, for further information, see page 28-31 in Balder's Annual Report for 2018. Balder's 50 %-owned associated companies are shown in the table below together with Balder's share of 49 % (-) in Sinoma Fastighets AB and 56 % (56) in Serena Properties AB where Balder has a joint control, for company website, see Serenaproperties.se.

Apart from the 50 %-owned associated companies, Balder owns 44.1 % (44.1) in Collector AB (publ), 33 % (31) of Tornet Bostadsproduktion AB, 25.5 % (25.5) of Brinova Fastigheter AB (publ), 49 % (49) in Sjaelsö Management ApS, 20 % (20) in SHH Bostad AB and 25 % (25) in Rosengård Fastighets AB. For more information about these associated companies, see each company's website: Collector.se, Tornet.se, Brinova.se, Sjaelsöemangement.dk, Shhbostad.se and Rosengardfastigheter.se.

### Balder's participation in the 50 %-owned associated companies' real estate portfolio on 2019-03-31<sup>1)</sup>

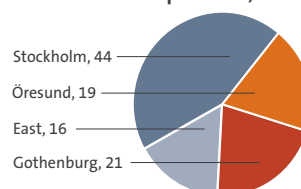
	Number of properties <sup>2)</sup>	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	77	193,529	269	1,391	260	97	4,640	41
Gothenburg	41	161,987	182	1,126	176	97	2,321	20
Öresund	24	66,852	101	1,515	100	99	1,618	14
East	25	97,052	115	1,189	112	97	1,642	14
<b>Total excluding projects</b>	<b>167</b>	<b>519,419</b>	<b>668</b>	<b>1,286</b>	<b>648</b>	<b>97</b>	<b>10,221</b>	<b>90</b>
Projects for own management			10		10		1,173	10
<b>Total real estate portfolio</b>	<b>167</b>	<b>519,419</b>	<b>678</b>	<b>1,286</b>	<b>658</b>	<b>97</b>	<b>11,394</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	38	63,717	114	1,790	113	99	2,395	21
Office	29	85,054	126	1,484	121	96	1,804	16
Retail	60	232,496	276	1,189	265	96	3,606	32
Other	40	138,153	152	1,097	150	99	2,417	21
<b>Total excluding projects</b>	<b>167</b>	<b>519,419</b>	<b>668</b>	<b>1,286</b>	<b>648</b>	<b>97</b>	<b>10,221</b>	<b>90</b>
Projects for own management			10		10		1,173	10
<b>Total real estate portfolio</b>	<b>167</b>	<b>519,419</b>	<b>678</b>	<b>1,286</b>	<b>658</b>	<b>97</b>	<b>11,394</b>	<b>100</b>

- 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, care, industrial and mixed-use properties.  
2) Refers to the entire portfolio of the associated companies.

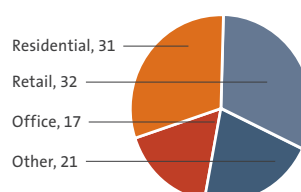
### Balder's participation in the balance sheets of 50 %-owned associated companies

SEKm	2019 31 March	2018 31 March	2018 31 Dec
<b>Assets</b>			
Properties	11,394	8,369	10,356
Other assets	62	61	50
Cash and cash equivalents	169	185	111
<b>Total assets</b>	<b>11,625</b>	<b>8,615</b>	<b>10,517</b>
<b>Shareholders' equity and liabilities</b>			
Equity/interest-bearing shareholder loan	4,637	3,800	4,499
Deferred tax liability	549	470	529
Interest-bearing liabilities	5,695	4,197	5,199
Other liabilities	744	148	290
<b>Total equity and liabilities</b>	<b>11,625</b>	<b>8,615</b>	<b>10,517</b>

#### Carrying amount distributed by region, total real estate portfolio, %



#### Carrying amount distributed by property category, total real estate portfolio, %



# 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 7.7 years (7.6). Balder's 10 largest leases represent 4.7 % (5.1) of total rental income and the average lease term amounts to 13.6 years (11.1).

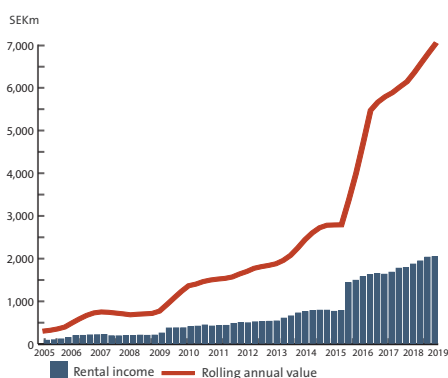
No individual lease accounts for more than 0.7 % (0.7) of Balder's total rental income and no individual customer accounts for more than 4.0 % (4.2) of total rental income.

## Lease maturity structure 2019-03-31

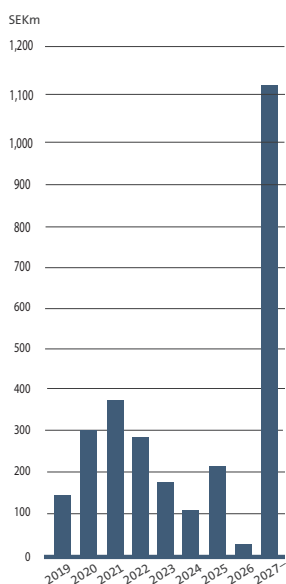
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2019	707	23	149	2
2020	960	31	297	4
2021	586	19	376	5
2022	428	14	288	4
2023–	406	13	1,639	23
<b>Total</b>	<b>3,087</b>	<b>100</b>	<b>2,749</b>	<b>38</b>
Residential <sup>1)</sup>	37,880		4,359	61
Car park <sup>1)</sup>	4,900		19	0
Garage <sup>1)</sup>	3,947		48	1
<b>Total</b>	<b>49,814</b>		<b>7,175</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

as of 2019-03-31

- I.A. Hedin Bil AB
- ICA Sverige AB
- Kesko Oyj
- Ligula Hospitality Group
- Norwegian State
- Scandic Hotels AB
- City of Stockholm
- Stureplansgruppen
- The municipality of Sundbyberg
- Winn Hotel Group

# Financing

Balder has assets in Sweden, Norway, Denmark, Finland, Russia, Germany and United Kingdom which means that the Group is exposed to currency risks. Balder therefore has a diversified financing structure where we use bonds and bank financing in several currencies. The single largest source of funding is bonds issued on the European bond market in Euro, followed by bank loans in various currencies, a MTN programme in Swedish kronor and a commercial

paper programme in Euro and Swedish kronor. In addition to these financing sources, Balder also has issued Hybrid capital which has a maturity of 60 years and is considered as 50 % equity by the credit rating agency S&P. Balder has closed the cooperation with Moody's and now only have an Investment Grade rating from S&P, which recently confirmed its rating of BBB stable.

## Financial Key ratios

	2019 31 March	2018 31 March	2018 31 Dec
Interest-bearing liabilities excl. Hybrid capital, SEKm	67,935	58,208	63,609
Hybrid capital, SEKm	3,648	3,603	3,596
Available liquidity including confirmed loan commitments, SEKm	10,941	7,995	10,148
Average fixed credit term, years	5.5	5.3	5.6
Average interest rate refixing period, years	2.8	3.7	3.1
Net debt to total assets (financial covenant <sup>1)</sup> < 65), %	49.8	51.4	49.9
Interest coverage ratio (financial covenant <sup>1)</sup> > 1.8), times	5.0	3.8	4.6
Secured debt/Total assets (financial covenant <sup>1)</sup> < 45), %	20.1	21.0	20.0
Credit rating S&P	BBB Stable outlook	BBB Stable outlook	BBB Stable outlook
<b>Calculation of net debt</b>			
Interest-bearing liabilities excl. Hybrid capital, SEKm	67,935	58,208	63,609
Hybrid capital (50 % is treated as equity by rating agencies), SEKm	1,824	1,801	1,798
Cash and cash equivalents and financial investments, SEKm	-1,921	-1,527	-1,328
<b>Net debt</b>	<b>67,838</b>	<b>58,482</b>	<b>64,079</b>

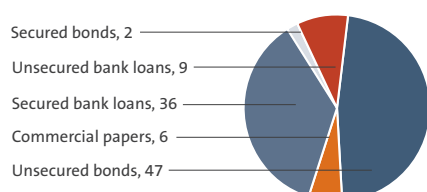
1) Financial covenants refers to obligations that Balder has to its financiers in the form of financial key ratios.

## Financial targets

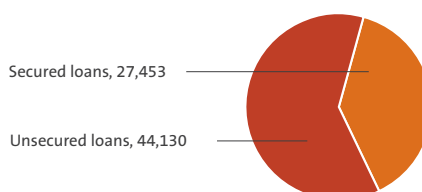
	Target	Outcome <sup>2)</sup>
Equity/assets ratio, %	min. 40.0	36.1
Net debt to total assets, %	max. 50.0	49.8
Interest coverage ratio, times	min. 2.0	5.0

2) Key ratios including listed associated companies at market value.

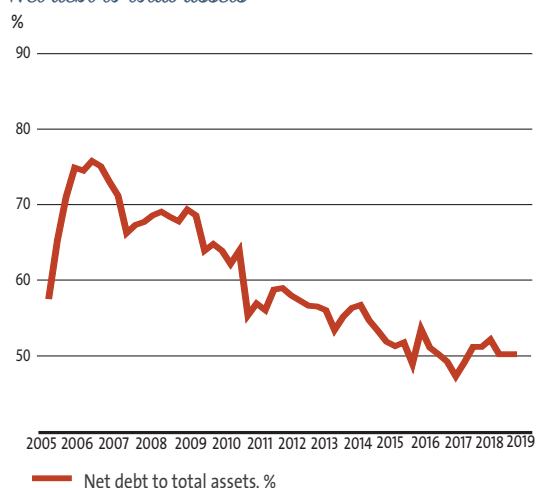
## Financing sources, %



## Distribution secured and unsecured loans, SEKm



### Net debt to total assets



### Fixed interest term



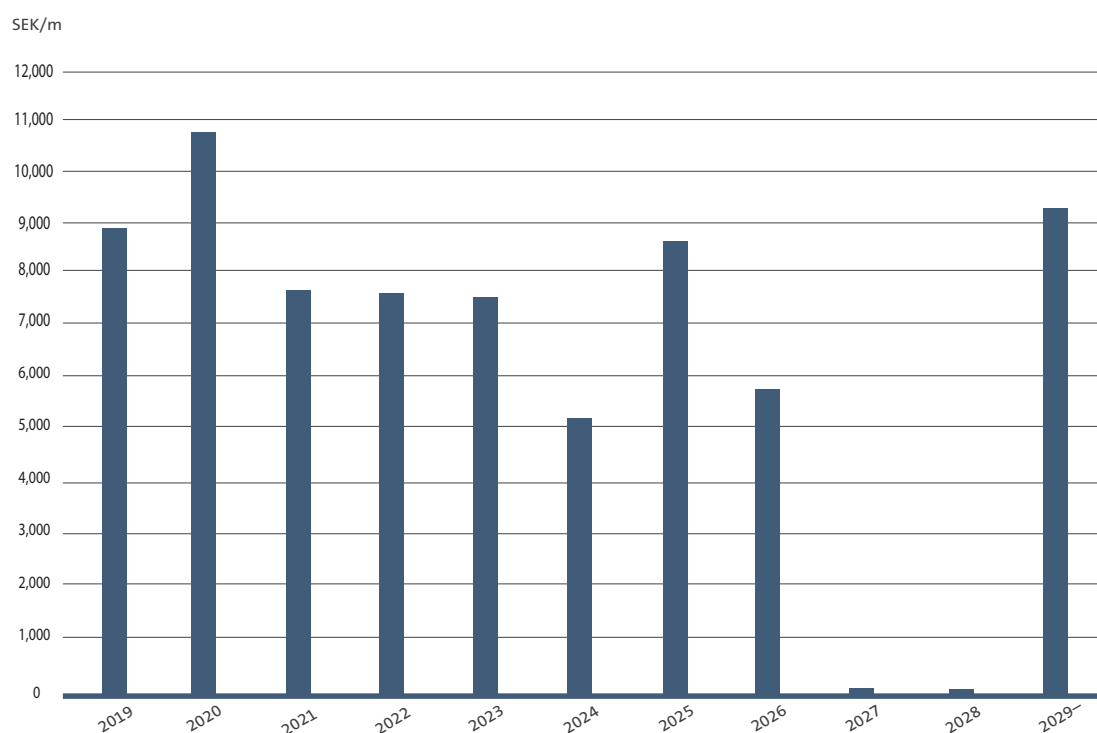
### Interest maturity structure on 2019-03-31

Year	Fixed interest term		
	SEKm	Interest, %	Proportion, %
Within one year	34,283	1.0	48
1–2 years	8,589	2.2	12
2–3 years	7,597	1.8	11
3–4 years	5,059	3.0	7
4–5 years	822	2.7	1
5–6 years	5,340	2.0	7
6–7 years	7,386	2.1	10
7–8 years	1,000	3.8	1
8–9 years	–	–	–
9–10 years	–	–	–
> 10 years	1,507	3.2	2
<b>Total</b>	<b>71,583</b>	<b>1.7</b>	<b>100</b>

### Fixed credit term on 2019-03-31

Year	Fixed credit term	
	SEKm	Proportion, %
Within one year	10,300	14
1–2 years	13,286	19
2–3 years	9,478	13
3–4 years	6,043	8
4–5 years	6,492	9
5–6 years	9,124	13
6–7 years	6,588	9
7–8 years	628	1
8–9 years	159	0
9–10 years	147	0
> 10 years	9,339	13
<b>Total</b>	<b>71,583</b>	<b>100</b>

### Debt maturities on 2019-03-31



## Other disclosures

### Events after the end of the period

Balder has decided to close the cooperation with Moody's and only have the rating from S&P, which recently confirmed its rating of BBB stable. The closed collaboration with Moody's depends primarily on the fact that the quality of their rating, in our opinion, has declined recently and our opinion is that a rating from S&P is sufficient.

After the end of the reporting period no other 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 20m (12) during the period and are reported in management and administrative costs. In addition, services are bought from Collector AB (publ). All transactions have been priced on market terms.

### 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 2018, on pages 65-68. 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 principles follow those reported in the Annual Report 2018, with addition for application of IFRS 16 as below.

### New accounting policies from and including 1 January 2019

From and including 1 January 2019, the Group has adopted the following new standards:

#### *IFRS 16 Leases - Effect of introduction of the standard*

The Group applies IFRS 16 Leases from 1 January 2019. No distinction is made between operating and finance leases any more. As a lessor/landlord, the change does not affect Balder's accounting. According to the new standard, a non-current asset (the right to use a leased asset) and a financial liability relating to the liability to pay lease payments shall be recognised in the balance sheet. Balder carried out a detailed review of all leases where the Group is a lessee. During the review, site leasehold agreements were identified as the single most significant leases, together with a

number of leases in Sato Oyj. On 1 January 2019, the lease liability for ground rents and leases amounted to SEK 1,534m, the liability is recognised as a separate line item in the balance sheet, Lease contract. The corresponding right-of-use assets are recognised in the balance sheet in the line item, Lease contract; Right-of-use assets.

The Group has applied the modified retrospective method, which means that right-of-use assets (site leasehold agreements), are measured at an amount equivalent to the lease liability as of 1 January 2019. The transition to IFRS 16 thus has not had any impact on the Group's equity. As the modified retrospective method was applied, comparative figures for 2018 were not restated.

The expense for ground rents of SEK -15m, as an effect of the transition to IFRS 16, is recognised in its entirety, as a financial expense as these are considered to be interest according to IFRS 16, which is a difference compared to the earlier principle when this was recognised as part of the property costs and was charged to net operating income. Profit from property management is not affected.

The Group has chosen to apply the exemption not to recognise short-term leases and leases of low value assets as right-of-use assets and lease liabilities in the balance sheet. Payments related to these leases will instead be recognised as an expense on a straight line basis over the lease term.

### Other

During Q1 2019, the Öresund region/segment was reclassified and divided up into two regions/segments, which means that Balder now has seven regions. The reclassification means that the former Öresund region is now divided into the regions/segments Copenhagen and South. The Copenhagen region consists of the Group's properties in Denmark. The South region consists of all Swedish properties in southern Sweden that were previously reported under the Öresund region as well as the properties in Germany and the United Kingdom. Restatement of comparative figures has occurred.

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

Gothenburg 8 May 2019

Erik Selin  
Chief Executive Officer

# Consolidated statement of comprehensive income

SEKm	2019 Jan-March	2018 Jan-March	2018/2019 April-March	2018 Jan-Dec
Rental income	1,797	1,573	6,937	6,714
Property costs	-509	-480	-1,853	-1,824
<b>Net operating income</b>	<b>1,288</b>	<b>1,094</b>	<b>5,084</b>	<b>4,890</b>
Management and administrative costs	-157	-141	-608	-592
Participations in the profits of associated companies	178	170	888	881
– of which profit from property management	196	151	703	658
– of which changes in value	31	65	373	407
– of which tax	-49	-46	-188	-184
Other income/costs	-3	-2	-3	-3
Net financial items	-278	-286	-1,068	-1,076
– of which cost of leases/ground rent	-15	–	-15	–
<b>Profit including changes in value and tax in associated companies</b>	<b>1,028</b>	<b>834</b>	<b>4,294</b>	<b>4,100</b>
<b>– of which Profit from property management</b>	<b>1,046</b>	<b>815</b>	<b>4,108</b>	<b>3,877</b>
<i>Changes in value</i>				
Changes in value investment properties, realised	-9	15	62	86
Changes in value investment properties, unrealised	717	1,722	6,909	7,914
Changes in value derivatives	-99	-16	-118	-34
<b>Changes in value total</b>	<b>609</b>	<b>1,721</b>	<b>6,853</b>	<b>7,965</b>
<b>Profit before tax</b>	<b>1,637</b>	<b>2,556</b>	<b>11,147</b>	<b>12,065</b>
Income tax	-247	-369	-1,774	-1,897
<b>Net profit for the period/year</b>	<b>1,390</b>	<b>2,187</b>	<b>9,372</b>	<b>10,169</b>
<i>Net profit for the period/year attributable to:</i>				
Parent company shareholders	1,188	2,015	8,480	9,308
Non-controlling interests	202	171	892	861
	<b>1,390</b>	<b>2,187</b>	<b>9,372</b>	<b>10,169</b>
<b>Other comprehensive income – items that may be subsequently reclassified to profit or loss</b>				
Translation difference relating to foreign operations (net after hedge accounting)	99	31	24	-45
Cash flow hedges after tax	-63	27	-80	9
Participation in other comprehensive income of associated companies	5	12	3	10
<b>Total comprehensive income for the period/year</b>	<b>1,431</b>	<b>2,256</b>	<b>9,318</b>	<b>10,143</b>
<i>Total comprehensive income for the period/year attributable to:</i>				
Parent company shareholders	1,154	1,778	8,379	9,003
Non-controlling interests	278	478	940	1,140
	<b>1,431</b>	<b>2,256</b>	<b>9,318</b>	<b>10,143</b>
Profit from property management	1,046	815	4,108	3,877
Of which non-controlling interests part of Profit from property management	-145	-132	-586	-573
<b>Profit from property management attributable to parent company shareholder</b>	<b>901</b>	<b>683</b>	<b>3,522</b>	<b>3,304</b>
Profit from property management per share, SEK	5.01	3.80	19.56	18.35
Profit after tax per share, SEK	6.60	11.20	47.11	51.71

There is no dilutive effect as no potential shares arise.



## Consolidated statement of financial position

SEKm	2019 31 March	2018 31 March	2018 31 Dec
<b>Assets</b>			
Investment properties	121,366	104,118	116,542
Development properties	1,861	–	1,598
Lease contract; Right-of-use assets	1,534	–	–
Other fixed assets	138	109	123
Participations in associated companies	6,503	4,823	6,219
Other receivables	2,599	1,909	2,198
Cash and cash equivalents and financial investments	1,921	1,527	1,328
<b>Total assets</b>	<b>135,924</b>	<b>112,486</b>	<b>128,008</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity <sup>1)</sup>	48,839	39,747	47,408
Deferred tax liability	9,077	7,406	8,857
Interest-bearing liabilities	71,583	61,811	67,205
–of which Hybrid capital <sup>2)</sup>	3,648	3,603	3,596
Derivatives	1,178	1,033	965
Lease contract	1,534	–	–
Other liabilities	3,714	2,489	3,573
<b>Total equity and liabilities</b>	<b>135,924</b>	<b>112,486</b>	<b>128,008</b>
1) Of which non-controlling interests	7,539	6,759	7,262
2) 50 % of Hybrid capital is treated as equity by the rating agencies and thus decreases interest-bearing liabilities when calculating the debt/equity ratio and net debt to total assets ratio	1,824	1,801	1,798

## Consolidated statement of changes in equity

SEKm	2019 31 March	2018 31 March	2018 31 Dec
<b>Opening equity</b>	<b>47,408</b>	<b>37,718</b>	<b>37,718</b>
Transition effect IFRS 9	–	–92	–92
Changed accounting principles in Sato Oyj (IAS 12)	–	–	–124
Total comprehensive income for the period/year	1,431	2,256	10,143
Transactions with non-controlling interests	–3	–	–111
Dividend to non-controlling interests	–	–135	–135
Non-controlling interests arising on the acquisition of subsidiary	2	–	8
<b>Closing equity</b>	<b>48,839</b>	<b>39,747</b>	<b>47,408</b>

# Consolidated statement of cash flows

SEKm	2019 Jan-March	2018 Jan-March	2018 Jan-Dec
Net operating income	1,288	1,094	4,890
Other income/costs	-3	-2	-3
Management and administrative costs	-157	-141	-592
Reversal of depreciation	10	4	20
Net financial items paid	-337	-341	-1,099
Taxes paid	-101	-140	-345
<b>Cash flow from operating activities before change in working capital</b>	<b>700</b>	<b>474</b>	<b>2,871</b>
Change in operating receivables	-298	-372	-394
Change in operating liabilities	118	258	1,189
<b>Cash flow from operating activities</b>	<b>520</b>	<b>359</b>	<b>3,667</b>
Acquisition of properties	-2,125	-455	-3,861
Acquisition/Divestment of property, plant and equipment	-24	-6	-44
Purchase of financial investments	-50	-25	-593
Acquisition of shares in associated companies/Capital contribution to associated companies/Loans to associated companies	-187	-15	-1,085
Investment in existing properties and projects	-1,480	-1,466	-6,210
Transactions with non-controlling interests	-3	-	-111
Sale of properties	82	28	311
Sale of financial investments	29	2	133
Dividend paid from associated companies	-	-	24
<b>Cash flow from investing activities</b>	<b>-3,759</b>	<b>-1,936</b>	<b>-11,435</b>
Dividend paid to non-controlling interests	-	-	-135
Loans raised	4,661	3,045	12,148
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-907	-1,557	-4,967
<b>Cash flow from financing activities</b>	<b>3,754</b>	<b>1,488</b>	<b>7,046</b>
<b>Cash flow for the period/year</b>	<b>516</b>	<b>-88</b>	<b>-723</b>
Cash and cash equivalents at the start of the period/year	558	1,281	1,281
<b>Cash and cash equivalents at the end of the period/year</b>	<b>1,073</b>	<b>1,193</b>	<b>558</b>
Cash and cash equivalents	1,073	1,193	558
Unutilised overdraft facilities	350	350	350
Unutilised credit facilities	8,669	6,117	8,470
Financial investments	848	335	770
<b>Available liquidity including confirmed credit commitments</b>	<b>10,941</b>	<b>7,995</b>	<b>10,148</b>

## Segment information

SEKm	2019 Jan-March	2018 Jan-March	2018/2019 April-March	2018 Jan-Dec
<b>Rental income</b>				
Helsinki	589	551	2,340	2,302
Stockholm	297	239	1,115	1,057
Gothenburg	323	305	1,273	1,255
Copenhagen	137	101	511	475
South	135	95	484	444
East	254	227	967	940
North	62	55	246	240
<b>Total</b>	<b>1,797</b>	<b>1,573</b>	<b>6,937</b>	<b>6,714</b>
<b>Net operating income</b>				
Helsinki	402	365	1,620	1,583
Stockholm	228	176	873	821
Gothenburg	238	219	970	951
Copenhagen	109	81	406	378
South	106	66	382	343
East	165	152	658	645
North	40	34	174	168
<b>Total</b>	<b>1,288</b>	<b>1,094</b>	<b>5,084</b>	<b>4,890</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 1,288m (1,094) and profit before tax of SEK 1,637m (2,556) consists of changes in value of investment properties of SEK 708m (1,737), other income/costs SEK -3m (-2), management and administrative costs of SEK -157m (-141), participations in profits of associated companies of SEK 178m (170), net financial items of SEK -278m (-286) and changes in value of derivatives of SEK -99m (-16).

SEKm	2019 31 March	2018 31 March	2018 31 Dec
<b>Real estate portfolio</b>			
Helsinki	31,544	28,351	30,881
Stockholm	24,053	18,641	23,523
Gothenburg	23,134	20,016	22,448
Copenhagen	11,271	9,532	11,033
South	9,310	6,639	8,151
East	12,864	11,960	12,436
North	4,484	3,463	4,271
<b>Total excluding projects</b>	<b>116,660</b>	<b>98,601</b>	<b>112,742</b>
Projects for own management	4,706	5,517	3,799
<b>Total investment properties</b>	<b>121,366</b>	<b>104,118</b>	<b>116,542</b>
Development properties	1,861	-	1,598
<b>Total real estate portfolio</b>	<b>123,227</b>	<b>104,118</b>	<b>118,140</b>

The carrying amounts of properties have during the period changed by investments, acquisitions, divestments, unrealised changes in value and currency changes, with SEK 663m in Helsinki region, SEK 530m in the Stockholm region, SEK 686m in the Gothenburg region, SEK 238m in Copenhagen region, SEK 1,159m in South region, SEK 213m in the North region and by SEK 428m in the East region. The group's projects for own management has increased by SEK 907m and the group's development properties has increased by SEK 263m. Sato's property portfolio is divided between the regions Helsinki and East. The real estate holdings in Norway is classified in the North region, the real estate holdings in Denmark in the Copenhagen region and the properties in Germany and United Kingdom in the South region.

## Key ratios including listed associated companies at market value

	2019 Jan-March	2018 Jan-March	2018/2019 April-March	2018 Jan-Dec
<b>Share-related <sup>1)</sup></b>				
Average number of shares, thousands	180,000	180,000	180,000	180,000
Profit after tax, SEK	6.60	11.20	47.11	51.71
Profit after tax excluding unrealised changes in value, SEK	4.21	3.86	17.73	17.25
Profit from property management, SEK	5.01	3.80	19.56	18.35
Net operating income, SEK	5.84	4.86	22.98	22.00
Outstanding number of shares, thousands	180,000	180,000	180,000	180,000
Shareholders' equity, SEK	231.77	190.60	231.77	225.60
Long-term net asset value (NAV), SEK	288.74	237.48	288.74	280.17
Share price on the closing date, SEK	298.00	209.60	298.00	252.00
<b>Property-related</b>				
Rental value full-year, SEK/sq.m.	1,821	1,760	1,821	1,802
Rental income full-year, SEK/sq.m.	1,753	1,690	1,753	1,737
Economic occupancy rate, %	96	96	96	96
Vacancy rate, %	4	4	4	4
Surplus ratio, %	72	70	73	73
Carrying amount, SEK/sq.m.	28,568	26,091	28,568	28,013
Number of properties	1,196	1,156	1,196	1,185
Lettable area, sq.m. thousands	4,084	3,779	4,084	4,025
Profit from property management, attributable to parent company shareholders, SEKm	901	683	3,522	3,304
<b>Financial</b>				
Return on equity, %	8.5	12.1	22.3	25.2
Return on total assets, %	4.3	5.4	9.8	11.1
Interest coverage ratio, times	5.0	3.8	4.9	4.6
Equity/assets ratio, %	36.1	36.1	36.1	37.3
Debt/equity ratio, times	1.4	1.5	1.4	1.4
Net debt to total assets, %	49.8	51.4	49.8	49.9

## Key ratios excluding listed associated companies at market value

	2019 Jan-March	2018 Jan-March	2018/2019 April-March	2018 Jan-Dec
<b>Share-related <sup>1)</sup></b>				
Shareholders' equity, SEK	229.44	183.27	229.44	223.03
<b>Financial</b>				
Return on equity, %	8.6	12.7	22.8	26.1
Return on total assets, %	4.3	5.5	9.8	11.2
Equity/assets ratio, %	35.9	35.3	35.9	37.0
Debt/equity ratio, times	1.4	1.5	1.4	1.4
Net debt to total assets, %	49.9	52.0	49.9	50.1

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

## Condensed parent company income statement

SEKm	2019 Jan-March	2018 Jan-March	2018/2019 April-March	2018 Jan-Dec
Net sales	86	67	308	289
Administrative costs	-87	-66	-314	-292
<b>Operating profit</b>	<b>-1</b>	<b>1</b>	<b>-5</b>	<b>-4</b>
<b>Profit from financial items</b>				
Dividends from subsidiaries	-	-	1,608	1,608
Other net financial items	-130	-547	527	110
– of which exchange rate differences	-254	-758	-225	-729
Changes in value of derivatives	-99	-16	-118	-34
<b>Profit before appropriations and taxes</b>	<b>-230</b>	<b>-562</b>	<b>2,013</b>	<b>1,680</b>
<b>Appropriations</b>				
Group contributions paid	-	-	-87	-87
<b>Profit before tax</b>	<b>-230</b>	<b>-562</b>	<b>1,926</b>	<b>1,594</b>
Deferred tax	48	124	-79	-3
<b>Net profit for the period/year <sup>1)</sup></b>	<b>-182</b>	<b>-438</b>	<b>1,847</b>	<b>1,590</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	2019 31 March	2018 31 March	2018 31 Dec
<b>Assets</b>			
Property, plant and equipment	20	9	18
Financial non-current assets	11,569	6,943	11,319
Receivables from group companies	40,811	37,656	38,337
Current receivables	180	113	197
Cash and cash equivalents and financial investments	1,735	1,125	1,000
<b>Total assets</b>	<b>54,315</b>	<b>45,845</b>	<b>50,870</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	11,046	9,199	11,227
Interest-bearing liabilities	36,904	30,509	33,275
– of which Hybrid capital	3,648	3,603	3,596
Liabilities to group companies	5,574	5,495	5,282
Derivatives	545	428	446
Other liabilities	246	214	640
<b>Total equity and liabilities</b>	<b>54,315</b>	<b>45,845</b>	<b>50,870</b>

## The share and owners

Balder's share is listed on Nasdaq Stockholm, Large Cap segment. The company's market capitalisation as of 31 March amounted to SEK 53,640m (37,728).

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 36.4 % (36.4) of the capital and 49.9 % (49.9) of the votes. Foreign ownership amounts to approximately 26 % (24) of outstanding shares.

### The share

At the end of the period, approximately 13,400 shareholders (13,400) held shares. During the period, approximately 14.6 million shares were traded (19.9) which corresponds to an average of about 261,000 shares per trading day (332,000). The annual turnover rate amounted to 33 % (44). The price of the share was SEK 298.00 (209.60) on 31 March, corresponding to an increase of 18 % since year-end.

### Share capital

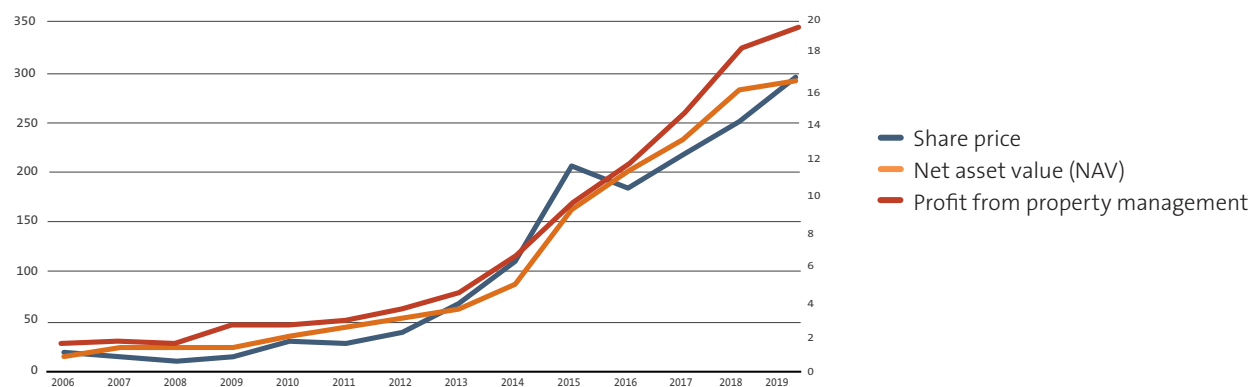
On 31 March, the share capital in Balder amounted to SEK 180,000,000 distributed among 180,000,000 shares. Each share has a quota value of SEK 1, where of 11,229,432 shares are of Class A and 168,770,568 of Class B. The total number of outstanding shares as of 31 March amounts to 180,000,000. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

## Development share price, net asset value and profit from property management

Share price, Net asset value (NAV)

Profit from property management

SEK/share



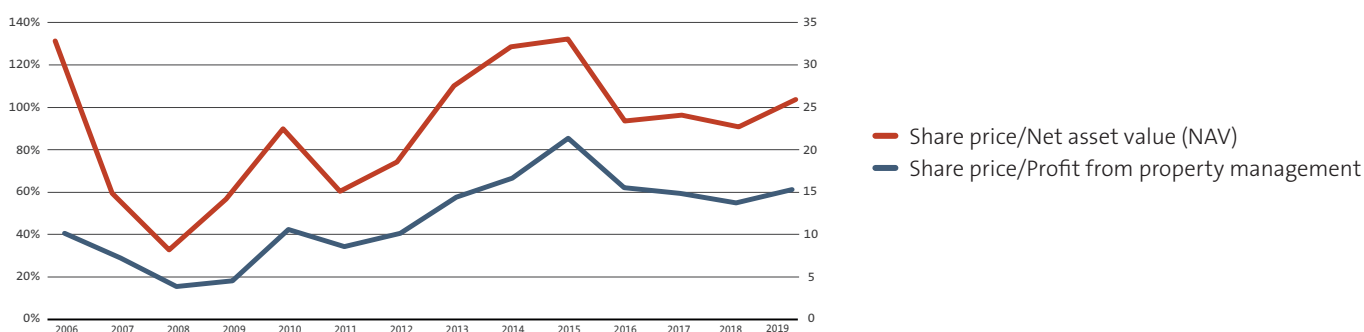
## Share price/Net asset value and Share price/profit from property management

Share price/Net asset value (NAV)

Share price/Profit from property management

%

times



*Ownership list as of 2019-03-31*

Owner	A shares	B shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	65,520,228	36.4	49.9
Arvid Svensson Invest AB	2,915,892	13,542,540	16,458,432	9.1	15.2
Swedbank Robur fonder	–	8,800,725	8,800,725	4.9	3.1
SEB Investment Management	–	7,518,073	7,518,073	4.2	2.7
Länsförsäkringar fondförvaltning AB	–	6,753,051	6,753,051	3.8	2.4
Handelsbanken Fonder AB	–	5,807,575	5,807,575	3.2	2.1
Second Swedish National Pension Fund	–	4,155,593	4,155,593	2.3	1.5
Vanguard	–	3,386,313	3,386,313	1.9	1.2
CBNY-Norges Bank	–	2,449,543	2,449,543	1.4	0.9
Afa Försäkring	–	1,859,251	1,859,251	1.0	0.7
Other	4,212	57,287,004	57,291,216	31.8	20.4
<b>Total</b>	<b>11,229,432</b>	<b>168,770,568</b>	<b>180,000,000</b>	<b>100</b>	<b>100</b>

# 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, %

Profit after tax in relation to average equity. The values were converted to a full-year basis in the interim accounts without taking account of seasonal variations that normally arise in the operations and 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 and with the exception of changes in value.

### Net debt to total assets, %

Net debt in relation to total assets.

### Profit from property management, SEKm

Profit including changes in value and tax in associated companies with reversal of changes in value and tax as regards participation in profits of associated companies. 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.

### Average interest, %

Interest expenses in the period recalculated to annual value in relation to the average interest-bearing liabilities.

### Net debt, SEKm

Interest-bearing liabilities decreased by cash and cash equivalents, financial investments and 50 % of Hybrid capital which is treated as 50 % equity by the rating agency S&P.

### Interest coverage ratio, times

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

### Debt/equity ratio, times

Interest-bearing liabilities decreased by 50 % of Hybrid capital 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 share, SEK

Shareholders' equity in relation to the number of outstanding shares at the end of the period.

### Profit from property management per share, SEK

Profit from property management attributable to the parent company shareholders divided by the average number of outstanding shares.

### Average number of shares

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

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

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

### Profit after tax per share, SEK

Profit attributable to the parent company shareholders in relation to average number of shares.

## 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.

### Development properties

Refers to properties constructed with the intention of being divested after completion.

### Real estate portfolio

Refers to both investment properties and development properties.

### 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 and property tax.

### Investment properties

Refers to properties that are held with the objective of generating rental income or an increase in value or a combination of these.

### 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.

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



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 08.00 a.m. on May 08, 2019.

This report is a translation of the Swedish Interim Report January-March 2019. In the event of any disparities between this report and the Swedish version, the latter will have priority.

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### *Financial information*

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

### *Calendar*

Interim report Jan-June 2019	17 July 2019
Interim report Jan-Sep 2019	25 October 2019
Year-end report 2019	27 February 2020

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