

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the Prospectus following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer or the Joint Lead Managers (as defined below) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT.

Confirmation of your representation: In order to be eligible to view the attached Prospectus or make an investment decision with respect to the securities being offered, prospective investors must be non-U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) located outside the United States. This Prospectus is being sent to you at your request, and by accessing this Prospectus you shall be deemed to have represented to Fastighets AB Balder (the "**Issuer**"), Barclays Bank PLC, Danske Bank A/S, Deutsche Bank AG, London Branch and Nordea Bank AB (publ) (together the "**Joint Lead Managers**"), that (1) you are purchasing the securities being offered in an offshore transaction (within the meaning of Regulation S) and the electronic mail address that you gave us and to which this email has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia, and (2) you consent to delivery of such Prospectus by electronic transmission.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Prospectus to any other person. This Prospectus does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Prospectus may only be distributed to, and is directed at, (a) persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), or (b) high-net-worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within article 49(1) of the Order (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

The attached Prospectus has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Lead Managers or any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this email is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

PROSPECTUS DATED 9 March 2017

FASTIGHETS AB BALDER

*(incorporated with limited liability under
the laws of Kingdom of Sweden)*

EUR 500,000,000
1.125 per cent. Notes due 2022

EUR 500,000,000
1.875 per cent. Notes due 2025

The issue price of the EUR 500,000,000 1.125 per cent. Notes due 2022 (the "**2022 Notes**") of Fastighets AB Balder (the "**Issuer**") is 99.441 per cent. of their principal amount. The issue price of the EUR 500,000,000 1.875 per cent. Notes due 2025 (the "**2025 Notes**") and together with the 2022 Notes, the "**Notes**") of the Issuer is 99.033 per cent. of their principal amount.

Unless previously redeemed or cancelled, the 2022 Notes will be redeemed at their principal amount, together with accrued interest, on 14 March 2022 (the "**2022 Maturity Date**") and the 2025 Notes will be redeemed at their principal amount, together with accrued interest, on 14 March 2025 (the "**2025 Maturity Date**"). The Notes are subject to redemption in whole at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxation in the Kingdom of Sweden. The Notes may also be redeemed at the option of the Issuer, in whole but not in part: (i) in the case of an Optional Redemption Notice (as defined below) which is dated before the date falling three (3) months prior to the 2022 Maturity Date of the 2022 Notes or the 2025 Maturity Date of the 2025 Notes, as applicable, at the Make-Whole Redemption Amount (as defined below) or; (ii) in the case of an Optional Redemption Notice which is dated on or after the date falling three (3) months prior to the 2022 Maturity Date or the 2025 Maturity Date, as applicable, at 100 per cent. of their principal amount. In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem such Note at a price equal to 101 per cent. of its principal amount, together with accrued interest, on the relevant Put Option Redemption Date upon the occurrence of a Change of Control Event. See "*Terms and Conditions of the Notes—Redemption and Purchase*".

The 2022 Notes will bear interest from 14 March 2017 at the rate of 1.125 per cent. per annum payable annually in arrear on 14 March in each year commencing on 14 March 2018. The 2025 Notes will bear interest from 14 March 2017 at the rate of 1.875 per cent. per annum payable annually in arrear on 14 March in each year commencing on 14 March 2018. Payments on the Notes will be made in euro without deduction for or on account of taxes imposed or levied by the Kingdom of Sweden to the extent described under "*Terms and Conditions of the Notes—Taxation*".

This Prospectus (the "**Prospectus**") has been approved by the Central Bank of Ireland, as the competent authority under Directive 2003/71/EC (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU). The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to its official list (the "**Official List**") and to trading on its regulated market (the "**Main Securities Market**"). References in this Prospectus to the Notes being "**listed**" (and all related references) will mean that the Notes have been admitted to the Official List and have been admitted to trading on the Main Securities Market. The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Joint Lead Managers (as defined in "**Subscription and Sale**") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or

delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form and in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. Each series of the Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around 14 March 2017 (the "**Closing Date**") with a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, Luxembourg ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Temporary Global Note cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof and with interest coupons attached. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Notes will be rated BBB by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and Baa3 by Moody's Investors Service Ltd ("**Moody's**").

Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Service Ltd are established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and are included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on their website.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

JOINT LEAD MANAGERS

**BARCLAYS
DEUTSCHE BANK**

**DANSKE BANK
NORDEA**

9 March 2017

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

The Issuer has confirmed to the Joint Lead Managers named under "*Subscription and Sale*" below (the "**Joint Lead Managers**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

Neither the Joint Lead Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes and should not be considered as a recommendation by the Issuer, the Joint Lead Managers or any of them that any recipient of this Prospectus should subscribe for or purchase any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended and references to "**SEK**" or "**Swedish krona**" are to the lawful currency of the Kingdom of Sweden. References to "**billions**" are to thousands of millions.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

NON-IFRS MEASURES

In this Prospectus, the Issuer presents certain financial data and measures which are not calculated in accordance with IFRS, such as Return on equity, ordinary share, net debt to total assets, and return on total assets. As used in the Prospectus, the following terms (together, the “**Non-IFRS Measures**”) have the following meanings:

- **“Return on equity, ordinary share”** refers to profit after tax reduced by the 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”** refers to profit before tax with addition of net financial items in relation to the 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”** refers to 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 total assets”** refers to interest-bearing liabilities less cash and cash equivalents and financial investments in relation to total assets and cash equivalents and financial investments.
- **“Interest coverage ratio (times)”** refers to 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)”** refers to interest-bearing liabilities in relation to shareholders’ equity.
- **“Equity/assets ratio (times)”** refers to shareholders’ equity including minority in relation to the balance sheet total assets at the end of the period.

The Non-IFRS Measures are supplemental measures of the Issuer’s performance and liquidity that are not required by or presented in accordance with IFRS. Furthermore, the Non-IFRS Measures should not be considered as an alternative to income after taxes, income before taxes or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles, as an alternative to cash flow from operating, investing or financing activities or as a measure of liquidity.

The Issuer presents these Non-IFRS Measures mainly because it believes that, when considered in conjunction with related IFRS financial measures, these measures provide investors with important additional information to evaluate operating performance. The Issuer believes that the Non-IFRS Measures are useful to investors because these measures (i) provide investors with financial measures on which management bases financial, operational, compensation and planning decisions; and (ii) present measurements that investors and other interested parties in the industry have indicated to management are useful to them in assessing a company and its results of operations.

The Non-IFRS Measures presented in this Prospectus may not be comparable to other similarly titled measures of other companies. Non-IFRS Measures have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of the Issuer’s results as reported under IFRS or pursuant to an IAS Limited Review as set out in the financial statements of the Issuer and no undue reliance should be placed on these Non-IFRS Measures. Some of these limitations related to Non-IFRS Measures are:

- they do not reflect the Issuer's cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, the Issuer's working capital needs;
- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on the Issuer's debt;
- they do not reflect gains or losses in hedging or foreign exchange contracts;
- they do not reflect any cash income taxes that the Issuer may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in the Issuer's statements of cash flows;
- they do not reflect the impact of earnings or charges resulting from certain matters that the Issuer considers not to be indicative of its ongoing operations;
- assets are depreciated or amortised over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in the Issuer's industry may calculate these measures differently than it does, limiting their usefulness as comparative measures.

Because of these limitations, the Issuer's Non-IFRS Measures should not be considered as measures of discretionary cash available to the Issuer to invest in the growth of its business or as measures of cash that will be available to the Issuer to meet its obligations. You should compensate for these limitations by relying primarily on the Issuer's IFRS and IAS Limited Review results and using these Non-IFRS Measures only as supplemental means for evaluating its performance. Please see "*Financial Statements and Auditors' Reports*".

CONTENTS

	Page
IMPORTANT NOTICES.....	1
NON-IFRS MEASURES	2
OVERVIEW	5
RISK FACTORS	8
TERMS AND CONDITIONS OF THE NOTES	21
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM	39
USE OF PROCEEDS	41
DESCRIPTION OF THE ISSUER.....	42
TAXATION	71
SUBSCRIPTION AND SALE	73
GENERAL INFORMATION.....	75
FINANCIAL STATEMENTS AND AUDITORS' REPORTS	78
INDEX OF DEFINED TERMS	77

OVERVIEW

This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.

The Issuer:	Fastighets AB Balder
Joint Lead Managers:	Barclays Bank PLC Danske Bank A/S Deutsche Bank AG, London Branch Nordea Bank AB (publ)
Trustee:	Citicorp Trustee Company Limited
Principal Paying Agent	Citibank, N.A., London Branch
The Notes:	EUR 500,000,000 1.125 per cent. Notes due 2022. EUR 500,000,000 1.875 per cent. Notes due 2025.
Issue Price:	2022 Notes: 99.441 per cent. of the principal amount of the 2022 Notes 2025 Notes: 99.033 per cent. of the principal amount of the 2025 Notes.
Issue Date:	14 March 2017.
Maturity Date	2022 Notes: 14 March 2022 2025 Notes: 14 March 2025
Use of Proceeds:	The net proceeds of the Notes shall be used for general corporate purposes, including debt refinancing. Some of the proceeds will be used to repay loans to various financial institutions including certain of the Joint Lead Managers.
Interest:	The 2022 Notes will bear interest from 14 March 2017 at a rate of 1.125 per cent. per annum payable annually in arrear on 14 March in each year commencing 14 March 2018. The 2025 Notes will bear interest from 14 March 2017 at a rate of 1.875 per cent. per annum payable annually in arrear on 14 March in each year commencing 14 March 2018.
Withholding Taxes	All payment of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction has been required, in accordance with the Conditions.

Status:	The Notes are senior, unsubordinated, unconditional and unsecured obligations of the Issuer.
Form and Denomination:	<p>The Notes will be issued in bearer form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. The Notes will initially be represented by beneficial interests in the Temporary Global Note exchangeable for the Permanent Global Note which is exchanged for Definitive Notes in the limited circumstances specified in the Permanent Global Note.</p> <p>The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.</p>
Cross Default:	The Notes will have the benefit of a cross default clause. See Condition 9(e) (<i>Cross default</i>).
Covenants:	The Notes will have the benefit of a negative pledge and certain other covenants. See Condition 3 (<i>Covenants</i>).
Optional Redemption by Noteholders:	The Notes may be redeemed at the option of Noteholders if a Change of Control Event (as defined in the Conditions) occurs. See Condition 6(c) (<i>Redemption at the option of Noteholders (Put Option – Change of Control)</i>).
Issuer Call:	The Notes may be redeemed at the option of the Issuer, in whole but not in part: (i) in the case of an Optional Redemption Notice (as defined below) which is dated before the date falling three (3) months prior to the 2022 Maturity Date of the 2022 Notes or the 2025 Maturity Date of the 2025 Notes, as applicable, at the Make-Whole Redemption Amount (as defined below), or (ii) in the case of an Optional Redemption Notice which is dated on or after the date falling three (3) months prior to the 2022 Maturity Date of the 2022 Notes or the 2025 Maturity Date of the 2025 Notes, as applicable, at 100 per cent. of their principal amount. See Condition 6(d) (<i>Redemption at the option of the Issuer (Issuer Call)</i>).
Tax Redemption:	The Issuer may at its option redeem the Notes, in whole, but not in part, at their principal amount plus accrued interest in the event of certain changes affecting taxation in the Kingdom of Sweden.
Rating:	The Notes are expected to be rated BBB by S&P and Baa3 by Moody's.
Governing Law:	The Notes, the Trust Deed, the Agency Agreement and the Subscription Agreement will be governed by English law.
Listing and Trading:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to listing on the Official List and to trading on the Main Securities Market.
Clearing Systems:	Euroclear and Clearstream, Luxembourg
Selling Restrictions	The offering and sale of Notes is subject to applicable laws and regulations involving, without limitation, those of the United States, the United Kingdom and the Kingdom of Sweden. See " <i>Subscription and Sale</i> ".
Selling Restrictions:	See " <i>Subscription and Sale</i> ".

Risk Factors:

Investing in the Notes involves risks. See "*Risk Factors*".

Financial Information:

See "*Description of the Issuer—Selected Financial Information*" and "*Financial Statements and Auditor's Reports*".

RISK FACTORS

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of Fastighets AB Balder (publ) (the “**Issuer**” or the “**Company**”, and, together with its subsidiaries, “**Balder**” or the “**Group**”) and the industry in which it operates together with all other information contained in this Prospectus, including, in particular the risk factors described below. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Prospectus have the same meanings in this section.*

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.

Risks Relating to Macroeconomic Conditions

The on-going uncertainty and volatility in the financial markets and the state of the global economic recovery may adversely affect Balder’s operations

Global financial markets continue to experience disruptions, including increased volatility and diminished liquidity and credit availability. Concerns about credit risk (including that of sovereigns) and the Eurozone crisis have increased recently, especially with the presence of significant sovereign debts and/or fiscal deficits in a number of European countries and the United States. This has raised concerns regarding the financial condition of financial institutions and other corporates located in these countries, having direct or indirect exposure to these countries, and/or whose banks, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which Balder operates and the businesses and economic condition and prospects of Balder’s counterparties or customers, directly or indirectly, in ways which it is difficult to predict. The impact of these conditions could be detrimental to Balder and could adversely affect its business, results of operations, financial condition and/or prospects; its solvency and the solvency of its counterparties and customers; the value and liquidity of its assets and liabilities; the value and liquidity of the Notes and/or the ability of the Issuer to meet its obligations under the Notes and under its debt obligations more generally.

The results of the United Kingdom’s referendum on withdrawal from the European Union may have a negative effect on European and global economic conditions, financial markets and our business

On 23 June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last up to two years after the United Kingdom government formally initiates a withdrawal process. The timing of this process has not yet been determined. The effects of the referendum will depend in part on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently. The referendum has created significant uncertainty about the political and economic circumstances of the United Kingdom and the European Union. These developments have had and may continue to have an adverse effect on European and global economic or market conditions and the stability of European, foreign exchange and global financial markets, including the European markets served by Balder. Any of these factors, and others that cannot be anticipated, could depress economic activity and restrict Balder’s access to capital, which could have a material adverse effect on its business, financial condition and results of operations, and reduce the price of its securities.

Negative economic developments and conditions in Scandinavia may affect Balder’s operations and customers, as well as the prices of Balder’s real property and tenant-owned apartments

The Swedish, Danish, Norwegian and Finnish economies have been adversely affected by the uncertain global economic and financial market conditions. An economic slowdown or a recession, regardless of its depth, or any other negative economic developments in these principal countries of operation and involvement may affect Balder's business in a number of ways, including, among other things, the income, wealth, liquidity, business and/or financial condition of Balder, its customers and other business partners. Balder may not be able to utilise the opportunities created by the economic fluctuations, the value of the real property owned by Balder may decrease, and Balder may not be able to adapt to a long-term economic recession or stagnation. In particular, negative economic development may adversely affect the sales prices of Balder's tenant-owned apartments. Further, although historically economic slowdowns and recessions have increased the demand for rental apartments in these countries, there can be no assurance that Balder will not experience declines in the demand for rental apartments during periods of economic slowdown or recession. Balder may also experience increased defaults on rent payments as a result of negative economic developments in Sweden, Denmark, Norway and Finland. Materialisation of any of the above risks could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Risks Relating to Balder's Business Operations

Property valuation is subjective and uncertain to a certain extent

Although Balder's properties are internally revalued each calendar quarter based on methods that Balder's management believes to be generally accepted and used throughout the housing industry in Sweden, Denmark, Norway and Finland, and although Balder regularly allows parts of the portfolio to be externally valued, the appropriateness of sources of information used and the credibility of the valuations are, to a certain extent, subjective and, thus, subject to uncertainty. The three possible valuation methods that can be used are the sales comparison method, the acquisition cost method and the yield method. For valuations in Finland, all three methods are used, whereas in Denmark, Norway and Sweden, the yield method is used. Rental prices in the property portfolio are expected to follow inflation over time. Commercial leases include indexation, which means that rent increases at the same rate as the Consumer Price Index (the "CPI") during the leasing period. Residential properties have historically developed slightly above the CPI, but in its valuations, Balder has assumed that the rent develops in line with inflation.

Assumptions have also been made regarding future operating and maintenance payments. These assumptions are based on historic outcomes and future projections as well as estimated standardised costs. Operating and maintenance costs are adjusted upwards each year by inflation. Yield requirements and the cost of capital used in the valuation model have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental rate, vacancy rate and the condition of the property. Housing valuations are based on historical Swedish, Danish and Finnish housing purchase price data and certain assumptions at a specified date. In the event of significant and rapid market changes, such historical data may not accurately reflect the current market value of Balder's properties. Furthermore, the assumptions may prove to be inaccurate, and adverse market changes since the date when such assumptions were made may cause significant declines in the value of Balder's properties. In addition, the use of different assumptions or valuation models would likely produce different valuation results.

As a result of the factors above, there can be no assurance that the valuations accurately reflect the current market value of Balder's properties and property-related assets as at the date of valuation or any other date. Incorrect assumptions or flawed assessments underlying the valuations, or materialisation of any of the above risks, could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Decreases in the occupancy rate and increases in the tenant turnover may weaken Balder's results

Balder's occupancy rate and tenant turnover depend on general economic factors and the level of new-build construction activity. The occupancy rate of Balder's properties has a significant impact on Balder's business. Balder aims to secure a high occupancy rate by, among other things, actively developing its property portfolio to meet the demand for residential and commercial premises. If the vacancy rate increases, Balder will lose rental income while having to cover the maintenance costs.

Tenant turnover is an integral part of the housing investment business, and results in costs to Balder, for example, related to the signing of rental agreements and minor renovations typically made in connection with a tenant moving out of the apartment. In recent years, Balder has tried to reduce tenant turnover in Sweden, Denmark, Norway and Finland through, for example, repairs enhancing the attractiveness of the apartments that it owns.

The risk of large fluctuations in vacancies and loss of rental income increases in line with the number of large individual tenants a property company has. Balder's ten largest leases represent 5.6 per cent. of total rental income and their average lease term amounts to 11.8 years. No individual lease accounts for more than 0.8 per cent. of Balder's total rental income and no individual customer accounts for more than 4.0 per cent. of total rental income. However, there are no guarantees that Balder's major tenants will renew or extend their leases when they expire, which in the longer term can lead to altered rental income and vacancies. If Balder fails to maintain the occupancy rate at a satisfactory level or the tenant turnover of its apartments increases significantly, it could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Increasing refurbishment and maintenance costs may result in a decreased profit margin or increased rents and thus decreased demand for properties

Balder continuously carries out refurbishment and maintenance repairs in its properties, which mainly result from their condition and regulatory requirements for energy-efficiency. The costs related to the refurbishment and maintenance of properties are significant and relate mainly to plumbing, external walls and roofs, window and balcony renovations. Residential buildings must typically have their plumbing refurbished within certain time intervals, which usually covers renewal of both water and sewage pipes. External walls, roofs and balconies must also be renovated periodically.

Balder expects the cost for refurbishment and maintenance repairs in the future to remain at the present level in proportion to the size of Balder's property portfolio. However, increasing refurbishment and maintenance repair costs may arise, for example, from increasing legal requirements for energy-efficiency, and there can, therefore, be no assurance that the amount spent on refurbishment and maintenance repair by Balder could not significantly increase from the level currently expected by Balder.

If such risk materialises, the profit margin of Balder's properties may decrease or Balder may be required to increase rents, which may, in turn, result in a decreased demand for Balder's properties. As a result, Balder may not be able to fully pass on the costs of refurbishment and maintenance to its customers and Balder's investments in refurbishment and maintenance may not generate the expected return. Any of these risks could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Balder's property development and sales of tenant-owned apartments may give rise to liabilities that can have significant effects,

Balder's property development and sales of tenant-owned apartments may expose it to potential liabilities based on defects in the buildings, materials, design or the quality of the work. Standard form contracts that are used by construction designers limit the designer's liability to the value of the properties constructed, so Balder is liable for defects that exceed this amount. As a rule, standard terms are used also in the building agreements with construction companies, so Balder is liable to homebuyers for the defects caused by the construction companies if the construction companies are incapable of meeting their obligations, for example, due to insolvency. Materialisation of Balder's liabilities for construction defects, based on its own actions or based on the actions of the external designers or construction companies, could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Balder could fail in the management of its brand

Balder's success is partially dependent on the value of the Balder brand. Balder's brand holds a great significance for both its business operations and implementation of its strategies. The integrity of the Balder brand is important in all parts of the business (both for residential and commercial properties) and to Balder's business partners, such as municipalities, construction companies and lenders. In addition, corporate social responsibility is part of Balder's customary long-term activities. Negative publicity or negative customer experience could have an adverse effect on Balder's brand and its development. Should the Balder brand lose value, regaining any lost brand value might prove impossible or require

incurrence of significant costs. This, in turn, could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

The Issuer is a holding company; it is reliant on dividend upstreaming

The Issuer is a holding company. As is common with property groups, its material assets are its shareholdings in its subsidiaries and its associated companies. The Issuer will use some of the proceeds of the sale of the Notes to repay certain of its own debts, and may on-lend proceeds under intercompany loans to its subsidiaries for them to repay or refinance certain of their indebtedness. Other than the receivables under intercompany loans and any other intra-group loans of proceeds made in connection with other financing transactions, the Issuer depends on distribution of dividends and other payments from its subsidiaries. In meeting its payment obligations under the Notes, the Issuer is dependent on the profitability and cash flow of its subsidiaries, whose ability to make dividend distributions may be subject to restrictions as a result of factors such as low profitability, restrictive covenants contained in loan agreements, foreign exchange limitations, regulatory, fiscal or other restrictions.

Loss of key personnel or failure in recruiting new key personnel may undermine Balder's operations

As at 31 December 2016, Balder employed 546 people. Balder's financial performance is dependent on the contribution of its key personnel. Key personnel include Balder's senior management and a number of other employees in key positions. Balder's success is, to a large extent, dependent on its ability to recruit, motivate and retain highly skilled staff at every level of its organisation. Balder may fail in retaining key personnel and recruiting skilled staff. Any loss of senior management or other employees with special expertise could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Erik Selin

The principal shareholder of Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 35.3 per cent of the capital and 48.2 per cent. of votes. Erik Selin is the founder and CEO of Balder and controls 100 per cent. of Erik Selin Fastigheter AB. Erik Selin Fastigheter AB may, therefore, be able to prevent or delay a change of control, or take other actions that may be contrary to the interests of Balder's other shareholders. Further, the personal connections and business relationships of Erik Selin are important to the conduct of Balder's business. While Balder has an employment contract with Erik Selin, no assurance can be given that he will continue to make his services available to Balder indefinitely. The Issuer does not maintain any 'key-man' insurance on Erik Selin.

Variations in supply and demand on the housing market and the market for commercial premises may affect the value of properties and rental levels

Balder's income is affected by the occupancy rate of the properties, the possibility of charging market-related rents as well as customers' ability to pay. The occupancy rate and rental levels are largely determined by general and regional economic trends. The risk of large fluctuations in vacancies and loss of rental income increases when there are more large individual customers in the property portfolio.

The housing market is sensitive to fluctuations in supply and demand. Housing prices in Scandinavia have historically followed macroeconomic development in a cyclical manner, while the demand for rental apartments has historically been countercyclical. The value of properties and rental levels are affected by a number of factors, including events related to domestic and international politics, interest rates, economic growth, the availability of credit and taxation. Changes in supply and demand on the property market of specific areas in Sweden, Denmark, Norway and Finland, resulting from new construction, investor supply and demand and other factors, may also materially affect the values of properties regardless of the overall development in the Swedish, Danish, Norwegian and Finnish housing markets.

In addition, an oversupply of rental apartments or commercial premises could lead to rent decreases, which could have an adverse effect on Balder's rental income. A decrease in the prices of apartments and commercial properties is likely to have a direct impact on the fair value of Balder's property portfolio. The required return may increase in the future, which could lead to a reduction in the value of Balder's property portfolio.

Materialisation of any of the above risks could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Decrease in fair value of Balder's properties may result in revaluation losses

Any change in the fair value of Balder's properties is recorded in the income statement for the period during which the revaluation of Balder's properties occurs. Fair value of investment properties represents the price in local primary market taking into account the condition and location of the property. Decreases in the fair value of Balder's properties could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects. In addition, decreases in the fair value of Balder's properties would have negative effects on Balder's performance indicators, particularly the net asset value, which could have a negative influence on the rating of the Issuer.

Changes in legislation may adversely affect the value of Balder's properties or results, increase its expenses and/or slow or halt the development of investments

Balder must comply with a wide variety of laws, regulations and provisions, including urban planning regulations, construction and operating permits, health, safety, environmental, competition and labour laws, laws relating to rent levels and the rights of tenants as well as corporate, accounting and tax laws. Changes in such laws, regulations and provisions or their interpretations could require Balder to adapt its business operations, assets or strategy, potentially leading to a negative impact on the value of its properties or its results, an increase in its expenses and/or slowing or even halting of the development of certain investments. In particular, requirements for energy efficiency have become more stringent in recent years, which results, among other things, in increased construction prices.

Further, in the case of properties in Finland, if the Finnish housing allowance paid by the Social Insurance Institute of Finland (KELA) was decreased or removed entirely, this would adversely affect, among other things, the liquidity of approximately one-third of Balder's tenants and, as a result, may decrease Balder's rental income.

Materialisation of any of the above risks could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Balder is subject to possible future changes in tax laws and regulations

Tax laws and regulations or their interpretation and application practices may be subject to change in the countries in which Balder operates, namely, Sweden, Denmark, Norway and Finland. Historically, Balder has used tax optimisation arrangements, such as utilising tax losses from companies it purchases for this purpose, to reduce its tax burden; however there can be no assurance that Balder will continue to rely on tax losses carried forward as there can be changes in tax laws and regulation. This would mean that Balder would be liable to pay tax which could have a material adverse effect on Balder's business, financial condition and cash flow.

It can be noted that the current Swedish rules on deductibility of interest expenses are under review and future deductibility is uncertain due to a proposal presented by the Corporate Taxation Committee (Sw: *Företagsskattekommittén*) in 2014. The proposal contains two alternatives concerning limitation of interest deductions on both internal and external debt. Due to heavy criticism, the Swedish Government has announced that the proposals require further analysis. It is currently envisaged that any new rules would be enacted no earlier than 1 January 2018. If new rules are introduced, they may limit Balder's ability to obtain tax deductions in this respect. There is also potential new legislation under consideration limiting the number of tax-exempt disposals of shares in real estate companies and extending the number of transactions which may attract stamp duty. There can be no assurance that tax rates will not be increased in the future or that other changes in tax laws/regulations occur which affect the ownership of real estate properties or real estate transactions. If any of the above described risks materialise, it could have a material adverse impact on Balder's operations, earnings and financial position.

Legal or regulatory proceedings or claims could have a material adverse effect on Balder

Balder may become involved in, or a subject of, legal or regulatory proceedings or claims relating to its operations. It is inherently difficult to predict the outcome of legal, regulatory and other adversarial proceedings or claims, and there can be no assurance as to the outcome of such proceedings or claims, whether existing or arising in the future. In the normal course of its business operations, Balder could be involved in legal proceedings relating, for example, to alleged breaches of contract by Balder and

employers' liabilities and be subject to tax and administrative audits. Any unfavourable judgment against Balder in relation to any legal or regulatory proceedings or claims, or the settlement thereof, could have a material adverse effect on its business, financial condition, results of operations and future prospects. For information on Balder's ongoing legal proceedings, see "*Litigation*".

State subsidies in Finland result in extensive regulation and supervision, and new or stricter restrictions may be imposed

Approximately 9.4 per cent. (measured by value) of Balder's property portfolio is held by Balder's indirect subsidiaries in Finland (via SATO Corporation) in so-called Generally Non-profit Companies or Financially Non-profit Companies and, therefore, subject to extensive regulation and supervision by the Finnish housing authorities. Due to numerous amendments, the Finnish legislation regarding state-subsidised properties has become very complex and, therefore, difficult to manage, and it often allows for various interpretations. Balder is subject to the risk that new laws or regulations will be adopted, which could, for example, increase or tighten the restrictions on the appropriation of profits and/or ownership applicable to such properties. Furthermore, amendments to the legislation governing state-subsidised loans may be enacted retro-actively and may affect such loans that have already been granted and affect the operations of the owner-entity. Materialisation of any of the above risks could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Apartment renting and construction are highly competitive businesses

Renting apartments and constructing tenant-owned apartments is a highly competitive business in Sweden, Denmark, Norway and Finland. Balder's main competitors in the rental apartments business are private households, municipalities, parishes, foundations and corporate investors. In the construction of tenant-owned apartments, Balder's main competitors are construction firms and other property development companies. The competition for attractive plots has led to a steep increase in plot prices. Furthermore, an upward trend in construction usually increases construction prices, which, in turn, decreases the profitability of construction projects and delays the commencement of new projects. There can be no assurance that Balder can meet the intensifying competition on the apartment renting and the tenant-owned apartment markets. Increasing competition could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Balder's operations may contaminate the environment

Balder must comply with all local regulations in relation to the environment and health and safety in respect of its properties. The main environmental impacts caused by Balder's operations relate to contaminated soil. Soil contamination can cause substantial delays and increase the cost of construction projects (including new construction as well as conversions and extensions).

As the owner of the properties and land, Balder can be held liable for deterioration, damage, encumbrance or other hazardous causes originating from the operation of the properties. Any such event or material decrease in the value of the properties not known or not recognisable at the time of the purchase or occurring at a later date, could have a material adverse effect on Balder.

Balder has established an environmental policy and works actively to address environmental issues. Under Swedish, Danish, Norwegian and Finnish legislation, the party conducting an activity which has contributed to pollution is also responsible for treating it. If the party conducting the activity cannot carry out or pay for the treatment of a property, and the party acquiring the property was aware of, or should have discovered the pollution, then the acquirer is responsible. The costs of any removal or clean up that may be necessary of any deterioration, contamination, damage, encumbrance or hazardous materials may be higher than anticipated by Balder. Failure to comply with environmental regulations, or the need to comply with stricter new environmental regulations that may be introduced, could lead to higher costs or hinder the development of Balder's operations. There can be no assurance that Balder could not become liable for material environmental damage or other environmental liabilities in the future. Materialisation of any of the above risks could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Potential illiquidity of the property market could make it difficult for Balder to dispose of properties

In accordance with its strategy, Balder makes selective divestments of properties. Such divestments may be affected by many factors beyond Balder's control, such as the availability of bank financing to

potential buyers, interest rates and the supply of and demand for properties. A possible lack of liquidity in the property market may limit Balder's ability to sell its properties or modify its property portfolio in a timely manner in response to changes in economic or other conditions. Should Balder be required to divest part of its properties due to, for example, its inability to obtain financing, there can be no assurance that such divestments will be profitable or that such divestments will be possible at all, if the market functions inadequately or is illiquid. Unsuccessful divestments of properties could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

System malfunctions in Balder's operations may decrease the efficiency and/or profitability of Balder's operations

Balder's operations are dependent on information systems and on its ability to operate such information systems efficiently and to introduce new technologies, systems and safety and back-up systems. Such information systems include telecommunication systems as well as software applications that Balder uses to control business operations, manage its property portfolio and risks, prepare operating and financial reports and to execute treasury operations. The operation of Balder's information systems may be interrupted due to, among other things, power cuts, computer or telecommunication malfunctions, computer viruses, defaults by IT suppliers, crime targeted at information systems, such as security breaches and cyber-attacks from unauthorised persons outside and inside Balder, or major disasters, such as fires or natural disasters, as well as human error by Balder's own staff. Material interruptions or serious malfunctions in the operation of the information systems may impair and weaken Balder's business, financial condition and the profitability of its operations. Balder may also face difficulties when developing new systems and maintaining or updating current systems in order to maintain its competitiveness. In particular, malfunctions in its IT systems could delay Balder in issuing rental invoices to its customers and/or prevent Balder from renting available apartments. Materialisation of any of the above risks could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Balder could incur losses not covered by, or exceeding the coverage limits of, its insurance

Actual losses suffered by Balder could exceed its insurance coverage and could be material. The realisation of one or more damaging events for which Balder has no insurance coverage or for which Balder's insurance coverage is insufficient could have a material adverse effect on Balder's business, financial condition and results of operations.

Interests of the Issuer's shareholders may conflict with those of the holders of the Notes

The interests of the Issuer's shareholders, in certain circumstances, may conflict with those of the holders of the Notes (the "Noteholders"), particularly if the Issuer encounters financial difficulties or is unable to pay its debts when due. In addition, the Issuer's shareholders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to the Noteholders. Any of these actions could have an adverse effect on Balder's business, financial condition, results of operations and future prospects.

Financial Risks

Balder may not receive financing at competitive terms or at all and may fail in repaying/refinancing its existing debt

Uncertainty in the financial markets or tightening regulation of banks could mean that the price of financing needed to carry out Balder's business, in particular its growth strategy, will increase and that such financing will be less readily available. As a result of Balder's intentions to raise additional debt from the capital markets, Balder is exposed to future adverse changes in those markets. The level of Balder's leverage may also affect its ability to refinance its existing debt, which, in turn, could also affect its competitiveness and limit its ability to react to market conditions and economic downturns.

Balder's target equity/assets ratio is at least 35 per cent. calculated on the basis of the fair value of its properties. As at 31 December 2016, Balder's equity ratio was approximately 38.3 per cent. based on the fair value of the properties. Balder conducts continual discussions with banks and credit institutions aimed at securing its long-term financing. Balder cooperates closely with a handful of lenders in order to secure the company's long-term capital requirements. However, no assurance can be given that Balder

may not have difficulty in raising new debt, repaying its existing debt or fulfilling its equity ratio target in the future. Any failure to repay the principal or pay interest in respect of Balder's existing debt, the inability to refinance existing debt, or to raise new debt at corresponding or more favourable financial and other terms than currently in force, could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Balder is dependent on its current long-term credit rating to pursue its financing strategy

Balder intends to raise additional debt from the capital markets in the future. To facilitate the issuance of unsecured bonds and notes, the Issuer sought and obtained a long-term issuer credit rating of "Baa3" from Moody's. If the Issuer's long-term credit rating were to be downgraded, future issuances of unsecured bonds and notes may become significantly more expensive or may not be possible in the targeted amounts. Moody's could downgrade the Issuer's long-term issuer credit rating if, for example, the value of the Issuer's unencumbered assets were not to reach certain levels, or the Issuer's effective leverage (adjusted total debt divided by total assets) or fixed charge cover ratios were to exceed certain levels, both on a sustainable basis, or the Issuer was unable to maintain an adequate liquidity profile at all times. If any of the risks described above were to materialise, it would be more difficult for Balder to pursue its current financing strategy, which could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Balder's financings/insurance arrangements involve counterparty risk

Nordic financial institutions are counterparties to Balder's long-term bank loans and insurance arrangements. During the financial crisis, many banks and insurance companies in the United States and Europe experienced financial difficulties, resulting in numerous mergers, acquisitions and bankruptcies among financial institutions, including the government takeover of certain financial institutions. Balder's principal counterparties in financing transactions are Nordic financial institutions which have avoided serious financial problems. However, there is no assurance that Balder's financing or insurance counterparties will not experience any financial difficulties in the future. If Balder's counterparties were to experience financial difficulties it could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Fluctuations in interest rates may adversely affect Balder's business

Interest rate fluctuations affect Balder's profit through changes in interest expenses and the market values of interest rate hedging. As at 31 December 2016, approximately 50 per cent. of Balder's loans were fixed interest rate loans or floating rate loans hedged with interest rate derivatives. Despite the relatively high hedging level, the positions are not completely hedged. Further, fluctuations in interest rates may affect the rental apartment business and the valuation of properties. Although a significant increase in interest rates may considerably affect house owners' ability to pay interest on housing loans, it may also affect private consumption and decrease the value of properties. In addition, an increase in the interest rates could have a material adverse effect on the cost of financing and Balder's current financing expenses. There can be no assurance that Balder could not fail in managing its interest rate risk properly. This could, in turn, have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Fluctuations in currency exchange rates may adversely affect Balder's profit and property value

Balder is exposed to indirect foreign exchange translation risk due to its investment in Denmark, Norway and Finland through SATO (and more indirectly through the valuation of SATO's Russian properties). Balder's most significant exchange rate risk relates currently to euro-denominated rental income, maintenance costs and property valuation. Balder's reporting currency is Swedish Krona, and all balance sheet items for foreign properties as well as all income and expenses generated by them are converted to Swedish Krona. Materialisation of the translation risk could have a material adverse effect on Balder's business, financial condition, results of operations and future prospects.

Balder's historical earnings and other historical financial data are not necessarily predictive of earnings or other key financial figures of Balder going forward

The financial information provided for and discussed in this Prospectus and the financial statements of Balder included in this Prospectus relate to its past performance of the Issuer and the Group. The future development of Balder could deviate significantly from past results due to a large number of internal and

external factors. The historical earnings, historical dividends and other historical financial data of the Group are, therefore, not necessarily predictive of earnings or other key financial figures for Balder going forward.

Risks Related to the Notes

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) understand thoroughly the terms of the Notes; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The claims of holders of the Notes are structurally subordinated

As is usual for property companies, Balder's operations are principally conducted through subsidiaries. Accordingly, Balder is, and will be, dependent on its subsidiaries' operations to service its payment obligations in respect of the Notes. The Notes are structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of Balder's subsidiaries (for example, holders of SATO's EUR 300,000,000 2.375 per cent. guaranteed Notes due 2021), and structurally and/or effectively subordinated to the extent of the value of collateral to all Balder's and its subsidiaries' secured creditors. The Notes are not guaranteed by any of Balder's subsidiaries or any other company or person. In the event of an insolvency, bankruptcy, liquidation, reorganisation, dissolution or winding up of the business of any of the Issuer's subsidiaries, unsecured creditors of such subsidiaries, secured creditors and obligations that may be preferred by provisions of law that are mandatory and of general application generally will have the right to be paid in full before any distribution is made to Balder. As at 31 December 2016, the book value of interest-bearing debt of the Group was SEK 49,580 million of which SEK 36,410 million represents interest-bearing liabilities of the Issuer's subsidiaries which corresponds to 73 per cent. of the Group's total interest-bearing liabilities.

The Notes will be effectively subordinated to any of the Issuer's existing secured and future secured indebtedness

The Notes are unsecured obligations of the Issuer. As at 31 December 2016, the Issuer had approximately SEK 37,988 million of secured external interest-bearing indebtedness outstanding at book value, representing 77 per cent. of their total external interest-bearing liabilities. The Notes are, therefore, effectively subordinated to the Issuer's existing secured indebtedness and future secured indebtedness. Accordingly, holders of the Issuer's secured indebtedness will have claims that are superior to the claims of Noteholders to the extent of the value of the assets securing such other indebtedness. In the event of a bankruptcy, liquidation or dissolution of the Issuer, the assets that serve as collateral for any secured indebtedness of the Issuer would be available to satisfy the obligations under the secured indebtedness before any payments are made on the Notes. Other than as set out in Condition 3(a) (*Negative Pledge*) and Condition 3(b)(i) (*Limitations on the Incurrence of Financial Indebtedness*), the Conditions do not prohibit the Issuer from incurring and securing future indebtedness.

To the extent that the Issuer were to secure any of its or their future indebtedness, to the extent not required to secure the Notes in accordance with the terms of the Trust Deed governing the Notes, the Issuer's obligations, in respect of the Notes, would be effectively subordinated to such secured indebtedness to the extent of the value of the security securing such indebtedness.

Modification, waivers, substitution of Issuer

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed or determine, without the consent of the Noteholders, that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) shall not be treated as such in the circumstances described in Condition 13 (*Meetings of Noteholders; Modification, Waiver; Substitution of the Issuer*) of the Notes.

The Conditions provide that the Trustee may, without the consent of the Noteholders agree to the substitution of any Subsidiary of the Issuer as the principal debtor in relation to the Trust Deed and the Notes, all in the circumstances described in the Trust Deed and the Conditions of the Notes.

An active trading market for the Notes may not develop

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes. Application has been made for the listing of the Notes on the Official List and for their admission to trading on the regulated market of the Irish Stock Exchange. There can be no assurance that either such listing or admission to trading will be obtained or, if such listing or admission to trading is obtained, that an active trading market will develop or be sustained. In addition, the liquidity of any market for the Notes will depend on the number of Noteholders, the interest of securities dealers in making a market in the Notes and other factors. Accordingly, there can be no assurance as to the development or liquidity of any market for the Notes.

Redemption prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of the Notes as a result of any change in, or amendment to, the laws or regulations of Sweden or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 9 March 2017 (as more fully set out in Condition 6(b) (*Redemption for Taxation Reasons*)), the Issuer may redeem all outstanding Notes in accordance with the Conditions.

The Notes are also redeemable at the Issuer's option (as more fully set out in Condition 6(e) (*Redemption at the option of the Issuer (Issuer Call)*)), and the Issuer may choose to redeem the Notes at a time when the prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

In addition, the Notes are redeemable in certain other circumstances by Noteholders, such as on the occurrence of a Change of Control Event as more fully set out in Condition 6(c) (*Redemption at the option of the Noteholders (Put Option – Change of Control)*). Exercise of such an applicable put option may affect the liquidity of such Notes in respect of which such option is not exercised. Depending on the number of Notes in respect of which the put option is exercised, any trading market for the Notes in respect of which such put option is not exercised may become illiquid. In addition, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Investors will have to rely on the procedures of Euroclear and Clearstream, Luxembourg

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Global Notes. The Global Notes will be deposited with a common safekeeper for Euroclear and

Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Notes, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Notes by making payments to the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes, but will have to rely upon their rights under the Trust Deed.

Minimum Denomination

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 (or its equivalent) that are not integral multiples of EUR 100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

Changes in laws or administrative practices could entail risks

The Notes are governed by the laws of England in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Prospectus. Furthermore, the Issuer and the Group operate in a heavily regulated environment and have to comply with regulations in a number of jurisdictions including Sweden, Denmark, Norway and Finland. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices of Sweden, Denmark, Norway or Finland after the date of this Prospectus.

Compliance with sanctions may prevent the Issuer from performing its obligations under the Notes

The Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Departments of State or Commerce, the EU, Her Majesty's Treasury and/or other governmental, regulatory or law enforcement agency have imposed or may impose economic sanctions against governments, governmental authorities, other legal entities or private individuals. Any sanctioned persons, including holders of the Notes (if any), may not have the benefit of legal protections that would be available to non-sanctioned persons.

The Notes bear a fixed interest rate

The Notes bear interest on their outstanding principal amount at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security could fall as a result of changes in the market interest rate. While the nominal compensation rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, current interest rates on capital markets (market interest rates) typically change continuously. In case market interest rates increase, the market price of such a security typically falls until the yield of such security is approximately equal to the market interest rates. If market interest rates fall, the price of a security with a fixed interest rate typically increases until the yield of such a security is approximately equal to market interest rates. Consequently, the Noteholders should be aware that movements of market interest rates may result in a material decline in the market price of the Notes and may lead to losses for the Noteholders if they sell the Notes.

The market price of the Notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Notes, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer's results of operations, prospects or financial condition. Factors including increased competition or the Issuer's operating results, the regulatory environment, general market conditions, natural disasters, terrorist attacks and war may have an adverse effect on the market price of the Notes.

Risks Related to the Market Generally

Established trading market for the Notes may not develop

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls exist to the extent payments in respect of the Notes are made in a currency other than the currency in which an investor's activities are denominated.

The Issuer will pay principal and interest on the Notes in euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than in euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euros or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euros would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. Changes in market interest rates may adversely affect the value of the Notes. Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes, since the Notes have a fixed rate of interest and prevailing interest rates in the future may be higher than that fixed rate of interest.

Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Credit ratings may not reflect all risks

The Issuer's credit ratings are an assessment by the relevant rating agencies of its ability to pay its debts when due. Consequently, real or anticipated changes in its credit ratings will generally affect the market value of the Notes. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure and marketing of the Notes and additional factors discussed in this Prospectus or any other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be reduced, suspended or withdrawn by the rating agency at any time. See also "*Financial Risks—The Issuer is dependent on its current long-term credit rating to pursue its financing strategy*" above.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by

non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which, subject to amendment and completion and except for the text in italics, will be endorsed on each Note in definitive form (if issued):

The EUR 500,000,000 1.125 per cent. Notes due 2022 (the "**2022 Notes**") and the EUR 500,000,000 1.875 per cent. Notes due 2025 (the "**2025 Notes**" and together with the 2022 Notes, the "**Notes**", which expression includes any further notes issued pursuant to Condition 15 (*Further issues*) and forming a single series therewith) of Fastighets AB Balder (the "**Issuer**") are subject to, and have the benefit of, a trust deed dated 14 March 2017 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Citicorp Trustee Company Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of a paying agency agreement dated 14 March 2017 (as amended or supplemented from time to time, the "**Paying Agency Agreement**") between the Issuer, Citibank, N.A., London Branch, as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) and the Trustee. Certain provisions of these Conditions are summaries of the Trust Deed and the Paying Agency Agreement and subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Paying Agency Agreement applicable to them. Copies of the Trust Deed and the Paying Agency Agreement are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the Specified Office (as defined in the Paying Agency Agreement) of the Principal Paying Agent, the initial Specified Office of which is set out below. Any capitalised terms not defined herein shall be given the meaning attributed in the Trust Deed.

1. **Form, Denomination and Title**

The Notes are serially numbered and in bearer form in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof with Coupons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

2. **Status**

The Notes constitute direct, general, unsecured (subject to Condition 3(a) (*Negative Pledge*)), unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. **Covenants**

(a) ***Negative Pledge***

So long as any Note remains outstanding (as defined in the Trust Deed) the Issuer shall not, and shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness without at the same time or prior thereto (i) securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (ii) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

(b) **Financial Covenants**

- (i) *Limitations on the Incurrence of Financial Indebtedness*: So long as any Note remains outstanding the Issuer will not, and will not permit any Subsidiary to incur directly or indirectly, any Financial Indebtedness or any Guarantee of any Financial Indebtedness (excluding for the purposes of this Condition 3(b)(i) *(Limitations on the Incurrence of Financial Indebtedness)* Permitted Refinancing Indebtedness) if, on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds) the Consolidated Solvency Ratio would exceed 65 per cent.;
- (ii) *Maintenance of the Consolidated Coverage Ratio*: So long as any Note remains outstanding the Issuer undertakes that on each Testing Date the Consolidated Coverage Ratio is not less than 1.8:1; and
- (iii) *Limitations on the Incurrence of Secured Indebtedness*: So long as any Note remains outstanding the Issuer will not, and will not permit any Subsidiary to incur directly or indirectly, any Secured Indebtedness (excluding for the purposes of this Condition 3(b) any Permitted Refinancing Indebtedness relating to the same previously secured assets) if, on the date of such incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds) the total value of assets of the Group secured in relation to such Secured Indebtedness would exceed 45 per cent. of Consolidated Total Assets.

The Issuer will promptly notify the Trustee in accordance with the Trust Deed in the event that any of the covenants in this Condition 3(b) are breached at any time.

(c) **Certificates:**

So long as any Note remains outstanding the Issuer will deliver a certificate to the Trustee within three days of each Reporting Date signed by two Authorised Signatories of the Issuer certifying that as at the most recent Testing Date the Issuer was in compliance with the undertakings set out in Condition 3(b) *(Financial Covenants)*.

Any certificate addressed to the Trustee by two Authorised Signatories of the Issuer as to any of the amounts of any defined term or figure referred to in Condition 3(b) *(Financial Covenants)* (unless expressly stated otherwise) may, in the absence of manifest error, be relied upon by the Trustee, and shall be conclusive and binding on the Issuer and Noteholders.

- (d) **Insurance**: So long as any Note remains outstanding the Issuer shall, and shall procure that each member of the Group shall, maintain insurance with insurers of good standing on and in relation to its business and assets against those risks and to the extent as is prudent for companies located in the same or similar locations carrying on the same or substantially the same business carried on by it.
- (e) **Notification of Default**: So long as any Note remains outstanding the Issuer shall notify the Trustee in writing of any Event of Default or Potential Event of Default (as defined in the Trust Deed) (and the steps, if any, being taken to remedy it) forthwith upon becoming aware of its occurrence.

4. **Definitions**

For the purposes of these Conditions:

"Authorised Signatory" means any director or any other person or persons notified to the Trustee by any director as being an Authorised Signatory pursuant to Clause 6.16 of the Trust Deed;

"Change of Control" occurs when a person or persons, acting together, acquire (i) the beneficial ownership (directly or indirectly) of more than 50 per cent. of the total voting rights represented

by shares of the Issuer, or (ii) the power to appoint or remove the majority of the members of the board of directors of the Issuer;

"Change of Control Event" has the meaning ascribed to it in Condition 6(c) (*Redemption at the option of Noteholders (Put Option – Change of Control)*);

"Change of Control Notice" has the meaning ascribed to it in Condition 6(c) (*Redemption at the option of Noteholders (Put Option – Change of Control)*);

"Change of Control Period" means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest Potential Change of Control Announcement (as defined below), if any, and (ii) ending on the date which is the 120th day after the date of the first public announcement of the relevant Change of Control (such 120th day, the **"Initial Longstop Date"**); provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Issuer, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 60 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Issuer under consideration for rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 90 days after the date of such public announcement by such Rating Agency;

"Consolidated Adjusted EBITDA" means, in respect of any Testing Date, the number set out under the heading **"Profit before Tax"** (or any equivalent line item) in the Consolidated Financial Statements of the Group, from which should be deducted items (a) to (e) below:

- (a) the number set out under the heading "Changes in value of properties, realised" (or any equivalent line item) in the Consolidated Financial Statements of the Group;
- (b) the number set out under the heading "Changes in value of properties, unrealised" (or any equivalent line item) in the Consolidated Financial Statements of the Group;
- (c) the number set out under the heading "Changes in value of derivatives" (or any equivalent line item) in the Consolidated Financial Statements of the Group;
- (d) the number set out under the heading "Participations in the profits of associated companies" (or any equivalent line item) in the Consolidated Financial Statements of the Group;
- (e) the number set out under the heading "Net financial items" (or equivalent line item) in the Consolidated Financial Statements of the Group;

and the following item (f) should be added:

- (f) the amount for *"including profit from property management from Balder's participation in associated companies"* (or any equivalent item) as referred to in the Consolidated Financial Statements of the Group (if any);

"Consolidated Coverage Ratio" means, in respect of any Testing Date, the ratio of (i) the aggregate amount of Consolidated Adjusted EBITDA to (ii) the aggregate amount of Net Interest Charges;

"Consolidated Financial Statements of the Group" means the consolidated financial statements and notes to those financial statements of the Group prepared in accordance with IFRS and adjusted for Listed Associated Companies to market value as reflected under *"consolidated statement of financial position including listed associated companies at market value"* in the annual or relevant interim reports of the Group;

"Consolidated Solvency Ratio" means (i) the Financial Indebtedness (less cash and cash equivalents; divided by (ii) Consolidated Total Assets, in each case as set out in the most recent Consolidated Financial Statements of the Group;

"Consolidated Total Assets" means the value of the consolidated total assets of the Group, as reflected in the most recent annual or relevant interim Consolidated Financial Statements of the Group;

"continuing" for the purposes of Condition 9 (*Events of Default*) is an Event of Default that has not been waived or remedied;

"Financial Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (e) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (f) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and
- (g) any amount raised by the issue of redeemable shares (including but not limited to redeemable preference shares), which are classified as borrowings under IFRS;

"Fitch" means Fitch Ratings Ltd;

"Group" means the Issuer and its respective Subsidiaries taken as a whole;

"Guarantee" means, in relation to any Financial Indebtedness of any Person, any obligation of another Person to pay such Financial Indebtedness including (without limitation):

- (a) any obligation to purchase such Financial Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Financial Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Financial Indebtedness; and
- (d) any other agreement to be responsible for such Financial Indebtedness;

"IFRS" means International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time);

"Investment Grade Rating Change" means if any rating previously assigned to the Issuer by any Rating Agency is changed from an investment grade rating (being at least Baa3 by Moody's, BBB- by Fitch or BBB- by S&P) to a non-investment grade rating (being Ba1 or lower by Moody's, or BB+ or lower by Fitch or BB+ or lower by S&P);

"Listed Associated Companies" means the companies in which the Issuer has a minority (less than 50 per cent.) holding that are listed, quoted or traded on a stock exchange, that are identified as "*listed associated companies*" in the annual or relevant interim reports of the Group (if any);

"Maturity Date" means 14 March 2022 in relation to the 2022 Notes and 14 March 2025 in relation to the 2025 Notes;

"Moody's" means Moody's Investors Services Ltd;

"Net Interest Charges" means the number set out under the heading "Net financial items" (or any equivalent line item) in the Consolidated Financial Statements of the Group;

"Permitted Refinancing Indebtedness" means any Financial Indebtedness of the Issuer or any of its Subsidiaries raised or issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange or discharge other Financial Indebtedness of the Issuer or any member of the Group (other than intergroup/intercompany Financial Indebtedness (other than the Notes)); provided that:

- (a) the aggregate principal amount (or accretable value) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Financial Indebtedness renewed, refunded, refinanced, replaced, exchanged or discharged (plus all accrued interest on the Financial Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);
- (b) such Permitted Refinancing Indebtedness has a final maturity date, or may only be redeemed at the option of the Issuer, either (i) no earlier than the final maturity date of the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged or (ii) after the final maturity date of the Notes;
- (c) if the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged is expressly, contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes; and
- (d) if the Issuer was the obligor on the Financial Indebtedness being renewed, refunded, refinanced, replaced, exchanged or discharged, such Financial Indebtedness is incurred by the Issuer;

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government (or any agency or political subdivision thereof) or other entity;

"Potential Change of Control Announcement" means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (where "near-term" shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, any such actual or potential bidder or any such designated advisor to be intended to occur, within 120 days of the date of such announcement or statement);

"Quarterly Consolidated Financial Statements" means the financial statements published by the Issuer for the periods ended 31 March, 30 June, 30 September and 31 December of each year;

"Rating Agency" means each of Fitch, Moody's and S&P;

"Rating Downgrade" shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period (i) the rating previously assigned to the Issuer by any Rating Agency is withdrawn and not subsequently reinstated within the Change of Control Period or (ii) the non-investment grade rating previously assigned to the Issuer by any Rating Agency is lowered one rating category (for example, from Ba1/BB+ to Ba2/BB or such similar lower or equivalent rating) and not subsequently upgraded within the Change of Control Period or (iii) an Investment Grade Rating Change occurs and is not subsequently reinstated within the Change of Control Period, provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the withdrawal or reduction was the result of the applicable Change of Control;

"Relevant Indebtedness" means any Financial Indebtedness (whether being principal, premium or other amounts) which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over the counter market) (and includes for the purposes of these Conditions any guarantee or indemnity in respect of any such Financial Indebtedness or any arrangement having a similar effect) but does not include, for the avoidance of doubt, any Security Interests that SATO Oyj provides in respect of its existing Secured Notes in order to meet its obligation to maintain the minimum collateralisation level under the Secured Notes (and including, any replacement of such Security Interests in accordance with the terms and conditions of the Secured Notes);

"Reporting Date" means a date falling no later than 30 days after the publication of each of (i) the Issuer's audited annual consolidated financial statements; and (ii) the Issuer's unaudited Quarterly Consolidated Financial Statements;

"S&P" means Standard and Poor's Credit Market Services Europe Limited;

"Secured Indebtedness" means any Financial Indebtedness, or any guarantee or indemnity in respect of such Financial Indebtedness, secured in whole or in part by any assets of any member of the Group;

"Secured Notes" means (i) the EUR 100 million senior secured notes issued by SATO Oyj on 16 April 2012 and (ii) the EUR 100 million, EUR 25 million and EUR 24 million senior secured notes issued by SATO Oyj under its EUR 500,000,000 programme for the issuance of notes under its base prospectus dated 6 March 2013;

"Security Interest" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"Subsidiary" means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (a) whose affairs and policies the first Person controls or has the power to control (directly or indirectly), whether by ownership of more than 50 per cent. of the share capital, contract, the power to appoint or remove the majority of members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

and includes any Person that is a Subsidiary of a Subsidiary; and

"Testing Date" means each of 31 March, 30 June, 30 September and 31 December in each year from the first of such date following the Issue Date to the Maturity Date.

5. Interest

- (a) *Interest Accrual:* The Notes bear interest from 14 March 2017 (the **"Issue Date"**) at the rate of 1.125 per cent. per annum in respect of 2022 Notes (the **"2022 Rate of Interest"**) and 1.875 per cent. per annum in respect of 2025 Notes (the **"2025 Rate of Interest"**) and together with the 2022 Rate of Interest, the **"Rate of Interest"**) payable annually in arrear on 14 March in each year (each, an **"Interest Payment Date"**), subject as provided in Condition 7 (*Payments*). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an **"Interest Period"**.
- (b) *Cessation of Interest:* Each Note will cease to bear interest from the due date for final redemption unless, upon due surrender of the relevant Note, payment of principal is improperly withheld or refused. In such case it will continue to bear interest at such rate (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent

or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment) in accordance with Condition 16 (*Notices*).

- (c) *Calculation of Interest for an Interest Period*: The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the relevant Rate of Interest to the principal amount of such Note and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).
- (d) *Calculation of Interest for any other Period*: The day count fraction applied to determine the amount of interest payable in respect of each Note will be calculated on the following basis:
 - (i) if the Accrual Period is equal to or shorter than the Determination Period during which it ends, the day count fraction will be the number of days in the Accrual Period divided by the number of days in such Determination Period; and
 - (ii) if the Accrual Period is longer than one Determination Period, the day count fraction will be the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year.

Where:

"**Accrual Period**" means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

"**Determination Period**" means the period from and including 14 March in any year to but excluding the next 14 March.

The determination of the amount of interest payable under Conditions 5(c) (*Calculation of Interest for an Interest Period*) and 5(d) (*Calculation of Interest for any other Period*) by the Principal Paying Agent shall, in the absence of manifest error, be binding on all parties.

6. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on 14 March 2022 in respect of the 2022 Notes and on 14 March 2025 in respect of the 2025 Notes, subject as provided in Condition 7 (*Payments*).
- (b) *Redemption for Taxation Reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:
 - (i) it has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax, or any change in the

application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 9 March 2017, and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, (but at no material cost) to mitigate the effects of the occurrence of the relevant events described in (i) above,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (A) a certificate signed by two Authorised Signatories of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (i) and (ii) above in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 6(b) (*Redemption for Taxation Reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(b) (*Redemption for Taxation Reasons*).

- (c) *Redemption at the option of Noteholders (Put Option – Change of Control)*: If after the Issue Date (i) a Change of Control occurs; and (ii) within the Change of Control Period, a Rating Downgrade in respect of that Change of Control occurs (a "**Change of Control Event**") the Issuer shall, at the option of the holder of any Note, upon the holder of such Note giving notice to the Issuer as provided in this Condition 6(c) (*Redemption at the option of Noteholders (Put Option – Change of Control)*) at any time during the Put Option Redemption Period, redeem such Note on the Put Option Redemption Date at 101 per cent. of its principal amount together (if applicable) with interest accrued and unpaid to (but excluding) the Put Option Redemption Date.

Immediately upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 16 (*Notices*) specifying the nature of the Change of Control Event and the procedure for exercising the put option contained in this Condition 6(c) (*Redemption at the option of Noteholders (Put Option – Change of Control)*).

To exercise the put option pursuant to this Condition 6(c) (*Redemption at the option of Noteholders (Put Option – Change of Control)*), a holder must deposit the certificate representing the Note(s) to be redeemed with the Principal Paying Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Principal Paying Agent within the Put Option Redemption Period. An Exercise Notice, once given, shall be irrevocable.

If 90 per cent. or more in principal amount of the Notes then outstanding has been redeemed pursuant to this Condition 6(c) (*Redemption at the option of Noteholders (Put Option – Change of Control)*), the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Put Option Redemption Date, redeem, at its option, the remaining Notes at 101 per cent. of their principal amount, together with interest accrued and unpaid to (but excluding) the date of such redemption. Such notice to the Noteholders shall specify the date fixed for redemption, the redemption price and the manner in which redemption will be effected.

For the purpose of Condition 6(c) (Redemption at the option of Noteholders (Put Option – Change of Control)):

- (i) **"Put Option Event"** means a Change of Control Event;
 - (ii) **"Put Option Notice"** means a Change of Control Notice;
 - (iii) **"Put Option Redemption Date"** means, in respect of any Note, the date which falls 14 days after the date on which the relevant holder exercises its option in accordance with Condition 6(c) (*Redemption at the option of Noteholders (Put Option – Change of Control)*);
 - (iv) **"Put Option Redemption Period"** means the period from and including the date on which a Put Option Event occurs (whether or not the Issuer has given a Put Option Notice (as applicable) in respect of such event) to and including the date falling 60 days after the date on which such Put Option Notice is given, provided that if no Put Option Notice (as applicable) is given, the Put Option Redemption Period shall not terminate.
- (d) *Redemption at the option of the Issuer (Issuer Call)*: The Issuer may, at any time having given, not less than 30 nor more than 60 days' notice (an **"Optional Redemption Notice"**) to the Trustee, the Principal Paying Agent and to the Noteholders in accordance with Condition 16 (*Notices*), (which notice shall be irrevocable and shall specify the date fixed for redemption and the Make-Whole Redemption Amount, (if applicable)), redeem all, but not part of the aggregate principal amount of the Notes issued on the relevant date (the **"Optional Redemption Date"**) specified for redemption in the relevant Optional Redemption Notice at a redemption price equal to:
- (i) in the case of an Optional Redemption Notice served pursuant to this Condition 6(d) which is dated before the date falling three (3) months prior to the 2022 Maturity Date of the 2022 Notes or the 2025 Maturity Date of the 2025 Notes, as applicable, the Make-Whole Redemption Amount; or
 - (ii) in the case of an Optional Redemption Notice served pursuant to this Condition 6(e) which is dated on or after the date falling three (3) months prior to the 2022 Maturity Date or the 2025 Maturity Date, as applicable, 100 per cent. of their principal amount;

in each case together with accrued but unpaid interest to such date, if any, up to (but excluding) the relevant Optional Redemption Date.

For the purpose of this Condition 6(d) (Redemption at the option of the Issuer (Issuer Call)):

- (i) the **"Determination Agent"** means an investment bank or financial institution of international standing selected by the Issuer;
- (ii) the **"Make-Whole Redemption Amount"** shall be calculated by the Determination Agent and notified to the Issuer and will be the greater of (x) 100 per cent. of the principal amount of the Notes to be redeemed and (y) the sum of the then present values of each remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Make-Whole Redemption Rate plus the Make-Whole Redemption Margin;
- (iii) **"Make-Whole Redemption Margin"** means 0.30 per cent. in respect of the 2022 Notes and 0.35 per cent. in respect of the 2025 Notes;
- (iv) **"Make-Whole Redemption Rate"** means, with respect to the relevant Optional Redemption Date, the rate per annum equal to the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference

Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for the relevant Optional Redemption Date;

- (v) **"Reference Bond"** means, in respect of the 2022 Notes, the 2 per cent. German government bond due January 2022 with ISIN DE0001135465, and in respect of the 2025 Notes, the 0.5 per cent. German government bond due February 2025 with ISIN DE0001102374 (or, where the Determination Agent advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such government bond is not appropriate for such purpose, such other German government bond as the Determination Agent may select);
 - (vi) **"Reference Bond Price"** means, with respect to the relevant Optional Redemption Date, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;
 - (vii) **"Reference Date"** means the date set out in the relevant Optional Redemption Notice;
 - (viii) **"Reference Government Bond Dealer"** means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues; and
 - (ix) **"Reference Government Bond Dealer Quotations"** mean, with respect to each Reference Government Bond Dealer and the relevant Optional Redemption Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 11.00 a.m. on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer.
- (e) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 6(a) (Scheduled redemption), 6(b) (Redemption for Taxation Reasons), 6(c) (Redemption at the option of the Noteholders (Put Option – Change of Control)) and 6(d) (Redemption at the option of the Issuer (Issuer Call)) above.
- (f) *Purchase:* The Issuer or any of its respective Subsidiaries may at any time purchase or procure others to purchase for its account Notes in the open market or otherwise and at any price. The Notes so purchased may be held or resold (provided that such resale is outside the United States and is otherwise in compliance with all applicable laws) or surrendered for cancellation at the option of the Issuer or otherwise, as the case may be in compliance with Condition 6(g) (*Cancellation of Notes*) below. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 13 (*Meetings of Noteholders; Modification, Waiver; Substitution of the Issuer*).
- (g) *Cancellation of Notes:* All Notes which are redeemed pursuant to Conditions 6(b) (Redemption for Taxation Reasons), 6(c) (Redemption at the option of the Noteholders (Put Option – Change of Control)) and 6(d) (Redemption at the option of the Issuer (Issuer Call)) or submitted for cancellation pursuant to Condition 6(f) (Purchase) will be cancelled and may not be reissued or resold. For so long as the Notes are admitted to trading on the Irish Stock Exchange (the **"Stock Exchange"**) and the rules of such exchange so require, the Issuer shall promptly inform the Stock Exchange of the cancellation of any Notes under this Condition 6(g) (*Cancellation of Notes*).

7. **Payments**

- (a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of the Principal Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) *Interest*: Payments of interest shall, subject to paragraph (e) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of the Principal Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) *Interpretation*: In these Conditions:

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

and

"**TARGET System**" means the TARGET2 system.

- (d) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.
- (e) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (f) *Deduction for unmatured Coupons*: If a Note is presented without all unmatured Coupons relating thereto, then:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-

paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph 7(a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void Coupons.

- (g) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of the Principal Paying Agent outside the United States.
- (h) *Partial payments:* If the Principal Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, the Principal Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

8. **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Sweden or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Kingdom of Sweden other than the mere holding of the Note or Coupon; or
- (b) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 8 (*Taxation*) pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Sweden, references in these Conditions to the Kingdom of Sweden shall be construed as references to the Kingdom of Sweden and/or such other jurisdiction.

9. **Events of Default**

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified and/or prefunded and/or secured to its satisfaction) shall, give notice to the Issuer that the Notes are and they shall immediately become due and repayable in each case at their principal amount together with accrued interest if any of the following events (each, an "**Event of Default**") occurs and is continuing:

- (a) *Non payment of principal*: The Issuer fails to pay any amount of principal payable in respect of any of the Notes when due and such default continues for a period of seven days; or
- (b) *Non-payment of interest*: The Issuer fails to pay any amount of interest payable in respect of any of the Notes when due and such default continues for a period of 14 days; or
- (c) *Breach of covenants*: The Issuer fails to meet the Consolidated Coverage Ratio set out in Condition 3(b)(ii) (*Financial Covenants – Maintenance of the Consolidated Coverage Ratio*) for 90 days;
- (d) *Breach of other obligations*: The Issuer defaults in the performance or observance of any of its other obligations under the Notes or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereafter mentioned will be required) such default continues unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer requiring the same to be remedied; or
- (e) *Cross default*:
 - (i) any Financial Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period and remains unpaid; or
 - (ii) any such Financial Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of:
 - (A) the Issuer;
 - (B) the Noteholders (pursuant to Conditions 6(c) (Redemption at the option of the Noteholders (Put Option – Change of Control)));
 - (C) the relevant Subsidiary; or
 - (D) (provided that no event of default, howsoever described has occurred) any Person entitled to such Financial Indebtedness; or
 - (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any guarantee of Financial Indebtedness (including any indemnity of such Financial Indebtedness or any arrangement having a similar effect) and remains unpaid,

provided that the amount of Financial Indebtedness referred to in Condition 9(e)(i) and (ii) above and/or the amount payable under any guarantee or indemnity referred to in Condition 9(e)(iii) above individually or in the aggregate exceeds EUR 30,000,000 (or its equivalent in any other currency or currencies) **and provided further** that no default shall occur under this Condition 9(e)(ii) where such where such default occurs as a direct

result of a change in legislation or regulations in Finland, whereby the Issuer or any of its Subsidiaries are prohibited from holding state subsidised loans and the Issuer and/or any Subsidiary (as applicable) therefore is required to redeem such loans prior to their original maturity as a result thereof; or

- (f) *Judgment default:* One or more final judgments or orders or arbitration awards for the payment of an amount in excess of EUR 30,000,000 or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered or granted against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date thereof or, if later, the date therein specified for payment; or
- (g) *Security Enforced:* A secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of any member of the Group; or
- (h) *Insolvency, etc.:*
 - (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due save for any proceedings or actions which are contested in good faith and discharged, stayed or dismissed within twenty-eight (28) days of its commencement;
 - (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Material Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries, save for any proceedings or actions which are contested in good faith and discharged, stayed or dismissed within twenty-eight (28) days of its commencement; or
 - (iii) the Issuer or any of its Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Financial Indebtedness or any guarantee of any Financial Indebtedness given by it.

In this Condition 9(h), “**Material Subsidiary**” means, at any particular time, a Subsidiary of the Issuer whose consolidated total assets or consolidated pre-tax profits as shown in the most recent consolidated audited financial statements represent 5 per cent. or more of the consolidated total assets or consolidated pre-tax profits of the Issuer as calculated by reference to the most recent consolidated audited financial statements of the Issuer.

- (i) *Invalidity or unenforceability:*
 - (i) any action, condition or thing (including any consent approvals, registration or filing) at any time required to be taken, fulfilled, obtained or done in order (A) to enable the Issuer lawfully to enter into, exercise its respective rights and perform and comply with its respective obligations under and in respect of the Notes or the Trust Deed or the Paying Agency Agreement, (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Notes, the Trust Deed and the Paying Agency Agreement admissible as evidence in the courts of England or Sweden is not taken, fulfilled or done; or
 - (ii) it is or will become unlawful for the Issuer to perform or comply with any of its respective obligations under or in respect of the Notes, the Trust Deed or the Paying Agency Agreement; or
- (j) *Substantial Change in Business:* The Issuer or any of the members of the Group ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent by the Group).

10. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

11. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. **Trustee and Paying Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Paying Agency Agreement and in connection with the Notes and the Coupons, the Principal Paying Agent acts solely as agent of the Issuer and (to the extent provided therein) the Trustee and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Principal Paying Agent and its initial Specified Office is listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint a successor principal paying agent; *provided, however, that* the Issuer shall at all times maintain a principal paying agent.

Notice of any change in the Principal Paying Agent or in its Specified Office shall promptly be given to the Noteholders.

13. **Meetings of Noteholders; Modification and Waiver; Substitution**

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, the Paying Agency Agreement or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing not less than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal: to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment; to effect the exchange, conversion or substitution of the Notes for, or the conversion of the Notes into, shares, bonds, or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed (other than as permitted under Clause 7.3 of the Trust Deed); to change the currency of payments

under the Notes; or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**") may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing and electronic consent signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification and waiver:* The Trustee may, without the consent of the Noteholders or the Couponholders, agree to any modification of these Conditions, the Paying Agency Agreement or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee not materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders or the Couponholders, authorise or waive any proposed breach or breach of any Condition of the Notes, the Paying Agency Agreement or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) or determine without the consent of the Noteholders that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) shall not be treated as such) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby. Any such authorisation, waiver or modification shall be binding on the Noteholders and shall be notified to the Noteholders as soon as practicable thereafter unless the Trustee agrees otherwise. With respect to any such waiver, the Trustee shall not exercise any powers conferred upon it in contravention of any express direction by an Extraordinary Resolution or of a request in writing made by the holders of not less than 25 per cent. in aggregate principal amount of the Notes then outstanding.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

- (c) *Substitution.* The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trust Deed sets out but without the consent of the Noteholders (and subject to prior notification to, and confirmation from, any relevant Rating Agency that there is no adverse change to the credit rating granted by such Rating Agency in respect of the Notes) to the substitution of any Subsidiary of the Issuer in place of the Issuer, or of any previous substitute under Clause 7.3 of the Trust Deed, as principal debtor under the Trust Deed and the Notes. No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders, except to the extent provided in Condition 8 (*Taxation*) (or any undertaking given in addition to or substitution of it pursuant to the provisions of the Trust Deed).

14. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or prefunded and/or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

15. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

16. **Notices**

Notices to the Noteholders shall be valid if published in a leading newspaper having general circulation in the Republic of Ireland (which is expected to be the *Irish Times* or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

So long as any of the Notes are represented by a Global Note, notices required to be published in accordance with Condition 16 (Notices) may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the relevant accountholders, provided: (i) that such notice is also delivered to the Irish Stock Exchange; and (ii) so long as the Notes are admitted to trading on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, publication will also be made in a leading daily newspaper having general circulation in the Republic of Ireland (which is expected to be the Irish Times). Any such notice shall be deemed to be given on the date of delivery to the relevant clearing system.

17. **Currency Indemnity**

The Trust Deed provides that if any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes or the Issuer, shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer, or to the Specified Office of the Principal Paying Agent with its Specified Office in London against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof, on the date of such receipt. This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

18. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Trust Deed, the Paying Agency Agreement and the Notes, and any non-contractual obligations arising out of or in connection with any of them, are governed by, and shall be construed in accordance with, English law.
- (b) *Jurisdiction:* The Issuer has irrevocably agreed for the benefit of the Trustee and the Noteholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and/or the Notes or any non-contractual obligation arising out of or in connection with them and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee and the Noteholders may take any suit,

action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed and the Notes against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions if and to the extent permitted by law.

- (c) *Appointment of process agent:* The Issuer appoints Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process, and undertakes that, in the event of such agent ceasing so to act, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note ("NGN") form. On 13 June 2006 the European Central Bank (the "ECB") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystème"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystème operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystème eligibility - that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystème monetary policy and intra-day credit operations by the Eurosystème either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystème eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes while they are represented by the Temporary Global Note cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR 100,000 and higher integral multiples of EUR 1,000, notwithstanding that no Definitive Notes will be issued with a denomination above EUR 199,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**business day**" means any day on which the TARGET System is open.

Exercise of put option: In order to exercise the option contained in Condition 6(c) (*Redemption at the option of Noteholders (Put Option – Change of Control)*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to EUR 495,805,000 in respect of the 2022 Notes and EUR 493,765,000 in respect of the 2025 Notes after deduction of the combined management and underwriting commission and the other expenses incurred in connection with the issue of the Notes, shall be used for general corporate purposes, including debt refinancing. Some of the proceeds will be used to repay loans to various financial institutions including certain of the Joint Lead Managers.

Debt Capitalisation Table

The following table sets out the expected capitalisation of the Company following the issuance of the Notes.

Year	MSEK	Proportion (%)
within one year	6 614	13%
1-2 years	5 115	10%
2-3 years	8 677	18%
3-4 years	6 199	13%
4-5 years	10 048	20%
> 5 years	12 927	26%
Total	49 580	100%

DESCRIPTION OF THE ISSUER

General

Fastighets AB Balder (publ) (the “**Issuer**” or the “**Company**”) is a public limited company incorporated under the Swedish Companies Act of the Kingdom of Sweden (“**Sweden**”) and registered in Sweden with registration number 556525-6905. Its registered address is Box 531 21, 400 15 Göteborg, Sweden, and its telephone number is +46 31 109 570. The Issuer was formed on 15 June 1995 and registered with the Swedish Companies Registration Office on 7 December 1995. The Issuer has been listed on Nasdaq Stockholm, Large cap, since 1 January 2015.

The Issuer, along with its subsidiaries (together referred to as “**Balder**” or the “**Group**”) owns and manages a diversified property portfolio in Sweden, Denmark, Norway and Finland (in Finland through a 53.8 per cent. equity stake in SATO Oyj (“**SATO**”). The Group portfolio generated an annual rental income of SEK 5.4 billion for the year ended 31 December 2016, and had an estimated fair value of SEK 86.2 billion and a lettable area of 3,805,512 square metres as of 31 December 2016. As of 31 December 2016, residential properties generated around 66 per cent. of the rental income of the Group, and commercial properties generated 34 per cent. (comprising offices at 14 per cent., retail at 10 per cent. and other properties including hotels at 10 per cent.).

Balder’s residential portfolio comprises approximately 13,000 apartments in Sweden, 1,000 apartments in Denmark, and 25,500 apartments in Finland. The commercial portfolio is mainly concentrated in Sweden’s largest cities in the central business district areas and comprises 68 office properties, 89 retail properties, and 43 other properties, including 28 hotel properties.

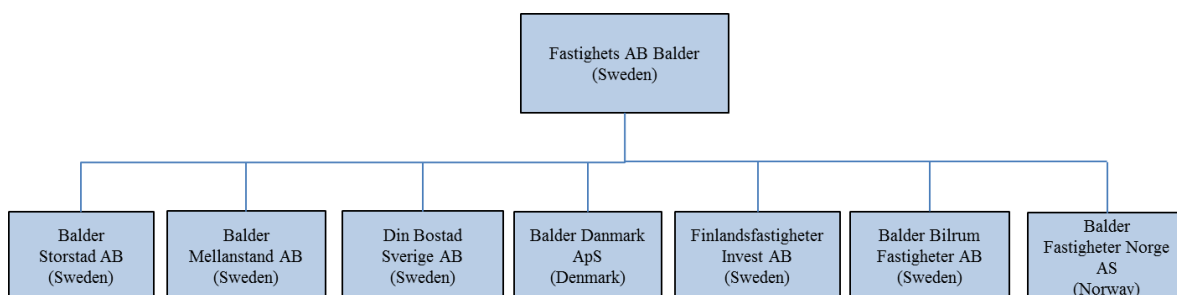
Apart from Balder’s direct real estate holdings it also has minority holdings in several property management companies (the “**Real Estate Companies**”) and certain investment assets, including 44 per cent. of the listed niche bank Collector AB (publ) (“**Collector**”, and together with the Real Estate Companies, the “**Associated Companies**”). The Associated Companies are not consolidated in Balder’s annual financial statements, as Balder’s holding in each one is 50 per cent. or less. The Real Estate Companies together own 81 properties and Balder’s ownership stake equates to a lettable area of 218,836 square metres and an estimated fair value of SEK 6.0 billion as at 31 December 2016. Balder’s equity holdings in the Associated Companies equates to a rental income of SEK 0.3 billion as at 31 December 2016, a profit from property management of 0.4 billion and a profit after tax of SEK 0.6 billion for 2016. The whole Group, including the Issuer and the relevant Associated Companies, generated a gross profit from property management activities of SEK 2.7 billion and a net profit after tax of SEK 6.1 billion for 2016.

Balder has its head office in Gothenburg, Sweden and several regional offices in Sweden, Finland and Copenhagen. This decentralised geographic presence enables it to build up relationships with many of its customers.

Group Structure

The legal structure of the Group is typical of property companies. Most properties are owned by special purpose vehicle (“**SPV**”) companies, which are in turn owned by the Issuer. The Issuer has over 250 companies that are directly and indirectly 100 per cent. owned by it.

The chart below shows the simplified legal structure for the Issuer and its directly owned subsidiaries.



History of Balder

2005-2008

Balder was first established and listed on Nasdaq Stockholm in 2005. During this period, the organisation established itself in Gothenburg, Stockholm and Malmö. The Company's focus was to develop a presence in growth regions in Sweden where there was a long-term demand for commercial properties. By the end of 2008, Balder owned 122 properties with a fair value of SEK 7.1 billion.

2009

Balder acquired Din Bostad Sverige AB ("**Din Bostad**"), a listed residential company. The acquisition of Din Bostad transformed Balder from being solely a commercial property company to having an equal split in its portfolio between residential and commercial properties. By the end of 2009, Balder owned 419 properties with a fair value of SEK 12.7 billion.

2010-2012

Balder made its first acquisition in Denmark in 2010 and also invested in wind power turbines. The Company decided to exit the industrial property market and as a result, sold all of its warehouse properties. In 2011, the Company issued 4,000,000 Preference shares (see "*Share Structure and Shareholders*" below). By the end of 2012, Balder owned 432 properties with a fair value of SEK 22.3 billion.

2013-2015

During 2013 and 2014, Balder continued to grow its property portfolio in Denmark and Sweden. By the end of 2015, Balder owned 1,177 properties with a fair value of SEK 68.5 billion in Denmark and Sweden. In 2015 Balder also acquired 53.3 per cent. of SATO, which owned over 24,000 apartments in Finland.

2016

In 2016 Balder acquired its first property in Norway. In December 2016, Balder obtained a credit rating of 'Baa3' from Moody's Investors Service, Inc. ("**Moody's**"). In 2016, Balder also acquired a portfolio of properties for SEK 4.2 billion, the main tenant of which is Hedin Bil (a Swedish automobile company, offering car sales, servicing and other supplementary services and with a group turnover of SEK 11 billion). The average length of the leases contained in this portfolio is over 11 years. Balder completed a directed issue of Ordinary Shares of SEK 1.7 billion to partly finance the deal. See '*Share Structure and Shareholders*' below.

SELECTED FINANCIAL INFORMATION AND KEY FINANCIAL RATIOS

Financial Summary 2007-2016 – Full Financial Years

SEK (in millions)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Rental Income	678	633	854	1,333	1,466	1,701	1,884	2,525	2,711	5,373
Profit from property management before tax ⁽¹⁾	179	174	315	417	516	691	854	1,275	1,780	2,653
Changes in value of properties	642	-201	4	1,047	990	812	854	3,050	3,388	4,932
Changes in value of interest rate derivatives	7	-333	-23	148	-520	-71	433	-624	227	-114
Net profit for the year	785	-388	248	1,338	812	1,162	1,738	3,128	4,916	6,093
Carrying amount ⁽²⁾ of properties	6,758	7,086	12,669	14,389	17,556	22,278	27,532	37,382	68,456	86,177
Key Financial Ratios ⁽³⁾										
Return on equity Ordinary Share (%)	41.5	-18.7	9.6	33.6	14.3	17.0	21.5	29.7	28.2	20.9
Interest coverage ratio (times)	1.7	1.6	2.1	2.1	2.1	2.4	2.9	3.4	5.1	3.7
Equity/ assets ratio (%)	30.1	23.3	24.1	30.9	35.2	34.8	37.3	35.5	37.8	38.3
Debt/equity ratio (times)	2.2	3.0	2.9	2.1	1.6	1.7	1.5	1.6	1.4	1.3
Net debt to assets (%)	66.5	69.4	68.9	62.3	56.0	57.3	53.3	54.6	51.6	50.0

Notes:

- (1) The 2016 numbers are Limited Review pursuant to an IAS Limited Review for the period. The 2007-2015 numbers are audited numbers.
- (2) Market value of properties
- (3) Key ratios from 2015 have been calculated using Collector at market value.

SHARE STRUCTURE AND SHAREHOLDERS

The Company has approximately 22,000 shareholders and is listed on Nasdaq Stockholm, Large cap. The Company has three different classes of shares: Ordinary Class A shares, Ordinary Class B shares; and Preference shares.

The Company's overall market capitalisation as of 31 December 2016 amounted to SEK 36,371,000,000. As of 31 December 2016, the share capital of the Company amounted to SEK 190,000,000 comprising 190,000,000 shares. Each share has a quota value of SEK 1.00, of which 11,229,432 shares are Ordinary Class A shares, 168,770,568 are Ordinary Class B shares and 10,000,000 are Preference shares. Balder has no repurchased Ordinary shares, which means that the total number of outstanding Ordinary shares amounts to 180,000,000. Each Ordinary Class A share carries one vote, and each Ordinary Class B share and Preference share carries one tenth of one vote.

Ordinary Shares

The Ordinary Class A shares are not listed, but the Ordinary Class B shares are listed on Nasdaq Stockholm, Large Cap. The price of the Ordinary Class B share was SEK 184.10 at 31 December 2016, corresponding to a decrease of 11.8 per cent. during the year. At 31 December 2016, the number of Ordinary shareholders totalled 13,997. The proportion of foreign shareholders decreased by 2 per cent. during the year and, at 31 December 2016, amounted to 20 per cent. of the total number of Ordinary shareholders.

Preference Shares

The price of the Preference share was SEK 323.30 at 31 December 2016, corresponding to a total annual yield, including dividend, of 10.03 per cent. At 31 December 2016, the number of Preference shareholders totalled approximately 9,300. The annual turnover in the Preference share corresponded to 33 per cent. of the total number of Preference shares.

The Preference share carries a preferential right, over the Ordinary share, to an annual dividend of SEK 20 with quarterly dividend of SEK 5. Record days for the dividend are 10 January, 10 April, 10 July and 10 October. If the dividend on the Preference share is not paid in time, or is for a lower amount than expected, the difference is added to the amounts unpaid, together with interest of 14 per cent. on the unpaid amount.

Shareholders

The majority shareholder of the Company is Erik Selin Fastigheter AB, which holds 34.5 per cent. of the capital and controls 48.2 per cent. of the voting rights. Erik Selin Fastigheter AB is the holding company of the CEO, Erik Selin, who is also the founder of the Company.

Other large shareholders include Arvid Svensson Invest AB and Swedbank Robur fonder, and 46.7 per cent. of the capital is also held by the Board and the Senior Management team.

The following table shows the largest shareholders in the Company as at 31 December 2016:

Owner	Class A Ordinary shares	Class B Ordinary shares	Preference shares	Total number of shares	Capital (%)	Votes (%)
Erik Selin Fastigheter AB	8,309,328	57,210,900	500	65,520,728	34.5	48.2
Arvid Svensson Invest AB	2,915,892	13,542,540	-	16,458,432	8.7	14.7
Swedbank Robur fonder	-	11,707,995	-	11,707,995	6.2	4.0

Owner	Class A Ordinary shares	Class B Ordinary shares	Preference shares	Total number of shares	Capital (%)	Votes (%)
Länsförsäkringar Fondförvaltning AB	-	7,571,909	-	7,571,909	4.0	2.6
JPM Chase	-	6,671,346	80,781	6,752,127	3.6	2.3
Handelsbanken Fonder AB	-	6,343,346	-	6,343,346	3.3	2.2
Anders Hedin Invest AB	-	5,000,000		5,000,000	2.6	1.7
SEB Investment management	-	3,304,313	-	3,304,313	1.7	1.1
Lannebo fonder		2,950,000	-	2,950,000	1.6	1.0
CBNY Norges Bank	-	2,614,143	-	2,614,143	1.4	0.9
Other	4,212	51,854,076	9,918,719	61,777,007	32.5	21.2
Total	11,229,432	168,770,568	10,000,000	190,000,000	100	100

BUSINESS MODEL AND STRATEGY

Balder's business strategy is to acquire, develop and manage residential and commercial properties in growing and developing locations within major cities in the Nordic region. Over the past few years, the Company has achieved diversification of its portfolio to countries including Denmark, Finland, Norway and Sweden. The focus of the Company has also been on concentrating its residential portfolio in large cities in the region, namely Stockholm, Copenhagen, Helsinki and Gothenburg. The focus on commercial properties, meanwhile, has been more concentrated in Stockholm and Gothenburg, where there is a stronger demand for office space.

Balder's aim is to create value for its owners, employees and the community. Balder attempts to accomplish this by:

- establishing swift decision-making procedures;
- implementing cost-efficient management solutions;
- working actively to acquire properties and land with development potential and creating growth by investing, developing, streamlining and rationalising its business; and
- meeting tenants' needs.

Balder's operations are focused on long-term growth, positive cash flows and increasing profit from its property management activities.

Financial Goals

Balder's financial goals are to achieve:

1. a stable and consistent return on equity;
2. an equity-to-assets ratio of not less than 35 per cent.;
3. a net debt/ total assets ratio of not higher than 55 per cent.; and
4. an interest coverage ratio of not less than 2.0.

See "*Finance and Capital Structure*" for further information.

The financial outcomes for the years ended 31 December 2015 and 31 December 2016 are set out below.

Financial Targets

	<u>Target</u>	<u>2015</u>	<u>2016</u>
<i>Equity/Total Assets (%)</i>	35	37.8	38.3
<i>Interest Coverage Ratio (times)</i>	2	5.1	3.7
<i>Net Debt/ Total Assets (%)</i>	55	51.6	50.0

Dividend Policy

Balder prioritises growth, capital structure and liquidity in its business, and accordingly, the dividend for Ordinary shareholders is either set at a nominal level or not declared at all in order for funds to be retained within the Company. The Company has not declared a dividend to Ordinary shareholders since 2008 and all profits have been re-invested in the business.

The dividend for each Preference share amounts to SEK 20.00 per year. See "*Share Structure and Shareholders*".

Management Structure

Balder currently has 30 administrative offices, which are divided into six regions. In each region, all aspects of property management are handled in-house by the Company's personnel, who are responsible for letting and operations as well as the environment and maintenance. This facilitates fast decision-making procedures, close proximity to the customer and in-depth local knowledge, which assists the Company in fostering long-term relationships with its customers. The company offers for rent a wide range of commercial premises and residential housing in a number of locations at varying rates. Property

development is undertaken in consultation with customers based on their requirements. The property management teams regularly arrange meetings with tenants in Balder's various locations in order to obtain feedback on the actual state of the properties.

Customer Relationships

The Company continuously looks to improve the Group's service and product offering. The Customer Relations department, which manages relationships with customers, is central in achieving this continuing improvement, and is responsible for a number of initiatives, including conducting a survey to measure individual customers' experiences against a customer satisfaction index ("Nöjd Kund Index" or "NKI").

In January 2015, Balder carried out its third NKI in collaboration with AktivBo, an organisation which provides companies with performance management systems. The survey was sent out to approximately 50 per cent. of the Company's residential tenants and to all commercial tenants. The results showed that more than 90 per cent. of Balder's tenants who responded to the 2015 survey were satisfied with their premises and housing. The results also showed that tenants perceived Balder as accessible and accountable, that tenants found it easy to report faults and that any repair work was performed in a reasonable time and to a good standard. The majority of the customers surveyed were also satisfied with the equipment provided in their apartments, however many also stated they wished to have the ability to modernise and personally influence the standard of their accommodation. As a result, following the 2015 survey, Balder offered standardised enhancement options in properties in all of its locations.

In order to improve communication between Balder as a landlord and its tenants, Balder has expanded its customer service and error reporting systems by ensuring employees have a broad knowledge of different languages, including English, Swedish and Arabic.

Balder's goal is for its residents to remain long-term customers. In commercial premises, Balder recognises that it is important to work closely with its customers and accommodate their requests in order to satisfy operational needs and improve their potential for increased profitability.

Project Development

In property development transactions, Balder considers it to be important to be able to control the entire value chain, from the acquisition of land to the completion of the project.

Balder has a large number of on-going zoning plans in the existing property portfolio and also works with municipalities to receive land allocations for future residential developments. The Company's aim is to create an extensive portfolio of building rights in order to enable it to continue producing a large number of rental, condominium and tenant-owned apartments annually in Gothenburg, Stockholm, Helsinki and Copenhagen. Tenant-owned apartments are a common form of housing in Sweden. Typically, a housing association will have ownership of an entire apartment building and will then grant its members the right to occupy and use the apartments for an unlimited period of time.

Property development at Balder is mainly limited to residential projects. Commercial property development is usually only undertaken to support housing projects where there is a requirement to do so in the relevant zoning plan.

In locations where Balder owns existing property, the Company is focusing on creating new building rights on the existing land in order to invest further in areas where it already operates, particularly Gothenburg, Stockholm Helsinki and Copenhagen.

Planned Building/Owned Projects

The Group is currently planning a number of projects, including those listed below. However, their development is dependent on a number of variables and there can be no assurance that the projects will be completed on schedule or at all.

Stockholm

In the "Gladan 3" property on Kungsholmen in Stockholm, Balder plans to replace the existing office with 100 new tenant-owned apartments arranged over 11 floors with an inner courtyard on the ground floor. The zoning plan is expected to be adopted in early 2017.

Copenhagen

At Amager Strand, Balder is constructing 450 apartments in the new Öresunds Park district. Construction of the project is underway and, given it is a mixed development, will be completed in phases. The projected completion date is in 2018.

In 2015, Balder also acquired a real estate project in Örestad called “Örestad 321”. Construction of the 156 rental apartments has begun and the project is expected to be ready for occupation during summer 2017.

Gothenburg

The City of Gothenburg and its business community are partnering in a collaborative project, “BoStad2021”, to increase the construction rate of properties in Gothenburg, achieve a better mix of properties, help with accessibility and create good value apartments in the city. By 2021, Gothenburg’s 400th anniversary, 7,000 new apartments are expected to be completed (in addition to regular housing construction).

Of these 7,000 apartments (the target number of properties for the initiative), Balder plans to construct around 1,000 apartments, distributed among the following four areas – Södra Bergsjön, Svartedalen, Västra Frölunda and Majorna.

In Södra Bergsjön, Balder will construct around 150 apartments, of which about 75 are terraced houses, aimed at first-time buyers. The zoning plan is expected to be adopted during 2017.

In Svartedalen, along Långströmsgatan, Balder is planning to construct around 350 apartments in varied developments. The zoning plan is expected to be adopted during 2017.

At Munspelsgatan, in Västra Frölunda, Balder is planning to construct around 450 apartments, mainly tenant-owned, adjacent to Balder’s existing property holding, ”Stjärnhusen” (the star-shaped building). The zoning plan is expected to be adopted during 2017.

Finally, near Älvsborgsbron, in Majorna, Balder (in collaboration with HSB, a cooperative owned by its members) is developing the old ”Fixfabriken”. The area is included in the Gothenburg Jubilee initiative, with 500 tenant-owned apartments planned for the development (and Balder being responsible for half of these). The zoning plan is expected to be adopted by the end of 2017.

Social Engagement

Balder supports social engagement initiatives both locally and regionally, while striving to ensure that its customers feel comfortable in and around their housing developments. Balder encourages diversity in the belief that it creates economic and social growth in society and therefore works to create socially mixed housing areas, for example, by integrating both rental and tenant-owned apartments in its developments.

Environmental Responsibility

Balder has re-evaluated its green initiatives and policies following the 21st session of the Conference of the Parties in 2015 (“COP21”). In 2016, Balder’s employees participated in environmental and energy training to implement Balder’s environmental management system and emphasised the importance of reducing energy consumption within the organisation.

Energy

During 2015, Balder’s energy consumption was 312 million kWh, with district heating consumption forming the largest proportion of this.

Although Balder properties with heating systems based on fossil fuels represent a small share of this energy consumption in relation to the total consumption figure, Balder’s goal is to replace these with sustainable heating systems by the end of 2017.

Balder is also producing its own renewable electricity through its 10 wind turbines that generate a yearly average of 22.5 million kWh, equivalent to the average annual consumption of approximately 900 houses.

To achieve a reduction in energy consumption, Balder has implemented initiatives at various levels of its organisation. In 2016, Balder drew up an energy policy to outline its aims and objectives in relation to energy consumption. The energy policy emphasises the Company's belief that comfort levels need not be affected in efforts to reduce consumption. Pursuant to the energy policy, some Balder properties feature indoor temperature sensors and an estimated average temperature feature, which regulates how much heat should be pumped into the heating system.

Balder is also working towards the centralisation of all its energy control systems. This means that Balder can control installations remotely and quickly detect alarms in the units, which enables a safer and more energy-efficient operation of Balder's properties.

The final measure Balder has implemented to achieve a high level of operational safety is to install durable and energy efficient fittings in its properties. Balder uses reliable product suppliers in order to ensure that any required parts are readily available.

Waste

Balder's aim is to minimise the quantity of waste going to landfill and maximise recycling. It therefore measures the amount of waste that is sorted and recycled (the "**Sorting Rate**") in its properties. Its long-term goal is to achieve a Sorting Rate of 55 per cent. for commercial properties. The Sorting Rate for 2015 was 58 per cent.

Balder is taking measures to ensure that all refuse rooms in its properties are designed in a way that encourages and facilitates waste sorting and it informs tenants about the waste management options available in each relevant property.

Phase-out Substances

The Swedish Chemicals Agency has defined a 'phase-out substance' as a substance with particularly hazardous properties according to approved criteria regarding environmental and health consequences, for example carcinogens or mutagens. The criteria are in line with the European Union's chemicals legislation, REACH, Substances of Very High Concern (SVHC). Phase-out substances may be prohibited in the future.

Balder avoids introducing phase-out substances into its properties where possible. In day-to-day operations, this means that products are either eco-labelled or checked against an environmental database by a Balder employee.

Skills Development

In order to ensure resource-efficient property management, all property caretakers are required to participate in internal training in basic building technology. The aim is for every employee to get a basic understanding of the buildings' different functions and connections as well as the environmental and cost repercussions of operational errors.

Environmental Requirements during Construction

Each new building Balder constructs gives rise to both short-term and long-term environmental impacts and Balder therefore imposes a number of environmental requirements at an early stage of its project development plans. The following items show some of the environmental aims imposed in all of Balder's new construction projects:

- Properties shall be rated as Energy class B (25 per cent. under the National Board of Housing's new building standards).
- Material and products shall at least meet the criteria "acceptable" in the Swedish Building Materials Assessment or achieve a level "B" with SundaHus, a leading provider of environmentally conscious materials.
- Wood and wood-based products shall be certified as coming from a sustainable resource according to FSC, PEFC or equivalent.
- Effective waste disposal solutions shall be available in every apartment.
- A maximum of 10 per cent. of the weight of building waste from construction shall be put into landfill.
- Water-efficient taps and toilets shall be fitted into all properties.

- Projects shall be designed so that tenants prioritise environmentally friendly transport alternatives, for example by facilitating car pools and making bicycles available for tenants to borrow.

Environmentally Sound Buildings

Balder has a number of environmentally classified buildings in its portfolio which are certified by either Green Building, the Sweden Green Building Council or Leadership in Energy and Environmental Design (“LEED”). Balder’s most recently acquired property is “Park49” (7,500 square metres), which is Balder’s new head office. The property has been constructed in order to achieve certification of “Platinum”, LEED’s highest level for sustainable buildings.

PROPERTY MARKET OVERVIEW

The Swedish Property Market

The continuing low interest environment and gap between property yields and the lending rate mean that the investment climate for properties is favourable and Balder continues to maintain its performance in the Swedish property market.

The economic upturn in Sweden is broad and the performance of the Swedish economy is positive due to Sweden's expansionary monetary policy. However, inflation is not gaining momentum and due to difficulties in reaching the inflation target, Sveriges Riksbank ("Riksbank"), Sweden's central bank, implemented further monetary policy easing and support measures. In February 2016, the Riksbank decided to cut the repo rate to -0.50 per cent.

The continuing low interest environment is also contributing to a continued rise in prices in the Swedish property market. The existing imbalance between supply and demand and pressed yield requirements are making investments more expensive in metropolitan markets. During 2016, Balder has seen increasing interest for investments in Sweden's larger cities. In several sub-markets, the residential segment is dominating investment interest.

According to the IPD Swedish Property index¹ by MSCI Inc., the total yield on property investments in 2016 was significantly higher than the average for the past ten years. Offices and residential properties showed the highest total yields of 16.2 per cent. and 14.7 per cent., respectively, of which the change in value was just over 10 per cent. in both property categories.

According to NAI Svefa, a Swedish property advisory company, the service sector is showing stronger growth than industry, which is creating demand for new office properties, particularly in metropolitan areas. The domestic population increase in Sweden together with the migration of refugees is also creating demand for new housing and is further increasing the housing shortage across the country. The extensive regulation surrounding construction of new properties combined with long lead times required for planning increase the time taken to complete developments and mean that it is difficult to meet demand for new housing in the short-term.

The strong investment interest in recent years has meant that banks continue to be willing to lend to property companies. The opportunities for property companies to attract capital via stock market listings, new issues, preference share issues, bonds and traditional borrowing forms are still considered to be good despite the uncertain stock market climate. The property investment conditions in Sweden remain positive and capital is available for investment in the field.

The Danish Property Market

Denmark, with its stable economy, fixed-exchange rate policy to the Euro and low interest rates, has proved to be an attractive market for both domestic and foreign capital seeking high security and a positive demographic trend in property investments. Copenhagen occupies a very strong position in the Danish property market².

The overall property transaction volume in Denmark in 2015 amounted to about DKK 51 billion, of which the Copenhagen area accounted for about 75 per cent.

According to the commercial property adviser Sadolin & Albaek, during 2015, investment interest shifted from the office segment of the market to the residential segment, though this equalised during 2016. During 2015, residential properties accounted for 38 per cent. of total transaction volume and office properties accounted for 27 per cent., however in 2016 both residential and office volumes accounted for 32 per cent. each.

The market for condominiums showed a very strong price trend in Denmark during 2015 and 2016. Prices throughout the country rose by 12 per cent. during 2015 (compared to 2014) and have grown at a

¹ <https://indices.ipd.com/Default.aspx?ReportingService=SEPAS&Frequency=A&Currency=SEK&Culture=en-GB&FileFormat=pdf>

² http://sadolin-albaek.dk/sites/default/files/attachments/copenhagen_property_market_report_2016_web.pdf

similar rate in 2016. This annual price increase is the highest since 2006 and prices have now recovered to the level that prevailed before the sharp fall in prices that began in 2007.

The number of newly constructed apartments in Denmark has also increased sharply. Since prices of newly constructed apartments are generally higher than for older buildings this has meant a positive price trend overall for all apartments in Copenhagen.

Åarhus (Denmark's second-largest city) and Ålborg also showed a positive performance in terms of rising prices and increased construction of new apartments in attractive areas.

The current low interest rates are important for the condominium market and according to Sadolin & Albaek, with expectations of continued low interest rates, the condominium market is expected to remain positive in the next few years, particularly in Copenhagen and Denmark's larger cities.

The Finnish Property Market

The Finnish property market differs from the Swedish one in terms of the ownership structure among the larger private property companies in the industry. In Finland, there are currently three Large cap listed property companies, compared to approximately ten large listed property companies in Sweden. The largest property owners in Finland are domestic pension funds and institutions.

Urbanisation is increasing rapidly in Finland. Relocation, mainly employment-related, is responsible for strong housing demand in Finland's larger cities. Between 1990 and 2014, the population in urban areas increased by approximately 640,000 people.

Rental apartments are a popular form of housing in Finland. In Helsinki, almost half of residents live in rental apartments. Of the 2.6 million permanent dwellings in the whole of Finland³, rental apartments account for approximately 820,000⁴ (around 31 per cent.). Of these rental apartments, around half are owned by private investors. SATO Oyj, which is a subsidiary of Balder, owns approximately 7 per cent. of all rental apartments in the capital region.

Prices of apartments and rental rates have increased in recent years. Demand for smaller, good value apartments has increased the most, due to the fact that a large proportion of households in the larger cities only consist of one or two persons. As a result, many housing companies focus mainly on the construction of new, smaller apartments. For example, the average size of SATO's apartments is 57 square metres.

³ https://www.stat.fi/til/asas/2015/01/asas_2015_01_2016-10-13_kat_002_en.html

⁴ http://www.ara.fi/en-US/Steering_and_monitoring

GROUP PROPERTY PORTFOLIO

As at 31 December 2016, Balder owned 1,220 properties with a lettable area of approximately 3,805,512 square metres and a value of SEK 86,177 million, including property development projects. Balder's total rental value (excluding property development projects) amounted to SEK 6,025 million. This includes properties owned by SATO, which was consolidated with Balder from 1 January 2016.

In the following section, "Öresund" includes Copenhagen and Malmö, "North" includes Norway, Karlstad, Sundsvall and Gävle and "East" includes Finland (excluding Helsinki) and the Eastern part of Sweden.

Balder's real estate holding per region, as at 31 December 2016

REGION	Number of properties	Lettable area (sq.m.)	Rental value (MSEK)	Rental value (SEK/sq.m)	Rental income (MSEK)	Economic occupancy rate (%)	Carrying amount ⁽¹⁾ (MSEK)	Carrying amount (%)
Helsinki	501	1,010,505	2,122	2,100	2,025	95	24,393	28
Stockholm	61	533,904	927	1,736	867	94	15,797	18
Gothenburg	194	903,206	1,150	1,274	1,108	96	17,053	20
Öresund	71	418,022	624	1,493	580	93	10,368	12
East	314	758,121	992	1,309	949	96	11,021	13
North	79	181,755	209	1,150	206	99	3,086	4
Total	1,220	3,805,512	6,025	1,583	5,736	95	81,718	95
Project developments			64		64		4,459	5
Total	1,220	3,805,512	6,089	1,583	5,800	95	86,177	100

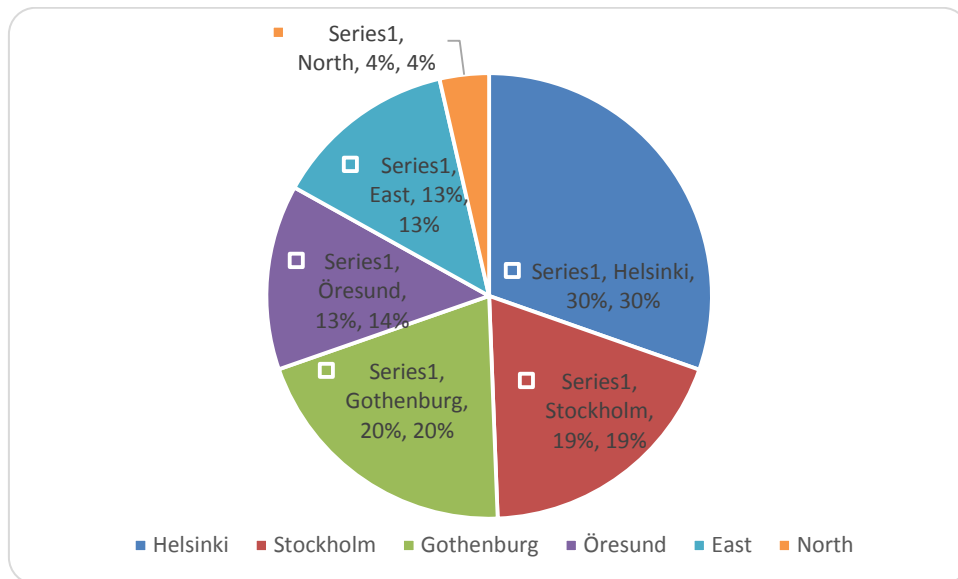
(1) Carrying amount means the market value of the properties

Balder's real estate holding per property category, as at 31 December 2016

PROPERTY CATEGORY	Number of properties	Lettable area (sq.m.)	Rental value (MSEK)	Rental value (SEK/sq.m)	Rental income (MSEK)	Economic occupancy rate (%)	Carrying amount (MSEK)	Carrying amount (%)
Residential	1,020	2,531,547	3,973	1,569	3,819	96	48,775	57
Office	68	432,228	865	2,002	783	90	14,139	16
Retail	89	499,778	598	1,197	569	95	9,154	11
Other ⁽¹⁾	43	341,960	588	1,718	565	96	9,650	11
Total	1,220	3,805,512	6,025	1,583	5,736	95	81,718	95
Project developments			64		64		4,459	5
Total	1,220	3,805,512	6,089	1,583	5,800	95	86,177	100

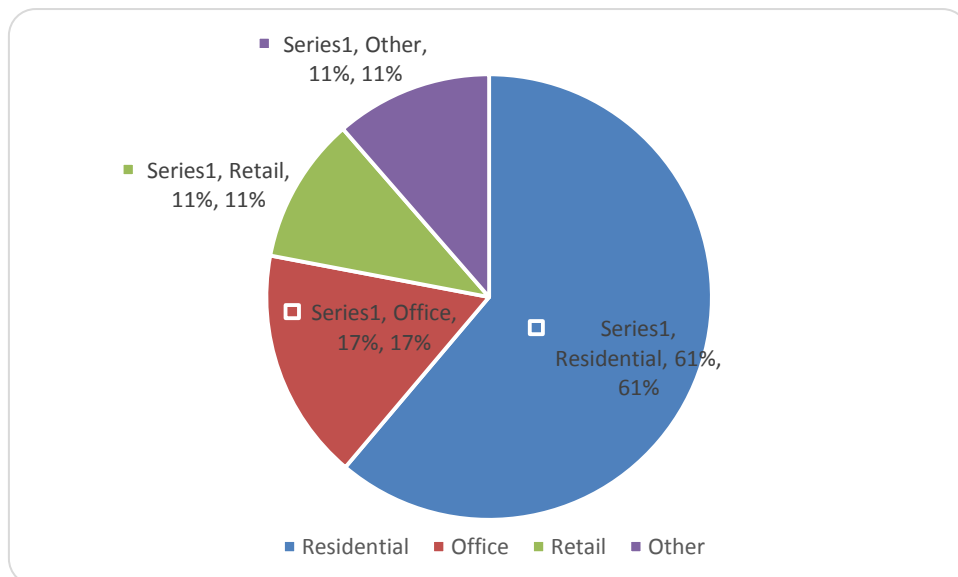
¹ Other property categories include hotels, education, nursing, industry and mixed used properties.

Carrying amount (including projects) per region, as at 31 December 2016



The diagram above illustrates the distribution by region of the market value of the properties Balder owns, including its property development projects.

Carrying amount (including projects) per property category, as at 31 December 2016



The diagram above illustrates the distribution of Balder's properties by property category. 'Other' includes hotels, education, nursing, industry and mixed used properties.

Strategy for Residential Properties

In 2016, residential properties continued to be a popular investment. Residential properties generally have a lower risk profile due to the prevailing housing shortage in most parts of Sweden and the fact that the current level of construction for new apartments is not sufficient for both current and future needs.

The supply of residential properties in metropolitan areas continues to be low, which has meant that some property companies have directed their interest towards properties outside the metropolitan areas of the larger cities or towards residential properties in smaller cities geographically located throughout Sweden. Overall, however, the number of property companies that have chosen residential properties as an investment object has increased during 2016. Foreign buyers have also returned to the Swedish market according to Newsec, a Swedish property advisor.

In view of a shrinking transaction market for residential properties and lower yields⁵, Balder has continued to pursue its strategy, namely, development of existing properties and increased construction of new apartments in the longer term. The Company's goal is to create new property developments with higher values and better yields than the existing transaction market can offer in the residential segment.

In Gothenburg and Stockholm, among other cities in Sweden, work on new zoning plans is on-going, and this will likely result in a broader supply of apartments. Traditional apartment blocks will be mixed with other forms of housing, such as smaller terraced houses and tenant-owned apartments. This will mean a more efficient use of existing land and that these areas become more attractive from a residential perspective.

Key data for Residential properties as at 31 December 2016	
Number of properties	1,020
Lettable area (sq.m. thousands)	2,531,547
Number of apartments	39,500
Rental value (MSEK)	3,973
Economic occupancy rate (%)	96
Carrying amount (MSEK)	48,775

Residential properties - distribution per region as at 31 December 2016		
Area	Sq.m. thousands	%
Helsinki	1,011	40
East	665	26
Gothenburg	386	15
North	149	6
Öresund	181	7
Stockholm	140	6
Total	2,532	100

Strategy for Commercial Properties

The continuing low interest rate and Riksbank's expected negative repo rate until late 2018⁶ meant that the market for commercial properties in Sweden was strong during 2016. Yield requirements have decreased during the past year, particularly in larger cities. The demand for properties was greater than the supply available in the market as a result of a sharp increase in capital inflows from non-European market participants among other factors. The funding opportunities were also good in Sweden, both in terms of traditional bank financing and financing through new issues of bonds.

⁵ <http://www.newsec.se/insikter--rapporter/newsec-property-outlook/>

⁶ <http://www.riksbank.se/en/Monetary-policy/Forecasts-and-interest-rate-decisions/Current-forecast-for-the-repo-rate-inflation-and-GDP/>

In 2016, Balder continued its strategy of reducing its property holdings in less central areas in the Stockholm region and in locations where it does not have representation in the form of a local office or in-house property management personnel. For a number of years, the focus instead has been on acquiring and maintaining commercial properties in central parts of Stockholm, Gothenburg and Malmö. The structural refinement of Balder's commercial property portfolio is a deliberate concentration strategy aimed at improving the quality and location of the properties.

According to Newsec, there is still demand for central office properties as vacancy levels in Stockholm and Gothenburg amount to just below 4 per cent., which is at the same level as during 2014 and 2015. In Malmö, the vacancy rate is higher at around 8.5 per cent, mainly due to new production of office properties in Västra Hamnen.

Balder has an experienced in-house lettings department that lets vacant premises and finds solutions to premises issues for tenants. As a result, Balder's economic occupancy rate for commercial properties was 93.5 per cent. at 31 December 2016.

The value of Balder's commercial property holdings in Stockholm's inner city at 31 December 2016 amounted to SEK 9.1 billion, which corresponds to 68 per cent. of the total value of its commercial properties in the region. Balder's average value per square metre for centrally located office properties in Stockholm amounts to approximately SEK 57,000. The equivalent figure in Gothenburg is SEK 8.4 billion, and SEK 2.3 billion in Malmö.

Key data for Commercial properties as at 31 December 2016	
Number of properties	200
Lettable area (sq.m. thousands)	1,273,966
Rental value (MSEK)	2,051
Economic occupancy rate (%)	93.4
Carrying amount (MSEK)	32,943

Commercial properties - distribution per region as at 31 December 2016		
Area	Sq.m. thousands	%
Gothenburg	517	41
Stockholm	394	31
Öresund	237	19
East	93	7
North	33	3
Helsinki	0	0
Total	1,274	100

SATO Acquisition

On 1 April 2015, Balder carried out its first acquisition of shares in SATO Oyj (Finland's second largest housing company), equivalent to 21 per cent. of the outstanding shares and voting rights.

Subsequently, Balder gradually acquired more shares in SATO. On 30 December 2015, Balder acquired a further 22.9 per cent. of the outstanding shares and votes, and together with the previous total holdings of shares and votes, which amounted to 30.4 per cent., this meant that Balder owned 53.3 per cent. in total of

the outstanding shares and votes. Balder has therefore consolidated SATO in its balance sheet from 31 December 2015, and SATO's earnings during the year are recognised in the Group as profit from participations in Associated Companies.

SATO is also a property company, which has high-quality properties in excellent locations that complement Balder's existing operations and property portfolio. The number of employees of SATO amounted to 175 people as at 31 December 2016, of which 121 were women (69 per cent.). SATO owns just over 25,000 apartments; 80 per cent. of the properties are located in the Helsinki area and the remainder can be found in Tampere, Oulu, Turku, Jyväskylä and St. Petersburg (although the board of SATO have decided not to increase the number of properties it owns in St. Petersburg going forward). The value of SATO's properties has developed positively in recent years through acquisitions and construction under its own brand. SATO has more than 1,212 rental apartments under construction and 628 rental apartments were completed during 2016.

The housing market in Finland consists of 2.6 million apartments, of which two thirds are condominiums and one third are rental apartments (according to Statistics Finland). SATO's share of the rental market is about 3 per cent. The largest owners in the Finnish market are insurance companies, pension funds and municipalities, which usually own apartments for social purposes. Demand for smaller apartments exceeds supply, especially in the Helsinki region. SATO's apartments have an average area of 57 sq. m.

Bovieran

Bovieran AB ("**Bovieran**") is a property company that plans, develops and builds tenant-owned apartments for senior residents. Balder began its collaboration with Bovieran in 2013, and during spring 2015, became the 100 per cent. shareholder. Bovieran has several new developments in progress, including in Helsingborg and Falun.

Associated Companies

In order to boost the volume of newly constructed apartments in the locations in which it operates, Balder, in addition to its own projects, also works with a number of strong partners, both property-related (the Real Estate Companies) and investment related (including Collector).

Trenum AB

Balder has formed Trenum AB in partnership with the Third Swedish National Pension Fund for investment in the construction of new rental properties in three metropolitan regions, Stockholm, Gothenburg and Malmö, and growth areas with a positive population trend.

Brinova Fastigheter AB

In 2015, Balder became a part-owner of Brinova Fastigheter AB (listed on Nasdaq First North since 13 September 2016) together with Backahill AB, among others. Brinova Fastigheter AB had property holdings of about SEK 3 billion as of 31 December 2016. The venture aims to expand its property portfolio in residential, public and commercial properties, particularly in southern Sweden.

Tornet Bostadsproduktion

Balder is also a shareholder of Tornet Bostadsproduktion AB ("**Tornet**"), which concentrates on the construction, ownership and management of residential properties. Other shareholders in Tornet are Peab AB, Folksam and Riksbyggen. At present, the property portfolio includes about 700 apartments and there are ongoing projects and construction plans for approximately 700 additional apartments.

Centur and Tulia

In addition to the Real Estate Companies that focus on residential property, Balder also has two joint ventures which focus mainly on commercial properties in Stockholm, Gothenburg and Malmö: Fastighets AB Centur (with Peab AB, a listed construction company), and Tulia AB (with Andre Åkerlund, a private investor).

Collector

In addition to the Real Estate Companies, Balder has a 44 per cent. share in a listed niche bank called Collector. Collector focuses on financing solutions, credit management, payment solutions, debt

collection and the legal industry in particular. Balder's first acquisition of shares in Collector was completed in 2011. Collector is listed on Nasdaq Stockholm Large cap. Erik Selin, Balder's CEO, is both on the board of Collector and on its Credit Committee.

Balder's participation in the Associated Companies' real estate holdings and balance sheets as of 31 December 2016 are shown in the tables below.

Balder's participation in the Associated Companies' real estate holdings, as at 31 December 2016								
Distributed by region	Number of properties*	Lettable area (sq.m.)	Rental value (MSEK)	Rental value (SEK/sq.m)	Rental income (MSEK)	Economic occupancy rate (%)	Carrying amount (MSEK)	Carrying amount (%)
Stockholm	45	108,794	164	1,508	160	98	2,649	44
Gothenburg	11	47,506	58	1,213	54	93	892	15
Öresund	25	62,536	91	1,455	89	98	1,344	22
Total	81	218,836	313	1,429	303	97	4,885	82
Project developments			21		21		1,106	18
Total	81	218,836	333	1,429	324	97	5,991	100
Distributed by property category								
Residential	27	45,453	69	1,524	68	98	1,329	22
Office	11	29,315	55	1,871	50	91	900	15
Retail	34	94,964	105	1,111	103	98	1,512	25
Other	9	49,104	83	1,692	83	99	1,145	19
Total	81	218,836	313	1,429	303	97	4,885	82
Project developments			21		21		1,106	18
Total	81	218,836	333	1,429	324	97	5,991	100

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

Balder's participation in the balance sheets of Associated Companies, as at 31 December 2016/2015		
MSEK	2016	2015
Assets		
Properties	5,991	4,414
Other assets	54	247
Cash and cash equivalents	203	61
Total assets	6,248	4,723
Equity/shareholder loan	2,549	1,726
Interest-bearing liabilities	3,319	2,501

Other liabilities	379	496
Total equity and liabilities	6,248	4,723

Divestments

While Balder has increased its holdings of residential properties through construction, a number of properties are divested every year. Divestments are usually focused on cities where Balder does not have any local management or where the property portfolio is too small to enable efficient management.

Lease Structure

Balder's property portfolio has a diversified structure, with a total of over 50,000 contracts that are balanced between commercial and residential tenants as well as having a geographical spread. In order to offset the risk of reduced rental income and a weak occupancy rate, the Company strives for long-term relationships with its existing tenants.

Balder's ten largest individual leases represent 5.6 per cent. of its total rental income and the average lease term amounts to 11.8 years. No individual lease accounts for more than 0.8 per cent. of Balder's total rental income and no individual tenant accounts for more than 4.0 per cent. of total rental income. The average lease term for the entire commercial portfolio is 7.1 years.

The spread of the Company's leases as of 31 December 2016 is shown in the table below. Leases terminated on 31 December 2016 (or where termination will or is expected to take place) are recognised as leases maturing within one year.

Lease maturity structure, as at 31 December 2016

Lease maturity structure as at 31 December 2016				
Maturity date	Number of leases	Proportion (%)	Contracted annual rent (MSEK)	Proportion (%)
2017	1,071	37	176	3
2018	694	24	237	4
2019	491	17	270	5
2020	329	11	222	4
2021 and beyond	329	11	1,095	19
Total	2,914	100	2,000	34
Residential	36,970		3,740	64
Car park	5,879		17	0
Garage	4,529		43	1
Total	50,292		5,800	100

Tenants

Balder's 10 largest customers as at 31 December 2016 are shown in the table below.

Tenant	Annual rent (MSEK)	Turnover (MSEK)	Number of leases	Proportion (%)
I.A Hedin Bil AB	232.0	8,086	40	4.0
Scandic Hotels AB	140.7	4,660	10	2.4

Tenant	Annual rent (MSEK)	Turnover (MSEK)	Number of leases	Proportion (%)
Winn Hotel Group AB	64.1	628	3	1.1
ProfilHotels	55.8	630	4	1.0
SCA Hygiene Products AB	48.3	5,730	2	0.8
Stureplansgruppen	33.1	1,160	2	0.6
Norwegian State	29.9	N/A	1	0.5
ICA Sverige AB	26.8	68,498	7	0.5
Kopparbergs Bryggerier AB	26.8	1,972	3	0.5
Stockholm Municipality	25.7	N/A	2	0.4

FINANCIAL AND CAPITAL STRUCTURE

Financial operations at Balder are conducted in accordance with the targets that the Board decides upon annually as the Company's financial policy. The targets are set in order to limit the financial risks that Balder is exposed to, namely interest, refinancing and liquidity risk. The overall goals of Balder's financial policy are:

- to secure the supply of short-term and long-term capital;
- that the equity/assets ratio should not be less than 35 per cent. at any time;
- that the interest coverage ratio should not be less than 2.0 times; and
- that the net debt/total assets ratio should not exceed 55 per cent.

Prior to the issuance of the Notes, 28.2 per cent. of Balder's funding consists of capital markets financing and the remainder is comprised of bank financing with eight different Nordic banks and state-subsidised loans (the latter being raised in Finland by SATO). As of 31 December 2016 Balder had outstanding bonds totalling SEK 10,972 million and outstanding commercial paper totalling SEK 3,002 million.

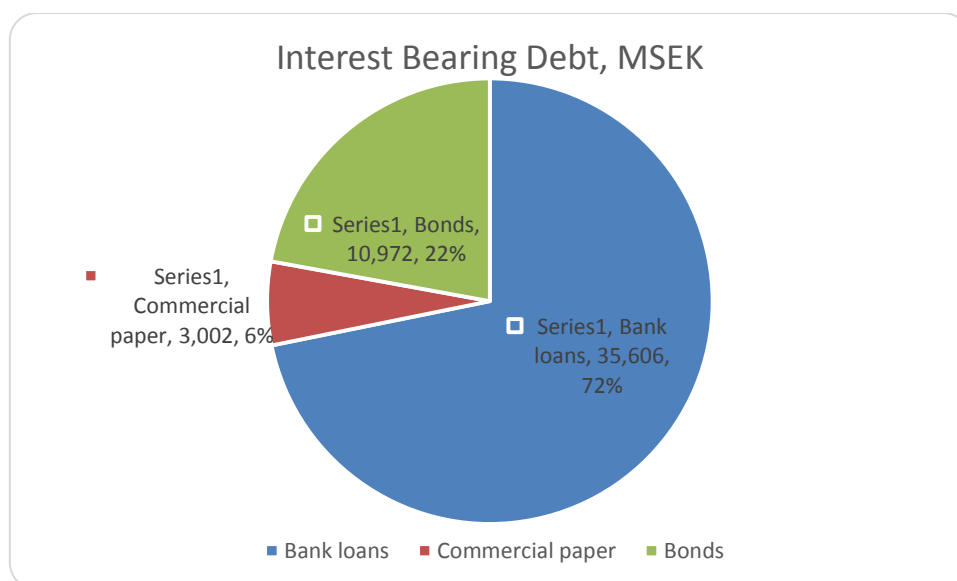
Balder's interest-bearing liabilities amounted to SEK 49,580 million as at 31 December 2016. The secured liabilities in relation to total assets amounted to 39.6 per cent. as at 31 December 2016. On the same date, the net loan-to-value ratio was 50.0 per cent (the net loan-to-value ratio is calculated as net interest-bearing liabilities divided by total assets). Balder's fixed credit term amounted to 4.2 years, the fixed interest term was 2.4 years and the average interest rate amounted to 2.1 per cent. (including interest rate derivatives).

Balder's financial goals			
	Goals	Outcome 2016*	Outcome 2015*
Equity/assets (%)	35.0	38.3	37.8
Interest coverage ratio (times)	2.0	3.7	5.1
Net Debt/Total Assets (%)	55.0	50.0	51.6

* Key ratio including Collector at market value.

Key ratios	2016*	2015*
Return on equity Ordinary Share (%)	20.9	28.2
Return on total assets (%)	9.9	10.5
Net debt to total assets (%)	50.0	51.6
Debt/equity ratio (times)	1.3	1.4
Interest coverage ratio (times)	3.7	5.1
Equity/assets ratio (%)	38.3	37.8
Average fixed credit term (years)	4.2	4.4
Average interest rate refixing period (years)	2.4	2.9

* Key ratio including Collector at market value.



Fixed interest term, as at 31 December 2016

Year	MSEK	Interest, %	Proportion, %
Within one year	25,975	1.0	52
1-2 years	4,742	4.6	10
2-3 years	1,959	3.3	4
3-4 years	4,416	2.7	9
4-5 years	7,736	3.0	16
> 5 years	4,752	3.0	10

Fixed credit term, as at 31 December 2016

Year	MSEK	Proportion, %
Within one year	16,174	33
1-2 years	5,115	10
2-3 years	8,677	18
3-4 years	6,199	13
4-6 years	5,268	11
> 5 years	8,147	16

Credit Rating

Balder's Baa3 long term issuer rating primarily reflects the Company's focus on stable rental housing properties in Sweden and Finland as well as the prime locations of its commercial properties in Sweden's largest cities. The rating also positively reflects management's conservative dividend policy, which results in high cash flow retention and the ability to reinvest cash flow generated in the business.

BOARD OF DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE⁷

Board of Directors

The Board of Directors is elected at the annual general meeting (“AGM”) of shareholders and consists of a minimum of three and a maximum of seven members. The rules of the Swedish Companies Act apply to resolutions in the Board, which means that more than half of the members must be present at a meeting and more than one third of the total number of members must vote for resolutions. The Chairperson has the casting vote in the event of the same number of votes.

Both of the major shareholders, Erik Selin Fastigheter AB and Arvid Svensson Invest AB, are represented on the Board through Erik Selin and Fredrik Svensson respectively.

The Board’s duties and responsibilities

The Board’s main duty is to manage the affairs of the Company on behalf of its shareholders. The Board has responsibility for ensuring that the Company’s operations are conducted in accordance with the articles of association, the Swedish Companies Act, any other applicable laws and regulations and the rules of procedure adopted annually by the Board (the “**Rules of Procedures**”). The Board acts collectively under the leadership of the Chairperson. The Board members ensure that the CEO fulfils his duties in accordance with the Board’s guidelines and directions.

The Board’s duties include, but are not limited to the following:

- establishing business plans, strategies, significant policies and goals for the Company and the Group;
- determining the Company’s and Group’s overall organisation;
- electing and dismissing the CEO;
- ensuring that there is a functioning reporting system;
- ensuring that there is satisfactory control of the Company’s and Group’s compliance with laws and other regulations that apply to operations;
- approving the Rules of Procedures and instructions to the CEO annually;
- approving financial reporting in the form of interim reports, year-end reports and annual accounts that the Company shall publish;
- ensuring that the Company has a functioning approvals list and approvals process;
- approving necessary guidelines for the Company’s conduct in society with the aim of ensuring long-term value creation and a sustainability perspective; and
- ensuring that the Company has an appropriate system for assessment, follow up and control of the risks associated with the Company and its operations.

The Rules of Procedures of the Board of Directors

The Board adopts the Rules of Procedures each year, which describes the duties of the Board and the division of responsibilities between the Board and the CEO. It also describes what matters shall be dealt with at each Board meeting and outlines instructions regarding financial reporting. The Rules of Procedures also prescribe that the Board shall have an Audit Committee and a Remuneration Committee. The Chairperson of the Board typically serves as the Chairperson of the Committees.

Board meetings

The Board shall, in addition to the statutory meeting, hold Board meetings on at least four occasions annually. The CEO and/or CFO shall, as a general rule, present a report to the Board. The Company's employees, auditor or other external consultants shall be called in to Board meetings in order to participate and report on matters as required.

Board meetings are held in connection with the Company's reporting. Matters of significant importance to the Company are dealt with at each ordinary Board meeting, for example acquisitions and divestments of properties, investments in existing properties and financing questions. In addition, the Board is informed about the current business situation in the rental, property and credit markets.

Board members

Christina Rogestam

Born 1943. Chairperson of the Board since 2006.

Education and experience: Bachelor of Arts, Social studies. Previously President and CEO of Akademiska Hus AB and board member of Fastighets AB Stenvalvet.

Shareholding in Balder: 61,000 Class B shares privately held, 3,000 Class B shares and 2,080 Preference shares via the company Rogestam & Widing rådgivning och rekrytering AB.

Anders Wennergren

Born 1956. Board member since 2009.

Education and experience: Bachelor of Laws, Lawyer and partner at Advokatfirman Glimstedt, and board member of Serneke Group AB.

Shareholding in Balder: 250,000 B shares via the company Bassholmen AB.

Sten Dunér

Born 1951. Board member since 2007.

Education and experience: Bachelor of Science (Econ.). CEO of Länsförsäkringar AB, chairman of Länsförsäkringar Bank, Länsförsäkringar Sak and Länsförsäkringar Fondliv, board member of Länsförsäkringar Liv and Svensk Försäkring and the Employers' Organisation of the Swedish Insurance Companies.

Shareholding in Balder: No shareholding in Balder.

Fredrik Svensson

Born 1961. Board member since 2005.

Education and experience: Bachelor of Science (Econ.), CEO of AB Arvid Svensson, and chairman of Klöver AB.

Shareholding in Balder: 2,915,892 Class A shares and 13,542,540 Class B shares via the company, Arvid Svensson Invest AB.

Erik Selin

Born 1967. Board member since 2005. CEO since 2005.

Education and experience: Business school economist, Chairman of Skandrenting AB, board member and vice chairman of Collector Bank AB (publ), board member of Västsvenska Retailskammaren, Astrid Lindgrens värld and Hexatronic Scandinavia AB (publ).

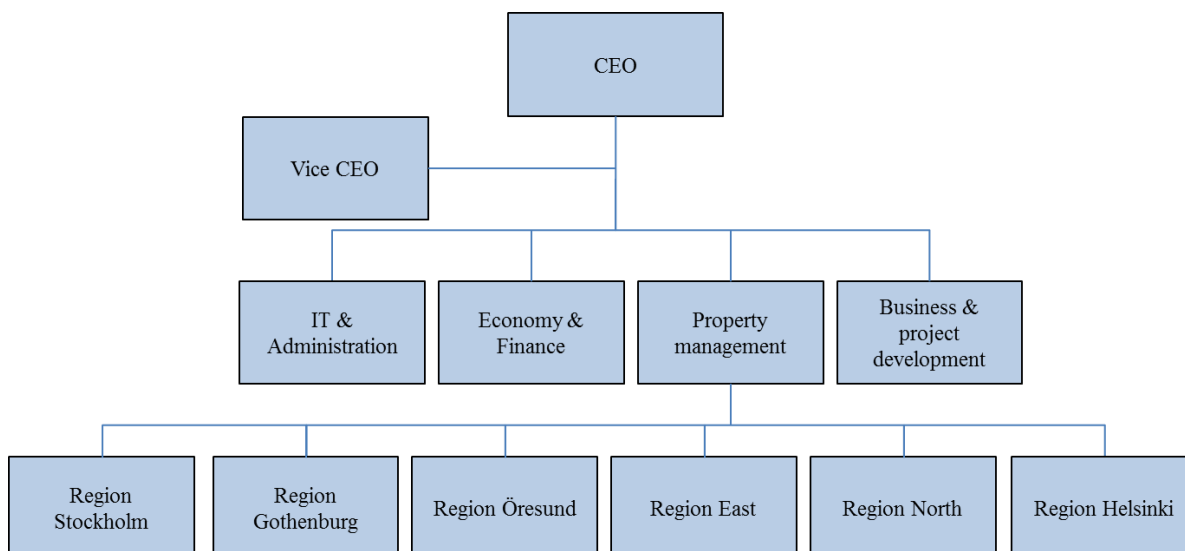
Shareholding in Balder: 10,500 Class B shares and 500 Preference shares privately held and 8,309,328 Class A shares and 57,200,400 Class B shares via the company Erik Selin Fastigheter AB.

The CEO

The CEO is responsible for the day-to-day management of the Group following the guidelines and policies determined by the Board. The CEO reports on Balder's development to the Board, prepares the order of business at Board meetings according to an approved agenda and ensures that the required material is compiled and distributed to the Board members prior to Board meetings.

Senior Management

The Senior Management Group of the Company deals with all key issues for the management of the Group, such as matters relating to strategy, budget, investments, business planning, and financial reporting. The Senior Management Group's duties include the implementation of the decisions of the Board of Directors under the leadership of the Chairperson and CEO. The Senior Management Group is not a corporate body and has no standing at law or under the articles of association; it simply serves as a body to assist the Chairperson and CEO.



As at the date of this Prospectus, the Senior Management Group consists of the following persons:

Name	Year of birth	Position
<i>Erik Selin</i>	1967	CEO
<i>Magnus Björndahl</i>	1957	Director of Economy
<i>Petra Sprangers</i>	1965	Head of Personnel and Administration
<i>Benny Ivarsson</i>	1955	Head of Property
<i>Sharam Rahi</i>	1973	Head of Property Management and Vice CEO
<i>Marcus Hansson</i>	1974	Head of Finance

Board Committees

The Board of Directors has established two permanent committees, the Audit Committee and the Remuneration Committee.

Remuneration Committee

The Remuneration Committee is responsible for monitoring and evaluating the application of the guidelines for remuneration and levels of compensation to senior executives (as determined at the AGM) and also draws up proposals for new guidelines for principles of remuneration and other terms of employment. Before the resolution of the AGM, the Board is responsible for proposing principles for remuneration and other terms of employment for the CEO and other senior executives. Following the resolution of the AGM, it is the duty of the Remuneration Committee to decide on remuneration for the CEO and other officers. The Remuneration Committee is composed of all independent Board members and meets at least once every year.

Audit Committee

The Audit Committee is responsible for assessing the quality of the Company's financial reporting, assisting the Nomination Committee in drawing up proposals for auditors and their fees and ensuring a qualified independent audit of the Company takes place. The Audit Committee shall meet the Company's auditor at least once per calendar year. During 2016, the Audit Committee, which was composed of all

independent Board members, met the Company's auditor on one occasion and received a report on the performed audit.

Business Address

The business address of the members of the Board of Directors, the Chairperson and CEO and the Senior Management Group is Parkgatan 49, 400 15 Göteborg, Sweden.

Absence of Conflicts of Interest

The members of the Board of Directors, the Senior Management Group, the Chairperson and CEO do not have any conflicts of interest between their duties relating to the Company and their private interests and/or their other duties.

Corporate Governance

Corporate governance in Swedish listed companies is governed by a combination of written rules and practice. The rules and regulations have been developed through legislation, recommendations, the Swedish Code of Corporate Governance (the “**Code**”) and through self-regulation. The Code is based on the principle of comply or explain, which means that all rules need not always be complied with if there is a suitable reason and explanation.

Some of the Code's principles are aimed at creating a good basis for the exercise of an active and responsible ownership role and creating a balance of power between owners, the Board and the executive management. The Code also requires that certain information is made available on the Company's website. The Swedish Code of Corporate Governance is administered by the Swedish Corporate Governance Board. Balder applies the Code, which is intended to serve as part of the self-regulation within the Swedish business community.

Articles of Association

The Company's objects shall be directly or indirectly, through wholly-owned or part-owned companies, to acquire, manage, own and divest real property and securities and carry on other activities connected therewith. The articles of association, among other things, contain information regarding share capital, number of shares, class of shares and preferential rights, the number of Board members and auditors as well as provisions regarding notice and agenda for the annual general meeting.

Annual General Meeting

The AGM is the Company's highest decision-making body in which the shareholders exercise their rights to decide on the affairs of the Company. The Board and auditors of the Company are elected by the AGM according to the proposal of the Nomination Committee. The AGM also passes resolutions regarding amendments of the articles of association and regarding change in the share capital. To participate in passing resolutions, each shareholder must be present at the meeting, either personally or by proxy. In addition, each shareholder must be registered in the share register on a certain date prior to the meeting and notification of participation must be given to the Company within a certain determined period. Shareholders who wish to have a special matter dealt with at the AGM can normally request this if the request is made to Balder's Board of Directors in advance of the meeting. Resolutions at general meetings of shareholders are normally passed by simple majority. In certain questions, the Swedish Companies Act prescribes that proposals must be approved by a larger proportion of the shares represented and cast at the meeting.

Nomination Committee

The AGM resolves on the procedure for election of the Board, and when applicable, the auditors. The AGM 2016 resolved that a Nomination Committee should be established in order to submit proposals on the number of Board members, the election of Board members including the Chairperson of the Board and remuneration for Board members and for the auditors.

The Nomination Committee's proposals are typically announced in conjunction with the notice convening the AGM. All shareholders are given the opportunity to submit nomination proposals to the Nomination Committee.

The AGM 2016 adopted the Nomination Committee's proposal that the Nomination Committee should be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The Chairman of the Nomination Committee is Lars Rasin. The Nomination Committee's term of office extends until a new Nomination Committee has been appointed. If Lars Rasin resigns as Chairman of the Nomination Committee, the Company's Chairperson shall appoint a new Chairman until the next general meeting of the Company.

The Nomination Committee is currently composed of Jesper Mårtensson, representing Erik Selin Fastigheter AB, Rikard Svensson, representing Arvid Svensson Invest AB, and Chairman Lars Rasin.

Conflict of Interest

Board members or the CEO may not deal with issues concerning agreements between themselves and the Company or Group, nor may they deal with issues regarding agreements between the Company and a third party, if they have a material interest that can conflict with that of the Company. Lawsuits or other actions are dealt with in a similar manner. Where applicable, it is incumbent on the Board member or CEO to disclose if a conflict of interest situation would arise.

Litigation

As of the date of this Prospectus, the Company is not currently engaged in any material on-going disputes or litigation.

Related Party Transactions

During 2016 Erik Selin Fastigheter AB purchased property-related administrative services from Balder for SEK 2 million. The services were priced based on market-related terms.

The parent company, Balder, also performed property-related administrative services on behalf of its subsidiaries amounting to SEK 174 million. As at 31 December 2016, receivables from subsidiaries amounted to SEK 24,629 million. The price for the administrative and financial services provided was based on market-related terms.

In addition to the related party transactions described above, the Group also has shares in the Associated Companies. During 2016, a number of the Associated Companies purchased management and administrative services from Balder. Balder also purchased services from Collector AB (publ). Net receivables from the Associated Companies amounted to SEK 664 million as at 31 December 2016. The price for the administrative and financial services provided was based on market-related terms.

GLOSSARY OF TERMS

All Key ratios include listed Associated Companies at market value

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 profit was 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 including listed Associated Companies at market value. The profit was 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 (SEKm)

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

Net loan-to-value ratio (%)

Interest-bearing liabilities less cash and cash equivalents and financial investments in relation to total assets including listed Associated Companies at market value..

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 equity.

Equity/assets ratio (%)

Shareholders' equity in relation to total assets including listed Associated Companies at market value 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)

Equity per Preference share is equivalent to the average issue price of the Preference share of SEK 287.70 per share.

Profit from property management per Ordinary Share (SEK)

Profit from property management reduced by Preference share dividend for the period divided by the average number of outstanding Ordinary Shares.

Average number of shares

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

Non-current net asset value per Ordinary Share (EPRA NAV) (SEK)

Shareholders' equity per Ordinary Share with reversal of interest rate derivatives and deferred tax according to balance sheet.

Profit after tax per Ordinary Share (SEK)

Profit attributable to the average number of Ordinary Shares after consideration of the Preference share dividend for the period.

Property-related

Yield (%)

Estimated net operating income on an annual basis in relation to the fair value of the properties at the end of the period.

Net operating income (SEKm)

Rental income less property costs.

Economic occupancy rate (%)

Contracted rent for leases which are running at the end of the period in relation to rental value.

Property category

Classified according to the principal use of the property. The break-down is made into office, retail, residential and other properties. Other properties include hotel, educational, care, industrial/ warehouse and mixed-use properties. The property category is determined by what the largest part of the property is used for.

Property costs (SEKm)

This item includes direct property costs, such as operating expenses, media expenses, maintenance, ground rent and property tax.

Rental value (SEKm)

Contracted rent and estimated market rent for vacant premises.

Surplus ratio (SEKm %)

Net operating income in relation to rental income.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Kingdom of Sweden of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment

Swedish Taxation

Non-resident holders of Notes

As used herein, a non-resident holder means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Notes, or (b) an entity not organised under the laws of Sweden.

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of any Notes should not be subject to Swedish income tax provided that such holder does not carry out business activities from a permanent establishment in Sweden to which the Notes are effectively connected. Under Swedish tax law, no withholding tax is imposed on payments of principal or interest to a non-resident holder of any Notes.

Private individuals who are not resident in the Kingdom of Sweden for tax purposes may be liable to capital gains taxation in the Kingdom of Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in the Kingdom of Sweden or have lived permanently in the Kingdom of Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption.

Resident holders of Notes

As used herein, a resident holder means a holder of Notes who is (a) an individual who is a resident in Sweden for tax purposes or (b) an entity organised under the laws of Sweden.

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) that are resident holders of any Notes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable.

If the Notes are registered with Euroclear Sweden AB or held by a Swedish nominee in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479), Swedish preliminary taxes are withheld by Euroclear Sweden AB or by the nominee on payments of amounts that are considered to be interest for Swedish tax purposes to a private individual (or an estate of a deceased individual) that is a resident holder of any Notes.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Kingdom of Sweden have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

Barclays Bank PLC, Danske Bank A/S, Deutsche Bank AG, London Branch and **Nordea** (the "**Joint Lead Managers**") have, in a subscription agreement dated 9 March 2017 (the "**Subscription Agreement**") and made between the Issuer and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 99.441 per cent. of their principal amount in respect of the 2022 Notes and 99.033 per cent. of their principal amount in respect of the 2025 Notes less a combined management and underwriting commission. The Issuer has also agreed to reimburse the Joint Lead Managers for certain expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any related offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute this Prospectus or any offering material relating to the Notes, in all cases at their own expenses.

United Kingdom

Each Joint Lead Manager has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Kingdom of Sweden

Each Joint Lead Manager has agreed that it will not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or purchase or sell the Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980), om handel med finansiella instrument*) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) nor any other Swedish public body has examined, approved or registered this Prospectus or will examine, approve or register this Prospectus.

General

Each Joint Lead Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 22 February 2017.

Admission to Trading

2. This Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market through Walkers Listing Services Ltd. Walkers Listing Services Ltd is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Main Securities Market for the purposes of the Prospectus Directive. The estimated amount of total expenses related to the admission of the Notes to the Official List and to trading on the Main Securities Market is approximately EUR 6,540.

Legal and Arbitration Proceedings

3. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Group.

Significant/Material Change

4. Since 31 December 2015 there has been no material adverse change in the prospects of the Issuer nor any significant change in the financial or trading position of the Group.

Auditors

5. The financial statements of the Issuer have been audited without qualification for the years ended 31 December 2014 and 31 December 2015 by Öhrlings Pricewaterhouse Coopers AB (PwC), chartered accountants and members of FAR SRS.

Documents on Display

6. Copies of the following documents may be inspected in electronic form during normal business hours at the registered office of the Issuer for the life of this Prospectus:
 - (a) the constitutive documents of the Issuer;
 - (b) the Paying Agency Agreement and the Trust Deed; and
 - (c) the audited consolidated financial statements of the Issuer for the years ended 31 December 2014 and 31 December 2015 and the unaudited consolidated financial statements of the Issuer for the twelve months ended 31 December 2016.

Yield

7. On the basis of the issue price of the 2022 Notes of 99.441 per cent. of their principal amount, the yield of the 2022 Notes is 1.241 per cent. on an annual basis and on the basis of the issue price of the 2025 Notes of 99.033 per cent. of their principal amount, the yield of the 2025 Notes is 2.007 per cent. on an annual basis.

Legend Concerning US Persons

8. The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.

ISIN and Common Code

9. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN of the 2022 Notes is XS1573192058 and the common code is 157319205. The ISIN of the 2025 Notes is XS1576819079 and the common code is 157681907.
10. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

Conflict of Interest

11. There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Issuer towards the Issuer and their private interests and/or other duties.

Dealing by Joint Lead Managers

12. Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Enforcement by the Trustee

13. The Conditions provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified, prefunded and/or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and accordingly in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Noteholders to take action directly.

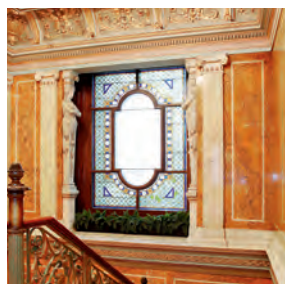
INDEX OF DEFINED TERMS

billions	1	Member State	1
Clearstream, Luxembourg	2	NGN	39
Closing Date	2	Notes	1
Definitive Notes	39	Official List	1
ECB	39	Permanent Global Note	2
EUR	1	Prospectus	1
euro	1	Prospectus Directive	1
Euroclear	2	Regulation S	2
Eurosystem	39	Securities Act	2
Exchange Event	39	SEK	1
Issuer	1	Subscription Agreement	73
Main Securities Market	2	Subscription and Sale	2
Managers	1, 73	Swedish krona	1
Maturity Date	1	Temporary Global Note	2

FINANCIAL STATEMENTS AND AUDITORS' REPORTS

Contents

Auditors' report and consolidated financial statements of the Issuer as at and for the year ended 31 December 2014	F-1
Auditors' report and consolidated financial statements of the Issuer as at and for the year ended 31 December 2015	F-105
Unaudited consolidated financial statements of the Issuer as at and for the twelve months ended 31 December 2016	F-213



Content

1	Overview Balder	43	Financing
2	Comments by the CEO	46	Opportunities and risks
4	Balder is almost 10 years old	50	Associated companies
6	Comments by the Chairman of the Board		Financial reporting
7	Multi-year summary	53	Report of the Board of Directors
8	Balder's development		
11	Business concept		Consolidated statement of
12	Current earning capacity	58	Comprehensive income
13	The share and owners	59	Financial position
16	Our customers	60	Changes in equity
18	Organisation and employees	61	Cash flows
20	Corporate sustainability		
22	A property's history		Parent Company
24	The property market	62	Income statement
28	Balder's real estate portfolio	63	Balance sheet
30	Residential properties	64	Changes in equity
32	Commercial properties	65	Cash flow statement
35	Transactions		
38	Property and project development	66	Notes
40	Real estate valuation	86	Audit report
		87	Corporate Governance
		92	Board of Directors
		93	Management and Auditors
		94	Property list
		101	Definitions and calendar

Annual General Meeting

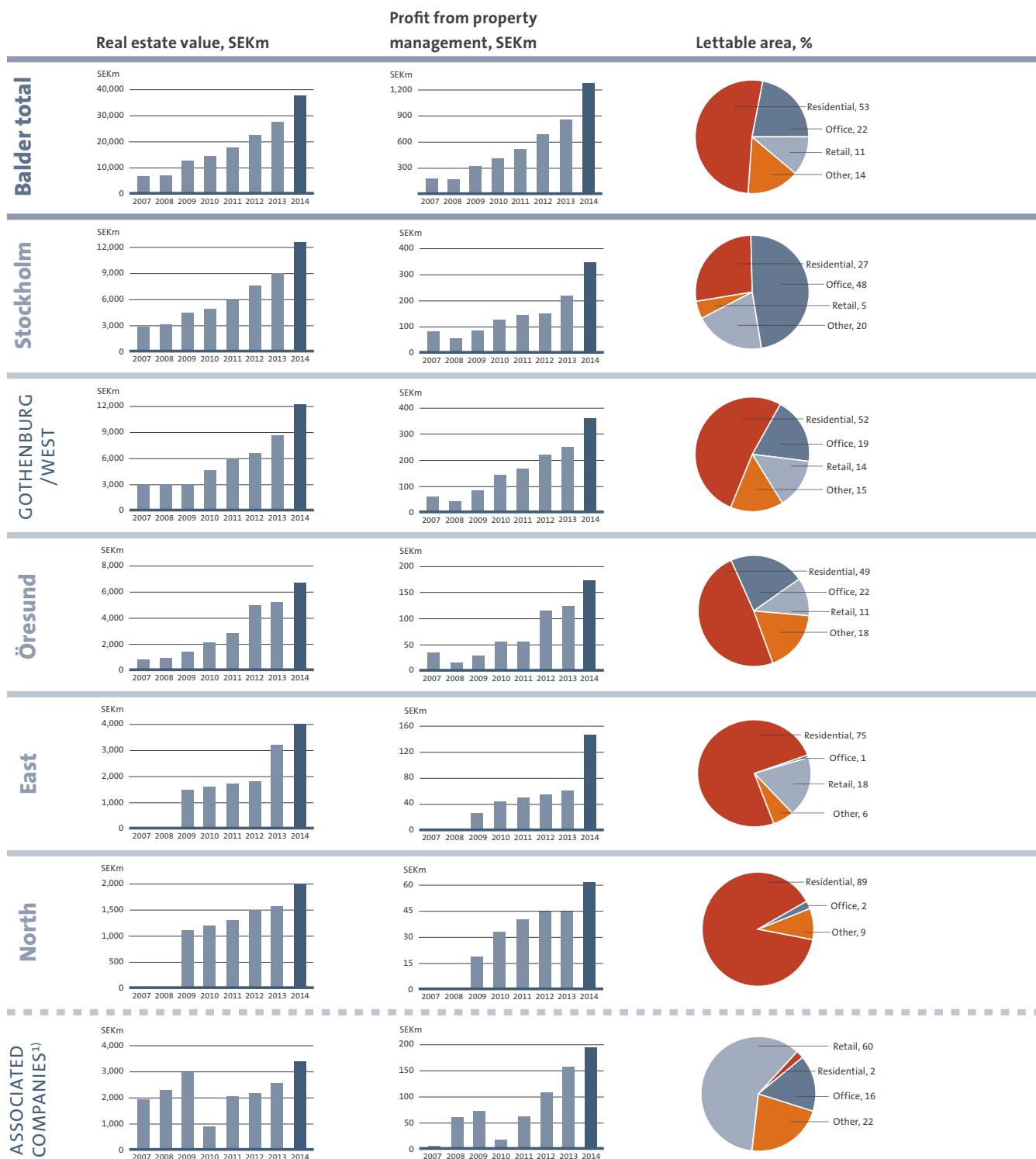
The Annual General Meeting of Fastighets AB Balder (publ) will take place on 6 May 2015 at 3.00 p.m. at the Radisson BLU Scandinavia Hotel Gothenburg, Södra Hamngatan 59–65 in Gothenburg.

Shareholders who wish to participate in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB on Wednesday, 29 April 2015, and must give notice of their attendance to the company either by letter to Fastighets AB Balder, Box 53121, 400 15 Gothenburg, or by telephone +46 31 10 95 70, by fax +46 31 10 95 99 or by email to eve.knight@balder.se. The company provides a power of attorney form on its website www.balder.se for shareholders who wish to be represented by proxy. The notification must be received by Balder no later than 4 May 2015 at 4.00 p.m.

Notification must include the shareholder's name, Swedish personal identity number or corporate identity number, address, telephone number and the registered shareholding. Shareholders who are represented by proxy must submit a written and dated power of attorney, which may not be more than five years old on the date of the Annual General Meeting. A proxy who is representing a legal entity must submit a certificate of registration or corresponding legitimacy papers showing authorised signatories. Shareholders whose shares are held through nominees must arrange for temporary registration of the shares in their own name in order to have the right to participate in the Meeting. Such registration must be completed at Euroclear Sweden AB by Wednesday, 29 April 2015

Fastighets AB Balder is a property company which shall meet the needs of different customer groups for premises and housing based on local support. Balder's real estate holdings were valued at SEK 37.4 billion (27.5) on 31 December 2014. The Balder share is listed on Nasdaq Stockholm, Large Cap.

Balder overview



1) Associated companies are included in the overall profit from property management for Balder but not as regards real estate value or lettable area.

Comments by the CEO

Besides the fact that our associated companies are good business opportunities in themselves, involving companies and people that we value and like, I also would like to say that I personally and no doubt many others, have learned a lot from these companies and other collaboration over the years.



We gained two new jointly-owned companies in Gothenburg, with Elof Hansson as well as Coop. We look forward to many very good years and transactions together with these new partners.

Dear shareholders, for Balder, 2014 was an intensive year with a high level of activity on the property management and transaction side. We sold a number of properties and acquired hotels, land and development properties as well as buildings in central Stockholm and Gothenburg. We continued to invest in Denmark and also added Finland as a new market, so far on a small scale, but we see interesting opportunities there in the longer term.

Associated companies

There was also a high level of activity among our associated companies. It can be mentioned that when GE Capital Real Estate decided to no longer act a direct investor in the Swedish property market, we agreed to acquire their participating interest in our jointly-owned company and this it is now wholly-owned by us. We gained two new jointly-owned companies in Gothenburg, with Elof Hansson Fastigheter as well as Coop Fastigheter. We look forward to many very good years and transactions together with these new partners. Centur, which we own together with Peab, made large acquisitions during the year, laying the groundwork for interesting investment opportunities for a long time to come.

Besides the fact that our associated companies are good business opportunities in themselves, involving companies and people that we value and like, I also would like to say that I personally and no doubt many others, have learned a lot from these companies and other collaboration over the years. Luckily, I still have much to learn and hopefully many years of collaboration to look forward to.

The market

The generally cautious economic situation without inflation has currently resulted in interest rate levels, which for some borrowers and maturities are down in negative territory. Personally, I think that negative interest rates are a bit difficult to relate to and in some ways make it harder to estimate reasonable yield requirements on different classes of assets.

The low interest rate levels have still not led to inflation measured in terms of the CPI but probably have in the case of certain asset prices/classes (properties/shares). The stronger the market becomes for these classes of assets, the more we need to consider financial strength and safety margins.

Results

However, the most important performance measurement for Balder - profit from property management/current earning capacity – is positively impacted by the low interest rate levels. The main explanatory factor behind the increased earning capacity over time is all our property acquisitions and investments and not least the whole Balder organisation, which manages these investments and the confidence of owners, financiers, suppliers and society in general so well.

2015

We enter 2015 with a strong earning capacity and with better possibilities as a company than previous years. Despite strong investor interest and competition, I believe that we still have good potential to find business opportunities that offer a reasonably good return in the longer term.

Erik Selin,
Chief Executive Officer

Ps. I regularly get asked about the name and the god Balder. Because I have not been industrious enough so far to come up with a description of this, I got help from my considerate father, who has also heard the same question. Continues on the next page.





Kahneman also explained that listings of companies with “fluent” names initially have a better price trend than if the name is complicated. Of course a company cannot survive solely based on its name for a longer period of time.

Balder is almost 10 years old

How was Fastighets AB Balder established? Why Balder and who was he?

Before Balder presented its tenth annual report this year, I, Kjell Selin asked my son Erik, if it would not be nice to include a short account of how the company came about and why it was called Balder. Erik said that several people had requested this and said that I may as well tell the story. So this is the story with contributions from Erik and his friend Sten R Johansson, well-acquainted with mythology about the Aesir gods.

Balder – a name with cognitive fluency

Daniel Kahneman, recipient of the Nobel prize for Economics in 2002 and famous for his book “Thinking, fast and slow” (2011) talks a lot in the book about words with cognitive fluency. These words are often well-known and give rise to many associations. Easy to pronounce is an advantage. Upon a google search, Balder gets 2,700,000 hits. Those of us who went to junior secondary school in the 1950s had to study Tegnér’s Fritiof’s saga, where Balder often appeared. He also featured in Olrog’s songs where he sang about rumba in Balder’s playpen. There is a Balder street in many towns. The Balder rollercoaster, which goes up and down rapidly like the stock market, is found in Gothenburg. Balder is most definitely a name with a cognitive fluency but Erik probably did not think about this when it was time to choose a name for the company – but perhaps Erik went on “gut feeling” or it was a coincidence – this is often the case with him as we know.

According to Old Norse mythology, Balder was perhaps the leading of the Aesir gods and the name is often interpreted as the brilliant one. Thus it may be appropriate to explain something about him and here is Sten R Johansson’s summary:

Why Balder should avoid mistletoe and giant women

An Scandinavian mythology, Balder appears as fair, blond and wise, peacemaking and gentle in his speech. He is tormented by unpleasant dreams. After deliberation, his mother Frigga took an oath from all forces in the world, from fire and water to iron and stone, snakes and all the animals that they would do no harm to Balder. Secure in this knowledge, the gods amused themselves by shooting at Balder, who was now invulnerable.

The trickster god Loki learned from Frigga that she had taken an oath from all living things except a small plant, which seemed too small and safe to pose a danger. It was mistletoe. Loki collected a mistletoe branch and made a spear of it.

Odin’s son Hodr, who was blind, stood farthest out in the circle of gods around Balder. Loki asked Hodr why he did not also show Balder the same respect as the others and participate in the game. Hodr said that he could not see where Balder stood and that he did not have any weapon. Loki gave Hodr the mistletoe spear and helped him aim. The spear impaled Balder, who fell to the ground and died. A grea-



ter misfortune had never struck the gods or people.

After great sorrow and a lot of deliberation Odin's son Hermod, Balder's brother, rode Odin's own horse Sleipner down to Hel's kingdom of the dead to try to bring Balder back. Hel retorted that if Balder is as loved as it is said then he will be able to return to the Aesir gods, if everything in the world, living and dead, weeps for him. The Aesir gods sent messengers all over the world, and everyone yielded to their request.

When the messengers were on the way home they met a giantess called Tokk, and they also asked her to cry for Balder's return from Hel. She replied:

"Tokk shall weep dry tears over Balder's pyre. The old man's son did me no good in life or in death. Let Hel hold what she has!"

The Aesir gods realised that the giantess was Loki in disguise and his punishment was to be chained to three blocks until the end of the world, with a poisonous serpent dripping venom over his face. Loki's wife Sigyn stood at his side and held a bowl under the serpent's mouth. Each time she emptied the bowl Loki had such severe convulsions that it caused earthquakes. Hodr was also punished. When the boy Vale, son of Odin and the woman Rind, was one night old, he killed Hodr.

After Ragnarök, when the new earth resurfaces from the sea, Balder and Hodr will return from the kingdom of the dead.

Enlight AB

Erik Selin for a number of years had developed Erik Selin Fastigheter AB and thought about listing a company on the stock market. One way was to proceed via an existing listed company. Enlight AB was a shell company after having transferred its operations to a subsidiary. After a new issue and general meeting in Enlight, commercial properties from ES Properties (54 per cent) and Arvid Svensson Invest AB (26 per cent) could be issued in kind in Enlight against receiving newly issued shares in Enlight. The remaining part of the new issue was subscribed for by 14 persons. The market value of the properties issued in kind was approximately SEK 2 billion.

Fastighets AB Balder is revived

We stated above that Balder is a name with a good cognitive fluency, which you can scarcely say about Enlight as a name for a property company. There are many rules when a company will be named. First and foremost, the name must not already be taken of course – but in actual fact Balder was. There was already a Fastighets AB Balder and after a number of changes it had ended up in Erik Paulsson's sphere and it was a shell company. But the two Eriks knew each other and in the end Erik S was allowed to take over the name completely free of charge. This is how it can go when friendship, luck and gut feelings are aligned. A type of fluency even if it is not purely cognitive. According to information from the Swedish Tax Agency, Enlight AB's name was later changed to Fastighets AB Balder on 7 September 2005. Regarding Balder's subsequent development, please refer to Balder's website. At the time of writing – April 2015 – we can state that the market value of Balder's properties has gone from SEK 2 billion to SEK 37 billion.

I wish the company that is about to be 10 years old every success henceforth.

Kjell Selin



Sten R. Johansson
– with a lot of Gothenburg
humour – issued a war-
ning to be careful if any-
one with the name Tokk
seeks a position at Balder.

Comments by the Chairman of the Board

The rapid increase in the country's population underscores the challenge for companies like Balder, together with the relevant municipalities, to accelerate the start of construction of new housing projects.



” Balder's stable growth over the years has been possible due to the confidence that the company and its CEO have in the market.

Balder's mission during the first 10 years has been, and still is, to own, develop and manage commercial and residential properties. In recent years, the company has broadened its base by investing in a greater number of properties for hotel operations and also by entering markets in our neighbouring Nordic countries. Balder's operations are long-term in nature and our ambition is to grow through acquisitions and to develop ready-for-occupation projects in collaboration with other players. This long-term approach makes it easier to manage periods of uncertainty involving economic upturns and downturns. The company's stable growth over the years has been possible due to the confidence that the company and its CEO have in the market.

The company shall help to create good living and working environments for our tenants. This involves conducting an ongoing dialogue with tenants in our property management, before development of properties and investments in run-down areas.

Balder has the ambition to have about a fifty-fifty split between commercial properties and residential. In recent times, it has become more and more difficult to acquire suitable residential properties at a reasonable price level. Therefore the company within the framework of its relatively new project development operations has made an inventory of and identified a large number of building rights, in its existing portfolio, principally for housing construction.

The rapid increase in the country's population underscores the challenge for companies like Balder, together with the relevant municipalities, to accelerate the start of construction of new housing projects. Housing demand is naturally greatest in growth regions such as Stockholm, Gothenburg and Malmö and surrounding municipalities. To supplement areas with newly constructed housing has major advantages, for example infrastructure and services are already in place. It also provides relocation opportunities, without children having to change nursery school and school, elderly people having to leave a habitual area with neighbours they know well and good friends. It is a challenge for Balder to find opportunities, produce plan decisions and build new housing for both younger and older people.

It is an important task that must be handled with a sensible strategy, strong commitment on the part of the company, close collaboration with the relevant municipalities and competent partners. The company is prepared to take its responsibility to create more residential properties! This all points to continued growth for Balder in the years to come.

Christina Rogestam,
Chairman of the Board

Multi-year summary

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Rental income, SEKm	2,525	1,884	1,701	1,466	1,333	854	633	678	524
Profit from property management before tax, SEKm	1,275	854	691	516	417	315	174	179	160
Changes in value of properties, SEKm	3,050	854	812	990	1,047	4	-201	642	212
Changes in value of interest rate derivatives, SEKm	-624	433	-71	-520	148	-23	-333	7	—
Net profit for the year, SEKm	3,128	1,738	1,162	812	1,338	248	-388	785	441
Carrying amount of properties, SEKm	37,382	27,532	22,278	17,556	14,389	12,669	7,086	6,758	6,997

Data per ordinary share

<i>Average number of shares, thousands</i>	161,786	159,537	159,537	158,656	149,487	112,902	95,910	97,318	94,050
Net profit for the year, SEK	18.10	10.11	6.69	4.87	8.95	2.20	-4.04	8.07	4.69
Profit from property management before tax, SEK	6.64	4.57	3.73	3.00	2.79	2.79	1.81	1.84	1.70
<i>Outstanding number of shares, thousands</i>	162,397	159,537	159,537	159,537	149,487	149,487	94,458	97,318	97,318
Carrying amount of properties, SEK	230.19	172.58	139.64	110.04	96.25	84.75	75.02	69.44	71.90
Shareholders' equity, SEK	70.10	52.14	42.15	35.57	31.13	22.19	19.63	23.49	15.42
Net asset value (EPRA NAV), SEK	86.33	60.50	50.37	41.84	32.89	22.16	20.95	22.33	13.06
Share price on the closing date, SEK	110.25	66.00	37.30	25.30	29.40	12.50	7.00	13.33	17.00
Changes in share price, %	67	77	47	-14	135	79	-47	-22	24
Dividend, SEK	—	—	—	—	—	—	0.17	—	—

Data per preference share

Share price at year-end, SEK	350.00	336.00	303.00	267.00	—	—	—	—	—
Total yield, %	10	17	21	11	—	—	—	—	—
Dividend, SEK	20.00	20.00	20.00	20.00	—	—	—	—	—
Number registered, thousands	10,000	10,000	6,000	4,000	—	—	—	—	—

Property related

Rental value full-year, SEK/sq.m.	1,325	1,216	1,247	1,163	1,087	1,072	1,298	1,193	952
Rental income full-year, SEK/sq.m.	1,254	1,148	1,166	1,088	1,016	1,002	1,218	1,107	859
Economic occupancy rate, %	95	94	94	94	94	94	94	93	90
Surplus ratio, %	70	68	68	68	66	69	70	70	69
Carrying amount, SEK/sq.m.	17,172	13,985	14,439	12,467	10,887	10,053	12,805	12,275	8,854
Number of properties	494	498	432	433	432	419	122	121	128
Lettable area, sq.m. thousands	2,177	1,969	1,543	1,408	1,322	1,260	553	551	790

Financial

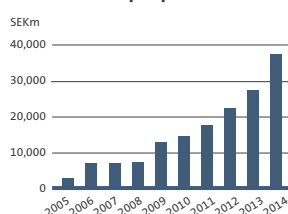
Return on equity, %	29.7	21.5	17.0	14.3	33.6	9.6	-18.7	41.5	37.5
Interest coverage ratio, multiple	3.4	2.9	2.4	2.1	2.1	2.1	1.6	1.7	2.0
Equity/assets ratio, %	35.5	37.3	34.8	35.2	30.9	24.1	23.3	30.1	20.6
Loan-to-value ratio properties, %	54.3	57.0	60.4	60.6	64.6	73.3	72.2	74.6	79.5
Loan-to-value ratio, %	55.7	55.0	57.8	56.9	63.9	69.0	69.4	69.2	76.4

Balder's development

2005–2006

Fastighets AB Balder is formed in 2005 from the listed company Enlight AB. The name Enlight AB is subsequently changed to Fastighets AB Balder. Balder acquires 21 properties during the year.¹ In 2006, Fastighets AB Balder is listed on the Stockholm Stock Exchange. Balder's organisation is built up in Stockholm, Gothenburg and Malmö. On 31 December 2006, Balder owns 128 properties with a lettable area of 790,000 sq.m. and a carrying amount of SEK 7.0 billion.

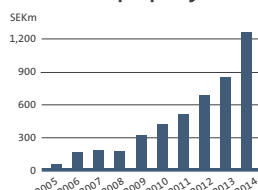
Value of the properties



2007

Balder refines its real estate holdings through the sale of 29 industrial and warehouse properties to Corem Property Group AB, where Balder becomes a major owner and Corem becomes an associated company. Acquisition of properties takes place in Stockholm through the associated companies Tulia AB and Akroterion Fastighets AB.

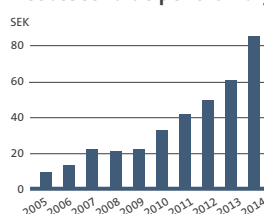
Profit from property management



2008

Balder restructures in the year of the financial crisis and the company acquires ten properties and divests nine during the year. The associated companies' profit from property management amounts to SEK 157m (13). The strong improvement in earnings is because 2008 is the first full financial year for the company's three associated companies at that time.

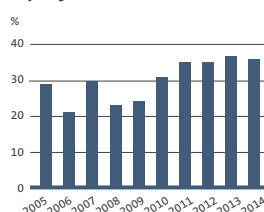
Net asset value per ordinary share



2009

At the end of June, a takeover bid to the shareholders of Din Bostad Sverige AB was announced, where they were invited to transfer all shares issued by Din Bostad to Balder in exchange for shares in Balder. Balder focuses on renewable energy during the year, by investing in six wind turbines.

Equity/assets ratio

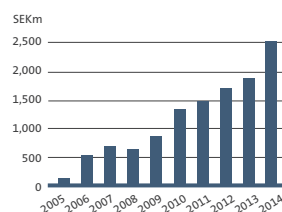


1) Since the Group started its operations on 1 July 2005, the comparative period for 2005 only covers 6 months.

2010

During the year, acquisition of 31 properties and divestment of 18 properties takes place. The number of shareholders increases by more than 50 per cent during the year and amounts to approximately 4,900 at year-end. On 31 December, Balder owns 432 properties with a lettable area of 1,322,000 sq.m. and a carrying amount of SEK 14.4 billion.

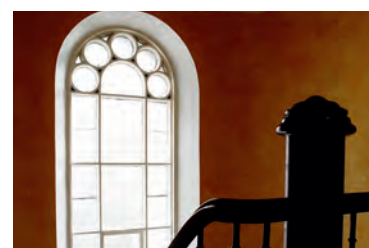
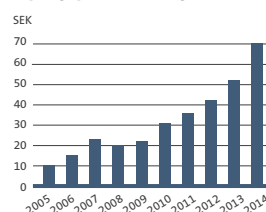
Rental income



2011

The new class of shares, preference shares is issued. The issue amounts to SEK 1 billion. Balder acquires 25 retail properties from Catena AB which are sold to a newly established associated company with PEAB. During the year, the number of shareholders increases by 67 per cent and amounts to 8,200 at year-end.

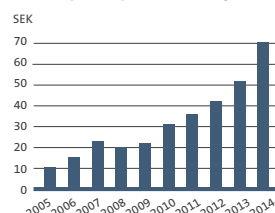
Equity per ordinary share



2012

During the year, acquisition of 14 properties and divestment of 6 properties takes place. Balder acquires residential properties in central Copenhagen, including a block of 523 condominiums built in 1995, situated in the Østerbro district, an attractive residential area in central Copenhagen. 75 condominiums are acquired in Örestad, which were built in 2009. Two million preference shares are issued at a value of SEK 565m.

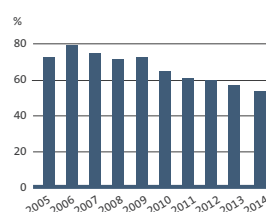
Share price per ordinary share



2013

In November, Balder acquires Bovista Invest AB, a transaction consisting of 4,300 apartments and a total area of 370,000 sq.m. at a value of approximately SEK 2 billion. A directed new issue of 3,500,000 preference shares was carried out in connection with the Bovista transaction, which increased shareholders' equity by SEK 1,138m. During the fourth quarter, a turnkey agreement regarding construction of approximately 200 condominiums in Örestad in Copenhagen was signed for a value upon completion of approximately SEK 400m.

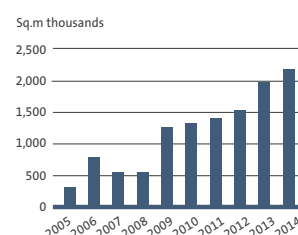
Loan-to-value ratio



2014

Balder acquires 14 hotel properties during the year. The acquisitions mean that Balder with its 28 hotels and 5,000 hotel rooms in the portfolio is one of Sweden's largest hotel property owners. In 2014, Balder acquired properties for SEK 7,059m in total. Divestments amounted to SEK 1,114m, generating a profit of SEK 144m. During the year, Balder sells all repurchased shares for SEK 220m (-). The number of shareholders amounts to 16,310.

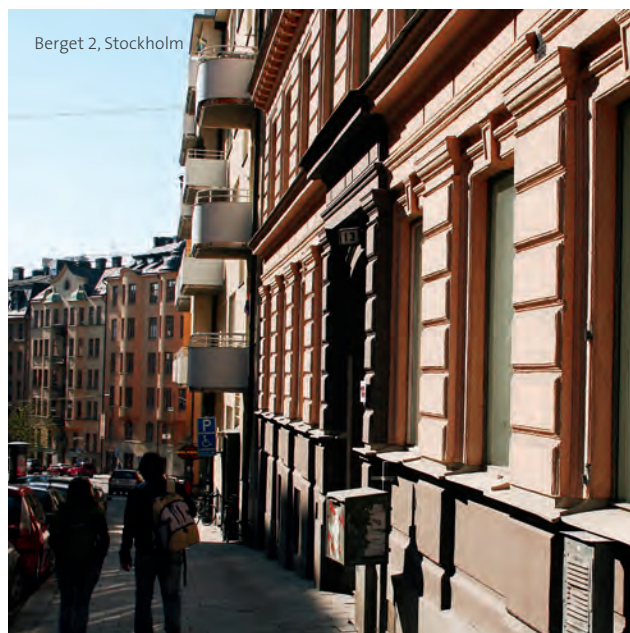
Lettable area



Boken 38, Skara



Berget 2, Stockholm



Inom Vallgraven 4:2, Gothenburg



Business concept, strategy and goals

Business concept

Balder shall, acquire, exploit and manage residential properties and commercial properties located in places that are growing and developing positively, based on local support.

Strategy

Balder creates value for its owners, customers, employees and the community. Balder accomplishes this by:

- meeting and taking care of our customers,
- having short decision-making procedures,
- carefully choosing cost-effective management solutions,
- maintaining a high level of activity in property management and transactions both internally as well as in partnership

Balder creates value by acquiring, exploiting and managing residential properties and commercial properties based on

local support and creates customer value by meeting the needs of different customer groups for premises and housing. The company works actively to acquire properties with development potential and to generate growth by investing and exploiting as well as streamlining and improving the efficiency of the property management. Balder shall be a long-term owner that bases its operations on stable cash flows and satisfied customers.

The focus is on continuing to be an active participant in the property market, both under own management and in partnership, in locations that are growing and developing positively.

Overall goals

Balder's operations are focused on growth, positive cash flows and increased profit from property management. Balder shall achieve a position in each region whereby the company is a natural partner for potential customers.

Financial goals

Balder's goal is to achieve a stable and good return on equity, while the equity/assets ratio over time shall not be less than 35 per cent and the interest coverage ratio shall not be less than 1.5 times.

Operating goals

The company establishes quantitative and qualitative operating goals based on Balder's strategy, overall goals and financial policy. Both short-term and long-term goals are set. The goals relate to financial targets as well as environmental, energy consumption and customer/employee satisfaction goals.

Dividend policy

Since Balder will prioritise growth, capital structure and liquidity during the next few years, the dividend for the ordinary share will be low or may not be declared at all. The dividend for the preference share amounts to SEK 20.00 per year.

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.

Balder presents its current 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 and interest rate developments or changes in exchange rates. Balder's income statement is also impacted by the development in the value of the real estate portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the operating result are changes in value of financial investments and derivatives. None of the above has been considered in the current earning capacity.

The earning capacity is based on the real estate portfolio's contracted rental income, estimated property costs during a normal year as well as administrative costs.

The costs of the interest-bearing liabilities are based on the group's average interest rate level including the effect of interest rate derivatives. The tax is calculated on the basis of a tax rate of 22.0 per cent, which largely consists of deferred tax and therefore does not affect the cash flow.

Current earning capacity on a twelve-month basis

	2014	2013	2012	2011	2010
Rental income	2,730	2,260	1,800	1,530	1,405
Property costs	-800	-735	-560	-465	-430
Net operating income	1,930	1,525	1,240	1,065	975
Management and administrative expenses	-165	-165	-120	-105	-105
Profit from property management from associated companies	220	170	120	90	20
Operating profit	1,985	1,530	1,240	1,050	890
Net financial items	-585	-535	-495	-445	-440
Profit from property management	1,400	995	745	605	450
Tax	-308	-219	-164	-159	-118
Profit after tax	1,092	776	581	446	332
Profit after tax attributable to					
Ordinary shareholders	892	576	461	366	332
Preference shareholders	200	200	120	80	—
Profit from property management according to current earning capacity per ordinary share, SEK	7.39	4.99	3.92	3.29	3.01

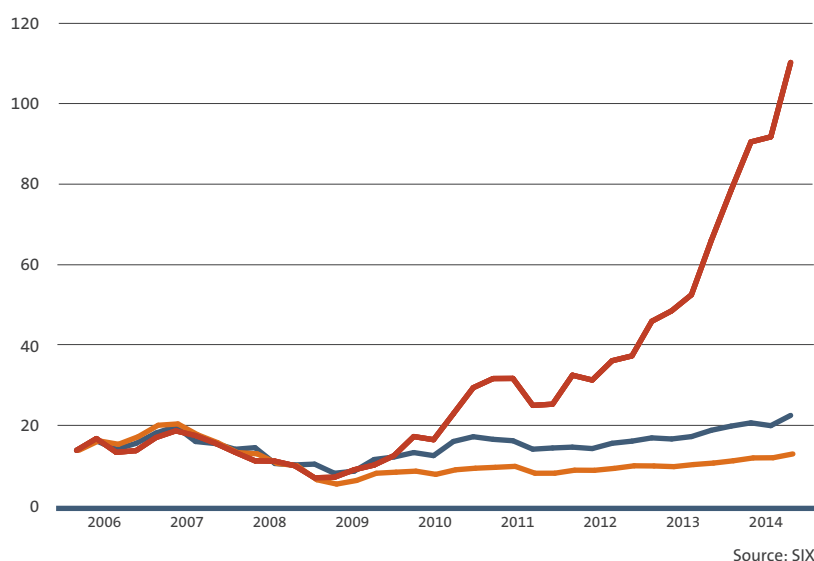
The share and owners

The profit from property management in the past eight years has increased by 32 per cent on average. During the same period, the net asset value per share increased by 29 per cent on average.

Balder has two different classes of shares quoted on Nasdaq Stockholm, Large Cap segment: an ordinary share as well as a preference share of Class B. The company's overall market capitalisation on 31 December amounted to SEK 21,404m (13,889) and the company had 16,310 shareholders (16,089) at year-end. The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 38.0 per cent of the capital and 51.3 per cent of the votes. On 31 December, the share capital in Balder amounted to SEK 172,396,852 distributed among 172,396,852 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 shares are of Class A, 151,167,420 of Class B and 10,000,000 preference shares.

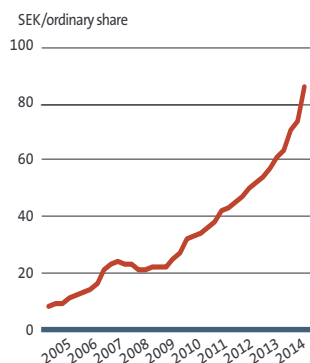
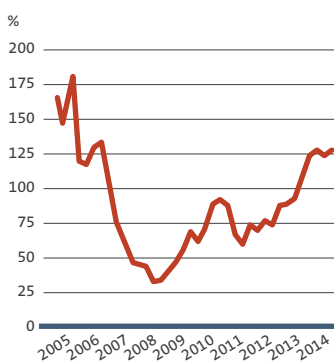
During the year, Balder sold 2,859,600 repurchased shares, which means that the total number of outstanding ordinary shares amounts to 162,396,852. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote.

Share price development 2006–2014



SEK 110.25 on 30 December 2014, which corresponds to a percentage growth since 1 January 2006 of 697 per cent. This may be compared to EPRA's Property index for Sweden, which rose by 63 per cent during the same period. (EPRA's Property index for European companies displayed a negative development during the same period).

— Fastighets AB Balder
— European Public Real Estate Association Sweden Index
— Generalindex Stockholmsbörsen

Development of net asset value (EPRA NAV)**Share price/Net asset value****Price development of the ordinary share**

The price of the ordinary share was SEK 110.25 (66.00) at year-end, corresponding to a rise of 67 per cent during the year. The increase since 1 January 2006 amounts to 697 per cent. This may be compared to EPRA's Property index for Sweden, which rose by 63 per cent during the same period. EPRA's property index for European companies displayed a negative development during the same period. At year-end, the number of ordinary shareholders amounted to 8,858 (8,969). During the same period, 62.8 million ordinary shares were traded equivalent to 252,000 shares per trading day or SEK 27.5m (15.0) based on the closing price for the year. The turnover corresponds to an annual turnover rate of 39 per cent (36) and excluding Erik Selin Fastigheter AB's shares, the annual turnover exceeded 60 per cent (60) of the outstanding ordinary shares. The proportion of foreign-owned shares decreased by 1.3 per cent during the year and amounted to 16.3 per cent.

Equity growth

Equity per ordinary share amounted to SEK 70.10 (52.14) on 31 December corresponding to an increase of 34 per cent (24) during the year. The net asset value per ordinary share (EPRA NAV) increased during the same period by 43 per cent (20) to SEK 86.33 (60.50). The difference between shareholders' equity and net asset value is that in the net asset value, derivatives and the net of deferred tax liabilities and deferred tax assets are reversed. The reason for the reversal is that the derivative liability is released and gradually reversed to equity during the remaining term. The net of deferred tax is reversed as selling companies is currently exempt from taxation, which means that deferred tax is reversed to equity when a company is sold. In the past eight years, the net asset value grew by an average of 29 per cent per year (27). The market price/net asset value ratio was 128 per cent at year-end.

The profit from property management before tax amounted to SEK 1,275m (854),

Performance of Balder's share

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Performance of Balder's share									
Data per ordinary share	110.25	66.00	37.30	25.30	29.40	12.50	7.00	13.33	17.00
Share price at year-end, SEK	21,404	13,889	7,800	5,104	1,395	1,869	661	1,298	1,654
Market capitalisation, SEKm	6.64	4.57	3.73	3.00	2.79	2.79	1.81	1.84	1.70
Profit from property management, SEK	18.10	10.11	6.69	4.87	8.95	2.20	-4.04	8.07	4.69
Earnings, SEK	70.10	52.14	42.15	35.57	31.13	22.19	19.63	23.49	15.42
Shareholders' equity, SEK	86.33	60.50	50.37	41.83	32.89	22.16	20.95	22.33	13.06
Net asset value (EPRA NAV), SEK	67	77	47	-14	135	79	-46	-22	24
Total yield, %	—	—	—	—	—	—	0.17	—	—
Dividend, SEK	162,397	162,397	162,397	162,397	152,347	152,347	97,318	97,318	97,318
Number outstanding, thousands	162,397	159,537	159,537	159,537	149,487	149,487	94,458	97,318	97,318
Data per preference share									
Share price at year-end, SEK	350.00	336.00	303.00	267.00	—	—	—	—	—
Total yield, %	10	17	21	11	—	—	—	—	—
Dividend, SEK	20.00	20.00	20.00	20.00	—	—	—	—	—
Number registered, thousands	10,000	10,000	6,000	4,000	—	—	—	—	—

which corresponds to an increase of 49 per cent compared to the previous year. In the past eight years, the profit from property management increased by an average of 32 per cent per year (24). The profit from property management per ordinary share increased by 45 per cent (23) and in the past eight years has increased by an average of 20 per cent (15).

Preference share dividend

The price of the preference share was SEK 350 (336) at year-end, corresponding to a total annual yield, including dividend, of 10.1 per cent. The number of shareholders amounted to 8,379 (8,114) and 3.3 million shares were traded during the year (3.1), equivalent to just over 13,000 shares per trading day (12,200), which corresponds to approximately SEK 4.5m (4.0), based on the closing price for the year. The annual turnover in the preference share corresponds to 33 per cent (43) of the total number of preference shares.

The preference share carries preferential right over the ordinary share to an annual dividend of SEK 20 with quarterly dividend of SEK 5. Record days for dividend are 10 January, 10 April, 10 July and 10 October. If dividend on the preference share is not paid in time or for a lower amount, the difference shall be added to amounts unpaid, including interest of 14 per cent.

Dividend policy ordinary shareholders

The Board proposes to the Annual General Meeting that no dividend for the ordinary share should be paid for the 2014 financial year. Balder estimates that the best total yield for the ordinary shareholders will be achieved by the dividend remaining low or not declaring a dividend at all in the next few years. Balder will instead continue to grow by investing in new acquisitions and in existing properties and in projects.

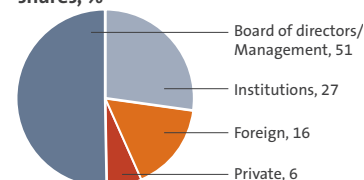
Shareholders

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 38.0 per cent of the capital and 51.3 per cent of the votes. Other large owners are Arvid Svensson Invest AB and Swedbank Robur fonder. At the end of 2014, the total number of shareholders amounted to 16,310 (16,089).

Analysts following Balder

Albin Sandberg, Handelsbanken
Erik Granström, Carnegie
Fredrik Cyon, ABG Sundal Collier
Johan Edberg, Pareto
Jonas Andersson, Danske Bank
Niclas Höglund, Nordea
Nicolas McBeath, SEB
Jan Ihrfelt, Swedbank
Tobias Kaj, Carnegie

Ownership distribution, ordinary shares, %



Ownership list as of 31 December 2014

Owners	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Erik Selin Fastigheter AB	8,301,930	57,218,298	500	65,520,728	38.0	51.3
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	9.5	15.6
Swedbank Robur fonder	—	10,981,146	—	10,981,146	6.4	4.0
Länsförsäkringar fondförvaltning AB	—	8,389,417	—	8,389,417	4.9	3.1
AMF Försäkring och Fonder	—	7,323,385	—	7,323,385	4.3	2.7
Handelsbanken Fonder AB	—	4,881,493	—	4,881,493	2.8	1.8
CBNY Norges Bank	—	3,708,398	—	3,708,398	2.1	1.4
Lannebo fonder	—	2,600,000	—	2,600,000	1.5	1.0
SEB Investment Management	—	2,572,767	—	2,572,767	1.4	0.9
JPM Chase	—	2,420,094	149,938	2,570,032	1.4	0.9
Rahi, Sharam via company	—	1,516,300	20,000	1,536,300	0.9	0.6
Other	11,610	36,013,582	9,829,562	45,854,754	26.8	16.7
Total	11,229,432	151,167,420	10,000,000	172,396,852	100	100

Our customers

Customer service, letting, maintenance and energy are examples of prioritised areas in Balder's property management.

Balder's ambition is to satisfy customer needs through good accessibility and high professionalism. The company mainly has its own employees who perform the work in and around the properties.

Property Management

Today Balder has 22 offices around Sweden, divided into five regions. In each region, property management is handled by the company's own personnel, who are responsible for letting, operations as well as the environment and maintenance.

Balder has its own management organisation, which enables fast decision-making procedures, proximity to the customer, good local knowledge and the possibility of working on a long-term basis with property management. The company offers a large choice of premises and housing in different locations at various rental levels. The development of the properties takes place in consultation with customers, based on their needs and wishes. Balder's personnel regularly meet tenants in order to obtain a good view of the actual situation out in the properties.

Satisfied customers

Our customers are always at the centre of our property management. Through continual work including measuring the Satisfied-Customer-Index, we can work methodically on improving and developing our service and our contact with customers. Our latest measurement showed that 89 per cent of customers were very happy in their apartment. Customer service, letting, maintenance and energy are examples of prioritised areas in Balder's property management where we added more central functions during the year and increased our resources. This guarantees a further improvement in our future earnings, both financially and in order to increase customer satisfaction. Our next measurement will occur during spring 2015.

Customer service

Customer service is an extremely important function at Balder. Here we take care of the contact with customers so that possible defects and deficiencies can be discovered at an early stage. In order to improve the communication between Balder as a landlord and our customers, the company's customer service and error reporting system have been expanded with employees who have more knowledge of languages, such as Arabic and Somali.



During 2014, an attractive residential area has been developed in Nynäshamn. Close to nature, sea-bathing and just a stone's throw from the commuter train station, Fastighets AB Balder, together with K-fastigheter is building tenancy rights. The standard of the apartments is high and the buildings are designed by the architect Mats Molén, known for his style of architecture in Västra Hamnen in Malmö. The construction is taking place in three phases and each phase contains about 30 apartments. Initial occupation occurred on 1 January 2015. Here you live close to a nursery school, school, food store and to Nickstabadet and Nynäshamns centrum. There is great variety in the business community in Nynäshamn and there are more than 2,000 companies in the municipality, ranging from large companies to sole proprietorships.

Lease structure

Balder considers that the risk of a sudden deterioration in rental income is low. This is due to the lease structure with a good division between commercial properties and residential properties as well as the geographical spread. In order to offset reduced rental income and a weaker occupancy rate, the company strives for long-term relationships with its existing customers.

Balder's ten largest leases represent 9.4 per cent (9.1) of total rental income and the average lease term amounts to 11.1 years (9.9). No individual lease accounts for more than 1.5 per cent (1.7) of Balder's total rental income and no individual customer accounts for more than 4.8 per cent (1.7) of total rental income. The average lease term for the entire commercial portfolio amounted to 5.9 years (4.9). The lease structure on 31 December 2014 is shown in the table, in which leases terminated on this date, where removal will or is expected to take place, are recognised as leases maturing within one year.

Lease structure 31 December 2014

Maturity date	Number of leases	Share, %	Contracted rent, SEKm	Share, %
2015	944	34	194	7
2016	667	24	246	9
2017	541	20	245	9
2018	347	13	209	8
2019–	250	9	742	27
Total	2,750	100	1,636	60
Residential ¹⁾	14,380		1,032	38
Carpark ¹⁾	5,248		17	1
Garage ¹⁾	4,877		45	2
Total	27,255		2,730	100

1) Lease runs subject to a commitment period of 3 months.

Balder's ten largest customers

On 2014-12-31

ICA Sverige AB
Kopparbergs Bryggerier
Länsstyrelsen i Stockholms län
ProfilEvents AB
Rezidor Hotel Group
Scandic Hotels AB
Sirius International Försäkring AB
Stockholms Kommun
Stureplansgruppen
Winn Hotel Group

Organisation and employees

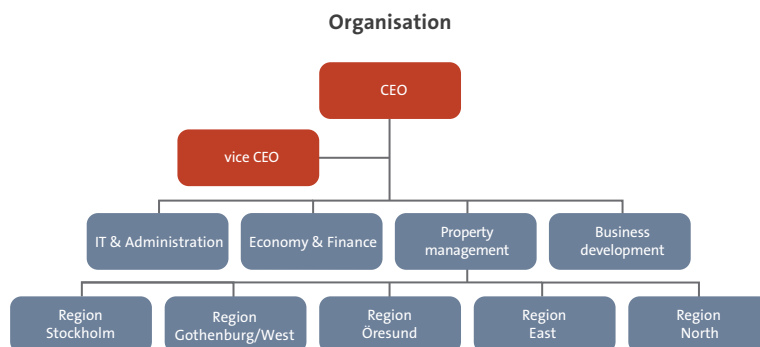
Balder's continued success is dependent on committed employees who share the company's value.

Balder recruited more than 20 new employees during 2014 and together with other dedicated employees in the Group, Balder had 313 employees (290) in total as of 31 December 2014.

Balder has a flat organisation with short decision-making procedures, enabling swift action, regardless of whether it relates to property transactions or solving problems for a customer. In order to support property management, group-wide resources/functions are located in Malmö as well as at the head office in Gothenburg. At year-end, 35 people (31) worked within these support functions.

Property management organisation

The property management organisation is divided geographically into the regions Stockholm, Gothenburg/West, Öresund, East and North. Each regional organisation follows the same basic principles but differs depending on the size and property holdings of each region. Each region has a number of local offices which are responsible for letting, operations as well as the environment and property management.





“As a communicator in Bergsjön, I act as a link between the residents in Bergsjön and Balder. I see my role as a spider in the web when it comes to the social and soft values. Some of my duties include starting cooperation and projects between relevant players and the residents, arranging events and acting as a spokesperson for the tenants. As someone who grew up in Bergsjön, I have always been passionate about the district and it is fantastic through all the support I get from Balder and the team in Bergsjön to be able to contribute to changes in the area. We are all working in the same direction and this is always the way to make changes for the better.”

Amanj Aziz, Communicator

Employees

At Balder, skills and personal qualities, balanced gender distribution and diversity are important selection criteria during recruitment. These factors have contributed to the company's positive development. All new employees are offered an introduction to the company at the head office where they get to meet colleagues and receive information about the company's history, values and routines.

Balder encourages career development opportunities within the company. Balder strives to be a good and attractive employer where the well-being and health of employees are key elements. An allowance for keep-fit activities provides employees with better opportunities to meet the demands imposed by working life. The company encourages greater health awareness among employees in order to create a pleasant workplace with good social interaction and low absence due to illness.

Corporate culture

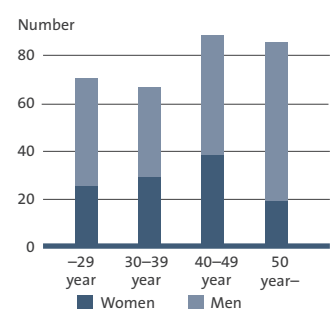
Balder's corporate culture is characterised by an entrepreneurial spirit in everything that is done, from the day-to-day work to change- and development decisions. Our ambition is to find effective solutions in the best way for our customers and within the organisation.

Balder's social engagement in the suburbs

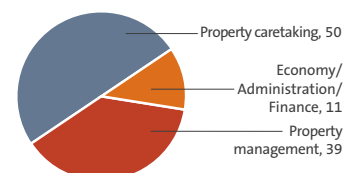
For some time, Balder has been involved in improving residential environments in suburban parts of Stockholm and now also in Gothenburg. Among other things, the company has employed project managers to work together with residents in order to make the areas comfortable and safe. During 2014, Balder had 30 young people from the area employed in this project. This work will continue during 2015.

Personal	2014	2013
Number of employees	313	290
– of whom, women	110	102

Gender distribution per age group



Balder's employees per working area, %



Corporate social responsibility

By imposing demands in relation to energy efficient material and chemical content, the negative impact on the environment is reduced while we promote increased demand for more environmentally friendly products.

During the year, Balder has taken important steps to further strengthen the environmental work in the operations and laid the foundations for good environmental monitoring. Establishment of an environmental management system according to the environmental certification ISO 14 001 has commenced and key environmental aspects have been identified. This has resulted in the adoption of a new environmental policy, which clearly highlights prioritised environmental aspects; energy, material, transport and waste. The intention is for the environmental policy to be present in all of Balder's activities and we are also striving to motivate our customers, suppliers and partners to achieve better environmental performance. By imposing demands in relation to energy efficient material and chemical content, the negative impact on the environment is reduced while we promote increased demand for more environmentally friendly products. We also want our customers to be given opportunities for environmentally friendly transport alternatives to and from our properties, for example through protected cycle parks and proximity to public transport. Furthermore, the refuse stations in the properties should be designed to encourage better sorting of household waste.

Energy usage

Energy is the most highly prioritised environmental aspect in the operations and Balder has strengthened the organisation by recruiting an energy manager. During the year, Balder established a new and modern energy monitoring system. The system provides a good basis for identifying irregularities in energy consumption at an early stage and for analysing the reasons for them. This creates good potential to save unnecessary expenditure and reduce environmental impacts. Based on the monitoring system, we can also prioritise and analyse properties with high energy consumption. Depending on the property's energy profile, we can decide on what measures are the most cost effective in the longer term. In connection with the establishment of the new energy monitoring system, all property managers and operations technicians have participated in energy training as regards how the system can help to monitor and analyse energy consumption. In addition, Balder makes efforts to choose sustainable energy sources. Through its wind turbines, Balder produced 20.5 GWh of renewable energy during 2014, which corresponds to the heating of about 850 normal houses.

Balder takes social responsibility

Social engagement is a natural part of Balder's work and a way to help promote sus-



Din Bostad in Tranås has initiated unique cooperation with Tranås Football Association. A model has been developed through the cooperation in which the company has the opportunity to sponsor unaccompanied refugee children with clothes, equipment, trips to tournaments – something that they hope more companies in Tranås can contribute to. One of these is Mohsen Jafari who is 17. He was born and grew up in Afghanistan. After ten years' in Iran, he came to Sweden 2.5 years ago. Today he is staying in the Svalan asylum accommodation in Tranås for unaccompanied refugee children. Mohsen is a student at Holaved upper secondary school's community programme. For Mohsen, training and making many new friends are the nicest things.

tainable social development. Balder engages in these issues both locally and regionally and strives to ensure that people feel comfortable in and around their housing environments. In order to succeed, great commitment is required among the employees but we also have to collaborate with other players. At Balder, we believe that diversity creates economic and social growth in society and thus we regard it as very important to work to create socially diverse housing projects.

Balder in Bergsjön

In late 2013, Balder acquired the property company Bovista AB, which among other things, owns about 811 apartments at Bergsjön in Gothenburg, a residential area where maintenance was severely neglected for two decades. In April 2014, Balder arranged a meeting involving politicians, representatives from the police and tenants' association – in other words people or organisations with an influence over the future of East Gothenburg. The aim of the meeting was to present some of the plans that Balder has for our property holdings in Bergsjön, so that development of the area shall proceed in agreement with the municipality.

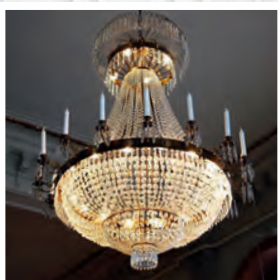
Balder's investment in Bergsjön during the year means that the company has taken a comprehensive approach and has been engaged on many different levels. Besides arranging various activities, Balder has been addressing social challenges, such as low election turnout, criminality and unemployment. Balder has started a youth pool and employed young people in the area, and established a joint action group with schools, social services and the police and also employed summer workers between the ages of 14 and 18. We have also renovated a premises that will function as a meeting place and a motivation centre for tenants in Bergsjön; we started a safety patrol together with parents, renovated the district's recreation centre Bergsjögården, started activities with the compulsory school and supported local associations.

A second chance

Balder collaborates with organisations that work actively with integration and treatment programmes directed towards children and young adults. A home of their own and guidance from people with extensive experience of integration and treatment work improves the chances of a better future. Examples of organisations that Balder collaborates with include Rebo, Steget Vidare, UngBo and Mitt Liv.

Antikhallarna

A property to admire



1802

In 1802, the properties were affected by a major fire. At the time, this area was called Kvarteret Kommerserådet and there were 20 property owners in the district. After the fire in 1802 only nine property owners remained. The remaining property owners were the wealthiest, with the financial means to construct new buildings. The year after the fire, the town's leader took the decision to prohibit all wooden house construction within the Moats.

From dirty to communications canal

The West Harbour canal also ran within Kvarteret Kommerserådet. The water in the canal extended to the river but was not sufficient to be used by residents to wash, bath, throw rubbish and offal in and to

drink from. The canal was called the "dirty canal" in popular parlance as it smelled bad. Several dredging attempts were made without a good result and in 1905 the canal was filled in. A tram service was then developed and new tram lines were laid down over the former harbour canal. The new tram lines improved accessibility to the Harbour's streets.

Home for the city's banks

During the first half of the 19th century, the property was owned by a number of owners that ranged from banks over the property and conducted operations in the building for over 90 years.

Antikhallarna take shape

The appearance of Kvarteret Kommerserådet changed radically in the early 19th century but it was not until the end of the 19th century that the property began to take its current shape. In 1882, Skandinaviska Kreditaktiebolaget acquired the property and in the same year the work began on building the property we now call "Antikhallarna". The property was designed by the brothers Axel Kumlien and Hjalmar Kumlien who were the most successful architects of the era in the country. The brothers had studied in Chalmers' arts school and were back in Sweden after further studies at technical building schools in Germany. For several decades, the brothers set the

1895

” We are glad to have acquired such a fine property.

Erik Selin, ceo



tone for the general look of Gothenburg and were the most retained architects in the city. The combination of Axel's technical knowledge and Hjalmar's flair for design and appearance made them unique in their era.

Extension

The property lacked room for a vault so in 1895 a building was constructed with a tiled frontage on the neighbouring site. This part of the property faces towards Drottninggatan. The foundations of the property were reinforced in 1986 and in 2012 a renovation and conversion of the property was carried out. That, among

other things, means that Antikhallarna gained its own new entrance on the corner of Hamngatan/Drottninggatan.

Modern antique building

The activities conducted in the Antikhallarna premises over the years have not had much impact on the property. This means that the mixed historical styles remain in the building and make it interesting from a cultural history perspective. Balder is proud to own Antikhallarna, which is one of the few properties that has retained the building character of the old harbour streets. Antikhallarna began its activities in the building on 1 April 1975. On 22 May 2014, Fastighets AB Balder acquired this distinguished property.

Source: Antikhallarna – Bankpalats i centrala Göteborg, www.antikhallarna.se/antikviteter/historia_4.html

Property data

Address
Västra Hamngatan 6, Gothenburg

Name of property
Inom Vallgraven 16:21

Start of construction, present form
1882

Architects
Axel Kumlien and Hjalmar Kumlien

Developer
Skandinaviska Kreditaktiebolaget

1975

The property market

Real estate will continue to attract capital during 2015, both through indirect investments in the stock market and direct investments in properties.

Despite the downturn in the global economy and the fact that the underlying drivers for property yields are developing weakly, the performance of the Swedish property market has been very strong. An attractive gap between interest rates and property yields has meant that a lot of capital has been moving towards investments in property with an imbalance between supply and demand as well as falling yield requirements as a result. The appetite for risk is increasing in the hunt for returns and we see a broad-based demand in the Swedish property market. A record-high transaction volume, increased risk taking and falling yield requirements for properties are all indicators that there is a boom in the property market. Meanwhile, the underlying demand in the rental market is dependent on the economic recovery gaining momentum.

The Swedish economy is relatively strong and market conditions are continuing to improve. The slow global recovery and a relatively weak economic trend in some of Sweden's most important export markets, however, has been reflected for some time by weak Swedish exports, which means that Swedish growth is being largely driven by domestic demand and private consumption. However, the fall in the oil price during the autumn and a weaker Swedish krona have boosted Swedish exports. In line with improving external market conditions, GDP growth is predicted to increasingly shift to export-led growth.

Large-scale monetary stimulus programmes have been initiated, and are continuing to be launched, by the largest Western economies. Despite a relatively strong Swedish economy and a positive growth outlook, the external situation and inflation have prompted the Riksbank to introduce further monetary stimulus measures. One of the world's most stimulatory monetary policies is now being pursued in Sweden with negative key interest rates and support purchases of government bonds.

The property market

Despite the economic situation, the development in the Swedish property market is strong and transaction volume is back at the levels last seen during the record years



Large photo:
Interior Spårvagnen 4, Stockholm
Left and thumbnail photos:
Norr:27:2, Gävle





Bö 93:2, Gothenburg
In 1911, work began on building the Kanold brothers' chocolate factory. For 70 years, toffee flowed inside these building walls. In the late 1980s, the property was converted and today consists of modern office premises.



2006- 2008. With a strong flow of capital to the property sector and an imbalance between supply and demand in the large submarkets, yields have been forced downwards. In line with falling yields in the segments that have dominated buying interest in recent years, we have seen risk-taking increase during 2014. In the hunt for returns, capital is moving towards secondary submarkets and secondary objects.

The residential share of the total transaction market has decreased while an increasing sales volume is being noted for community properties, hotel properties and retail properties.

Another category of properties that have become attractive investment objects in recent years is “million programme” properties in growth regions. The strategy is that necessary renovations are performed when an apartment becomes vacant and the apartment subsequently gains a higher utility value. Unlike renovations where buildings are more or less emptied of tenants, cash flow can thus be maintained during the renovation period.

NAI Svefa's estimate is that real estate will continue to attract capital during 2015, both through indirect investments in the stock market and direct investments in properties.

Alternative returns in the financial markets mean that real estate is still considered to offer a relatively good return in relation to the risk.

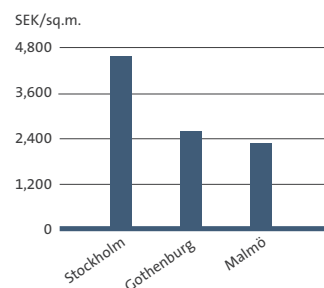
Together with the global supply of capital in the financial markets, this is creating the basis for continued falling yield requirements in the immediate future. The opportunities for property companies to attract capital via stock market listings, new issues, preference share issues, bonds or traditional borrowing are still considered to be good in the current stock market climate. The high transaction volume during 2014 is thus considered to have good potential to be maintained during 2015.

A strong 2014 in terms of property transactions

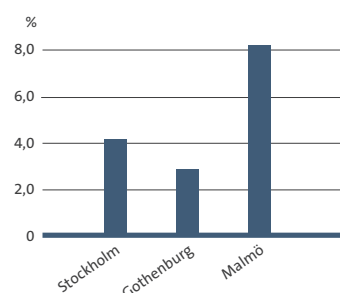
In terms of overall transaction volume, 2014 was a record year – SEK 157 billion in total when the magazine Fastighetsvärlden took the average figure from six different companies included.

Swedish players have dominated the market. Only 17 per cent of buyers and 28 per cent of the sellers were foreign players according to statistics from the advisory company Pangea.

Rental levels (highest rent), office, CBD



Vacancy rate, office, CBD



CBD = Central Business District
Source: Fastighetsvärlden

Source The property market: Nai Svefa

Balder's real estate portfolio

- Residential properties
- Commercial properties

Stockholm Region



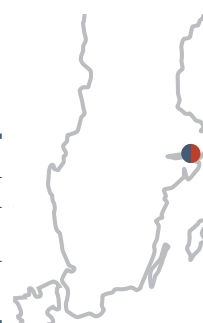
Number of employees: 59

Residential properties

Number of properties	14
Lettable area, sq.m.	137,338
Carrying amount of properties, SEKm	2,316
Economic occupancy rate, %	99

Commercial properties

Number of properties	48
Lettable area, sq.m.	365,489
Carrying amount of properties, SEKm	10,232
Economic occupancy rate, %	92



Gothenburg/West Region



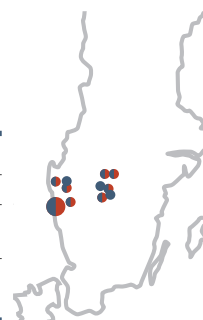
Number of employees: 115

Residential properties

Number of properties	130
Lettable area, sq.m.	414,916
Carrying amount of properties, SEKm	3,778
Economic occupancy rate, %	97

Commercial properties

Number of properties	85
Lettable area, sq.m.	390,953
Carrying amount of properties, SEKm	8,402
Economic occupancy rate, %	95



Öresund Region



Number of employees: 36

Residential properties

Number of properties	33
Lettable area, sq.m.	145,143
Carrying amount of properties, SEKm	3,419
Economic occupancy rate, %	99

Commercial properties

Number of properties	18
Lettable area, sq.m.	153,012
Carrying amount of properties, SEKm	3,241
Economic occupancy rate, %	92



East Region



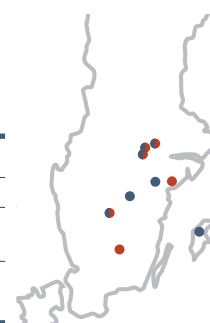
Number of employees: 41

Residential properties

Number of properties	67
Lettable area, sq.m.	302,007
Carrying amount of properties, SEKm	2,914
Economic occupancy rate, %	96

Commercial properties ¹

Number of properties	17
Lettable area, sq.m.	101,003
Carrying amount of properties, SEKm	1,096
Economic occupancy rate, %	92



1) Finland is included.

North Region



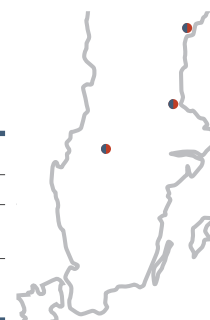
Number of employees: 27

Residential properties

Number of properties	75
Lettable area, sq.m.	148,916
Carrying amount of properties, SEKm	1,687
Economic occupancy rate, %	98

Commercial properties

Number of properties	7
Lettable area, sq.m.	18,110
Carrying amount of properties, SEKm	299
Economic occupancy rate, %	93



Total Balder



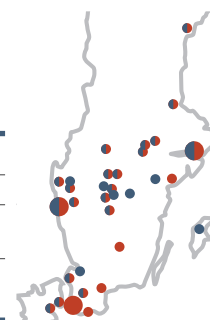
Number of employees: 313 ¹

Residential properties

Number of properties	319
Lettable area, sq.m.	1,148,320
Carrying amount of properties, SEKm	14,113
Economic occupancy rate, %	98

Commercial properties

Number of properties	175
Lettable area, sq.m.	1,028,567
Carrying amount of properties, SEKm	23,269
Economic occupancy rate, %	93



1) Including group-wide functions.

Balder's residential properties

Number of properties	319
Lettable area, sq.m. thousands	1,148
Number of apartments	14,457
Rental value, SEKm	1,141
Economic occupancy rate, %	98
Carrying amount, SEKm	14,113



Residential properties

Today Balder is a major player in the Swedish housing market with approximately 15,000 apartments. Balder's goal is to grow its residential portfolio. This will occur through acquisitions in growth locations, but also through production of new housing and increasing development density in existing properties.

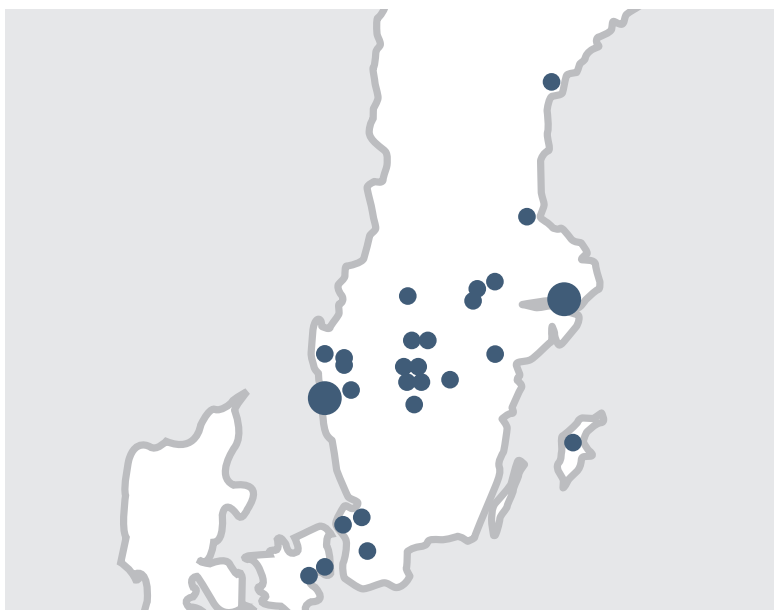
Investments in residential properties are still a very attractive low-risk investment. Rental levels are stable and demand is very high.

In several locations, the public housing sector has sold parts of its holdings, in order to finance new housing production and renovations of the existing portfolio, among other reasons. This has created large fluctuations in the housing market and a number of new players have emerged.

There is currently a housing shortage in many Swedish municipalities and together with the low rate of building production this means that the supply shortage will continue for a long time in many places. This points towards continued stable rental income, low risk and strong demand.

In late 2013, Balder increased its residential portfolio through the acquisition of Bovista, with about 4,300 apartments and total area of 320,000 sq.m. This portfolio was refined during the year through sale of the properties in Finspång, Hjo, Åtvidaberg and Landskrona. The remaining locations have been integrated into Balder's property management operations and will be marketed under the Balder and Din Bostad brands.

Balder's residential properties are found in municipalities with strong demand and where vacancies are very low. In several of our existing residential areas plan-



Residential properties, Geographical distribution

Area	sq.m. thousands	%
The Gothenburg area	248	22
Mälardalen	188	16
Skaraborg	172	15
The Öresund area	145	13
The Stockholm area	137	12
Jönköping, Tranås	110	9
Sundsvall	82	7
Gävle	33	3
Karlstad	33	3
Total	1,148	100

ning and design work is under way to increase development density and new housing production, in and adjacent to existing properties. Read more about our project development on pages 38-39.

According to the IPD Swedish Property Index, investments in residential properties have displayed an annual, average total yield of approximately 8 per cent during the past five-year period. The total yield includes increases in value together with the annual yield.

According to DTZ, residential property turnover amounted to about SEK 42 billion during 2014. The ten largest transactions accounted for approximately SEK 19 billion, in other words about 46 per cent. Residential property transactions show a greater geographical spread than commercial properties. The reasons are that the supply of residential properties is low in metropolitan areas and that the properties that are sold are often converted to tenant-owner's rights.

In 2014, 29 residential properties were divested to a value of SEK 550m. A more detailed description of the transactions is available on pages 36-37. Apart from acquiring residential properties in growth localities, Balder's goal looking ahead, is to build a large number of apartments each year under the company's own management. This should occur through production of new housing on new land allotments as well as through increasing the development density in the existing residential portfolio. On page 39, some ongoing and planned residential projects are presented.

Estimated and recorded yield values and price levels for residential properties in A locations were as follows;

Place	Yield, %	Price per sq.m.
Stockholm	1.5–1.75	37,000–44,000
Gothenburg	2.5–2.75	21,000–25,000
Malmö	3.25–3.75	19,000–22,000

Source: Fastighetsvärlden

Balder's commercial properties

Number of properties	175
Lettable area, sq.m. thousands	1,029
Rental value, SEKm	1,744
Economic occupancy rate, %	93
Carrying amount, SEKm	23,269



Commercial properties

There continues to be strong demand for commercial properties in Sweden and the metropolitan regions account for the lowest yield requirements. The low level of interest rates combined with lower vacancies is helping to keep the price level stable.

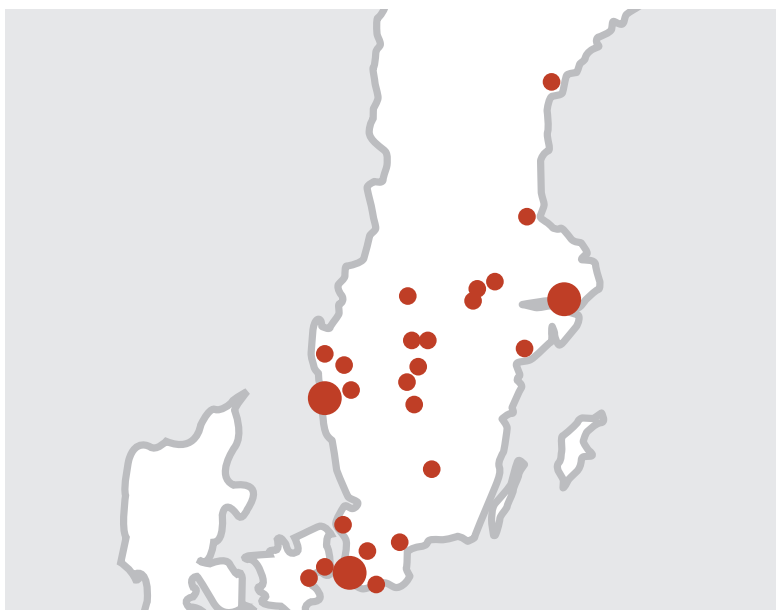
The Riksbank estimates that the repo rate needs to remain at an historically low level until inflation starts to clearly gain momentum. We currently have a negative repo rate, which has never happened previously. Interest rates are expected to be raised slowly starting in the second half of 2016 and then reach 1.4 per cent in early 2018. It is very unusual to have a negative repo rate during a period when market conditions are good, when use of resources is close to normal levels and CPI inflation is in line with the inflation target. Supply of capital, both via traditional bank financing and through new issues and bonds, is still favourable.

In the commercial portfolio, certain structural divestments were made in less central locations during the year. These included the sale of a number of properties in Stockholm to local property companies and Balder's entire portfolio in Halmstad.

Several acquisitions were made that complement Balder's holdings in Stockholm and Gothenburg. Through the acquisitions of Göta Ark and Årsta Äng, Balder became the exclusive owner of three site leasehold rights with good locations in Stockholm. In Gothenburg, a number of central acquisitions were carried out.

During the year, we have continued to develop our letting organisation, which has delivered good results. Several major lettings were made and Balder's economic occupancy rate was 93 per cent (92) at year-end.

After acquisition of 14 hotel properties during the year, Balder is today one of Sweden's largest owners of hotel properties with 28 hotels and approximately 5,000 hotel rooms in its portfolio. Long leases with stable tenants are also generating interesting business opportunities going forward.



Commercial properties, geographical distribution

Area	sq.m. thousands	%
The Stockholm area	366	36
The Göteborg area	359	35
The Öresund area	142	14
Finland	66	6
Skaraborg	34	3
Mälardalen	31	3
Jönköping, Tranås	13	2
Gävle	7	1
Karlstad	6	—
Sundsvall	5	—
Total	1,029	100

According to the IPD Swedish Property Index, investments in commercial properties have displayed an annual, average total yield of approximately 7.9 per cent during the past five years. The total yield includes increases in value together with the annual yield.

According to DTZ, commercial property turnover amounted to about SEK 14 billion during 2014. The ten largest transactions accounted for approximately SEK 34 billion, in other words almost 30 per cent.

The value of Balder's properties in Stockholm's inner city amounted to about SEK 6.3 billion, which corresponds to 61 per cent of the total value of our commercial properties in the region. The average value per sq.m. for office properties with A locations in Stockholm amounts to approximately SEK 49,000.

The equivalent figures in Gothenburg are SEK 5.5 billion and 65 per cent, and SEK 2.0 billion and 66 per cent in Malmö. The average value per sq.m. for office properties with A locations in Gothenburg amounts to SEK 36,000 and in Malmö to approximately SEK 29,000.

Balder's acquisition strategy in respect of commercial properties is focused on Stockholm, Gothenburg and Malmö. We will continue the work on refining our portfolio and we will divest individual properties outside metropolitan areas where Balder does not have any property management offices.

During 2014, 42 properties were acquired at an underlying property value of SEK 7,059m, where the three largest acquisitions related to hotel properties.

In 2014, 16 properties were divested to a value of SEK 567m. This included divestment of properties in Lund and Halmstad. A more detailed description of the transactions is available on pages 36-37. Estimated and recorded yield values and price levels for office properties in A locations were as follows;

Place	Yield, %	Price per sq.m.
Stockholm	4.25	70,000–90,000
Gothenburg	4.50	36,000–46,000
Malmö	5.25	25,000–35,000

Source: JLL

Apotekaren 2, Falköping



Inom Vallgraven 54:9, Gothenburg



Rosen 9, Malmö

Transactions

In 2014, the year was largely dominated by sales of commercial properties in suburban areas and acquisition of centrally-located properties and hotels. The single largest transaction was the purchase of a hotel portfolio consisting of 14 hotels for about SEK 2,200m.

In 2014, Balder acquired properties for SEK 7,100m in total and sold properties for about SEK 1,100m. This means that we made a net investment of about SEK 6,088m equivalent to about 16 per cent of the real estate value at year-end.

Acquisitions

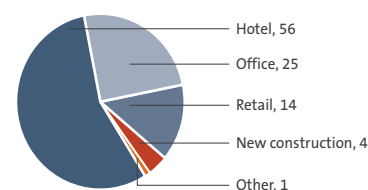
The largest transaction during 2014 was the acquisition of 14 hotel properties for a purchase price of SEK 2.2 billion. Of the overall value of the hotel portfolio, about 40 per cent is located in the Stockholm region. The largest tenant is Scandic, which accounts for 65 per cent of the rental value and the other tenants include Nordic Choice and Winn Hotel Group. During the year, we also acquired the hotels Scandic Opalen, Grand Hotel Opera and Radisson Blu Scandinavia, which are all located in central Gothenburg. In Gothenburg, apart from the hotel properties, Balder also acquired a number of additional centrally-located retail and office properties such as Antikhallarna and Dahlgrenska huset, among other properties. In Stockholm, we acquired the remaining 50 per cent of Akroterion Fastighets AB where we previously owned a property with GE Real Estate at Medborgarplatsen and two site leasehold rights in Årstaäng. In Östermalm in Stockholm, we acquired the office property Havsfrun.

During the year, we carried out our first acquisition in Finland consisting of a property portfolio with a total area of about 65,000 sq.m. distributed in four locations. The properties in Finland contain grocery trading and builder suppliers and the largest tenants are Kesko and S-Group. In the Danish property market, Balder has entered into an agreement with Skanska regarding new construction of about 200 apartments and the company now has approximately 400 apartments under production in Denmark.

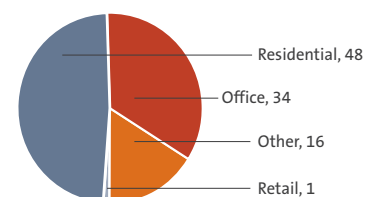
Divestments

Balder's strategy is to divest properties held in places where the company cannot sustain a sufficiently large management unit. During the year, all properties in Hjo, Åtvidaberg, Landskrona, Halmstad, Falkenberg and Finspång were divested. Balder has sold properties for about SEK 1,100m. The divestments carried out generated a profit of SEK 144m, equivalent to 15 per cent over the carrying amount.

Acquisitions
per property category, %



Divestments
per property category, %



Property transactions 2014

Quarter	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
Acquisitions					
One	1	Nordstaden 10:15	Gothenburg	Office	2,529
One	1	Backa 170:1	Gothenburg	Other	3,500
One	1	Tingstadsvassen 3:7	Gothenburg	Retail	5,243
One	1	Backa 169:3	Gothenburg	Retail	1,975
One	1	Jöns Petter Borg 14	Lund	Hotel	8,462
One	1	Heden 24:11	Gothenburg	Hotel	17,875
Two	1	Porfyren 2	Lund	Hotel	15,711
Two	1	Banken 14	Solna	Hotel	11,537
Two	1	Hovrätten 41	Kristianstad	Hotel	7,524
Two	1	Kocken 3	Växjö	Hotel	3,982
Two	1	Elden Södra 17	Växjö	Hotel	7,112
Two	1	Dragarbrunn 16:4	Uppsala	Hotel	5,402
Two	1	Vilunda 6:48	Upplands Väsby	Hotel	6,955
Two	1	Sicklaön 363:2	Nacka	Hotel	10,840
Two	1	Yxan 8	Södertälje	Hotel	14,115
Two	1	Höken 1	Karlstad	Hotel	5,890
Two	1	Svan 7	Trollhättan	Hotel	11,632
Two	1	Kvarngärdet 3:2	Uppsala	Hotel	7,518
Two	1	Sågen 1	Västerås	Hotel	8,317
Two	1	Valbo-backa 6:12	Gävle	Hotel	7,382
Two	1	Inom Vallgraven 16:21	Gothenburg	Retail	2,972
Two	1	Göta Ark 18	Stockholm	Office	18,775
Two	1	Årstaäng 4 & 6	Stockholm	Office	24,588
Two	1	Vestervold Kvarter	Copenhagen	Retail	5,300
Two	1	Leväsentie 2B	Koupio	Retail	19,473
Two	1	Ouluntaival 1	Kuusamo	Retail	3,718
Two	1	Loumantie 1-3	Kuusamo	Retail	12,623
Two	1	Joulantie 1-3	Keminmaa	Retail	12,337
Two	1	Isoseppäla 14	Klaukkala	Retail	2,742
Two	1	Mäntsäläntie 1	Mäntsälä	Retail	3,573
Two	1	Kauppakatu 2	Raisio	Retail	5,856
Two	1	Kauppakatu 4	Seinäjoki	Retail	4,591
Three	1	Nordstan 10:16 -17	Gothenburg	Hotel	7,866
Three	1	Havsfrun 26	Stockholm	Office	3,506
Three	1	Kalkstenen 1	Lund	Retail	2,180
Three	1	Lavetten 41	Trelleborg	Retail	990
Three	1	Spännbucklan 12 and 13	Malmö	Retail	5,320
Four	1	Inom Vallgraven 22:6	Gothenburg	Office	1,110
Four	1	Inom Vallgraven 2:2	Gothenburg	Office	1,292
Four	1	Inom Vallgraven 8:19	Gothenburg	Office	1,365
Four	1	Inom Vallgraven 1:13	Gothenburg	Hotel	26,656
Four	0	Udenbys Vester Kvarter	Copenhagen	Ground for residen- tial development	0
Total	41				330,334

Property transactions 2014 (continued)

Quarter	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
Divestments					
One	1	Rivan 4	Lund	Retail	1,231
One	1	Edberga 1	Ätvidaberg	Residential	5,572
One	1	Norr 5:8	Hjo	Residential	3,270
Two	1	Banér 13	Landskrona	Residential	1,615
Two	1	Berzelius 12	Landskrona	Residential	840
Two	1	Delfinen 25	Landskrona	Residential	868
Two	1	Erik Dahlberg 3	Landskrona	Residential	775
Two	1	Juno 3	Landskrona	Residential	1,302
Two	1	Juno 37	Landskrona	Residential	2,214
Two	1	Lyckan 1	Landskrona	Residential	866
Two	1	Sankt Göran 12	Landskrona	Residential	1,145
Two	1	Vildanden 6	Landskrona	Residential	446
Two	2	Klubben 5 & Generatörn 2	Finspång	Residential	4,723
Two	1	Kjusorna 12	Finspång	Residential	3,689
Two	1	Klubben 6	Finspång	Residential	3,448
Two	2	Kuggväxeln 7 & 8	Finspång	Residential	11,114
Two	2	Ringugnen 1 & Lervagnen 1	Finspång	Residential	9,027
Two	1	Lodet 1	Finspång	Residential	1,728
Two	2	Manan 1 & 2	Finspång	Residential	3,152
Two	1	Manteln 9	Finspång	Residential	1,719
Two	1	Murklan 1	Finspång	Residential	3,720
Two	1	Soldaten 10	Finspång	Residential	3,108
Two	1	Luntan 1	Finspång	Residential	1,378
Two	1	Trasten 7	Finspång	Residential	3,880
Two	1	Kalkugnen 3	Finspång	Retail	3,359
Two	1	Köpmannen 3	Finspång	Retail	1,291
Two	1	Köpmannen 6	Finspång	Office	4,821
Two	1	Vinkelhaken 4	Finspång	Retail	3,857
Two	1	Hårstorp 4:7	Finspång	Office	1,962
Two	1	Kullerstads- Åby 3:7	Norrköping	Residential	662
Two	1	Kullerstads- Åby 2:48	Norrköping	Residential	1,406
Two	1	Magneten 19	Stockholm	Office	9,325
Two	1	Eketånga 24:45	Halmstad	Office	3,522
Two	–	Eketånga 24:72	Halmstad	Other	–
Two	1	Magneten 25	Stockholm	Office	4,782
Two	1	Motståndet 7 & 9	Stockholm	Office	4,253
Two	1	Sparrisen 2	Solna	Office	12,322
Three	1	Faktorn 6	Falkenberg	Office	4,395
Four	1	Bonden 5	Halmstad	Other	7,617
Four	1	Flygaren 17	Halmstad	Other	600
Four	1	Hjärtat 4	Halmstad	Retail	2,313
Four	1	Makrillen 8	Halmstad	Hotel	2,145
Total	45				139,462

Property and project development

Balder considers that it is important to be able to control the entire value chain, from acquisition of land to completion of the project.

During the year, Balder has continued the work on building up a property development organisation. A large number of building rights have been identified in the existing portfolio and at the same time external acquisitions of project real estate have been completed. The ambition over time is to create an extensive portfolio of building rights in terms of development properties and real estate projects, with the goal of producing a large number of new apartments annually – both rights of tenancy and tenant-owner's rights. During 2014, detailed development plan work commenced in a number of projects in Stockholm, Gothenburg and in the Öresund region.

Property development will mainly concentrate on residential projects. Commercial property development will concentrate on supporting housing projects and will be a part of the requirements for new detailed development plans. Through active property development, the ambition is to participate in changing city districts, as well as individual property's conditions or use and thereby create value. By improving the existing property portfolio, land allotments and acquisitions, Balder wants to be a long-term player in property and urban development. Where Balder is already a property owner, the company will focus on creating new building rights on existing land. Where there are opportunities for conversions to tenant-owners' associations, they will be evaluated. Our ambition is to invest in areas where we already operate, with a main emphasis on Stockholm, Gothenburg and the Öresund region, including Copenhagen.

Balder considers that it is important to be able to control the entire value chain, from acquisition of land to completion of projects. The development process occurs in different phases and can take several years, and therefore it is important that it proceeds in close cooperation with municipalities and other stakeholders.

Ongoing and planned projects

Stockholm

In Stadshagen on Kungsholmen, Balder is planning to construct 100 smart well-designed apartments. The buildings will have a modern layout in brick with balconies and patios. In the immediate surroundings, there is the metro, parks, water areas and restaurants. The work on the detailed development plan is expected to be finished in 2016.

Gothenburg

Together with the City of Gothenburg and other property owners in Backaplan, a new city district is planned of approximately 5,000 apartments and approximately 60,000 sq.m. of retail and premises, with Balder and Coop as the dominating property owners.

Backaplan's central location with good infrastructure means that the area has good potential to meet the city's need for centrally-located housing, retail and offices. The area today is very lightly developed and great opportunities exist to build a more robust and dense city district, with a large residential component. Work on the detailed development plan will commence during 2015.

Backaplan, Gothenburg



Kopenhagen

At Skibbroen close to Fisketorvet shopping centre in central Copenhagen, Balder is constructing 184 apartments. Construction has commenced in the project and completion is expected in the second quarter of 2016. Buildings will be constructed of 6–7 floors with light brick frontage, generous patios and roof terraces. The immediate surroundings are lively featuring a mix of offices, apartments, stores and cafés. The central location in direct connection to the dock offers a unique and exclusive housing location.



Million programme

A part of Balder's residential portfolio consists of so-called "million programme" areas, which were produced during the 1960s. These areas are characterised by a unilateral housing stock, low development densities and large-scale parking and traffic solutions. The infrastructure is often well-developed and it is easy to get to and from the apartment. New construction in these areas has been very limited for a long time, while the population has increased. These areas are largely characterised by social imbalances.

Balder's view is that there is great potential for new housing in these areas. By developing existing zones within city districts, land can be used more efficiently and safer housing environments can be created. Through more efficient use of existing infrastructure, we estimate that future investments are limited and this means that the initial value of development projects is low. Balder's strategy is to create a broader supply of modern housing by increasing development density through addition of apartment blocks and terraced houses. Consequently there are great opportunities in our own portfolio to offer the market good-value tenancy rights and tenant-owner's rights.

Real estate valuation

The market value of Balder's property portfolio amounted to SEK 37,382m on 31 December and the average yield amounted to 5.5 per cent.

Balder's real estate portfolio consists of 494 properties of which 319 consist of residential properties. The holdings are divided into five geographical regions: Stockholm, Gothenburg/West, Öresund, East and North. Balder also owns properties in Denmark and Finland which are reported under Öresund and East, respectively. Each region is unique with specific characteristics that must be considered when the holdings are valued. Balder reports its properties at fair value according to IFRS, which means that the market value of the properties is assessed during each quarter and year-end.

The value of the properties is based on internal valuations. All properties have been valued using the yield method, which means that each property is valued by discounting the estimated future cash flows. The estimated future cash flow has been derived from existing rental income as well as operating and maintenance costs adjusted to expected changes in rental and vacancy levels. An estimate is also made of the future development of the immediate surroundings as well as the position of the property within its market segment.

Rent payments

The rental trend for the property portfolio is expected to track inflation over time. Commercial leases include indexation, which means that the rent develops at the same rate as the CPI, consumer price index, during the leasing period. Residential properties have historically developed a little better than the CPI, but in its valuations, Balder has assumed that the rent develops in line with inflation. In commercial leases that expire during the calculation period, an assessment is made of whether the lease is expected to be extended at the prevailing market rental level or if there is a risk that the premises can become vacant. Vacancies are considered on the basis of the current vacancy situation with a gradual adjustment to a market-related vacancy level taking account of the property's individual characteristics. The total rental value amounted to SEK 2,885m on 31 December 2014.

Operating and maintenance payments

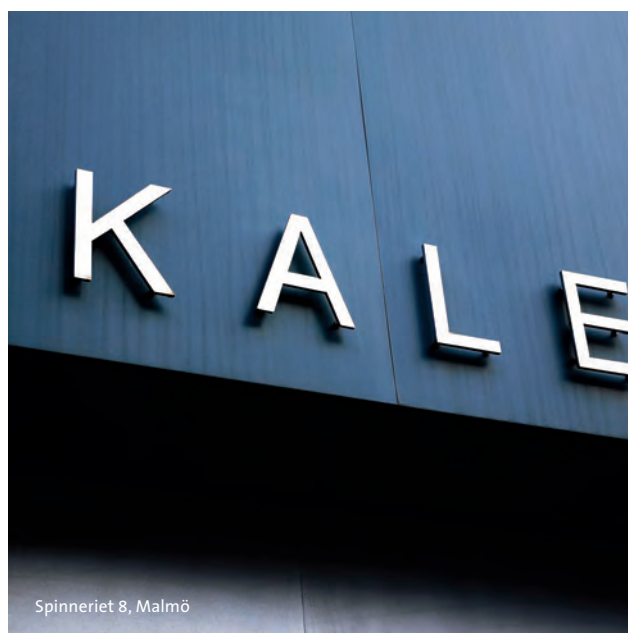
Assumptions have been made regarding future operating and maintenance payments. These assumptions are based on historic outcomes and future projections as well as estimated standardised costs. Operating and maintenance costs are adjusted upwards each year by inflation.



Tor 10, Skara



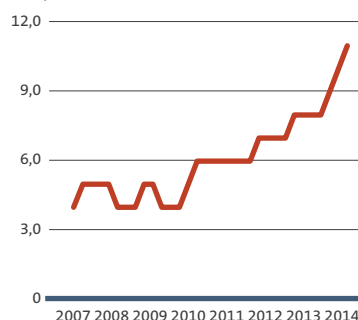
Björkhagen 1, Alingsås



Spinneriet 8, Malmö

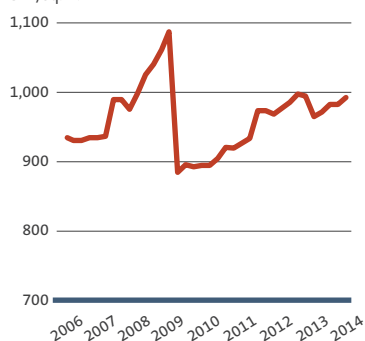
Net operating income rolling annual value

SEK/share



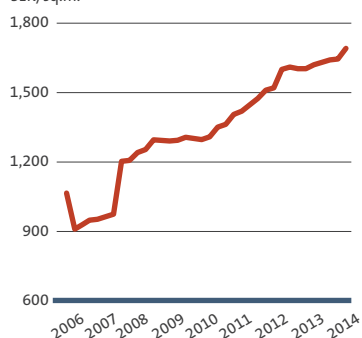
Rental value, Residential

SEK/sq.m.



Rental value, Commercial

SEK/sq.m.



Yield requirement and cost of capital

Yield requirements and the cost of capital used in the valuation model have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental level, vacancy rate and the condition of the property. Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5–10 per cent. Balder continually monitors the transactions that are completed in the market in order to substantiate and guarantee internal valuations. Balder also conducts continual discussions with external actors regarding acquisition and divestment of properties, which provides additional guidance.

On 31 December, Balder's average yield amounted to 5.5 per cent (5.9). The yield requirement for commercial properties amounted on average to 5.7 per cent (6.0) and to 5.1 per cent (5.7) for residential properties.

Change in value of the real estate portfolio

In 2014, Balder acquired properties for SEK 7,059m (3,606) in total. Divestments during the year amounted to SEK 1,114m (145), which generated a profit of SEK 144m (16). According to Balder's internal valuation, the carrying amount of the properties at year-end amounted to SEK 37,382m (27,532), which corresponds to an unrealised change in value of SEK 2,906m (838). The largest share of the market value is found in the Stockholm and Gothenburg/West regions, which combined represent a real estate value of SEK 24,727m.

External valuations

To guarantee its internal valuations, Balder allowed external valuation of selected properties during the year with a value equivalent to SEK 2,400m. The properties that were externally valued are located in Malmö, Gothenburg, Stockholm, Lund among other places. The external valuations were carried out by Newsec and Nybolig during 2014 and exceeded Balder's internal valuations by about eight per cent on the valuation date. Historically, the difference between Balder's internal and external valuations has been marginal.

Total property portfolio

SEKm	According to valuation	SEK/s.q.m
Rent including vacancy	2,885	1,325
Long-term vacancy	–81	–37
Rental income	2,804	1,288
Operating and maintenance	–665	–305
Property tax	–113	–52
Ground rent	–15	–7
Net operating income	2,011	924
Valuation, excluding real estate projects	36,879	16,940
Yield, %	5.5	

Region	Cost of capital requirement for counting of future cashflows, %	Yield requirement for estimating residual value, %	The mean value of yield requirements for estimation of residual value, %
Stockholm	5.5–10.0	3.5–8.0	5.3
Gothenburg/West	5.5–12.0	3.5–10.0	5.6
Öresund	5.8–8.8	3.8–6.8	5.2
East	6.5–12.0	4.5–10.0	6.2
North	6.3–12.8	4.3–10.8	5.3

Financing

Balder's equity at the end of 2014 amounted to SEK 14,261m and the interest-bearing liabilities amounted to SEK 22,378m. The loan-to-value ratio of the properties amounted to 54.3 per cent and the interest coverage ratio was 3.4 times.

Balder is a long-term property owner and access to capital is a requirement for successful property management. Organisationally, the financial operations at Balder are centralised to the parent company which acts as an internal bank to the Group with responsibility for funding, cash management and financial risk management.

Balder is financed by equity and liabilities, where the majority of the liabilities consist of interest-bearing liabilities. The proportion of equity is impacted by the chosen level of financial risk which in turn is impacted by lenders' equity requirements for offering market-related financing. Balder's long-term goals for the capital structure are that the equity/assets ratio should not be less than 35 per cent over time and that the interest coverage ratio over time should not be less than 1.5 times.

Equity

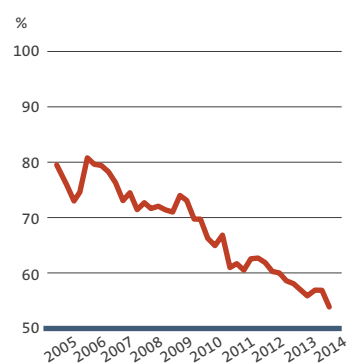
Balder increased shareholders' equity during the year by SEK 3,065m. The increase occurred partly through sale of repurchased shares of SEK 220m, partly through comprehensive income for the year of SEK 3,145m and through dividends paid to the preference shareholders as well as dividends of SEK 100m entered as a liability but still not disbursed.

Interest-bearing liabilities

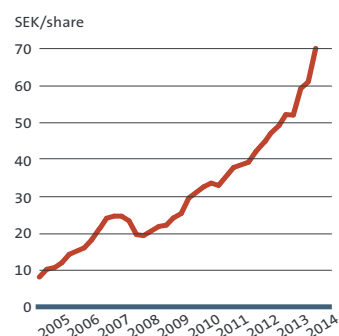
The Group's interest-bearing liabilities amounted to SEK 22,378m (16,521) on 31 December, which corresponds to a loan-to-value ratio on the properties of 54.3 per cent (57.0). The interest-bearing liabilities consist of bilateral loan agreements with Nordic banks, bond loan of SEK 1,950m (750) and a certificate programme of SEK 1,500m (SEK 1,000m). The certificate programme is secured through back-up facilities from banks, which means that if Balder cannot issue certificates, we will use the back-up facilities. The liquidity for bond financing has increased considerably in recent years, which means that Balder today can finance itself less expensively for longer maturities in the bond market than in the interbank market. This has decreased the refinancing risk in the company as we can meet our financing needs through more sources of capital.

Balder has provided mortgage deeds in properties, shares and participations in subsidiaries as security for the interest-bearing loans. In certain cases the security is supplemented by guarantees regarding levels for the interest coverage ratio, equity/assets ratio, loan-to-value ratio and guarantees from the parent company. None of these guarantees deviates from the goals in the financial policy and all guarantees were met during the financial year. Credit agreements contain customary termination conditions.

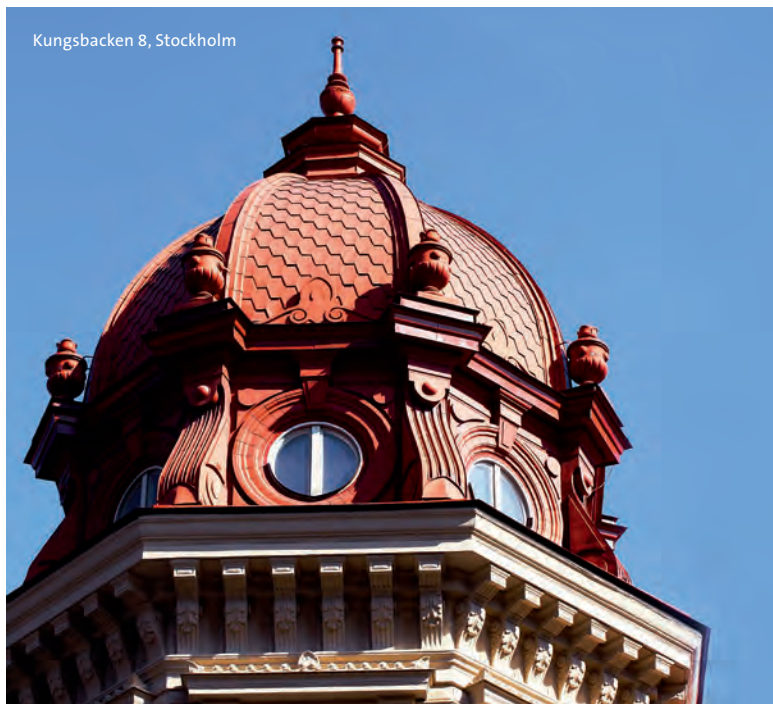
Loan to value ratio, properties



Development of net asset value



Kungsbacken 8, Stockholm



Changes of market rates of interest or changes in lenders' margins affect net financial items. By working with long credit agreements with agreed margins together with a long interest rate refixing period, predictability in the cash flow is achieved. During 2014, bank margins decreased, while the market rate of interest (STIBOR) fell. Balders' average interest rate refixing period amounted to 2.3 years (3.5) at year-end and the average fixed credit term amounted to 4.3 years (5.4).

Interest rate derivatives

Interest rate derivative instruments are deployed in order to obtain preferred interest rate refixing periods. Balder's view is that interest rate derivatives are a more flexible and cost efficient instrument compared to taking out fixed-interest loans, which would give the same cash flow effect. The difference is greater for accounting purposes as derivatives are continually recognised at fair value in the balance sheet with changes in value recognised in net financial items in the income statement. When the market rate of interest deviates from the interest agreed in derivative instruments, a surplus or deficit arises in the accounting, which is not the case with fixed interest loans. Changes in value of derivatives amounted to SEK –624m (433) during the year. The deficit on derivatives, SEK 1,086m (472), will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 1,086m that will be reversed to equity, adjusted by deferred tax, in line with the maturity of the interest rate derivatives.

Currency derivatives

Balder applies hedge accounting in relation to a swap where we hedged our own capital position against Danish kroner, which is recognised directly against equity

and the change in value over comprehensive income. Through this hedging transaction, Balder has marginal exposure to the Danish krone.

Net financial items

Net financial items, excluding changes in value in interest rate derivatives, amounted to SEK –531m (–456), which is a result of a larger average debt, however, the average interest rate was lower during the year. At year-end, Balder's average interest rate was 2.6 per cent (3.2).

Interest maturity structure 2014-12-31

Year	Interest rate refixing period		
	SEKm	Interest, %	Proportion, %
Within one year	13,960	1.8	62.4
1–2 years	500	4.3	2.2
2–3 years	–	–	–
3–4 years	3,000	4.7	13.4
4–5 years	–	–	–
>5 years	4,918	3.6	22.0
Total	22,378	2.6	100

Financial policy

The financial operations at Balder are conducted in accordance with the goals that the Board establishes annually in the financial policy. The goals are set in order to limit the financial risks that Balder is exposed to, which mainly relate to interest, refinancing and liquidity risk. The overriding goals of the financial policy are:

- to secure the need of short- and long-term capital supply,
- that the equity/assets ratio should not be less than 35,
- that the interest coverage ratio should not be less than 1.5 times.

Financial goals

	Goal	Outcome	
		2014	2013
Equity/assets ratio, %	35.0	35.5	37.3
Interest coverage ratio, times	1.5	3.4	2.9

Likviditet

Balder utilises credit facilities in order to balance its liquidity needs. At year-end, Balder's disposable liquidity amounted to SEK 806m (1,004), which was composed of cash and cash equivalents, unutilised credit facilities and financial investments. Balder's cash flow is relatively evenly distributed during the year as about half of the rental income relates to residential rents, which are paid monthly. Remaining rents are mainly paid quarterly.

Key ratios

2014-12-31	2014	2013
Return on equity, %	29.7	21.5
Return on total assets, %	12.4	9.7
Interest coverage ratio, times	3.4	2.9
Equity/assets ratio, %	35.5	37.3
Average fixed credit term, years	4.3	5.4
Average interest rate refixing period, years	2.3	3.5

Opportunities and risks

All business activity is associated with risks and these may affect the company negatively but they may also create opportunities. Balder works actively with diversification of risks as regards type of property, geographical distribution and customer composition in order to limit the company's risk exposure.

Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/- 1 per cent	+/- 27
Economic occupancy rate	+/- 1 percentage unit	+/- 29
Interest-rate level of interest-bearing liabilities	+ 1 percentage unit	- 139
Property costs	+/- 1 per cent	-/+ 8
Changes in value of properties	+/- 5 per cent	+/- 1,869

Rental income, rental development and occupancy rate

Of Balder's contracted rental income, 41 per cent relates to residential properties and 59 per cent to premises. The company's income is affected by the occupancy rate of the properties, the possibility of charging market-related rents as well as customers' payment capacity. If the occupancy rate or rental levels change, irrespective of the reason, Balder's results are affected. Naturally, the risk of large fluctuations in vacancies and loss of rental income increases the more large individual tenants a property company has. Balder's ten largest leases represent 9.4 per cent of total rental income and the average lease term amounts to 11.1 years. No individual lease accounts for more than 1.5 per cent of Balder's total rental income and no individual customer accounts for more than 4.8 per cent of total rental income. There are no guarantees that Balder's major tenants will renew or extend their leases when they expire, which in the longer term can lead to altered rental income and vacancies. The dependence on individual tenants decreases in line with Balder's continued growth through acquisitions. In order to limit the risk of falling rental income and a weakened occupancy rate, Balder strives to develop long-term relationships with the company's existing customers. Balder's leases are normally wholly or partly linked to the consumer price index, in other words, wholly or partly adjusted for inflation.

Balder is dependent on tenants paying agreed rents in time. In some leases, the tenant's obligations are guaranteed by the parent company or through bank guarantees. The risk still remains that tenants will suspend their payments or in other respects will not fulfil their obligations. If this happens, Balder's results could be affected negatively.

Unlike commercial properties, residential properties are covered by regulations which among other things mean that the so-called utility value principle determines the setting of the rent.



Heimdal 1, Skara

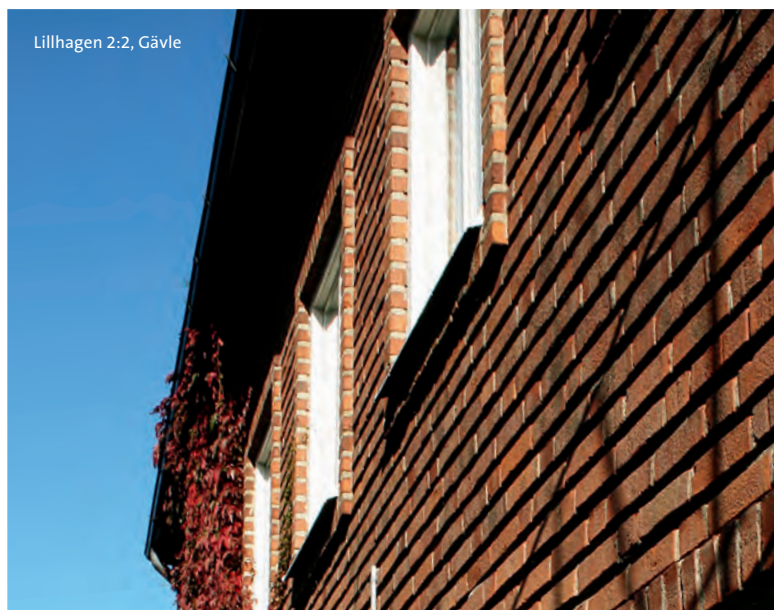
At year-end, Balder had an economic occupancy rate of 95 per cent, which means that the vacancy level at year-end amounted to SEK 155m and represents an opportunity for potential new lettings. The table on page 46 shows how profit before tax would be affected by a change of ± 1 per cent in the rental level and ± 1 per cent in the economic occupancy rate.

Operating and maintenance costs

Operating costs mainly consist of costs that are based on usage such as electricity, cleaning, water and heating costs. Several of these goods and services can only be purchased from one actor, which can affect the price. To the extent that possible cost increases are not compensated by adjustments of leases or increases in rent through renegotiation of leases, Balder's results can be affected negatively. Maintenance costs include measures aimed at maintaining the standard of the properties in the long term. These costs are expensed to the extent they constitute repairs and replacement of smaller areas. Other additional expenses of a maintenance character are capitalised in connection with the expense arising. Unforeseen and extensive repair needs may also affect the results negatively.

Change in value of the properties

84 per cent of the value of Balder's real estate portfolio is found in the three metropolitan regions Stockholm, Gothenburg/West and Öresund. Balder's investment properties are recognised at fair value in the balance sheet and changes in value are recognised in the income statement. Unrealised changes in value do not affect the cash flow. Balder carries out an internal valuation of the real estate portfolio in con-



nection with quarterly reports.

Parts of the real estate portfolio are also externally valued and compared to the internal valuation.

The value of the properties is affected by a number of factors including property-specific factors such as occupancy rate, rental level and operating costs as well as market-specific factors such as yield requirements and cost of capital.

Both property-specific and market-specific changes affect the value of investment properties, which in turn impacts on the Group's financial position and results.

Dependence on key people

Balder's future growth is dependent on the knowledge, experience and commitment of the management group and other key people. The company could be affected negatively if one or more of these people would leave the Group.

Operational risks

Balder can incur losses within the framework of its operating activities due to defective routines or irregularities. Good internal control, appropriate administrative systems, skills development and good access to reliable valuation and risk models provide a good basis for reducing operational risks. Balder continually works on monitoring the company's administrative security and control.

Taxes and changed legislation

Changes in corporate and property taxes, as well as other government levies, rent allowance and interest allowance can affect the basis for Balder's operations. It cannot be ruled out that tax rates will change in the future or that other changes will occur in the state system that affect real estate ownership. In most leases, the customer pays his share of the current debited property tax. Changes in corporate taxation and other governmental levies, may affect Balder's results. An alteration in tax legislation or practice which implies changes in possibilities of making tax write-offs or utilising loss carry-forwards, for example, can mean a change in Balder's future tax situation and can thereby also impact results.

Financial risks

Balder's operations are mainly financed by equity and loans from external lenders. The relationship between equity and liabilities is managed on the basis of the chosen level of financial risk and the amount of equity to meet lenders' requirements for securing loans at market-related conditions. The financing via loans means that Balder is exposed to financing, interest and credit risks. Financing conditions include requirements as regards the equity/assets ratio, loan-to-value ratio and interest coverage ratio.

Refinancing risk

Refinancing risk refers to the risk that financing cannot be secured at all, or only at a significantly increased cost. Balder conducts continual discussions with banks and credit institutions aimed at securing the long-term financing. Balder cooperates closely with a handful of lenders in order to secure the company's long-term capital requirements.

Interest risk

Interest risk is defined as the risk that changes in the level of interest rates will affect Balder's financing expense. The interest expense is Balder's single largest cost item. Interest expenses are mainly affected by the current level of the market rate of interest and the credit institutions' margins and by what strategy Balder chooses for interest rate refixing periods. Market rates of interest are mainly affected by the expected inflation rate. In times of rising inflation expectations, the interest rate level can be expected to rise, which immediately increases the interest expense on loans with short maturities.

Balder has a large proportion of loans which run according to short interest rate refixing periods. Balder deploys interest rate derivatives as part of its interest risk management, in order to achieve preferred interest rate refixing periods.

Credit risk

Credit risk is defined as the risk that Balder's counterparties cannot fulfil their financial obligations towards Balder. Credit risk in the financial operations arises during investment of excess liquidity, on entering into interest rate swap contracts and in connection with issued credit agreements. As regards Balder's trade receivables, customary credit checks are carried out before a new lease is entered into.

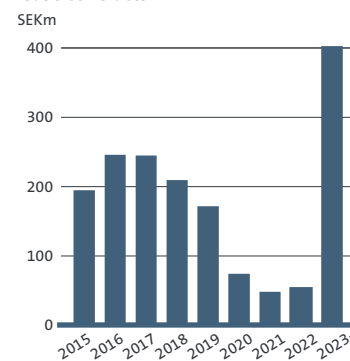
Foreign exchange risk

Balder owns properties via subsidiaries in Denmark and in Finland. Companies' revenue and costs are in local currency and they are thereby exposed to fluctuations in exchange rates from a Group standpoint. Foreign exchange risk also arises in translation of the assets and liabilities of foreign subsidiaries to the currency of the parent company.

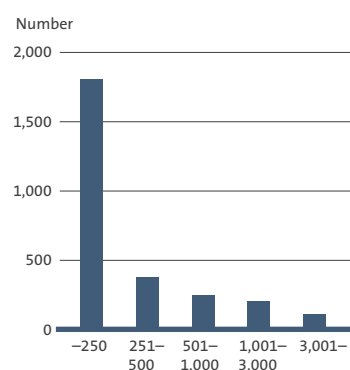
Environmental risk

Property management and property development have an environmental impact. Balder has established an environmental policy and works actively with environmental issues. Under the Environmental Code, the party conducting an activity which has contributed to pollution is also responsible for after-treatment. If the party conducting the activity cannot carry out or pay for the after-treatment of a property, the party acquiring the property and that on the acquisition date was aware of or that should have then discovered the pollution, is responsible. Since Balder mainly owns residential, office and retail properties, this risk is considered limited.

Maturity structure of commercial lease contracts



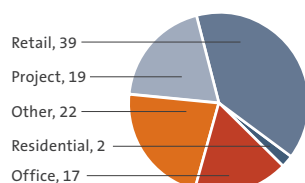
Number of commercial leases per rental value



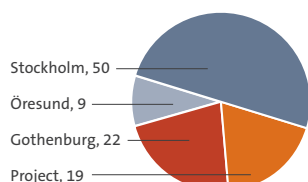
Associated companies

Balder's associated companies together own 57 properties with a total carrying amount of SEK 3,396m. Balder also holds shares in the rapidly growing credit market company Collector, where the participating interest amounts to approximately 48 per cent.

Carrying amount per property category, %



Carrying amount per region, %



Balder is a part-owner in property-managing associated companies, in associated companies that conduct project development and in the credit management company Collector, see Note 15. In June, Balder acquired the remaining 50 per cent of the shares in Akroterion AB, which means that the Akroterion is no longer an associated company. On 1 October, Balder acquired 50 per cent of the shares in Första Långgatan Fastigheter i Gbg HB. The property-managing associated companies include Centur, Tulia and Första Långgatan while Bovieran and Fix Holding are focused on project development.

The property-managing associated companies together own 57 properties (53) with a total carrying amount of SEK 6,792m (5,086), a total lettable area of about 317,000 sq.m. (285,000) and a rental value amounting to SEK 400m (400). Profit from property management, in other words, profit excluding changes in value and tax, amounted to SEK 427m (345), of which Balder's participation amounted to SEK 195m (157). The companies' profit after tax amounted to SEK 646m (429), of which Balder's participation amounted to SEK 317m (204).

Balder's participation in the property holdings of property-managing associated companies

2014-12-31	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/s.q.m.	Rental income, SEK	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	32	86,815	125	1,441	123	98	1,685	50
Gothenburg	12	47,401	50	1,051	47	95	735	22
Öresund	7	24,282	25	1,049	24	93	317	9
Total	51	158,498	200	1,264	194	97	2,737	81
Projects	6	—	—	—	—	—	658	19
Total	57	158,498	200	1,264	194	97	3,396	100
Distributed by property category								
Residential	4	3,461	4	1,297	4	98	84	2
Office	7	25,198	38	1,506	34	89	572	17
Retail	32	94,448	102	1,079	100	98	1,337	39
Other	8	35,391	56	1,583	56	100	744	22
Total	51	158,498	200	1,264	194	97	2,737	81
Projects	6	—	—	—	—	—	658	19
Totalt	57	158,498	200	1,264	194	97	3,396	100



Balder's participation in the property holdings of property-managing associated companies

SEKm	2014	2013	2012
Rental income	180	179	159
Property costs	-35	-40	-33
Net operating income	145	140	126

	2014	2013	2012
Carrying amount properties, SEKm	3,396	2,543	2,171
Number of properties	57	49	43
Lettable area, sq.m. thousands	158	142	135

Balder's results were affected by changes in value in respect of properties and derivatives of SEK 178m (100) before tax. For more information about Balder's associated companies, see Note 15, Participations in associated companies.

Fastighets AB Centur

The company is 50 per cent-owned by Peab and Balder and concentrates on property management, project development and property investments. Project development mainly focuses on construction of new retail and office premises and residential apartments but also improvements relating to real estate projects.

During the year, Varvsstaden in Malmö and Polishögskolan in Stockholm were acquired. Varvsstaden contains future building rights for about 350,000 sq.m. of residential and commercial areas. The project aims to develop a new district in central Malmö, at the site where Kockums once conducted shipbuilding operations. Polishögskolan contains about 49,000 sq.m. of office space as well as commercial building rights of about 20,000 sq.m. The property is entirely let to the National Swedish Police Board. The purchase price of the properties amounted to SEK 1,454m.

At year-end, Centur owned 29 investment properties (27) with a lettable area of 213,000 sq.m. (162,000) and a rental value of SEK 232m (155) and 3 real estate projects (3). The carrying amount of the properties amounted to SEK 4,061m (2,027). The properties are located in Stockholm, Gothenburg and the Öresund region.

Tulia AB

Balder owns 50 per cent of Tulia and the remaining part is owned by André Åkerlund AB. In December, the company acquired the office property Jakob Större 14 in Stockholm, which is situated at Kungsträdgården in one of Stockholm's most central areas. At year-end, Tulia owned 21 properties (20) with mainly central locations in Stockholm. The company's total lettable area amounted to 71,000 sq.m. (70,000) and the carrying amount of the properties totalled SEK 1,999m (1,877) with a rental value amounting to SEK 131m (122).

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

	2014-12-31	2013-12-31
Assets		
Properties	3,396	2,543
Other assets	27	34
Cash and cash equivalents	24	40
Total assets	3,447	2,617
Equity and liabilities		
Equity/ shareholders' loan	1,230	990
Interest-bearing liabilities	2,032	1,454
Other liabilities	185	173
Total equity and liabilities	3,447	2,617

Första Långgatan Properties in GBG HB

Balder owns the company Första Långgatan Fastigheter i Gbg HB together with Elof Hansson. In October, the company acquired the property Göteborg Masthugget 11:13 in Gothenburg. The property is located, adjacent to Masthuggstorget and the lettable area amounted to 32,000 sq.m. of premises and apartments. The rental value amounts to SEK 44m.

Bovieran Holding AB

Balder owns 80 per cent and the remaining part is owned by Mellberg Förvaltning AB. The operations consist of development and construction of residential properties using an internally-developed design – Bovieran – where the glazed-in courtyard in the form of a winter garden with a Rivieran atmosphere is a distinct feature. The winter garden has a pleasant temperature all year round and contains lush greenery with tropical, Mediterranean, Japanese and Scandinavian environments.

The Bovieran concept has been built in nine different places so far. Construction is in progress or about to start in Enköping, Haninge, Järfälla, Norrköping and Linköping. The company is still in the midst of a strong growth phase and will begin a number of new construction projects during 2015. See also www.bovieran.se.

Fix Holding AB

The company is owned in equal shares by Balder and HSB Göteborg and it owns Fixfabriken in Majorna, which is a fully let building. Balder has purchased land together with HSB at Majorna where Fixfabriken was previously located. Fix Holding will develop almost 500 new apartments here with complementary business premises.

The new Fixfabriken will be a sensation among residential areas in Gothenburg, and will feature distinctive architecture and excellent housing quality. Equally important is the fact that Fixfabriken will become a vital new addition and a dynamo for continued development, both in the area and in the city as a whole. It will be fantastic housing and it is also intended to serve a model for urban renewal, where participation, transparency and collaboration are not just fine words but firm reality. The objective is to have a detailed development plan ready by 2016. See also www.fixfabriken.se

Collector AB

The company has a stable group of owners where the largest owners are Balder, Ernströmgruppen and Provobis. Balder is the principal owner and increased its stake during the year to 48 per cent. Collector is a successful credit market company that is experiencing rapid organic growth with offices in Gothenburg, Stockholm, Malmö, Oslo and Helsinki.

The company is a partner focusing on overall solutions in financing, credit management and the legal field. The company's business areas are Collector Consumer, Collector Business and Collector Commerce and the balance sheet total at year-end amounted to SEK 6,500m (4,600m), sales amounted to SEK 900m (700m) and profit before tax was SEK 244m (190). See also www.collector.se

Financial reporting

Financial reporting

53 Report of the Board of Directors

Consolidated statement of

58 Comprehensive income
59 Financial position
60 Changes in equity
61 Cash flows

Parent Company

62 Income statement
63 Balance sheet
64 Changes in equity
65 Cash flow statement

66 Notes
86 Audit report

Report of the Board of Directors

the Board of Directors and CEO of Fastighets AB Balder (publ), corporate identity number 556525-6905, hereby submit the accounts of the Group and the Parent Company for the financial year 2014.

Fastighets AB Balder is listed on Nasdaq Stockholm, Large Cap segment. The company has approximately 16,300 shareholders (16,100).

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

Operations

Balder's business concept is to create value by acquiring, developing and managing residential properties and commercial properties based on local support and to create customer value by meeting the needs of different customer groups for premises and housing.

Balder shall aim to achieve such a position in each region whereby the company is a natural partner for potential customers that are in need of new premises and/or housing. Growth should occur on the basis of continued profitability and positive cash flows.

Financial goals

Balder's goal is to achieve a stable and good return on equity, while the equity/assets ratio over time shall not be less than 35 per cent and the interest coverage ratio shall not be less than 1.5 times.

Organisation

Balder's business areas consist of the regions Stockholm, Gothenburg/West, Öresund, East and North, which are made up of 16 areas. The regional organisations follow the same basic principles but differ depending on the size and property holdings of each region. Regional offices are responsible for letting, operation, environmental matters and technical management.

The Balder Group, with Fastighets AB Balder as Parent Company, is composed of a large number of limited liability companies and limited partnership companies. Balder's operational organisation is supported by central accounting, property management and finance functions. The Group had a total of 313 employees (290) on 31 December, of whom 110 (102) were women.

Balder's management team is composed of six people, of whom one is a woman. For information regarding approved guidelines for remuneration to senior executives, see Note 4, Employees and personnel expenses. The Board will not propose any changes in the guidelines to the Annual General Meeting 2015.

Significant events during the financial year

In 2014, Balder acquired 42 properties for about SEK 7,100m in total with an area of about 330,000 sq.m. and also divested properties for about SEK 1,100m with an area of about 139,000 sq.m. This means that we made a net investment of about SEK 6,000m equivalent to about 16 per cent of the real estate value at year-end.

Acquisitions

The largest transaction during 2014 was the acquisition of 14 hotel properties for a purchase price of SEK 2.2 billion. Of the overall value of the hotel portfolio, about 40 per cent is located in the Stockholm region.

The largest tenant is Scandic, which accounts for 65 per cent of the rental value and the other tenants include Nordic Choice and Winn Hotel Group. During the year, we also acquired the hotels Scandic Opalen, Grand Hotel Opera and Radisson Blu Scandinavia, which are all located in central Gothenburg. In Gothenburg, apart from the hotel properties, Balder also acquired a number of additional centrally-located retail and office properties such as Antikhallarna and Dahlgrenska huset among others. In Stockholm, we acquired the remaining 50 per cent of Akrotion Fastighets AB where we previously owned a site leasehold right with GE Real Estate at Medborgarplatsen and two site leasehold rights in Årstaäng. In Östermalm, we acquired the office property Havsfrun.

During the year, we carried out our first acquisition in Finland consisting of a property portfolio with a total area of about 65,000 sq.m. distributed in four locations. The properties in Finland contain grocery trading and builder suppliers and the largest tenants are Kesko and S-Group.

In the Danish property market, Balder has entered into an agreement with Skanska regarding construction of about 200 apartments and the Group now has approximately 400 apartments under production in Denmark.

Divestments

Balder's strategy for a number of years has been to divest properties in places where the company cannot sustain a sufficiently large management unit. During the year, all properties in Hjo, Åtvidaberg, Landskrona, Halmstad, Falkenberg and Finspång were divested. During the year, Balder divested properties for about SEK 1,114m. The divestments carried out generated a profit of SEK 144m, equivalent to 15 per cent over the carrying amount.

Other

During the year, all repurchased shares were sold for a value of about SEK 220m. The entire proceeds have been recognised directly against equity.

The property portfolio

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

On 31 December, Balder owned 494 properties (498) with a lettable area of 2,177,000 sq.m. (1,969,000) at a carrying amount of SEK 37.4 billion (27.5). During the year, 41 properties (74) with a lettable area of approximately 330,000 sq.m. (439,000) were acquired for SEK 7,059m (3,606). 45 properties (8) were divested during the year with a total lettable area of 139,000 sq.m. (14,000) for SEK 1,114m (145), which generated a profit of SEK 144m (16). In 2015, Balder will continue the work on consolidating its property portfolio.

When allocating carrying amounts by region, Stockholm

amounted to 34 per cent (33), Gothenburg/West 33 per cent (31), Öresund 18 per cent (19), East 11 per cent (12) and North 5 per cent (6). Of the carrying amounts, 62 per cent (55) related to commercial properties and 38 per cent (45) to residential properties.

Opportunities and risks

Balder's operations, financial position and results may be affected by a number of risk factors.

Rents and customers

Balder's income is affected by the occupancy rate of the properties, the possibility of charging market-related rents as well as customers' payment capacity. The occupancy rate and rental levels are largely determined by the general and regional economic trends. Naturally, the risk of large fluctuations in vacancies and loss of rental income increases when there are more large individual customers in the property portfolio.

In order to limit the risk of lower rental income and a weakened occupancy rate, Balder strives to develop long-term relationships with the company's existing customers. Balder's distribution between commercial and residential properties and the geographical spread in the portfolio means that the risk relating to rental income is low.

At year-end, Balder had an economic occupancy rate of 95 per cent (94). Balder's ten largest leases account for 9.4 per cent (9.1) of total rental income and the average lease term amounts to 11.1 years (9.9). No individual lease accounts for more than 1.5 per cent (1.7) of Balder's total rental income and no individual customer accounts for more than 4.8 per cent (1.7) of total rental income. The average lease term in the overall commercial portfolio amounted to 5.9 years (4.9).

A change of +/- 1 per cent in rental income would affect the profit before tax by +/- SEK 27m.

Debt and risk management

Balder's greatest financial risk is a lack of financing. To limit refinancing risk, Balder works continually to renegotiate loans and to diversify the maturity structure of loans. Meanwhile, this work ensures that competitive long-term financing is maintained. Balder's average fixed credit term amounted to 4.3 years (5.4).

Interest risk arises through fluctuations in the market rate of interest, which affects results and cash flow. A higher market rate of interest means an increased interest expense but this often also coincides with higher inflation and economic growth. This means that higher interest expenses are partly offset by lower vacancy rates and higher rental income through increased demand and by the fact that rents are indexed. Balder has elected to use interest rate derivatives to limit the risk of financing costs increasing significantly in the event of a higher market rate of interest.

In the event of an immediate increase in the market rate of interest of one percentage unit and the assumption of an unchanged loan and derivative portfolio, the interest expense would increase by SEK 139m. Of Balder's total loan stock at year-end, 38 per cent (50) had an interest rate refixing period of more than one year. The holdings in Denmark and Finland have given rise to a limited currency position. For more information see Note 21, Financial risks and financial policies.

Property costs

Property costs include direct costs such as operating and media expenses, maintenance costs, ground rent and property tax. Each region is

responsible for ensuring that the property portfolio is well-maintained and in good condition. Through a local presence, knowledge improves about each property's need for preemptive work, which is more cost-effective in the long-term than extensive repairs.

Balder works continually on improvements regarding operating costs such as heating and electricity consumption in order to continuously improve cost efficiency using rational technical solutions, practical efforts and continual monitoring.

A change of +/- 1 per cent in property costs would affect the property costs by SEK +/- 8m.

Changes in value of investment properties

Balder reports its investment properties at fair value with changes in value in the income statement. Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5–10 per cent. The uncertainty varies according to the type of property, geographical location and real estate market conditions. Balder continually monitors the transactions that are completed in the market in order to substantiate and guarantee valuations. In addition, Balder conducts continual discussions with external participants on acquisition and divestment of properties and regularly allows external parties to value parts of the portfolio, which provides additional guidance. Also see Note 13, Investment properties.

Profit before tax would be affected by SEK +/- 1,869m in the event of a change in value of the investment properties of +/- 5 per cent. The equity/assets ratio in the event of a positive change in value would amount to 37.4 per cent and in the event of a negative change in value it would amount to 33.4 per cent.

Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/-1 per cent	+/-27
Economic occupancy rate	+/-1 percentage	+/-29
Interest-rate level of interest-bearing liabilities	+1 percentage	-139
Property costs	+/-1 per cent	+/-8
Changes in value of investment properties	+/-5 per cent	+/-1 869

Environment

Balder has not carried out any comprehensive study of possible environmental pollution in the property portfolio but estimates that neither the properties nor the customers' operations give rise to any material environmental risks, which could affect the company's position. Acquisitions of properties where a risk of an environmental impact is deemed to exist, are preceded by environmental inspections.

The company's ownership of wind turbines is part of Balder's environmental work. Balder's ten wind turbines produce about 28 per cent of the company's own electricity consumption.

The share and owners

During the year, the company sold 2,859,600 repurchased Class B shares at a price of SEK 77.25 per ordinary share, amounting to approximately SEK 220m in total. After the disposal, Balder

no longer holds any repurchased ordinary shares. The entire proceeds have been recognised directly against equity.

At year-end, the share capital amounted to 172,396,852 distributed among 172,396,852 shares. Each share has a quota value of SEK 1, whereof 11,229,432 shares are of Class A, 151,167,420 of Class B and 10,000,000 preference shares. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote.

The Annual General Meeting 2014 resolved to authorise the Board during the period until the next AGM to decide on a new issue of shares of Class B and preference shares corresponding to not more than 10 per cent of the existing share capital. The largest owners are Erik Selin Fastigheter AB with 51 per cent of the votes and Arvid Svensson Invest AB with 16 per cent of the votes. There are no restrictions in the articles of association as to the form of transfer of shares or voting rights at the general meeting.

Since Balder will prioritise growth, capital structure and liquidity during the next few years, the dividend for the ordinary share will be low or may not be declared at all. The quarterly dividend for the preference share amounts to SEK 20.00 per year.

Earnings

Profit from property management for the year, in other words profit excluding changes in value, derivatives and tax, amounted to SEK 1,275m (854), which corresponds to SEK 6.64 per ordinary share (4.57). The increase was primarily due to changes in the real estate portfolio. The profit from property management includes SEK 195m (157) in respect of associated companies, which is included in the income statement in participations in profits from associated companies. Net profit for the year after tax amounted to SEK 3,128m (1,738), corresponding to SEK 18.10 per ordinary share (10.11).

The result was impacted by realised changes in value in respect of properties of SEK 144m (16), unrealised changes in value of properties of SEK 2,906m (838), changes in value in respect of wind turbines of SEK 0 (–37), unrealised changes in value in respect of interest rate derivatives of SEK –624m (433) and profit from participations in associated companies of SEK 317m (204).

The Group's rental income amounted to SEK 2,525m (1,884) during the year. The leasing portfolio was estimated to have a rental value on 31 December of SEK 2,885m (2,394) on a full-year basis. The average rental level for the entire real estate portfolio amounted to SEK 1,325/sq.m (1,216). The increase in the average rental level property costs was mainly due to changes in the real estate portfolio. The rental income shows a considerable diversification of risks as regards tenants, sectors and locations.

The economic occupancy rate amounted to 95 per cent (94) on the closing date. The total rental value for unlet areas

on 31 December amounted to SEK 155m (134) on a full-year basis.

Property costs amounted to SEK 760m (609) during the year. The increase in property costs was due to changes in the real estate portfolio. Net operating income increased by 39 per cent to SEK 1,766m (1,274), which provided a surplus ratio of 70 per cent (68).

Net financial items amounted to SEK –531m (–456) and chan-

ges in value of interest rate derivatives amounted to SEK –624m (433). Derivatives are continually recognised at fair value in the balance sheet and changes in value are recognised in the income statement without using hedge accounting. Changes in value from derivatives arise in the event of changed interest-rate levels and do not affect cash flow, as long as they are not sold during the period. Balder has hedged against higher levels of interest rates, which means that the market value of derivatives decreases during a period of downward interest rates. The deficit in respect of interest rate derivatives amounted to SEK 1,086m (472) at year-end. The negative change in value during the year was due to the fall in the level of interest rates which means that the difference in relation to the contracted interest rate level of the interest rate derivatives has increased.

The deficit on derivatives will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 1,086m that will be reversed to equity in its entirety, adjusted by deferred tax, in line with the maturity of the interest rate derivatives.

Net financial items are equivalent to an average interest rate of 2.7 per cent (3.1) including the effect of accrued interest from Balder's interest rate derivatives.

Value of the properties

Balder carried out an internal valuation on 31 December of the entire real estate portfolio, based on a ten-year cash flow model. Each property is individually valued by computing the present value of future cash flows, in other words future rent payments less estimated operating and maintenance payments. The cash flow is adjusted to the market by taking account of changes in letting levels and occupancy rate as well as operating and maintenance payments.

The valuation is based on an individual assessment of each property, as well as future cash flows and the yield requirement. For a more detailed description of Balder's real estate valuation see Note 13, Investment properties.

Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. In order to quality-assure its internal valuations, Balder regularly allows parts of the portfolio to be externally valued during the year. During the fourth quarter, Balder externally valued more than six per cent of its property portfolio. The externally valued properties are located in Skåne, Copenhagen and Gothenburg. The external valuation exceeded Balder's internal valuation by about eight per cent.

On 31 December, Balder's average yield requirement amounted to 5.5 per cent (5.9), excluding project real estate

and development properties, which was 0.4 percentage units lower than at the start of the year. The reduction in the yield requirement is attributable to the strong prevailing demand for properties. Our assessment is that the new yield requirement better reflects the market's determination of prices. On 31 December, the carrying amount of the investment properties amounted to SEK 37,382m (27,532) according to the individual internal valuation, which implied an unrealised change in value of SEK 2,906m (838).

Tax

Balder reported a current tax expense of SEK –11m (6) and a deferred tax expense of SEK –682m (–418).

Current tax and deferred tax have been calculated based on the applicable tax rate for 2014. Current tax only arises in exceptional cases on account of the possibilities of making tax write-offs, tax deductions for certain investments in properties and use of existing loss carry-forwards. For the small number of subsidiaries where no group contributions for tax purposes exist, current tax can arise. Current tax for the year mainly relates to companies acquired and divested during the year.

The Group's remaining tax deficit has been estimated at about SEK 1.7 billion (2.0) and the temporary difference between carrying amounts and values for tax purposes of properties and interest rate derivatives amounted to about SEK 8.7 billion (5.9). Deferred tax is calculated on the temporary differences arising after the acquisition date. Deferred tax liabilities are calculated on the net of these items and amounted to SEK 1,549m (862). For more detailed information, see Note 11, Taxes.

Cash flow and financial position

Balder's assets amounted to SEK 40,185m (30,041) on 31 December. These have been financed by equity of SEK 14,261m (11,196) and by liabilities of SEK 25,923m (18,846), of which SEK 22,378m (16,521) are interest-bearing.

Cash flow from operating activities before changes in working capital amounted to SEK 1,038m (708). Investing activities have burdened the cash flow by SEK 6,708m (4,593). During the year, acquisition of properties of SEK 6,835m (3,606), investments in existing properties and projects of SEK 700m (880), investments in property, plant and equipment, financial investments and associated companies of SEK 570m (297) and dividends paid of SEK 200m (125) totalled SEK 8,305m (4,908). These were financed through cash flow from operating activities of SEK 1,340m (502), through property divestments of SEK 1,114m (145) and financial investments of SEK 219m (7), divestment of own shares of SEK 220m (–), acquired liquidity of SEK 19m (36), dividend from associated companies of SEK 45m (–) and net borrowing of SEK 5,338m (3,079). Total cash flow for the year amounted to SEK –8m (160). The Group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 806m (1,004) on 31 December.

Equity

Shareholders' equity amounted to SEK 14,261m (11,196) on 31 December, corresponding to SEK 70.10 per ordinary share (52.14). The equity/assets ratio amounted to 35.5 per cent (37.3).

Interest-bearing liabilities

The Group's interest-bearing liabilities amounted to SEK 22,378m (16,521) on 31 December. The proportion of loans with interest dates during the coming 12-month period amounted to 62 per cent (50) and the average fixed credit term amounted to 4.3 years (5.4). Derivatives contracts have been entered into in order to limit the impact of a higher market rate of interest.

The above-mentioned derivatives are continually recognised at fair value in the balance sheet with changes in value recognised in net financial items in the income statement without using hedge accounting. Changes in value during the year amounted to SEK –624m (433). Interest-bearing liabilities are described in greater detail in Note 21, Financial risks and financial policies.

Liquidity

At year-end, the Group's financial investments, cash and cash equivalents and unutilised credit facilities amounted to SEK 806m (1,004).

Investments

Real estate investments amounted to SEK 7,759m (4,486) during the year, of which SEK 7,059m (3,606) related to acquisitions and SEK 700m (880) related to investments in existing properties and projects. Remaining investments in projects amount to approximately SEK 570m (730). Of the total investments SEK 2,545m (1,474) related to Stockholm, SEK 2,615m (1,693) Gothenburg/West, SEK 1,227m (222) Öresund, SEK 788m (1,083) East and SEK 583m (14) North.

Associated companies

Balder is a part-owner in property-managing associated companies, in associated companies that conduct project development and in the credit management company Collector, see Note 15. The largest property-managing associated companies are Centur and Tulia. Bovieran and Fix Holding work with project development. On pages 50-51, Balder's participations in the balances sheets and real estate holdings of property-managing associated companies are reported and presented according to IFRS accounting policies.

The associated companies own 51 investment properties (49) and 6 real estate projects (4). Balder's participation in the lettable area of the real estate holdings amounts to approximately 158,000 sq.m. (142,000) with a rental value of SEK 200m (200). The economic occupancy rate amounted to 97 per cent (93).

Parent Company

The parent company's operations mainly consist of performing group-wide services. Balder has centralised the Group's credit supply, risk management and cash management through the parent company having an internal bank function. Sales in the parent company amounted to SEK 124m (99) during the year, of which intra-group services represented SEK 97m (83) and the remainder mostly related to management assignments for associated companies.

Profit after tax during the year amounted to SEK 302m (365). The profit was impacted by changes in value in respect of interest rate derivatives of SEK –585m (374).

The parent company's financial investments and cash and cash equivalents, including unutilised credit facilities amounted to SEK 772m (895) on 31 December. Receivables from group companies amounted to SEK 15,777m (11,506) on the closing date. Investments in property, plant and equipment and financial investments amounted to SEK 1m (0) and SEK 144m (218) respectively during the year. The change in non-current liabilities

ties was mainly related to acquisitions during the year.

Report on the Board work during the year

The Board held 10 board meetings during the financial year of which one was the statutory meeting. The work follows a formal work plan approved by the Board. The formal work plan governs the Board's working methods and the division of responsibility between the Board and CEO as well as the forms of the day-to-day financial reporting. During the year, strategic questions and other important matters for the company's development were discussed, apart from day-to-day financial reporting and decision-making. The company's auditors participate in at least one board meeting and report on their audit of the management's administration and of the accounts

Corporate governance

Balder is governed by the corporate governance rules prescribed in the Swedish Companies Act, the Articles of Association and the listing agreement with Nasdaq Stockholm. The Board aims to make it easy for the individual shareholder to understand where in the organisation responsibility and authority lie. The corporate governance in the company is based on Swedish legislation, principally on the Swedish Companies Act, the Stockholm Stock Exchange's rules for issuers, the Swedish Code of Corporate Governance as well as other rules and guidelines. Some of the Code's principles aim to create a good basis for exercise of an active balance of power between owners, the Board and management, which Balder views as a natural element in the principles of the operations.

Remuneration to the CEO and other senior executives

Guidelines for remuneration of senior executives were resolved upon at the preceding Annual General Meeting. Above all, the guidelines mean that market-related salaries and other terms of employment should be applicable for the company management. The remuneration should be paid in the form of a fixed salary. Taken together, dismissal pay and termination benefits should not exceed the equivalent of 18 monthly salaries. The company management refers to the CEO and other members of the group management.

The Board's proposed guidelines to the next Annual General Meeting correspond to the present guidelines.

Significant events after the end of the financial year

See Note 29.

Expectations regarding the future trend

Balder's goal is to grow by means of direct or indirect acquisitions together with our partners in the locations where we have operations.

Proposed distribution of earnings

The following amount in Swedish kronor is at the disposal of the Annual General Meeting:

Share premium reserve	3,765,401,540
Retained earnings	2,257,142,218
Net profit for the year	302,353,649
Total ¹⁾	6,324,897,407

1) See change in the Parent Company's equity, page 60.

The Board proposes that the amount be allocated as follows:

Dividend SEK 20.00 per preference share	200,000,000
Carried forward	6,124,897,407
Total	6,324,897,407
Of which share premium reserve	3,765,401,540

The Board's statement regarding the proposed distribution of profits

Consolidated equity has been calculated in accordance with the IFRS standards adopted by the EU and interpretations of these (IFRIC) and in accordance with Swedish law by application of the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups). The parent company's equity has been calculated in accordance with Swedish law and by application of the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for legal entities). The Board considers that full coverage exists for the company's restricted equity after the proposed distribution of profits.

The Board considers that the proposed distribution of profits is reasonable taking account of the assessment criteria prescribed in Chapter 17 Section 3, second and third paragraphs of the Swedish Companies Act (the type, scale, risks, need to strengthen the balance sheet, liquidity and general financial position of the operations).

The Board estimates that the company's and the Group's equity after the proposed distribution of profits will be sufficiently large in relation to the type, scale and risks of the operations. The Board's assessment of the parent company's and the Group's financial position means that the dividend is defensible in relation to the requirements imposed by the type, scale and risks of the operations on the size of the parent company's and the Group's equity and the parent company's and the Group's need to strengthen the balance sheet, liquidity and financial position generally. The proposed dividend for preference shares accounts for 3.1 per cent (3.2) of the company's equity and 1.4 per cent (1.8) of the Group's equity.

Balder's declared goal for the Group's capital structure is that the equity/assets ratio should not be less than 35 per cent over time and that the interest coverage ratio should not be less than 1.5 times, and should also be met after the proposed dividend. In light of this, the Board considers that the company and the Group have a good basis for taking advantage of future business opportunities and also for managing possible losses. Planned investments have been considered in determination of the proposed distribution of profits.

The proposed distribution of profits will not affect the company's and the Group's ability to meet their payment obligations at the right time.

The Board has considered all other known circumstances that may be important for the company's and the Group's financial position and which have not been considered within the framework of what is stated above. In this connection, no circumstances have arisen which make the proposed dividend appear unreasonable. Record days for the quarterly dividend of SEK 5.00 to the preference shareholders are 10 July, 9 October and 8 January and 8 April.

Gothenburg, 8 April 2015
Board of Directors

Financial statements

Consolidated statement of comprehensive income

SEKm	Note	2014	2013
Rental income	2, 3	2,525	1,884
Property costs	3, 6, 7, 8	-760	-609
Net operating income		1,766	1,274
Changes in value of investment properties, realised	13	144	16
Changes in value of investment properties and wind turbines, unrealised ¹⁾	13	2,906	801
Management and administrative expenses	5, 6	-154	-121
Participation in profits of associated companies	15	317	204
Operating profit	3, 4, 5, 6, 7	4,977	2,174
Financial items			
Financial income	9	108	87
Financial expenses	10	-640	-543
Changes in value of derivatives	21	-624	433
Net financial items		-1,156	-23
Profit before tax		3,822	2,151
Income tax	11	-693	-412
Net profit for the year		3,128	1,738
Other comprehensive income – items that may later be reclassified in the income statement			
Translation difference		16	8
Participation in other comprehensive income from associated companies		1	-12
Comprehensive income for the year		3,145	1,735
Net profit for the year attributable to			
The parent company's shareholders		3,128	1,738
Total comprehensive income for the year attributable to			
The parent company's shareholders		3,145	1,735
Profit from property management before tax		1,275	854
Profit from property management before tax per ordinary share, SEK ²⁾		6.64	4.57
Profit after tax per ordinary share, SEK ²⁾	12	18.10	10.11
1) Unrealised changes in value in respect of properties		2,906	838
Unrealised changes in value in respect of wind turbines		—	-37
Total		2,906	801

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

Consolidated statement of financial position

SEKm	Note	31 dec 2014	31 dec 2013
ASSETS			
Non-current assets			
Investment properties	13	37,382	27,532
Other property, plant and equipment	14	96	108
Participations in associated companies	15	1,489	1,020
Receivables from associated companies		616	748
Total non-current assets		39,584	29,408
Current assets			
Trade receivables	16	19	23
Other receivables	17	80	65
Prepaid expenses and accrued income	18	45	32
Financial investments	19	257	305
Cash and cash equivalents	25	199	208
Total current assets		600	633
TOTAL ASSETS		40,185	30,041
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to the parent company's shareholders			
Share capital	20	172	172
Other paid-up capital		4,339	4,339
Retained earnings including net profit for the year		9,750	6,685
Total equity		14,261	11,196
Liabilities			
Non-current liabilities			
Deferred tax liability	11	1,549	862
Non-current interest-bearing liabilities	21	22,157	16,338
Credit facilities	21, 22	—	4
Derivatives	21	1,086	472
Total non-current liabilities		24,792	17,676
Current liabilities			
Current interest-bearing liabilities	21	221	179
Trade payables		74	150
Other liabilities		297	465
Accrued expenses and deferred income	23	538	376
Total current liabilities		1,131	1,170
Total liabilities		25,923	18,846
TOTAL EQUITY AND LIABILITIES		40,185	30,041
Pledged assets and contingent liabilities			
Pledged assets	24	24,613	19,317
Contingent liabilities	24	1,486	925

Consolidated statement of changes in equity

SEKm	Attributable to the parent company's shareholders				
	Share capital	Other paid-up capital	Reserves	Retained earnings including net profit for the year	Total equity
Equity at 1 Jan 2013	168	3,046	-13	5,088	8,289
Net profit for the year				1,738	1,738
Other comprehensive income			-4		-4
Total comprehensive income	—	—	-4	1,738	1,735
New issue ¹⁾	4	1,293			1,297
Dividend paid preference shares				-125	-125
Total transactions with the company's owners	4	1,293	—	-125	1,172
Equity at 31 Dec 2013	172	4,339	-16	6,701	11,196
Equity at 1 Jan 2014	172	4,339	-16	6,701	11,196
Net profit for the year				3,128	3,128
Other comprehensive income			17		17
Total comprehensive income	—	—	17	3,128	3,145
Disposal of treasury shares				220	220
Dividend on preference shares booked as a liability but still unpaid				-100	-100
Dividend paid preference shares				-200	-200
Total transactions with the company's owners	—	—	—	-80	-80
Equity at 31 Dec 2014	172	4,339	1	9,749	14,261

Consolidated statement of cash flows

SEKm	Note 25	2014	2013
Operating activities			
Net operating income		1,766	1,274
Management and administrative expenses		-154	-121
Reversal of depreciation and amortisation		18	17
Adjustment item		11	3
Interest received		27	27
Interest paid		-617	-492
Tax paid		-11	0
Cash flow from operating activities before change in working capital		1,038	708
Cash flow from changes in working capital			
Change in operating receivables		148	-332
Change in operating liabilities		155	126
Cash flow from operating activities		1,340	502
Investing activities			
Acquisition of properties		-6,835	-3,606
Acquisition of property, plant and equipment		-6	-12
Purchase of financial investments		-144	-218
Investment in existing properties		-700	-880
Acquisitions of Companies, liquidity ¹⁾		19	36
Divestment of properties		1,114	145
Sale of financial investments		219	7
Acquisition of associated companies		-420	-67
Dividend paid from associated companies		45	—
Cash flow from investing activities		-6,708	-4,593
Financing activities			
New issue		—	1,297
Dividend paid preference share		-200	-125
Borrowings		6,575	3,865
Disposal of treasury shares		220	—
Amortisation/Redemption of loans		-1,232	-668
Change in credit facilities		-4	-118
Cash flow from financing activities		5,359	4,252
Cash flow for the year		-8	160
Cash and cash equivalents at beginning of year		208	47
Cash and cash equivalents at end of year		199	208
Unutilised credit facilities	22	350	491
Financial investments	19	257	305

1) Refers to the liquidity that was provided in connection with the acquisition of Companies.

Parent Company income statement

SEKm	Note	2014	2013
Net sales	2	124	99
Administrative expenses		-139	-113
Operating profit	4,5	-16	-14
Profit from financial items			
Impairment of shares in subsidiaries	26	—	-2
Dividends from subsidiaries		700	—
Interest income and similar profit/loss items	9	877	660
Interest expenses and similar profit/loss items	10	-539	-440
Changes in value of derivatives	21	-585	374
Profit before appropriations and taxes		438	578
Appropriations			
Group contributions paid/received		-250	-114
Profit before tax		188	464
Income tax	11	115	-99
Net profit for the year/comprehensive income		302	365

Parent Company balance sheet

SEKm	Note	31 dec 2014	31 dec 2013
ASSETS			
Non-current assets			
Property, plant and equipment	14	22	24
Financial assets			
Participations in group companies	26	1,822	1,822
Participations in associated companies	15	536	483
Deferred tax assets	11	213	98
Receivables from associated companies		616	748
Receivables from group companies	27	15,777	11,506
Total financial assets		18,963	14,656
Total non-current assets		18,985	14,680
Current assets			
Current receivables			
Other receivables	17	8	15
Prepaid expenses and accrued income	18	7	16
Financial investments	19	257	305
Total current receivables		272	336
Cash and cash equivalents	25	165	144
Total current assets		437	481
TOTAL ASSETS		19,422	15,161
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	20	172	172
Unrestricted equity			
Share premium reserve		3,765	3,765
Retained earnings		2,257	1,972
Net profit for the year		302	365
Total equity		6,497	6,274
Non-current liabilities			
Liabilities to credit institutions	21,22	7,806	5,632
Derivatives	21	936	361
Liabilities to group companies	27	3,952	2,782
Total non-current liabilities		12,694	8,775
Current liabilities			
Liabilities to credit institutions	21	37	58
Trade payables		5	2
Other liabilities		145	6
Accrued expenses and deferred income	23	44	45
Total current liabilities		231	111
TOTAL EQUITY AND LIABILITIES		19,422	15,161
Pledged assets and contingent liabilities			
Pledged assets	24	5,898	5,008
Contingent liabilities	24	15,028	11,076

Parent Company statement of changes in equity

SEKm	Number of shares	Restricted equity		Unrestricted equity		Total equity
		Share capital	Share premium reserve	Retained earnings	Net profit for the year	
Equity at 1 Jan 2013	168,396,852	168	2,473	1,710	387	4,738
Net profit for the year/comprehensive income	—	—	—	—	365	365
Distribution of earnings				387	–387	—
New issue	4,000,000	4	1,293			1,297
Dividend paid preference shares				–125		–125
Total transactions with the company's owners	4,000,000	4	1,293	262	–387	1,172
Equity at 31 Dec 2013	172,396,852	172	3,765	1,972	365	6,274
Equity at 1 Jan 2014	172,396,852	172	3,765	1,972	365	6,274
Net profit for the year/comprehensive income	—	—	—	—	302	302
Distribution of earnings				365	–365	—
Disposal of treasury shares				220		220
Dividend on preference shares booked as a liability but still unpaid				–100		–100
Dividend paid preference shares				–200		–200
Total transactions with the company's owners	—	—	—	285	–365	–80
Equity at 31 Dec 2014	172,396,852	172	3,765	2,257	302	6,497

Parent Company cash flow statement

SEKm	Note 25	2014	2013
Operating activities			
Operating profit		-16	-14
Reversal of depreciation		3	3
Changes in value of derivatives, realised		-11	37
Interest received		16	33
Interest paid		-308	-239
Cash flow from operating activities before change in working capital		-316	-180
Cash flow from changes in working capital			
Change in operating receivables		13	0
Change in operating liabilities		41	8
Cash flow from operating activities		-262	-172
Investing activities			
Acquisition of property, plant and equipment		-1	0
Purchase of financial investments		-148	-218
Change in lending to group companies		-2,099	-791
Change in lending to associated companies		190	-287
Sale of financial investments		219	7
Acquisition of associated companies		-52	-62
Cash flow from investing activities		-1,891	-1,351
Financing activities			
New issue		—	1,297
Dividend paid preference shares		-200	-125
Borrowings		3,075	1,534
Disposal of treasury shares		220	—
Amortisation/Redemption of loans		-921	-922
Change in credit facilities		—	-122
Cash flow from financing activities		2,174	1,662
Cash flow for the year		21	139
Cash and cash equivalents at beginning of year		144	5
Cash and cash equivalents at end of year		165	144
Unutilised credit facilities	22	300	445
Financial investments	19	257	305

Notes to the financial statements

Note 1 · Accounting policies applied

General information

The financial statements for Fastighets AB Balder, as of 31 December 2014, were approved by the Board of Directors and Chief Executive Officer on 8 April 2015 and will be submitted for adoption by the Annual General Meeting on 6 May 2015. Fastighets AB Balder (publ), corporate identity number 556525-6905, with registered office in Gothenburg, constitutes the Parent Company of a Group with subsidiaries according to Note 26, Group companies. The company is registered in Sweden and the address of the company's head office in Gothenburg is Fastighets AB Balder, Box 53121, 400 15 Gothenburg. The visiting address is Vasagatan 54. Balder is a listed property company which shall meet the needs of different customer groups for premises and housing based on local support.

Accounting policies

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Interpretations Committee (IFRIC), as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups is applied.

The annual accounts of the parent company have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities) and statements of the Swedish Financial Reporting Board. The parent company applies the same accounting policies as the Group apart from the instances described below in the section "Parent Company accounting policies". The deviations that occur between the parent company and Group accounting policies are due to limitations in the possibilities of applying IFRS in the parent company on account of the Annual Accounts Act.

The parent company's functional currency is the Swedish krona (SEK), which is also the presentation currency of the parent company and the Group.

The financial statements are presented in Swedish krona rounded off to millions of kronor unless otherwise stated.

Assets and liabilities are recognised at historical cost, with the exception of investment properties, financial investments and derivative instruments, which are measured at fair value.

Preparation of financial statements in conformity with IFRS requires the company management to make estimates and assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses.

The estimates and assumptions are based on historical experience and other factors that appear reasonable under the existing circumstances. The results of these estimates and assumptions are then used in determining the carrying amounts of assets and liabilities, which are not otherwise evident from other sources. The actual outcome may diverge from these estimates and judgements.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which they arise if the change affects that period alone or, alternatively, in the period in which they arise and during future periods if the change affects both the period in question and future periods.

Assumptions made by the company management in the application of IFRS, which have a material impact on the financial statements, and estimates which may give rise to significant adjustments in subsequent financial statements are presented in more detail in Note 30, Critical estimates and judgements.

The accounting policies set out for the Group have been consistently applied for all periods presented in the Group's financial statements, unless otherwise stated below. The Group's accounting policies have been applied consistently in the reporting and consolidation of subsidiaries.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocation of

resources and evaluation of the operating segments' results. In the Group, this function has been identified as the management team which takes strategic decisions. The Group's internal reporting of the operations is divided into the segments Stockholm, Gothenburg/West, Öresund, East and North, which are harmonised with the Group's internal reporting system. See further in Note 3, Segment reporting.

Classification etc.

Non-current assets and non-current receivables largely consist of amounts that are expected to be recovered or paid after more than twelve months, calculated from the end of the reporting period. Current assets and current liabilities largely consist of amounts that are expected to be recovered or paid within twelve months, calculated from the end of the reporting period. Current liabilities to credit institutions include amortisation agreed for one year. The company's interest-bearing liabilities are non-current in character, as they are continually extended, see Note 21. In the parent company, receivables and liabilities from/to group companies are recognised as non-current, when there is no approved amortisation plan.

Consolidation principles

Subsidiaries are companies that are subject to a controlling influence, which means that Balder owns more than 50 per cent of the shares or participations. Control means, directly or indirectly, a right to set the company's financial and operational strategies aimed at obtaining economic benefits. When determining whether control exists, potential voting shares that can be called upon or converted without delay should be considered.

Subsidiaries are accounted for according to the purchase method. This method means that acquisition of a subsidiary that is classified as a business combination is treated as a transaction by which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities.

The analysis establishes the cost of the shares or entity, as well as the fair value on the date of acquisition of the identifiable assets acquired and liabilities and contingent liabilities assumed. The consideration also includes the fair value of all assets or liabilities which are a result of an agreement on contingent consideration. Costs related to the acquisition are expensed as they arise. For each acquisition, the Group determines if all non-controlling interests in the acquired entity are recognised at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The cost of acquisition of a subsidiary's shares and operations consists of the fair values of the assets on the date of exchange, liabilities incurred or assumed and equity instruments issued as consideration in exchange for the acquired net assets, as well as transaction costs that are directly attributable to the acquisition.

In business combinations where the cost of acquisition exceeds the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement. When a company is acquired, the acquisition constitutes either the acquisition of an entity or the acquisition of an asset. An acquisition of an asset is identified if the acquired company only owns one or more properties. There are leases for these properties, but no personnel are employed in the company who can conduct business. In a business combination based on joint control, de facto control, the acquisition is recognised at historical cost, which means that assets and liabilities are recognised at the values they have been carried at in each company's balance sheet. In this way, no goodwill arises.

When an acquisition occurs of a group of assets or net assets which do not constitute an entity, the cost for the Group is allocated according to the individually identifiable assets and liabilities in the Group based on their relative fair values on the acquisition date.

The subsidiaries' financial statements are included in the consolidated financial statements from the date control arises until the date control ceases.

Transactions eliminated on consolidation

Transactions with non-controlling interests that do not lead to a loss of control are recognised as transactions in equity, in other words, as

transactions with shareholders in their role as owners. In the case of acquisitions from non-controlling interests, the difference between the fair value of consideration paid and the proportion of the carrying amount of the subsidiary's net assets actually acquired is recognised in equity. Gains and losses on disposals to non-controlling interests are also recognised in equity. Transactions eliminated on consolidation Intra-group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from transactions between group companies, are eliminated in full on preparation of the consolidated accounts.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from transactions between group companies, are eliminated in full on preparation of the consolidated accounts.

Recognition of associated companies

Associated companies are considered to be those companies that are not subsidiaries but where the parent company directly or indirectly holds between 20 and 50 per cent of the votes of all shares. Participations in associated companies are recognised in the Group according to the equity method. The equity method means that participations in an associated company are recognised at cost at the date of acquisition and are subsequently adjusted by the Group's participation in the change in the associated company's net assets.

Participating interests in associated companies are recognised separately in the consolidated statement of comprehensive income and consolidated statement of financial position. Participations in the profits of associated companies are recognised after tax.

Foreign currency

Financial statements of foreign operations

Assets and liabilities in foreign operations are translated to Swedish kronor, at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated to Swedish kronor at an average rate that represents an approximation of the prevailing exchange rates on the date of each transaction. Translation differences arising on currency translation of foreign operations are recognised via other comprehensive income as a translation reserve.

Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency, which applies in the primary economic environments in which companies conduct their operations. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the prevailing year-end exchange rate. Exchange differences are recognised in the income statement, apart from non-current internal balances, which are treated as a part of the net investment in subsidiaries and are recognised via other comprehensive income. Non-monetary assets and liabilities, which are recognised at historical costs are translated at the exchange rate on the transaction date. Non-monetary assets and liabilities, which are recognised at fair value are translated to the functional currency at the rate prevailing on the date of fair value measurement.

Rental income

Rental income is recognised in the consolidated statement of comprehensive income on a straight-line basis according to the terms of the leasing agreement. The total cost of benefits provided is recognised as a decrease in rental income on a straight-line basis over the leasing period. Rental income is recorded in the period it refers to.

Other revenue

Other income is recognised in the consolidated statement of comprehensive income on a straight-line basis.

Costs for operating lease contracts

Costs relating to operating lease contracts and benefits received in connection with the signing of an agreement are recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

Financial income and expenses

Financial income and expenses consists of interest income on bank balances and receivables as well as interest expenses on liabilities.

Interest income on receivables and interest expenses on liabilities are calculated by application of the effective interest method. The

effective rate is the interest rate, which means that the present value of all future incoming and outgoing payments during the interest rate refixing period will be the same as the carrying amount of the receivable or liability. Interest income and interest expenses include allocated amounts of transaction costs and possible discounts, premiums and other differences between the initial carrying amount of the receivable or liability and the amount that is settled at maturity. The interest component in financial lease payments is recognised in the consolidated statement of comprehensive income by application of the effective interest method.

Borrowing costs directly attributable to the construction or production of an asset, which requires a significant time to complete for use or sale are included in the cost of the asset. Capitalisation of borrowing costs takes place provided that it is likely to lead to future economic benefits and that the costs can be measured in a reliable manner.

Financial instruments

Financial instruments are measured and recognised in the Group in accordance with the rules in IAS 39. Financial instruments on the asset side that are recognised in the consolidated statement of financial position include cash and cash equivalents, financial investments, trade receivables and other investments held as fixed assets as well as derivatives with positive value. Liabilities include trade payables, borrowings and derivatives with negative value. Financial instruments are initially recognised at the cost of acquisition corresponding to the fair value of the instrument plus transaction costs for all financial instruments, apart from those classified as financial assets recognised at fair value via the consolidated statement of comprehensive income, such as derivative instruments, which are recognised at fair value excluding transaction costs. The financial instruments are classified on initial recognition based on the purpose for which the instrument was acquired, which affects the subsequent recognition.

A financial asset or financial liability is carried in the consolidated statement of financial position when the company becomes a party to the contractual terms of the instrument. Trade receivables are carried in the balance sheet when the invoice has been sent. Rental receivables are recognised as a receivable in the period when performance, which corresponds to the receivable's value, has been delivered and payments corresponding to the value of the receivable have still not been received. A liability is recognised when the counterparty has performed a service and a contractual payment obligation prevails, even if the invoice has not yet been received. Trade payables are recognised when the invoice has been received.

A financial asset is derecognised when the contractual rights are realised or expire or when the company no longer has control over them. The same applies to a portion of a financial asset. A financial liability is derecognised when the contractual liability is discharged or otherwise expires. The same applies to a portion of a financial liability.

Acquisition and disposal of financial assets are recognised on the transaction date, which represents the day when the company committed to acquire or dispose of the asset. Borrowing is recognised when the funds have been received, while derivative instruments are recognised when the contract has been entered into.

Balder divides its financial instruments into the following categories in accordance with IAS 39.

Financial assets measured at fair value through the consolidated statement of comprehensive income

This category consists of two subcategories: financial assets held for trading and other financial assets that the company initially elected to place in this category, under the so-called Fair Value Option. Financial instruments in this category are continually measured at fair value with changes in value recognised in the consolidated statement of comprehensive income. The first subcategory includes the Group's derivatives with positive fair value.

Loan receivables and trade receivables

Receivables, which do not constitute derivatives, are recognised at amortised cost under the effective interest method. Trade receivables including rental receivables and other current receivables that normally have a term of less than twelve months are recognised at fair value. A receivable is examined individually as regards estimated risk of loss and is carried at the amount which is expected to be received. Impairments are made for doubtful receivables and are recognised in operating costs.

forts. note 1*Financial assets available for sale*

The category financial assets available for sale includes financial assets, which are not classified in any other category or financial assets that the company initially elected to classify in this category. Holdings of shares and participations that are not recognised as subsidiaries or associated companies are recognised here. Assets in this category are continually measured at fair value with changes in value recognised in equity, however, not those that are due to impairments and dividend income, which are recognised in the income statement. In the event of disposal of the asset, accumulated gains or losses, which were previously recognised in equity, are recognised in the consolidated statement of comprehensive income. This category includes unlisted shares which are recognised under investments held as fixed assets.

Financial liabilities measured at fair value through the consolidated statement of comprehensive income

This category consists of two sub-categories, financial liabilities held for trading and other financial liabilities that the company elected to place in this category, under the so-called Fair Value Option. The first category includes the Group's derivatives with negative fair value. Changes in fair value are recognised in the consolidated statement of comprehensive income.

Other financial liabilities

Balder's financial policy, which is updated at least once each year, prescribes guidelines and rules for how borrowing should be conducted. The overall objective of financial management is to use borrowing to safeguard the supply of capital to the company in the short and long run, to adapt the financial strategy and management of financial risks to the company's business so that a long-term and stable capital structure is achieved and maintained and to achieve the best possible net financial income/expense within given risk limits. Borrowing is recognised initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at amortised cost using the effective interest method. Non-current liabilities have an expected maturity of more than 1 year while current liabilities have maturities of less than 1 year. Declared dividends are recognised as liabilities after the general meeting has approved the dividend.

Trade payables and other operating liabilities have short expected maturities and are measured at their nominal value with no discounting.

Derivative instruments

Derivative instruments include interest rate swaps that are deployed to cover the risk of changes in interest rates. Derivatives are also terms of agreement which are embedded in other agreements. Embedded derivatives should be accounted for separately if they are not closely related to the host contract. Derivative instruments are measured at fair value. Changes in the value of derivative instruments, stand-alone as well as embedded, are recognised in the consolidated statement of comprehensive income. The Group does not apply hedge accounting.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and directly accessible balances at banks and similar institutions as well as short-term highly liquid investments with original maturities of less than three months which are only subject to an insignificant risk of fluctuation in value.

Impairment testing of financial assets

On each reporting date, the company assesses whether there is objective evidence that a financial asset or group of assets is impaired. Objective evidence consists partly of observable circumstances that occurred and which have a negative impact on the possibility to recover the cost, and partly of a significant or protracted decline in the fair value of an investment in a financial investment classified as a financial asset available for sale.

In the event of impairment of an equity instrument which is classified as a financial asset available for sale, any previously recognised accumulated loss in equity is transferred to the consolidated statement of comprehensive income.

The recoverable amount of loans and trade receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial

recognition of the asset. Assets with short maturities are not discounted. An impairment loss is recognised as a cost in the consolidated statement of comprehensive income.

Property, plant and equipment*Owned assets*

Property, plant and equipment are recognised as an asset in the consolidated statement of financial position if it is probable that future economic benefits will accrue to the company and the cost of the asset can be reliably measured.

Property, plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairment losses. The purchase price is included in the cost as well as expenses directly attributable to the asset in order to bring it to the location and in the condition to be used in accordance with the aim of the acquisition.

The carrying amount of an item of property, plant and equipment is derecognised on retirement or disposal or when no future economic benefits can be expected from use of the asset. Gains or losses arising from disposal or retirement of an asset consist of the difference between the selling price and the asset's carrying amount less directly related selling expenses. Gains and losses are recognised as other operating income/expense.

Leased assets

Leases are classified in the consolidated financial statements either as financial or operating leases. Financial leasing exists when the economic risks and rewards associated with ownership have been essentially transferred to the lessee; if this is not the case, it is a matter of an operating lease.

Operating leases mean that leasing fees are expensed over the term of the lease, based on use, which may differ in practice from the amount of leasing fees paid during the year.

The Group has no financial leases.

Additional expenditure

Additional expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. Other additional expenditure is recognised as a cost in the period in which it arises. The assessment of whether additional expenditure is added to cost depends on whether the expenditure concerns the replacement of identified components, or parts thereof, whereupon such expenditure is capitalised. Even in cases where new components are created, the expenditure is added to the cost. Repairs are expensed on an ongoing basis.

Depreciation methods

Depreciation takes place on a straight-line basis over the estimated useful life of the asset..

	Useful life
<i>Property, plant and equipment</i>	
Equipment	3–10 years
Wind turbines	10–20 years

The residual value and useful life of assets are assessed annually.

Investment properties

FöInvestment properties are properties that are held with the aim of receiving rental income or appreciation in value or a combination of both. Investment properties are initially recognised at cost, which includes expenses and borrowing costs directly related to the acquisition. Investment properties are recognised according to the fair value method. The fair value is based on internal valuations which are reconciled as required with external independent valuers. Fair value is based on the market value, which is the estimated amount that would be received in a transaction on the valuation date between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion. Both unrealised and realised changes in value are recognised in the income statement. Valuations are performed at the end of each quarter.

Income from property divestments is normally recognised on the date of possession unless the risks and rewards have been transferred

to the purchaser on an earlier date. Control of the asset may have been transferred on an earlier date than the date of possession and if this is the case, the property divestment is recognised as income on this earlier date. The assessment of the date of revenue recognition considers what was agreed between the parties as regards risks and rewards as well as involvement in the day-to-day management.

In addition to this, circumstances that can affect the outcome of the transaction are considered which lie outside the seller's and/or purchaser's control. If the Group starts a conversion of an existing investment property for continued use as an investment property, the property will continue to be recognised as an investment property. The property is recognised according to the fair value method and is not reclassified as property, plant and equipment during the conversion period.

Additional expenditure is added to the carrying amount only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. Other additional expenditure is recognised as a cost in the period in which it arises. The assessment of whether additional expenditure is added to the carrying amount depends on whether the expenditure concerns the replacement of identified components, or parts thereof, whereupon such expenditure is capitalised. Even in cases where new components are created, the expenditure is added to the carrying amount.

Impairment

The carrying amounts of the Group's assets, with the exception of investment properties, financial instruments and deferred tax assets, are tested on each balance sheet date to determine if there is any indication of an impairment need. If such indications exist, the recoverable amount of the asset concerned is calculated. For exempted assets, as above, the carrying amount is tested in accordance with each standard.

If it is impossible to determine significant independent cash flows to an individual asset, the assets should be grouped, in conjunction with impairment testing, at the lowest level at which it is possible to identify significant independent cash flows – a so-called cash generating unit. An impairment loss is recognised when the carrying amount of the asset or cash generating unit exceeds its recoverable amount. Any impairment loss is recognised in the income statement.

The recoverable amount of assets in the category loan receivables and trade receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial recognition of the asset. Assets with short maturities are not discounted.

The recoverable amount on other assets is the higher of the fair value less selling expenses and the value in use. In calculating value in use, future cash flows are discounted using a discount factor that takes into account the risk-free rate of interest and the risk associated with the specific asset. For an asset that does not generate cash flows, which is significantly independent of other assets, the recoverable amount is estimated for the cash generating unit to which the asset belongs.

Reversal of impairment losses

Impairments of loan receivables and trade receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment was made.

Repurchase of own shares

Purchases of own shares are recognised as a deduction from equity. The proceeds from disposal are recognised as an increase in equity. Any transaction expenses are recognised directly against equity.

Cash flow statement

The cash flow statement was prepared using the indirect method, by which the result is adjusted for transactions that do not result in incoming or outgoing payments during the period, as well as for any income or costs attributable to investing or financing activities.

Remuneration to employees

Short-term employee benefits

Short-term employee benefits are calculated without discounting and are recognised as a cost when the related services are received.

Pensions

Pension plans are classified as either defined benefit or defined contribution plans. The plans are predominantly defined contribution plans.

Defined benefit plans only exist in exceptional cases.

Defined contribution plans

For defined contribution plans, the Group pays contributions to privately managed pension insurance plans on a voluntary basis. The Group has no further payment obligations once the contributions have been paid; that is, the individual carries the risk. The contributions are recognised as employee benefit expenses when they are due for payment. Prepaid contributions are recognised as an asset to the extent that a cash refund or decrease in future payments could accrue to the Group.

Compensation on termination of employment

A provision is recognised in conjunction with termination of employment only if the company is unquestionably obligated to terminate employment prior to the scheduled time or when remuneration is paid as an offer to encourage voluntary resignation.

Provisions

Provisions are recognised in the balance sheet when the Group has an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and that the amount can be reliably estimated. In cases where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks specific to the liability.

Taxes

Income taxes consist of current tax and deferred tax. Income tax is recognised in the income statement except when underlying transactions are recognised in other comprehensive income or directly against equity, whereupon the associated tax effect is recognised in other comprehensive income or in equity. Current tax is tax that shall be paid or received in respect of the current year, using the tax rates which are enacted or which in practice are enacted on the balance sheet date. This includes adjustments of current tax relating to prior periods.

Deferred taxes are estimated in accordance with the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Temporary differences not taken into consideration are temporary differences arising on the initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and that on the transaction date did not affect the recognised or taxable result. Furthermore, temporary differences are not taken into consideration that are attributable to investments in subsidiaries and which are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is measured using the tax rates and tax regulations which were enacted or were in practice enacted on the balance sheet date. Deferred tax assets and liabilities are recognised net if they concern the same tax authority (country).

Deferred tax assets related to deductible temporary differences and loss carry-forwards are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

When a company is acquired, the acquisition constitutes either the acquisition of an entity or the acquisition of an asset. An acquisition of an asset is identified if the acquired company only owns one or more properties. There are leases for these properties, but no personnel are employed in the company who can conduct business. In case of recognition as an acquisition of assets, no deferred tax is recognised. All of Balder's completed acquisitions have been classified as acquisition of assets and therefore no deferred tax is recognised relating to properties in respect of these acquisitions.

Contingent liabilities

A contingent liability is recognised when a possible obligation arises from past events whose existence will only be confirmed by one or more uncertain future events or when an obligation exists that is not recognised as a liability or provision, since it is not probable that an outflow of resources will be required.

New and amended standards adopted by the Group

The following standards are applied by the Group for the first time for annual periods beginning on 1 January 2014 and have an impact on the consolidated financial statements:

Note 1 (continued)

The implementation of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" has only had an impact in terms of supplementary disclosures.

Other standards, amendments and interpretations that became effective for annual periods beginning on 1 January 2014 have not had any material impact on the consolidated financial statements.

New standards and interpretations that have not yet been applied by the Group

A number of new standards and interpretations entered into effect for annual periods starting on 1 January 2014 and have not been adopted on preparation of these financial statements. None of these are expected to have any material impact on the consolidated financial statements with the exception of the following:

IFRS 9 "Financial Instruments" deals with classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was published in July 2014. It replaces the parts of IAS 39 that deal with classification and measurement of financial instruments. The standard will be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Group has still not evaluated the effects of introducing the standard.

IFRS 15 "Revenue from Contracts with Customers" prescribes how revenue recognition should occur. The principles that IFRS 15 is based on should provide users of financial statements with more useful information about the company's revenue. The expanded disclosure requirements mean that information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer should be reported. Under IFRS 15, revenue should be recognised when the customer obtains control over the sold good or service and is able to use and obtain the benefit of the good or service.

IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and the related SIC and IFRIC interpretations. IFRS 15 will become effective on 1 January 2017. Earlier application is permitted. The Group has still not evaluated the effects of introducing the standard.

IFRIC 21 "Leases" is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IFRIC 21 addresses the recognition of leases, i.e. various types of leases that may be imposed on an entity by a governmental, or equivalent body, by law and/or regulation, which for the Group impacts the recognition of property tax. The obligating event that gives rise to a liability is the event that triggers the payment of a levy. The interpretation will become effective for annual periods beginning after 17 June 2014 according to the EU. The interpretation will not affect the Group on a full-year basis, however, the liability for property tax will be recognised as of 1 January and the cost will be allocated after that on a straight-line basis over the year.

None of the other IFRSs or IFRIC interpretations which have not yet become effective, are expected to have any material impact on the Group.

Accounting principles for the Parent Company

The parent company has prepared its annual accounts according to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The recommendation implies that the parent company in the Annual Report of the legal entity should apply all International Financial Reporting Standards and interpretations approved by the EU as far as possible within the framework of the Annual Accounts Act, and taking into account the connection between accounting and taxation. The recommendation states which exemptions and amendments apply with respect to IFRS. Financial instruments are measured according to fair value under IAS 39.

Differences between the Group and the Parent Company accounting policies

The accounting policies set out for the parent company have been applied consistently for all periods presented in the parent company's financial statements.

Classification and format

The parent company's income statement and balance sheet are prepared according to the Swedish Annual Accounts Act's layout. The difference from IAS 1 "Presentation of Financial Statements", which is applied in the presentation of the consolidated accounts, is mainly related to recognition of financial income and expenses and shareholders' equity.

Subsidiaries and associated companies

Holdings in subsidiaries and associated companies are recognised in the parent company financial statements according to the cost method. Dividends received are only reported as income provided that they pertain to profits earned subsequent to the acquisition. Dividends which exceed this earned profit are treated as a repayment of the investment and reduce the carrying amount of the participation.

Revenue

The parent company's net sales consist of management services in relation to subsidiaries. This revenue is recognised in the period it relates to.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised in cases where the parent company has the exclusive right to decide on the size of the dividend and the parent company has made a decision on the size of the dividend before having published its financial statements.

Finansiella garantier

The parent company's financial guarantee contracts mainly consist of loan guarantees on behalf of subsidiaries and associated companies. Financial guarantees mean that the company has an obligation to compensate the holder of a debt instrument for losses that they incur because a particular debtor does not complete payment on maturity according to the terms of the agreement. For recognition of financial guarantee contracts, the parent company applies RFR 2 p. 72, which implies relief compared to the rules in IAS 39 as regards financial guarantee contracts issued on behalf of subsidiaries and associated companies. The parent company recognises financial guarantee contracts as a provision in the balance sheet when the company has an obligation for which payment is likely to be required to settle the obligation.

Leased assets

All lease agreements in the parent company are recognised in accordance with the rules for operating leases.

Taxes

In the parent company, untaxed reserves are recognised including deferred tax. However, in the consolidated accounts, untaxed reserves are allocated between deferred tax liabilities and equity.

Group contributions and shareholders' contributions

The company recognises group contributions and shareholders' contributions in accordance with the Swedish Financial Reporting Board's recommendation RFR 2. Shareholders' contributions are recorded directly in equity in the case of the receiver and capitalised in shares and participations by the grantor, to the extent that impairment is not required. Group contributions are recognised as income in the income statement of the receiver and as a cost for the grantor. The tax effects are recognised according to IAS 12 in the income statement.

Note 2 • Revenue distribution

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Rental income	2,525	1,884	—	—
Rendering of services	—	—	124	99
Total	2,525	1,884	124	99

Note 3 · Segment reporting

Balder' operating segments consist of the regions Stockholm, Gothenburg/West, Öresund, East and North. This division is aligned with the Group's internal reporting. The management primarily follows up operating

segments based on their net operating income, where common property administration expenses have been allocated according to the cost principle. Also see Note 1, Accounting policies applied.

Region	Stockholm		Gothenburg/ West		Öresund		East		North		Group	
SEKm	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Rental income	765	584	857	624	402	346	345	192	156	137	2,525	1,884
Property costs	-191	-165	-276	-199	-108	-106	-126	-84	-59	-57	-760	-609
Net operating income	574	420	582	425	294	240	219	109	97	81	1,766	1,274
Changes in value of properties and wind turbines												
Commercial properties	921	213	588	180	111	-5	17	-16	-13	-2	1,625	371
Residential properties	252	48	366	226	270	20	391	126	145	64	1,424	483
Wind turbines	—	—	—	—	—	—	—	-37	—	—	—	-37
Profit incl. changes in value	1,747	681	1,536	832	675	255	628	182	229	142	4,815	2,092
Non-allocated items:												
Management and administrative expenses											-154	-121
Participations in the profits of associated companies											317	204
Operating profit											4,977	2,174
Net interest income/expense											-532	-456
Changes in value of derivatives											-624	433
Income tax											-693	-412
Net profit for the year											3,128	1,738
Translation difference/participation in comprehensive income of associated companies											17	-4
Comprehensive income for the year											3,145	1,735
Assets												
Commercial properties	10,232	6,947	8,402	5,307	3,241	2,450	1,096	334	299	39	23,269	15,077
Residential properties	2,316	2,015	3,778	3,328	3,419	2,731	2,914	2,859	1,687	1,522	14,113	12,455
Investment properties	12,548	8,962	12,179	8,635	6,659	5,181	4,010	3,193	1,986	1,561	37,382	27,532
Non-allocated items:												
Property, plant and equipment											96	108
Receivables from associated companies											616	748
Participations in associated companies											1,489	1,020
Current assets											600	633
Total assets											40,185	30,041
Shareholders' equity and liabilities												
Non-allocated items:												
Equity											14,261	11,196
Deferred tax liability											1,549	862
Interest-bearing liabilities, non-current											22,157	16,342
Derivatives											1,086	472
Interest-bearing liabilities, current											221	179
Non-interest-bearing liabilities											910	990
Total equity and liabilities											40,185	30,041
Investments and acquisitions in:												
Commercial properties	2,496	1,453	2,528	840	775	10	740	116	564	—	7,103	2,419
Residential properties	49	20	87	853	452	212	48	967	19	14	655	2,068
Total investment properties	2,545	1,474	2,615	1,693	1,227	222	788	1,083	583	14	7,759	4,486

The Group's registered office is in Sweden. Revenue from external customers in Sweden amounted to SEK 2,379m (1,796) and total revenue from external customers in Denmark amounted to SEK 147m (88). Total non-current assets, other than financial instruments and deferred tax receivables that are located in Sweden amounted to SEK 34,349m (25,852) and the total of such non-current assets located in other countries amounted to SEK 3,130m (1,789).

Note 4 · Employees and personnel expenses

At year-end, the Group had a total of 313 employees (290), of whom 110 (102) were women. The number of employees in the parent company at year-end was 160 (121), of whom 58 (44) were women.

During 2014, Fastighets AB Balder had 5 Board members (5) including the Chairman, of whom 1 (1) was a woman. The Group as well as the parent company had 6 senior executives (6) including the CEO, of whom 1 (1) was a woman.

Number of employees

	Group		Parent Company	
	2014	2013	2014	2013
Average number of employees (all in Sweden)	294	243	136	117
<i>of whom, women</i>	101	75	51	41

Salaries, fees and benefits

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Chairman of the Board	0.2	0.2	0.2	0.2
Other Board members	0.3	0.3	0.3	0.3
Chief Executive Officer				
Basic salary	0.9	0.9	0.9	0.9
Benefits	—	—	—	—
Other senior executives				
Basic salary	5.1	5.3	5.1	5.3
Benefits	0.3	0.3	0.3	0.3
Other employees				
Basic salary	101.8	83.4	47.7	43.7
Benefits	1.4	1.0	0.8	0.8
Total	110.0	91.4	55.3	51.5

Statutory social security contributions including payroll tax

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Board of Directors	0.1	0.1	0.1	0.1
Chief Executive Officer	0.4	0.4	0.4	0.4
Other senior executives	1.8	1.8	1.8	1.8
Other employees	32.9	26.1	15.1	13.8
Total	35.2	28.4	17.4	16.1

Contractual pension expenses

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Chief Executive Officer	0.3	0.3	0.3	0.3
Other senior executives	0.7	0.7	0.7	0.7
Other employees	6.5	4.3	2.1	2.5
Total	7.5	5.3	3.1	3.5
Total	152.7	125.1	75.8	71.1

Remuneration to senior executives and other benefits during the year

SEKm	2014-01-01–2014-12-31				2013-01-01–2013-12-31			
	Basic salary directors' fees	Benefits	Pension expense	Total	Basic salary directors' fees	Benefits	Pension expense	Total
Chairman of the Board Christina Rogestam	0.2	—	—	0.2	0.2	—	—	0.2
Board member Fredrik Svensson	0.1	—	—	0.1	0.1	—	—	0.1
Board member Sten Dunér	0.1	—	—	0.1	0.1	—	—	0.1
Board member Anders Wennergren	0.1	—	—	0.1	0.1	—	—	0.1
CEO	0.9	—	0.3	1.2	0.9	—	0.3	1.2
Management team (5 persons)	5.1	0.3	0.7	6.1	5.3	0.3	0.7	6.3
Total	6.5	0.3	1.0	7.8	6.7	0.3	1.0	8.0

No variable remuneration is paid to any of the company's senior executives.

A defined benefit pension plan agreement has been entered into with the CEO, which means that an amount of SEK 0.4m (0.3) will be paid out annually to the CEO when he reaches 55 until he is 65. Future payments will be limited by the fund's assets by agreement. The payments are not dependent on future employment. The present value of the commitment amounted to SEK 3.0m (2.5). The commitment has been secured by a provision to a pension fund, whose plan assets amounted to SEK 3.0m (2.5). The value of the pension commitment has been calculated in accordance with the Pension Obligations Vesting Act, which does not accord with IAS 19. The difference in cost under the two methods of calculation is not significant.

Remuneration to senior executives follows the guidelines resolved upon at the latest Annual General Meeting. The remuneration should be market-related and competitive. The remuneration should be paid in

the form of a fixed salary. Pension terms should be market-related and based on defined contribution pension solutions. Total dismissal pay and termination benefits should not exceed 18 monthly salaries. The CEO's salary and benefits are determined by the Board. Salaries and benefits of other senior executives are determined by the CEO. In the event of termination of the CEO's employment, a mutual period of notice of six months applies. In the event of termination by the company, termination benefits of 12 monthly salaries are payable (not qualifying for pension or holiday pay). A mutual period of notice of six months applies to other members of the management team. No termination benefits are payable.

The Board has the right to depart from the guidelines resolved upon by the Annual General Meeting for remuneration to senior executives, if special grounds exist.

Total absence due to illness

%	Group		Parent Company	
	2014	2013	2014	2013
Total absence due to illness as a percentage of ordinary working hours	4.7	4.6	4.2	5.6
<i>of which total absence due to illness over 60 calendar days of the overall absence due to illness</i>	<i>57.4</i>	<i>46.4</i>	<i>51.1</i>	<i>54.6</i>
Distributed by gender, %	2014	2013	2014	2013
Men	3.2	3.3	2.7	3.9
Women	7.3	6.9	6.7	8.4
Distributed by age, %	2014	2013	2014	2013
Employees 29 years old or younger	3.5	2.9	3.8	2.3
Employees 30–49 years old	3.2	3.1	2.2	3.7
Employees 50 years or older	7.9	8.0	9.8	12.4

Note 5 · Audit fees and reimbursements

SEKm	Group		Parent Company	
	2014	2013	2014	2013
PwC				
The audit assignment in Sweden	2.0	1.6	1.7	1.6
The audit assignment in Denmark	0.5	0.6	—	—
The audit assignment in Finland	0.1	—	—	—
Tax consultancy	0.1	0.1	0.1	0.1
Other services	0.2	0.7	0.2	0.7
Total	2.9	3.0	2.0	2.4

The audit assignment refers to the review of the financial statements and accounting records as well as the administration of the Board of Directors and CEO. This item also includes other duties that the company's auditors are obliged to perform as well as advice or other

assistance that is occasioned by observations during the review or implementation of such other duties. Everything else is consultancy. Audit expenses are included in group-wide expenses, which are levied on the subsidiaries.

Note 6 · Operating costs distributed according to function and type of cost

Group, Mkr	2014	2013
Property costs	760	609
Management and administrative expenses	154	121
Total	914	730
Group, Mkr	2014	2013
Personnel expenses	153	125
Depreciation/amortisation	16	17
Media expenses	295	252
Property tax	113	85
Ground rent	15	12
Maintenance and other costs ¹⁾	323	240
Total	914	730

1) Refers to operating costs and administration excluding personnel expenses.

Note 7 · Specification of property costs

Group, Mkr	2014	2013
Operating and maintenance costs ¹⁾	331	261
Media expenses ²⁾	301	252
Property tax	113	85
Ground rent	15	12
Total	760	609

1) Operating costs include personnel expenses relating to property maintenance

2) Includes depreciation of wind turbines

Note 8 • Operating leases**Leases where the Group is the lessee**

The Group has a number of site leasehold rights with operating leases. The lease payments are renegotiated at the end of the leases to reflect market rents. These leases are mostly due for renegotiation in more than 5 years and amount to SEK 470m (270) in total. In the annual accounts for 2014, an expense of SEK 15m (12) was recognised in respect of operating leases in the Group.

No leasing expenses were reported in the parent company. There are also a small number of insignificant operating leases, where Balder is lessee, mainly relating to private cars. Payments made during the lease term are expensed in the income statement on a straight-line basis over the term of the lease.

Leases where the Group is lessor

The Group lets out its investment properties under operating leases. The future non-terminable lease payments are as follows:

Group, SEKm	2014	2013
Residential, parking etc. (within one year)	1,094	1,114
Commercial premises		
Within one year	193	165
1–5 years	2,918	2,073
>5 years	7,062	3,634
Total	11,268	6,986

Leases for commercial premises are normally entered into for 3–5 years with a period of notice of 9 months. Leases for residential properties normally run subject to a period of notice of 3 months.

The average lease term in the portfolio's commercial leases amounted to 5.9 years (4.9).

Note 9 • Financial income

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Interest income	75	60	57	50
Interest income, subsidiaries	–	–	767	577
Other financial income	33	27	53	34
Total	108	87	877	660

Interest income is mainly related to other receivables. Other financial income mainly relates to changes in value of financial investments, dividends on listed shares and shares in subsidiaries.

Note 10 • Financial costs

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Interest expenses, borrowings	407	369	148	132
Interest expenses, interest rate derivatives	198	164	161	122
Interest expenses, subsidiaries	–	–	216	178
Other financial expenses	35	9	15	8
Total	640	543	539	440

Interest expenses and other financial expenses are related to interest-bearing liabilities.

Note 11 • Taxes

Recognised in the income statement

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Current tax expense (–)/tax revenue (+)				
Current tax	–11	6	–	–
Deferred tax expense (–)/tax revenue (+)				
Deferred tax related to temporary differences	–665	–343	121	–79
Deferred tax on changes in loss carry-forwards	–53	–45	–7	–20
Released deferred tax in respect of temporary differences on sale	40	0	–	–
Change in untaxed reserves etc.	–5	–29	–	–
Total deferred tax	–682	–418	115	–99
Total recognised tax	–693	–412	115	–99

Reconciliation of effective tax

Group, SEKm	2014, %	2014	2013, %	2013
Profit before tax		3,822		2,151
Tax according to current tax rate in Parent Company	22	–841	22	–473
Difference between profit for tax purposes and recognised profit on sale of property	–2	59	0	–2
Tax on participation in profits of associated companies	–2	70	–2	45
Tax pertaining to prior years	0	4	0	7
Non-taxable income/non-deductible expenses etc.	0	15	–1	11
Recognised effective tax	18	–693	19	–412

Note 11 (continued)

Parent Company, SEKm	2014, %	2014	2013, %	2013
Profit before tax		188		464
Tax according to current tax rate for the Parent Company	22	-41	22	-102
Non-taxable income/non-deductible expenses	1	-1	-1	3
Tax-exempt dividends	-84	157	-	-
Recognised effective tax	-61	115	21	-99

Recognised in the balance sheet

Deferred tax assets and tax liabilities

Group 2014, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Properties	—	-2,119	-2,119
Derivative instruments	239	—	239
Loss carry-forwards	380	—	380
Untaxed reserves etc.	—	-49	-49
Set-off	-618	618	—
Total	—	-1,549	-1,549

No non-capitalised loss carry-forwards exist.

Parent Company 2014, SEKm	Deferred tax assets	Deferred tax liabilities	Net	Netto
Deferred tax assets and tax liabilities relate to the following:				
Derivative instruments		206	—	206
Loss carry-forwards		16	—	16
Financial investments		—	-9	-9
Set-off		-9	9	—
Total		213	—	213

No non-capitalised loss carry-forwards exist in Sweden.

Förändring av uppskjuten skatt i temporära skillnader och underskottsavdrag

Group, SEKm	Balance on 1 Jan 2013	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2013
Properties	-1,102	-256	—	-1,359
Derivative instruments	191	-87	—	104
Capitalisation of the value of loss carry-forwards	477	-45	0	432
Untaxed reserves etc.	-9	-29	0	-39
Total	-443	-418	0	-862

Group, SEKm	Balance on 1 Jan 2014	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2014
Properties	-1,359	-759	-1	-2,119
Derivative instruments	104	135	—	239
Capitalisation of the value of loss carry-forwards	432	-53	0	380
Untaxed reserves etc.	-39	-5	-5	-49
Total	-862	-682	-6	-1,549

Parent Company, SEKm	Balance on 1 Jan 2013	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2013
Derivative instruments	154	-74	—	79
Capitalisation of the value of loss carry-forwards	43	-20	—	23
Financial investments	1	-5	—	-4
Total	198	-99	—	98

Parent Company, SEKm	Balance on 1 Jan 2014	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2014
Derivative instruments	79	126	—	206
Capitalisation of the value of loss carry-forwards	23	-7	—	16
Financial investments	-4	-5	—	-9
Total	98	115	—	213

Note 12 · Earnings per ordinary share

The calculation of earnings per ordinary share has been based on the net profit for the year attributable to holders of ordinary shares in the parent company amounting to SEK 2,928m (1,613), after taking account of the participation of preference shares in net profit for the period and on a weighted average number of shares during the year amounting to 161,785,759 shares (159,537,252).

No dilution occurred during the year or the preceding year.

Weighted average number of outstanding ordinary shares

Parent Company, thousands of shares	2014	2013
Total number of shares, 1 January	159,537	159,537
Effect of newly issued shares	2,249	—
Weighted average number of outstanding ordinary shares during the year	161,786	159,537

Note 13 · Investment properties

Group, SEKm	2014	2013
Opening fair value	27,532	22,278
Acquisitions	7,059	3,606
Investments in existing properties	700	880
Changes in value	2,906	839
Divestments	–971	–129
Currency changes	157	59
Closing fair value	37,382	27,532

Investment properties are recognised at fair value in the consolidated statement of financial position and the changes in value are recognised in the consolidated statement of comprehensive income. All investment properties are deemed to be at Level 3 in the valuation hierarchy according to IFRS 13 Fair Value Measurement. The fair value of Balder's real estate portfolio is based on internal valuations. Fair value is the estimated amount that would be recovered in a transaction on the valuation date between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion.

On the closing date, Balder carried out an internal valuation, based on a ten-year cash flow model, of the entire real estate portfolio. Each property is individually valued by computing the present value of future cash flows, in other words future rent payments less estimated operating and maintenance payments and the residual value in ten years. Estimated rent payments as well as operating and maintenance payments have been derived from current rental income as well as operating and maintenance costs. The cash flow is adjusted to the market by taking account of any changes in the occupancy rate and letting levels as well as operating and maintenance payments. An inflation rate of 2 per cent has been assumed in all cash flow calculations.

Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5–10 per cent and should be regarded as the uncertainty that is part of the assumptions and calculations made. In a less liquid market, the range can be greater. For Balder, a range of uncertainty of +/- 5 per cent means a value range of SEK +/- 1,869m, equivalent to SEK 35,515–39,251m.

Sensitivity analysis +/- 1 percentage

Impact on the value, SEKm	Residential properties	Commercial properties
Rental value	+/- 216	+/- 298
Economic occupancy rate	+/- 216	+/- 298
Property costs	+/- 78	+/- 53
Yield	– 2,282/+ 3,454	– 3,385/+ 4,774

The sensitivity analysis above shows how a +/- 1 percentage point change in cash flow and yield requirement would affect the valuation. However, the sensitivity analysis is not realistic as one parameter rarely changes in isolation, but different assumptions are interconnected as regards cash flow and yield requirement.

Rent payments

The rental trend is estimated to follow inflation taking account of prevailing index clauses in leases during their terms. When leases expire, an assessment is made of whether the lease is deemed to be extended at the prevailing market rent level and whether there is a risk of the premises becoming vacant. Vacancies are considered on the basis of the current vacancy situation with a gradual adjustment to expected market-related vacancy rates taking account of the property's individual conditions.

Operating and maintenance payments

Outcomes, budgetary and projection data as well as estimated standardised costs have been used in the assessment of the property's future property costs.

Yield

Yield requirements and cost of capital used in the calculations have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental level, vacancy rate and the condition of the property. The yield requirement and cost of capital used are shown in the table on page 77. The average yield on the closing date amounted to 5.5 per cent (5.9). On 31 December 2014, after Balder's valuation, the company's total real estate value amounted to SEK 37,382m (27,532). For more information see the Report of the Board of Directors and Sensitivity analysis on page 46.

Future investments

Balder had two projects under construction as of 31 December. The overall investment will amount to about SEK 1,100m on completion, of which about SEK 570m remains to be invested. Both projects relate to construction of apartments in Copenhagen. The first project involves approximately 200 apartments and is located in Ørestad Syd where Balder already owns housing units. The other project relates to construction of about 185 apartments at Havneholmen in central Copenhagen. Both projects are expected to be completed during the first half of 2016.

On 31 December 2014, Balder's investment undertakings amounted to approximately SEK 570m (830).

Note 13 (continued)

Region	Residential properties		Commercial properties		The average yield requirement for assessment of residual value, %
	Cost of capital requirement for discounting of future cash flows, %	Yield requirement for assessment of residual value, %	Cost of capital requirement for discounting of future cash flows, %	Yield requirement for assessment of residual value, %	
Stockholm	5.5–7.0	3.5–5.0	6.5–10.0	4.5–8.0	5.3
Gothenburg/West	5.5–10.5	3.5–8.5	6.3–12.0	4.3–10.0	5.6
Öresund	6.5–8.0	4.5–6.0	6.8–8.8	4.8–6.8	5.2
East	6.5–8.8	4.5–6.8	7.8–12.0	5.8–10.0	6.0
North	6.3–8.0	4.3–6.0	7.8–12.0	5.8–10.0	5.3

The yield requirement is the single most important parameter during valuation. Generally speaking, residential has a lower yield requirement, mainly due to a secure cash flow and low risk.

Note 14 · Other property, plant and equipment

Equipment SEKm	Group		Parent Company	
	2014	2013	2014	2013
Cost				
Opening balance	53	41	8	7
Acquisitions during the year	6	12	1	0
Retirements	—	—	—	—
Closing balance	59	53	9	8
Depreciation				
Opening balance	–29	–19	–6	–5
Acquisitions during the year	–2	–1	—	—
Retirements	–10	–8	–1	–1
Closing balance	–40	–29	–7	–6
Carrying amount	18	24	2	2
Wind turbines SEKm				
Cost				
Opening balance	164	164	30	30
Acquisitions	—	—	—	—
Closing balance	164	164	30	30
Depreciation and impairments				
Opening balance	–80	–34	–8	–6
Depreciation for the year	–6	–9	–2	–2
Impairment for the year	—	–37	—	—
Closing balance	–86	–80	–10	–8
Carrying amount	78	84	20	22
Total carrying amount	96	108	22	24

Depreciation is recognised in administrative expenses and media expenses.

Note 15 · Participations in associated companies

Participations in associated companies are recognised in the Group using the equity method and in the Parent Company using the cost method.

Accumulated cost

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Opening balance	1,020	760	483	421
Acquisition of associated companies	420	67	153	62
Disposal of associated Companies	-224	—	-100	—
Dividend	-45	—	—	—
Participations in the profits of associated companies after tax	317	204	—	—
Change in shareholders' equity of associated companies	1	-11	—	—
Closing balance	1,489	1,020	536	483

Participating interest in associated companies' statements of comprehensive income

Group, SEKm	2014	2013
Rental income	180	179
Property costs	-35	-40
Net operating income	145	140
Changes in value of properties, unrealised	176	99
Management and administrative expenses	-13	-8
Other operating income ¹⁾	131	100
Operating profit	439	331
Net interest income/expense	-68	-74
Changes in value of derivatives, unrealised	—	1
Profit before tax	371	257
Tax	-54	-53
Net profit for the year	317	204
Profit from property management before tax	195	157

1) Relates to Collector AB and Bovieran Holding AB.

Summary of participating interest in associated companies' statements of financial position

Group, SEKm	2014	2013
Assets	3,717	2,786
Shareholders' equity including shareholders' loan	1,489	1,146
Liabilities	2,228	1,640

Group holdings of participations in associated companies in 2014

Company	Corporate identity number	Registered office	Number of shares	Share, %	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB	556560-0797	Gothenburg	8,220,380	48	698	517
Tulia AB	556712-9811	Gothenburg	50,000	50	243	—
Bovieran Holding AB ¹⁾	556813-3168	Gothenburg	8,070	80	68	—
Fastighets AB Centur	556813-6369	Stockholm	500	50	195	4
Mötesplatsen Intressenter AB	556859-0417	Alingsås	320	32	12	15
Bergsspiran AB	556736-4475	Gothenburg	250	25	0	0
Fix Holding AB	556949-3702	Gothenburg	50,000	50	0	—
Proximion Holding AB	556915-7331	Stockholm	50,000	34	6	—
Balder Skåne AB	556899-9230	Gothenburg	1,000	50	36	—
Första Långgatan Fastighet I GBG HB	916851-7259	Gothenburg	—	50	231	—
Total					1,489	536

1) The company was not consolidated on 31 December 2014, as the holding of over 50 per cent was deemed to be of a temporary nature

Note 15 (continued)

Group holdings of participations in associated companies in 2013

Company	Corporate identity number	Registered office	Number of shares	Share, %	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB	556560-0797	Gothenburg	5,596,806	44	469	364
Tulia AB	556712-9811	Gothenburg	50,000	50	218	—
Bovieran Holding AB	556813-3168	Gothenburg	5,000	50	47	—
Fastighets AB Centur	556813-6369	Stockholm	500	50	89	4
Akroterion Fastighets AB	556714-5478	Stockholm	500	50	176	100
Mötesplatsen Intressenter AB	556859-0417	Alingsås	320	32	14	15
Bergsspiran AB	556736-4475	Gothenburg	250	25	0	0
Fix Holding AB	556949-3702	Gothenburg	50,000	50	0	—
Proximon Holding AB	556915-7331	Stockholm	50,000	34	6	—
Balder Skåne AB	556899-9230	Gothenburg	1,000	50	0	—
Total					1,020	483

Note 16 · Kundfordringar

Trade receivables are carried at the amount which is expected to be received. All trade receivables that have fallen due for more than 30 days are assessed individually as regards a risk of loss. Impairments are

made for doubtful receivables. The net profit for 2014 was charged with SEK 10m (11) in respect of expected bad debt losses. The receivables are of a short-term character and therefore the carrying amount corresponds to fair value.

Age distribution of trade receivables

Group, SEKm	2014	2013
–30 days	10	17
31–60 days	9	3
61–90 days	0	2
91 days–	17	26
Total	36	48
Doubtful trade receivables	–17	–25
Trade receivables, net	19	23

Doubtful trade receivables

Group, SEKm	2014	2013
Opening balance	–25	–41
Acquired opening balance	—	–1
Paid doubtful trade receivables	10	9
Reversed actual bad debt losses	9	18
Doubtful trade receivables during the year	–10	–11
Closing balance	–17	–25

Note 17 · Other receivables

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Other receivables	80	65	8	15

Other receivables are of a short-term character and therefore the carrying amount corresponds with the fair value.

Note 18 · Prepaid expenses and accrued income

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Insurance	4	5	—	—
Interest income	2	8	2	8
Rental income	16	2	—	2
Property costs	14	9	—	—
Other items	9	8	5	6
Total	45	32	7	16

Note 19 · Financial investments

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Quoted securities				
Shares and bonds	257	305	257	305
Total	257	305	257	305

Financial investments are measured at fair value through profit and loss (see Note 9).

Note 20 · Share capital

On 31 December 2014, the registered share capital consisted of 172,396,852 ordinary shares, of which 11,229,432 were Class A shares and 151,167,420 Class B, and 10,000,000 preference shares. During the year, the company sold all of its 2,859,600 repurchased Class B shares. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote. An ordinary share entitles its holder to a dividend that is determined in due course while a preference share entitles its holder to an annual dividend of SEK 20.00 per share. Shareholdings provide entitlement to voting rights at the AGM.

Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote. An ordinary share entitles its holder to a dividend that is determined in due course while a preference share entitles its holder to an annual dividend of SEK 20.00 per share. Shareholdings provide entitlement to voting rights at the AGM.

Share capital trend

Day	Month	Year	Event	Change in number of shares	Total number of shares	Total number of outstanding shares	Quota value per share, SEK	Change in share capital, SEK	Total share capital, SEK
27	June	2005	Start date		75,386,104	75,386,104	1.00		75,386,104
18	August	2005	Issue in kind	2,000,002	77,386,106	77,386,106	1.00	2,000,002	77,386,106
18	August	2005	Reduction of the share capital by decreasing nominal amount	—	77,386,106	77,386,106	0.01	−76,612,245	773,861
18	August	2005	Issue in kind	1,287,731,380	1,365,117,486	1,365,117,486	0.01	12,877,314	13,651,175
18	August	2005	Set-off issue	18,846,514	1,383,964,000	1,383,964,000	0.01	188,465	13,839,640
18	August	2005	Consolidation of nominal amount to SEK 1	−1,370,124,360	13,839,640	13,839,640	1.00	—	13,839,640
27	January	2006	Issue in kind	1,000,000	14,839,640	14,839,640	1.00	1,000,000	14,839,640
9	October	2006	Issue in kind	1,380,000	16,219,640	16,219,640	1.00	1,380,000	16,219,640
		2008	Repurchase, treasury shares	−476,600	16,219,640	15,743,040	1.00	—	16,219,640
28	August	2009	Issue in kind	9,171,502	25,391,142	24,914,542	1.00	9,171,502	25,391,142
4	June	2010	Bonus issue	76,173,426	101,564,568	99,658,168	1.00	—	101,564,568
1	February	2011	New issue	6,700,000	108,264,568	106,358,168	1.00	6,700,000	108,264,568
20	May	2011	Bonus issue	54,132,284	162,396,852	159,537,252	1.00	—	162,396,852
16	June	2011	Directed new issue of preference shares	4,000,000	166,396,852	163,537,252	1.00	4,000,000	166,396,852
31	January	2012	Set-off issue preference share	1,000,000	167,396,852	164,537,252	1.00	1,000,000	167,396,852
11	October	2012	Set-off issue preference share	1,000,000	168,396,852	165,537,252	1.00	1,000,000	168,396,852
24	May	2013	Directed new issue of preference shares	500,000	168,896,852	166,037,252	1.00	500,000	168,896,852
22	October	2013	Directed new issue of preference shares	3,500,000	172,396,852	169,537,252	1.00	3,500,000	172,396,852
19	March	2014	Disposal of repurchased shares	2,859,600	172,396,852	172,396,852	1.00	—	172,396,852
31	December	2014		—	172,396,852	172,396,852	1.00	—	172,396,852

The Group has made the assessment that the outstanding preference shares constitute equity instruments. This assessment is based on the fact that both the dividend and redemption of preference shares require a resolution of the general meeting of shareholders where the ordinary shareholders have a majority. Thus, it is discretionary for the company whether payment or redemption of these preference shares occurs and

consequently no contractual obligation exists to pay out funds, which means that the instrument should be classified as equity.

The Board will propose to the AGM that no dividend on ordinary shares (–) should be declared and a dividend of SEK 20.00 per share for preference shares should be declared (20.00). All issued shares are fully paid-up.

Note 21 · Financial risks and financial policies

Balder is financed by equity and liabilities, where the majority of the liabilities consist of interest-bearing liabilities. The proportion of equity is impacted by the chosen level of financial risk, which in turn is impacted by lenders' equity requirements for offering market-related financing. Balder's long-term goals for the capital structure are that the equity/assets ratio should not be less than 35 per cent over time and that the interest coverage ratio over time should not be less than 1.5 times.

Financial policy

The Group is exposed to five different kinds of financial risks through its operations. Financial risks refer to interest risk, liquidity risk, refinancing risk, price risk and credit risk. The financial policy prescribes guidelines and rules for how the financial operations shall be conducted and establishes the division of responsibilities and administrative rules. Departures from the Group's financial policy require the approval of the Board. Responsibility for the Group's financial transactions and risks is managed centrally by the parent company's financial department. Financial risk is managed at a portfolio level. Financial transactions shall be conducted based on an assessment of the Group's overall needs relating to liquidity, financing and interest risk.

Financial policy goals:

- the equity/assets ratio should exceed 35 per cent over time,
- the interest coverage ratio should not be less than 1.5 times,
- secure the short-term and long-term supply of capital,
- obtain a stable long-term capital structure.

The Group has market-related covenants for its funding. These were fulfilled during the financial year. The goals are followed up regularly in reports to the Board prior to presentation of the company's interim reports.

Financial goals	Goal	Outcome	
		2014	2013
Equity/assets ratio, %	35.0	35.5	37.3
Interest coverage ratio, times	1.5	3.4	2.9

Capital risk

The Group's goal as regards the capital structure is to secure the Group's ability to continue its operations, so that it can continue to generate a return to shareholders and value for other stakeholders.

Refinancing risk

Refinancing risk refers to the risk that Balder may not be able to obtain refinancing in the future or only at a significantly increased cost. Balder has signed credit commitments of SEK 1,000m, which are intended as a back-up facility for Balder's SEK 1,500m certificate programme. This means that if Balder cannot issue commercial paper through the programme, the company will utilise its back-up facility for the unissued amount. Balder works continually on raising new loans and on renegotiating existing loans. Over time, 50 per cent of the loan portfolio should have a credit term of more than two years and not more than 35 per cent of the loans should mature during a single year.

Liquidity risk

Liquidity risk refers to the risk of a lack of sufficient cash and cash equivalents to be able to fulfil the company's payment obligations relating

to operating costs, interest, amortisation and dividend on preference shares. According to the financial policy, there should always be sufficient cash in hand and guaranteed credit facilities to cover the day-to-day liquidity requirements. Regardless of long-term goals, the Board can decide to temporarily boost liquidity, for example, to be better prepared for major transactions. On the closing date, Balder's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 806m (1,004).

Duration analysis of financial liabilities

Cash flow per year as regards financial liabilities assuming the current size of the Group. The cash flow refers to interest expenses, amortisation, trade payables and settlement of other financial liabilities. Net financial items have been calculated based on the Group's average interest less interest income and interest allowances.

Refinancing occurs on a regular basis, so no interest expense for a longer period than 10 years is indicated.

Group 2014-12-31

SEKm	0-3 years	4-5 years	6-7 years	≥8 years
Maturity structure, loans	16,740	1,200	2,183	2,255
Interest expenses ¹⁾	1,728	1,122	1,098	1,602
Trade payables	74	—	—	—
Other liabilities	297	—	—	—
Total	18,839	2,322	3,281	3,857

Group 2013-12-31

SEKm	0-3 years	4-5 years	6-7 years	≥8 years
Maturity structure, loans	9,792	2,929	989	2,811
Interest expenses ¹⁾	1,578	1,020	996	1,249
Trade payables	150	—	—	—
Other liabilities	465	—	—	—
Total	11,985	3,949	1,985	4,060

Parent Company 2014-12-31

SEKm	0-3 years	4-5 years	6-7 years	≥8 years
Maturity structure, loans	5,854	1,200	789	—
Interest expenses ¹⁾	608	400	396	587
Trade payables	5	—	—	—
Other liabilities	145	—	—	—
Total	6,612	1,600	1,185	587

Parent Company 2013-12-31

SEKm	0-3 years	4-5 years	6-7 years	≥8 years
Maturity structure, loans	3,650	1,251	433	356
Interest expenses ¹⁾	537	348	340	495
Trade payables	2	—	—	—
Other liabilities	6	—	—	—
Total	4,195	1,599	773	851

1) Refers to interest expenses during the period 0-10 years.

Interest risk

Interest risk refers to the risk of fluctuations in cash flow and earnings due to changes in interest rate levels. The key factor affecting interest risk is the interest rate refixing period. Long interest rate refixing periods ensure predictability in cash flow but in most cases also mean higher interest expenses.

The Group's interest rate exposure is centralised, which means that the central finance function is responsible for identifying and managing this exposure. The interest risk shall be managed using risk hedging instruments such as interest rate swaps, interest rate ceilings and interest rate floors. The overriding key ratio used is the interest coverage ratio. On each measurement date, the interest coverage ratio shall exceed 1.5. To manage the interest risk cost-effectively, an assessment of the interest risk is made when raising loans with short interest rate refixing periods based on the Group's overall loan portfolio. Interest rate derivative transactions are entered into as required to achieve the desired interest risk in the overall borrowing. Balder has mainly used swaps and interest rate ceilings to manage its interest risk, which mature between 2016 and 2026.

Fluctuations in market interest rates give rise to theoretical surpluses or deficits in respect of these financial instruments, which do not directly affect cash flow. Derivatives are continually recognised at fair

value in the balance sheet and changes in value are recognised in the income statement without using hedge accounting. Derivatives are measured based on quoted prices in the market. The changes in value during 2014 amounted to SEK -624m (433). The fair value of financial instruments is based on measurements by the intermediating credit institutions. The reasonability of the measurements has been tested by engaging another credit institution to value similar instruments at the end of the reporting period, see sensitivity analysis on page 54.

Foreign exchange risk

Balder owns properties via subsidiaries in Denmark and in Finland. The foreign exchange risk arising relates to the translation of the assets and liabilities of foreign subsidiaries to the Group's presentation currency. The current exposure is low.

Price risk

Balder's income is affected by the occupancy rate of its properties, the level of market-related rents and customers' payment capacity.

A +/- 1 percentage point change in the rent level or the economic occupancy rate has an effect on profit before tax of +/- SEK 27m and +/- 29m respectively.

Credit risks

Trade receivables

The risk that the Group's customers will not fulfil their obligations, i.e. that payment will not be received for trade receivables, constitutes a customer credit risk. The credit of the Group's customers is assessed by obtaining information about the customers' financial position from various credit rating agencies.

An estimate of the credit risk is made in conjunction with new leases and conversion of premises for existing customers. Bank guarantees, advance rental deposits or other security are required for customers with low creditworthiness or unsatisfactory credit histories.

Credit is monitored continually to follow developments in the creditworthiness of customers.

Financial operations

Balder's financial operations give rise to credit risk exposure. The risk is mainly counterparty risk in connection with receivables from banks and other counterparties that arises in the trading of derivative instruments. Balder's financial policy includes special counterparty rules which stipulate the maximum credit exposure for different counterparties.

Borrowing, maturity structure and interest rates

At year-end, Balder had binding loan agreements totalling SEK 22,378m (16,521). The credit agreements mainly consist of bilateral agreements with Nordic banks as well as a certificate programme of SEK 1,500m. (1,000). On 31 December 2014, the outstanding certificate volume was SEK 675m (685). Net interest-bearing liabilities less cash and cash equivalents and financial investments of SEK 456m (513) amounted to SEK 21,922m (16,008)..

Agreements can be divided into five categories:

- loans against security pledged in the form of promissory note receivables from subsidiaries with pledged mortgage deeds. The security has been augmented by collateral in the shares of subsidiaries,
- loans against pledging of mortgage deeds on property,
- loans against pledging of subsidiaries' limited partnership shares,
- certificate programme,
- bond loan.

Interest-bearing liabilities for the most part are formally current but are non-current in character, as they are continually extended. One year of agreed amortisation is recognised as current interest-bearing liabilities.

In certain cases, the security is augmented by guarantees relating to interest coverage ratios, equity/assets ratios and loan to value ratios. Balder satisfied all of its guarantees at year-end. Credit agreements contain customary termination conditions.

The average fixed credit term in loan agreements amounted to 4.3 years (5.4) on 31 December 2014. The maturity structure of loan agreements, presented in the table showing the loan terms, indicates when loan agreements are due for renegotiation or repayment. The average effective interest on the closing date amounted to 2.6 per cent (3.2) including the effect of accrued interest from Balder's interest rate derivatives. The average interest rate refixing period on the same date was 2.3 years (3.5). The proportion of loans with interest dates during the coming 3-year period amounted to 65 per cent (59).

Note 21 (continued)**Interest rate refixing period**

Year	Carrying amount, SEK	Interest, %	Share, %	Fair value, SEKm
Within one year	13,960	1.8	62.4	13,960
1–2 years	500	4.3	2.2	500
2–3 years	—	—	—	—
3–4 years	3,000	4.7	13.4	3,000
4–5 years	—	—	—	—
>5 years	4,918	3.6	22.0	4,918
Total	22,378	2.6	100	22,378

The fair value of financial liabilities, which are not derivative instruments has been estimated by discounting the future cash flow using the current market rate of interest at the end of the reporting period. The discount rate used in the estimation of fair value is in the range 1.5–3.8 per cent.

Carrying amount and fair value of financial instruments

Group, SEKm	Trade and loan receivables		Financial assets/liabilities measured at fair value through profit or loss Derivatives ¹⁾		Other liabilities		Total carrying amount		Total fair value	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Trade receivables	19	23	—	—	—	—	19	23	19	23
Receivables from associated companies	616	748	—	—	—	—	616	748	616	748
Financial investments ²⁾	—	—	257	305	—	—	257	305	257	305
Total receivables	635	771	257	305	—	—	892	1,076	892	1,076
Non-current interest-bearing liabilities	—	—	—	—	22,157	16,338	22,157	16,338	22,157	16,342
Credit facilities	—	—	—	—	—	4	—	4	—	4
Derivatives ³⁾	—	—	1,086	472	—	—	1,086	472	1,086	472
Non-interest-bearing liabilities, non-current	—	—	—	—	—	—	—	—	—	—
Current interest-bearing liabilities	—	—	—	—	221	179	221	179	221	179
Trade payables	—	—	—	—	74	150	74	150	74	150
Total liabilities	—	—	1,086	472	22,452	16,671	23,538	17,143	23,538	17,147

Parent Company, SEKm

Receivables from group companies	15,777	11,506	—	—	—	—	15,777	11,506	15,777	11,506
Receivables from associated companies	616	748	—	—	—	—	616	748	616	748
Financial investments ²⁾	—	—	257	305	—	—	257	305	257	305
Total receivables	16,393	12,253	257	305	—	—	16,650	12,558	16,650	12,558
Non-current liabilities to credit institutions	—	—	—	—	7,806	5,632	7,806	5,632	7,806	5,632
Credit facilities	—	—	—	—	—	—	—	—	—	—
Derivatives ³⁾	—	—	936	361	—	—	936	361	936	361
Non-interest-bearing liabilities, non-current	—	—	—	—	—	—	—	—	—	—
Liabilities to group companies	—	—	—	—	3,952	2,782	3,952	2,782	3,952	2,782
Current liabilities to credit institutions	—	—	—	—	37	58	37	58	37	58
Trade payables	—	—	—	—	5	2	5	2	5	2
Total liabilities	—	—	936	361	11,801	8,474	12,736	8,835	12,736	8,835

1) Financial assets/liabilities held for trading.

2) Financial investments are Level 1 in the valuation hierarchy.

3) Derivative instruments are Level 2 in the valuation hierarchy.

Derivative instruments have been recognised net as a liability. This liability includes no positives values (51).

Note 22 • Credit facilities

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Granted credit facility	350	495	300	445
Utilised portion	—	—4	—	—
Unutilised portion	350	491	300	445

Note 23 • Accrued expenses and deferred income

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Personnel expenses	22	27	7	9
Interest expenses	70	74	34	34
Prepaid rents	361	220	—	—
Property costs	69	47	—	—
Other items	17	8	2	2
Total	538	376	44	45

Note 24 · Pledged assets and contingent liabilities

Pledged assets SEKm	Group		Parent Company	
	2014	2013	2014	2013
Real estate mortgages	22,358	17,848	—	—
Shares in group companies	2,255	1,469	—	—
Promissory notes	—	—	5,898	5,008
Total	24,613	19,317	5,898	5,008

Contingent liabilities SEKm	Group		Parent Company	
	2014	2013	2014	2013
Guarantees for subsidiaries	—	—	13,542	10,151
Guarantees for associated companies	1,486	925	1,486	925
Total	1,486	925	15,028	11,076

Note 25 · Cash flow statement

Cash and cash equivalents SEKm	Group		Parent Company	
	2014	2013	2014	2013
The following sub-components are included in cash and cash equivalents:				
Cash and bank balances	199	208	165	144
Total according to the balance sheet	199	208	165	144
Total according to the cash flow statement	199	208	165	144

Interest and derivative expenses paid SEKm	Group		Parent Company	
	2014	2013	2014	2013
Interest received	27	27	16	33
Interest paid	–419	–328	–147	–117
Derivative expense paid	–198	–164	–161	–122
Total	–591	–465	–292	–206

Intra-group interest income and interest expenses for 2014 and 2013 did not affect the cash flow.

Note 26 · Participations in group companies

Specification of the Parent Company's direct holdings of participations in subsidiaries					Carrying amount	
Subsidiaries	Corporate identity number	Registered office	Number of shares	Share, %	2014	2013
Balder Storstad AB	556676-4378	Gothenburg	1,172,306	100	1,046	1,046
Balder Mellanstad AB	556514-4291	Gothenburg	1,938,000	100	150	150
Din Bostad Sverige AB	556541-1898	Gothenburg	18,500,000	100	626	626
Egby Vindkraftverk AB	556760-5919	Gothenburg	1,000	100	0	0
Balder Danmark ApS	34058016	Copenhagen	80,000	100	0	0
Total					1,822	1,822

The Balder Group owns 100 per cent in 238 additional companies (201) via the above-mentioned subsidiaries, as presented in each subsidiary's annual accounts.

Parent Company, SEKm		2014	2013
Accumulated cost			
Opening balance		1,822	1,827
Dividend/Shareholders' contribution		—	–4
Impairment losses		—	–2
Acquisitions		—	—
Closing balance		1,822	1,822

Note 27 · Receivables from/liabilities to Group companies

Parent Company, SEKm	Receivables		Liabilities	
	2014	2013	2014	2013
Opening balance	11,506	10,571	2,782	2,927
Change in lending to subsidiaries	4,271	935	1,170	-145
Closing balance	15,777	11,506	3,952	2,782

There is no fixed amortisation plan.

Note 28 · Related parties**Related parties***Group*

The Group is under the controlling influence of Erik Selin Fastigheter AB which holds 51.3 per cent (51.3) of the votes in the parent company Fastighets AB Balder. The parent company in the largest group of which Balder is part is Erik Selin Fastigheter AB.

Parent Company

Apart from the related parties shown for the Group, the parent company has controlling influence over subsidiaries according to Note 26, Participations in group companies.

Summary of related party transactions*Group*

Erik Selin Fastigheter AB has purchased property-related administrative services from Balder for SEK 2m (2). The services are priced based on market-related terms.

Parent Company

The parent company has performed property-related administrative services on behalf of its subsidiaries amounting to SEK 98m (83). The parent company functions as an internal bank. On the closing date, receivables from subsidiaries amounted to SEK 15,777m (11,506). The price of the administrative and financial services is based on market-related terms.

Associated companies

Apart from the related parties described above, the Balder Group owns associated companies according to Note 15, Participations in associated companies.

During the financial year, the associated companies have purchased management and administrative services for their organisations from Balder amounting to SEK 23m (14). Net receivables from associated companies amounted to SEK 616m (748) on the closing date. The price of the administrative and financial services is based on market-related terms.

Transactions with key people in executive positions

The company's Board members and companies owned by these members control 66.9 per cent (66.9) of the votes in Balder. With regard to the Board, CEO and other officers' salaries and other remuneration, expenses and agreements relating to pensions and similar benefits as well as agreements in respect of termination benefits, see Note 4, Employees and personnel expenses.

Note 29 · Significant events after the end of the financial year

In early January, 50 per cent of the property Stockholm Murmästaren 3 was divested to Oscar Properties Holding AB. Balder will continue to own 50 per cent of the property and will develop the property together with Oscar Properties.

After the end of the period, Balder also acquired the hotel property Stockholm Snöflingan 3 for about SEK 670m. The property, completed in 2009 has a lettable area of about 22,000 sq.m. Courtyard by Marriott Stockholm manages the hotel operations.

Note 30 · Critical estimates and judgements

The company management and the Board have discussed the development, choice of and the disclosures in respect of the Group's key accounting policies and estimates, as well as their application.

Investment properties

For important assumptions and estimates in connection with valuation of investment properties see Note 13, Investment properties. Balder reports its properties according to the fair value method which means that changes in value are recognised in the income statement. Thus the results can be affected significantly.

Balder performs an internal valuation of the properties in connection with each quarterly report. In order to quality-assure its internal valuations, Balder regularly allows parts of its portfolio to be externally valued during the year.

Tax

Balder controls loss carry-forwards which mainly derive from operations that were conducted previously. Furthermore, there are loss carry-forwards in subsidiaries. Balder estimates that it will be possible to utilise all loss carry-forwards against future profits, under current tax rules.

However, Balder cannot provide any guarantees that current or new tax rules will not restrict the possibilities of utilising the loss carry-forwards.

Classification of acquisitions

The IFRS 3 accounting standard contains a rule that acquisitions must be classified as business combinations or asset acquisitions, which means that an individual assessment must be made of each particular transaction. The assessments of acquisitions made during the year resulted in all transactions being classified as asset acquisitions.

Note 31 · Parent Company information

Fastighets AB Balder (publ) is a Swedish-registered limited liability company with its registered office in Gothenburg. The parent company's shares are listed on Nasdaq Stockholm, Large Cap segment. The address of the head office is Box 53121, 400 15 Gothenburg, Sweden. The visiting address is Vasagatan 54.

The consolidated accounts for 2014 include the parent company and its subsidiaries, together referred to as the Group

The annual accounts and the consolidated accounts were approved for publication by the Board of Directors and CEO on 8 April 2015. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 6 May 2015. The Board will propose to the AGM that no dividend (–) be declared for ordinary shares and that a dividend of SEK 20.00 per share (20.00) be declared for preference shares for the financial year 2014.

The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with the international

accounting standards IFRS referred to in the European Parliament's and Council's regulation (EC) No. 1606/2002 from 19 July 2002 on application of the international accounting standards. The annual accounts and consolidated accounts provide a true and fair view of the parent company's and Group's financial position and results of operations. The statutory administration report for the Group and the parent company provides a true and fair review of the development of the Group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies forming the Group.

Gothenburg, 8 April 2015

Christina Rogestam
Chairman of the Board

Sten Dunér
Board member

Fredrik Svensson
Board member

Anders Wennergren
Board member

Erik Selin
Board member and CEO

Our audit report was submitted on 2015-04-08
Öhrlings PricewaterhouseCoopers AB

Bengt Kron
Authorised Public Accountant

Audit report

To the Annual General Meeting of Fastighets AB Balder (publ), corporate identity number 556525-6905

Report on the annual accounts and consolidated financial statements

We have audited the annual accounts and consolidated financial statements of Fastighets AB Balder (publ) for 2014. The company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 53–85.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated financial statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014

and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of its financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report and the corporate governance report are consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated financial statements, we have examined the proposed allocation of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Fastighets AB Balder (publ) for the year 2014.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for the administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' explanatory statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the fiscal year.

Gothenburg, 8 April 2015
Öhrlings PricewaterhouseCoopers AB

Bengt Kron
Authorised Public Accountant

Corporate governance

Corporate governance in Swedish listed companies is governed by a combination of written rules and practice, by which the owners directly and indirectly control the company. The rules and regulations have been developed through legislation, recommendations, the Swedish Code of Corporate Governance and through self-regulation. The Code is based on the principle comply or explain, which means that all rules need not always be complied with if there is a reason and it is explained.

Some of the Code's principles aim to create a good basis for exercise of an active and responsible ownership role and to create a well-adjusted balance of power among owners, the Board and the executive management, which Balder views as a natural element of the principles for the operations. The Code also means that certain information should be made available on the company's website. The Swedish Code of Corporate Governance is administered by the Swedish Corporate Governance Board and is available on www.bolagsstyrning.se where the Swedish model for corporate governance is also described.

Balder applies the Code, which is intended to serve as part of the self-regulation within the Swedish business community.

Articles of Association

The company's name is Fastighets AB Balder and the company is a public company (publ). The company's Board of Directors has its registered office in Gothenburg.

The company's objects shall be directly or indirectly, through wholly-owned or part-owned companies, to acquire, manage, own and divest real property and securities and carry on other activities connected therewith.

The articles of association, which are available on Balder's website, among other things, contain information regarding share capital, number of shares, class of shares and preferential rights, number of Board members and auditors as well as provisions regarding notice and agenda for the Annual General Meeting.

Annual General Meeting

The Annual General Meeting (AGM) is the company's highest decision-making body in which the shareholders exercise their rights to decide on the affairs of the company. The Board and auditors of the company are elected by the AGM according to the proposal of the nomination committee. The AGM also passes resolutions regarding amendments of the articles of association and regarding change in the share capital. To participate in passing resolutions, the shareholder must be present at the meeting, either personally or by proxy. In addition, the shareholder must be registered in the share register on a certain date prior to the meeting and notification of participation must be given to the company within a certain determined period. Shareholders who wish to have a special matter dealt with at the AGM can normally request this if the request is made in good time to Balder's Board of Directors prior to the meeting.

Resolutions at general meetings of shareholders are normally passed by simple majority. In certain questions, the Swe-

dish Companies Act prescribes that proposals must be approved by a larger proportion of the shares represented and cast at the meeting.

Annual General Meeting 2014

At the AGM on 7 May 2014 in the Restaurang Palace in Gothenburg, 191 shareholders were represented, holding 76 per cent of the total number of votes. All Board members and the company's auditor were present at the general meeting.

The AGM adopted the financial statements for 2013 and discharged the Board and CEO from liability for the financial year 2013.

The following resolutions were passed by the AGM on 7 May 2014;

- not to declare any dividend to ordinary shareholders and to declare a quarterly dividend to preference shareholders of SEK 5 per share, however, a maximum of SEK 20,
- the Board shall, during the period until the next AGM has been held, be composed of five ordinary members without deputies,
- directors' fees of a fixed amount of SEK 460,000 should be paid to the Board, of which 160,000 to the Chairman of the Board and SEK 100,000 to the other Board members who are not permanently employed by the company. The amount includes remuneration for committee work,
- Re-election of the Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren. All members are elected until the AGM 2015. Christina Rogestam was re-elected as Chairman of the Board.
- approval of the Board's proposed guidelines for remuneration to senior executives,
- mandate for the Board to decide on new issue of not more than 5,000,000 preference shares and/or shares of Class B corresponding to not more than 10 per cent of the existing share capital. The new issue shall be used by the company for payment of acquisitions of properties or acquisition of shares or participations in legal entities that own property or in order to capitalise the company ahead of such acquisitions or to capitalise the company in other respects,
- mandate for the Board to decide on repurchase and transfer of the company's own shares for the purpose of adjusting the company's capital structure and for transferring own shares as payment or for financing of property investments.

Minutes taken at the AGM on 7 May 2014 are available on the company's website. The AGM for 2015 will take place on 6 May 2015 at 3.00 p.m. at the Radisson Blu Scandinavia Hotel Gothenburg, Södra Hamngatan 59–65 in Gothenburg. Information concerning the AGM is published on the company's website www.balder.se.

The share and owners

The Balder share is listed on Nasdaq Stockholm, Large Cap segment. At year-end, the number of shareholders amounted to 16,310. During the year, Balder sold all 2,859,600 repurchased

ordinary shares of Class B for approximately SEK 220m. Balder's share capital on 31 December 2014 amounted to SEK 172,396,852 distributed among 172,396,852 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 shares are of Class A, 151,167,420 of Class B and 10,000,000 preference shares. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote. Each shareholder at the general meeting is entitled to vote for the number of shares held and represented by him/her. Further information regarding shares and share capital is found on pages 13–15, The share and owners.

Board of Directors

The Board of Directors is elected by the AGM and according to the articles of association shall consist of at least three and at most seven members. The members are elected at the AGM for the period until the end of the first AGM that is held after the members were elected. During 2014, the Board was composed of five members and is responsible for the company's organisation and administration. The Board works according to an established formal work plan with instructions concerning division of responsibilities between the Board and the CEO.

New Board members receive an introduction to the company and its operations and participate in the stock exchange's training according to the stock exchange agreement. The Board subsequently receives continual information, including about regulatory changes and such issues concerning the operations and the Board's responsibility in a listed company.

The rules of the Swedish Companies Act apply to resolutions in the Board, to the effect that more than half of the members present and more than one third of the total number of members must vote for resolutions. The Chairman has the casting vote in the event of the same number of votes.

The Board work is governed by the Swedish Companies Act, the articles of association, the Code and the formal work plan that the Board has adopted for its work.

Balder's Board of Directors is composed of persons who possess broad experience and competence from the real estate sector, business development and financing. Most of the Board members have experience of board work from other listed companies.

Both of the major owners Erik Selin Fastigheter AB and Arvid Svensson Invest AB are represented on the Board through Erik Selin and Fredrik Svensson.

Balder's signatories, apart from the Board, are any two jointly of Chairman Christina Rogestam, CEO Erik Selin and CFO Magnus Björndahl.

The Board's duties and responsibilities

The Board's overriding duty is to manage the affairs of the company on behalf of the owners so that the owners' interest in a good long-term return on capital is satisfied in the best possible way.

The Board has responsibility for ensuring that the company's organisation is appropriate and that the operations are conducted in accordance with the articles of association, the Companies Act and other applicable laws and regulations and the formal work plan of the Board. The Board shall perform the Board

work collectively under the leadership of the Chairman.

The Board shall also ensure that the CEO fulfils his duties in accordance with the Board's guidelines and directions. These are found in the instructions to the CEO drawn up by the Board. The Board members shall not be responsible for

different lines of business or functions. Compensation and remuneration questions for the CEO are prepared by the Chairman and presented to the rest of the Board prior to decision.

The Board's duties include, but are not limited to the following:

- establishing business plans, strategies, significant policies and goals for the company and the Group that the company is parent company of,
- determining the company's and Group's overall organisation,
- choosing and dismissing the CEO,
- ensuring that there is a functioning reporting system,
- ensuring that there is satisfactory control of the company's and Group's compliance with laws and other regulations that apply to the operations,
- approving a new formal work plan and instruction to the CEO annually,
- approving financial reporting in the form of interim reports, year-end reports and annual accounts that that company shall publish,
- ensuring that the company has a functioning approvals list and approvals process.

Chairman of the Board

It is the duty of the Chairman to ensure that the Board's work is conducted effectively and that the Board fulfils its duties. The duties of the Chairman include, but are not limited to the following:

- organising and leading the Board's work and creating the best possible basis for the Board's work,
- ensuring that the Board's work proceeds in accordance with the provisions of the articles of association, the Companies Act and the formal work plan of the Board,
- monitoring that the Board's decisions are executed effectively,
- continually monitoring the company's development through contact with the CEO and acting as a discussion partner,
- ensuring that the Board members, through the agency of the CEO, receive sufficient information and decision data for their work,
- making sure that each new Board member is given a proper introduction upon joining the Board.

The formal work plan of the Board of Directors

The Board adopts a formal work plan for the board work each year. This formal work plan describes the duties of the Board and the division of responsibilities between the Board and the CEO. The formal work plan also describes what matters shall be dealt with at each board meeting and instructions regarding the financial reporting to the Board. The formal work plan also prescribes that the Board shall have an audit committee and a remuneration committee. The Chairman of the Board shall serve as the chairman of the committees.

Board meetings

The Board shall, in addition to the statutory meeting, hold Board meetings on at least four occasions annually. The CEO and/or CFO shall as a general rule present a report to the Board. The company's employees, auditor or other external consultants shall be called in to board meetings in order to participate and report on matters as required.

The Board constitutes a quorum when more than half of the Board members are present. The Chairman has the casting vote in the event of the same number of votes

The Board of Directors' work

Balder's Board held 10 board meetings during 2014 of which one was the statutory meeting. Under the current formal work plan, the Board shall hold at least five ordinary Board meetings, including the statutory meeting, per calendar year. The Board meetings are held in connection with the company's reporting. Matters of significant importance to the company are dealt with at each ordinary board meeting such as acquisition and divestment of properties, investments in existing properties and financing questions. In addition, the Board is informed about the current business situation in the rental, property and credit markets. Among the regular matters dealt with by the Board in 2014, included acquisition strategies, capital structure and financing position, common corporate policies and the formal work plan for the Board

Remuneration Committee

The remuneration committee has a preparatory function in relation to the Board in questions regarding principles for remuneration and other terms of employment for the CEO and other senior executives. The remuneration committee shall monitor and evaluate the application of the guidelines for remuneration and levels of compensation to senior executives that the AGM has determined and shall also draw up proposals for new guidelines for principles of remuneration and other terms of employment. Ahead of the AGM's resolution, the Board shall propose principles for remuneration and other terms of employment for the CEO and other senior executives. Based on the resolutions of the AGM, it is the duty of the remuneration committee to decide on remuneration to the CEO and other officers. The remuneration committee is composed of all independent Board members and should meet at least once every year. For further information see Note 4, Employees and personnel expenses.

Audit Committee

The audit committee shall be responsible for preparing the Board's work by quality-assuring the company's financial reporting, assisting the nomination committee in drawing up proposals for auditors and their fees and ensuring a qualified independent audit of the company. The audit committee shall meet the company's auditor at least once per calendar year. During 2014, the audit committee, which was composed of all independent Board members, has met the company's auditor on one occasion and has received a report on the performed audit.

The composition of the Board of Directors, number of

meetings and attendance

Name	Elected	Independent	Attendance at meetings		
			Board meetings	Audit committee	Remuneration-committee
Christina Rogestam	2006	Yes	10/10	1/1	1/1
Erik Selin	2005	No	10/10	—	—
Fredrik Svensson	2005	Yes	9/10	1/1	1/1
Sten Dunér	2007	Yes	10/10	1/1	1/1
Anders Wennergren	2009	Yes	10/10	1/1	1/1

Further information about the company's Board may be found on page 92 and on Balder's website, www.balder.se.

Disqualification

Board members or the CEO may not deal with issues concerning agreements between themselves and the company or Group. Nor may they deal with issues regarding agreements between the company and a third party, if they have a material interest that can conflict with that of the company. Lawsuits or other actions are on a par with the agreements referred to above. Where applicable, it is incumbent on the Board member or CEO to disclose if a disqualification situation would arise.

Nomination Committee

The AGM resolves on the procedure for election of the Board, and when applicable, auditors. The AGM 2014 resolved that a nomination committee should be established before the 2015 AGM in order to submit proposals on the number of Board members, election of Board members including the Chairman of the Board and remuneration for Board members as well as for auditors.

The nomination committee's proposals shall be announced no later than in conjunction with the notice convening the AGM. All shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The AGM 2014 adopted the nomination committee's proposal that the nomination committee should be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced not later than six months before the AGM. The nomination committee's term of office extends until a new nomination committee has been appointed. If Lars Rasin resigns as chairman of the nomination committee, the company's Chairman shall appoint a new chairman of the nomination committee until the next general meeting of the company.

The nomination committee ahead of the AGM 2015 is composed of Christian Hahne, representing Erik Selin Fastigheter AB, Rikard Svensson, representing Arvid Svensson Invest AB, and chairman Lars Rasin.

The nomination committee has decided to propose the re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed to re-elect Christina Rogestam as Chairman of the Board.

CEO and Management

The CEO is responsible for the day-to-day administration pursu-

ant to the guidelines and policies determined by the Board. The CEO shall report on Balder's development to the Board and prepare the order of business at Board meetings according to an approved agenda. The CEO shall ensure that the required material is compiled and distributed to the Board members prior to board meetings.

The Management normally meets once every month with a standing agenda, including property transactions, finance and overall management issues. The Group Management consists of six persons and includes resources such as the CEO, accounting, finance, management, property transactions and personnel.

Audit

The company's annual accounts and the administration of the CEO and Board are reviewed by the company's auditor who submits an audit report for the financial year to the AGM.

The auditor reports to the Board on his audit plan for the year and his views on the accounts and annual accounts.

Öhrlings PriceWaterhouseCoopers AB with Bengt Kron as chief auditor, was elected at the AGM on 7 May 2013 as auditor for a period of four years until the AGM 2017.

Ahead of the AGM 2015

Ahead of the AGM on 6 May 2015, the Board of Directors proposes:

- that no share dividend shall be declared to the ordinary shareholders,
- a quarterly dividend of SEK 5 per share shall be declared to the preference shareholders, however, a maximum of SEK 20,
- guidelines for remuneration of senior executives,
- a renewed mandate for the Board until the next AGM, to repurchase and transfer B shares in Balder equivalent to not more than 10 per cent of all shares in the company,
- a renewed mandate for the Board until the next AGM, on one or more occasions, to resolve on new issue of preference shares and/or ordinary shares of Class B equivalent to not more than 10 per cent of the existing share capital. It shall be possible to subscribe for the shares in cash, in kind or through right of set-off.

Ahead of the AGM on 6 May 2015, the nomination committee proposes:

- re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed to re-elect Christina Rogestam as Chairman of the Board,
- directors' fees of SEK 160,000 are proposed to the Chairman of the Board and SEK 100,000 to the other Board members who are not permanently employed by the company. Amounts include remuneration for committee work,
- that the general meeting resolves that the nomination committee shall be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced not later than six months before the AGM. The nomination committee's term of office extends until

a new nomination committee has been appointed.

Information to the stock market

Balder issues interim reports for the operations three times per year; on 31 March, on 30 June and on 30 September. In addition to this, Balder's reports its full-year accounts on 31 December in its year-end report and publishes its annual accounts in good time before the AGM.

The annual accounts for 2014 are now available for distribution and on Balder's website. All documents as well as press releases and presentations in connection with reports are available on Balder's website, www.balder.se.

The Board of Director's report on internal control

The Board is responsible for the internal control under the Swedish Companies Act and under the Code. This account has been prepared in accordance with the Swedish Annual Accounts Act and the Code and is thus limited to internal control over financial reporting. Financial reporting refers to interim reports, year-end reports and annual accounts. This report does not constitute a part of the formal annual accounts. Balder's internal control follows an established framework, Internal Control – Integrated Framework, which consists of five components. The components are control environment, risk assessment, control activities, information and communication as well as monitoring.

Control level

The control environment constitutes the basis for the internal control over financial reporting. A good control environment is built on clearly defined and communicated decision-making procedures and guidelines between different levels of the organisation, which together with the corporate culture and shared values establish the basis for managing Balder in a professional manner.

Balder's internal control is based on a decentralised organisation with 494 properties, each with its own profit centre, which is administered from regional offices. To support the control environment and provide necessary guidance to different offices, there are a number of documented governing documents such as internal policies, guidelines, manuals, the formal work plan of the Board, decision-making procedures, rules for approvals as well as accounting and reporting instructions. Governing documents are updated as required in order to always reflect applicable laws and rules.

Risk assessment

The focus is on identifying the risks that are considered most significant in Balder's profit/loss and balance sheet items in the financial reporting and what measures can reduce these risks. The risk management is built into the above mentioned document for the control environment.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Board conducts an annual review of the internal control in accordance with the formal work plan of the Board. The risk assessment is continually updated to cover changes that have a

material impact on the internal control over financial reporting. The most significant risks that have been identified in connection with the financial reporting are errors in the accounts and in the valuation of the real estate portfolio, deferred tax, interest-bearing liabilities, refinancing, tax and value added tax as well as the risk of fraud, loss or embezzlement of assets.

Control activities

A number of control activities are built-in to ensure that the financial reporting provides a true and fair view at each point of time. These activities involve different levels in the organisation, from the Board and company management to other employees. The control activities are aimed at preventing, discovering and correcting errors and deviations. The activities consist of approval and reporting of commercial transactions, follow up of decisions and approved policies of the Board, general and application-specific IT controls, checking of external counterparties and follow up of results at various levels in the organisation. Other activities are follow up of the reporting procedures including the annual accounts and consolidated accounts and their conformity with applicable rules and regulations, approval of reporting tools, accounting and valuation principles as well as power of attorney and authority structures.

Balder's regional offices participate in the basic control, follow up and analysis in each region. To ensure the quality of the regions' financial reporting, an evaluation is made in conjunction with the Group's controllers. The follow up at a regional level combined with the controls and analyses at a Group level are an important part of the internal control, to ensure that the financial reporting essentially does not contain any errors.

Information and communication

Balder has determined how information and communication in respect of the financial reporting should occur so that the company's information disclosure should take place in an effective and correct manner. Balder has guidelines for how the

financial information should be communicated between the management and other employees. Guidelines, updates and changes are made available and known to the employees concerned by means of oral and written information and on Balder's Intranet. The Board receives further information about risk management, internal control and financial reporting from meetings and reports from the company's auditors.

Monitoring

There is an appropriate process for continual follow up and annual evaluation of the observance of internal policies, guidelines, manuals and codes and of the appropriateness and functionality of the established control activities. There is a special process for monitoring that reported deficiencies are remedied.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Board conducts an annual review of the internal control in accordance with the formal work plan of the Board. Once every year, the Board receives a report from Balder's auditor regarding internal control, risk management and financial reporting.

Need of internal audit

Balder has a decentralised organisation that manages 494 properties from regional offices. Financial operations and the finance function for the entire Group are conducted in the parent company.

There is a controller function in the parent company which monitors the administration of the regional offices and the financial operations in the parent company. Balder's size and decentralised organisation together with the controller function in the parent company mean that a special internal audit function is not motivated at present.

Gothenburg, 8 April 2015

Christina Rogestam
Chairman of the Board

Sten Dunér
Board member

Fredrik Svensson
Board member

Anders Wennergren
Board member

Erik Selin
Board member and CEO

Auditor's statement regarding the Corporate Governance Report

To the Annual General Meeting of Fastighets AB Balder (publ) Corporate identity no. 556525-6905

The Board of Directors is responsible for the corporate governance report for 2014 on pages 87–91 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on this review and on our knowledge of the company and the Group, we believe we have a sufficient basis for our opinion. This means that our statutory

review of the corporate governance report has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden.

We consider that a corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Gothenburg, 8 April 2015

Öhrlings PricewaterhouseCoopers AB

Bengt Kron

Authorised Public Accountant

Board of Directors



Christina Rogestam

Born 1943.
Chairman of the Board since 2006.
Education: Bachelor of Arts, Social studies.
Previously President and CEO of Akademiska Hus AB, Chairman of Metria AB and Board member of Lönbacken AB.
Shareholding in Balder: 70,000 B shares, 1,160 preference shares and 3,000 B shares and 2,080 preference shares via company.



Anders Wennergren

Born 1956.
Board member since 2009.
Education: Bachelor of Laws. Lawyer, partner and Board member of Advokatfirman Glimstedt.
Board member of Serneke AB.
Shareholding in Balder: 2,050 B shares and 214,000 B shares via company.



Sten Dunér

Born 1951.
Board member since 2007.
Education: Master of Business Administration.
CEO of Länsförsäkringar AB.
Chairman of Länsförsäkringar Bank, Länsförsäkringar Sak and Länsförsäkringar Fondliv. Board member of Länsförsäkringar Liv and Svensk Försäkring and the Employers' Organisation of the Swedish Insurance Companies.
Shareholding in Balder: No shareholding in Balder.



Fredrik Svensson

Born 1961. Board member since 2005.
Education: Master of Business Administration. CEO of AB Arvid Svensson, Chairman of Klöver AB.
Shareholding in Balder: 2,915,892 A shares and 13,542,540 B shares, all via company.



Erik Selin

Born 1967.
Board member since 2005.
Education: Business school economist.
CEO of Fastighets AB Balder.
Chairman of Skandrenting AB, Board member of Collector AB and Collector Credit AB and of Västsvenska Handelskammaren, Stendörren AB and Hexatronic Scandinavia AB.
Shareholding in Balder: 10,500 B shares and 500 preference shares and 8,301,930 A shares and 57,207,798 B shares via company.

Balder's Board of Directors

Balder's Board of Directors is composed of five people, including the Chairman. Board members are elected annually at the AGM for the period until the end of the next AGM.

Management



Erik Selin

Born 1967.

Board member since 2005.

Education: Business school economist. CEO of Fastighets AB Balder.

Shareholding in Balder: 10,500 B shares and 500 preference shares and 8,301,930 A shares and 57,207,798 B shares via company.



Magnus Björndahl

Born 1957.

CFO.

Employed since 2008.

Education: Master of Business Administration

Shareholding in Balder: 21,000 B shares



Petra Wing Engström,

Born 1965.

Head of personnel and administration.

Employed since 2007.

Education: Business school economist

Shareholding in Balder: No shareholding in Balder.



Benny Ivarsson

Born 1955.

Head of property.

Employed since 2006.

Education: Master of Business Administration

Shareholding in Balder: 12,494 B shares and 8,500 preference shares and 12,720 B shares via company.



Sharam Rahi

Born 1973.

Head of property management and Vice CEO.

Employed since 2005.

Education: Compulsory school

Shareholding in Balder: 737,822 B shares and 788,978 B shares and 20,000 preference shares via company.



Marcus Hansson

Born 1974.

Head of finance.

Employed since 2007.

Education: Bachelor's degree in business and managerial economics

Shareholding in Balder: 64,500 B shares

Auditor

Öhrlings PricewaterhouseCoopers AB

Öhrlings PricewaterhouseCoopers AB

Chief auditor: Bengt Kron, born 1965

Auditor of the company since 2009, elected at the AGM on 7 May 2013 for four years until the AGM 2017.

Property list

						Lettable area, sq.m.								Tax assessment value, SEKm
Municipality	Name of property	Address	Year of construction	Property category	Site lease-hold right	Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other	Total	
Stockholm Region														
Botkyrka	Freja 2	Balders väg 4–16	1973	Residential	Yes						7,060	220	7,280	51
Botkyrka	Freja 3	Balders väg 1–5, 9–15	1973	Residential	Yes						7,060	220	7,280	50
Botkyrka	Hallunda 4:11	Iduns väg 2–16	1900	Other	Yes									
Botkyrka	Hallunda 4:9	Balders väg 2–16	1900	Other	Yes									
Botkyrka	Idun 2	Iduns väg 2–8, 12–16	1972	Residential							7,060	256	7,316	51
Botkyrka	Idun 3	Iduns väg 1–5, 9–15	1972	Residential							7,060		7,060	52
Huddinge	Bäckgården 8	Vårby Allé 8, 10, 14–22	1974	Other	Yes	2,818	1,731					3,805	8,354	49
Huddinge	Vårby Gård 1:16	Vårby Allé 58 m fl	1973	Residential		222	37				51,857	2,662	54,778	375
Järfälla	Jakobsberg 2:2583	Järfällavägen 100–104 m fl	1982	Other		2,620	1,725	718	15,232			1,759	22,054	
Järfälla	Säby 3:29	Koprolsvägen 2–10 m fl	2008	Residential							5,344	8	5,352	81
Lidingö	Fjällräven 1	Vesslevägen 3 m fl	1900	Residential				100	4,300		2,561		6,961	
● Nacka	Sicklaön 363:2	Ektorpsvägen 2–6 m fl	1986	Other		2,350				8,383			10,733	94
Nacka	Sicklaön 354:2	Ektorpsvägen 6	1980	Office		8,571	3,925	1,245	4,350			320	18,411	113
Nacka	Älta 9:130	Ältavägen 170, 172	1992	Retail			960				880		1,840	19
Nynäshamn	Musköten 1	Björn Barkmans väg 1–48	1968	Residential		16		100			22,494	207	22,817	140
● Solna	Banken 14	Hotellgatan 11	1965	Other		93				11,444			11,537	113
Solna	Puman 1	Bangatan 21 m fl	1972	Office		2,115							2,115	16
Stockholm	Berget 2	Västmannagatan 13	1929	Other						1,176	339		1,515	31
Stockholm	Doggen 1	Vinthundsvägen 157	1974	Office		1,650							1,650	7
Stockholm	Doggen 2	Vinthundsvägen 159 A–B	1984	Office	Yes	4,690							4,690	28
Stockholm	Fiskaren Större 3	Götgatan 21	1929	Office		235	993				1,375		2,603	53
Stockholm	Gladan 3	Sankt Göransgatan 159 m fl	1948	Office	Yes	5,355		124					5,479	83
Stockholm	Granen 21	Floragatan 21	1972	Office		4,284		8					4,292	161
● Stockholm	Göta Ark 18	Medborgarplatsen 21	1985	Office	Yes	17,807		668					18,475	376
● Stockholm	Havsfrun 25	Artillerigatan 42	1929	Office		3,267		239					3,506	83
Stockholm	Holar 3	Skalholtsgatan 10	1985	Other	Yes	6,203		1,002					7,205	77
Stockholm	Islandet 4	Adolf Fredriks Kyrkogata 13 m fl	1908	Office		1,845	245	66					2,156	48
Stockholm	Järnplåten 23	Kungsgatan 37 m fl	1937	Office		4,504						2,013	6,517	237
Stockholm	Katthavet 8	Näckströmsgatan 8	1929	Retail						8,022			8,022	184
Stockholm	Kilaberg 1	Kilabergsvägen 4, 6, 8 m fl	1975	Office	Yes	8,095		4,790				4	12,889	73
Stockholm	Kungsbacken 8	Drottninggatan 108 m fl	1929	Office		1,787	563	56					2,406	55
Stockholm	Kvasten 8	Norrlandsgatan 14	1929	Office		1,336	614	58				10	2,018	159
Stockholm	Lindansaren 23	Saltmätargatan 5–11 m fl	1929	Office		7,172	803	498			293		8,766	181
Stockholm	Luftspringaren 10	Saltmätargatan 19	1900	Office		498							498	
Stockholm	Luftspringaren 16	Saltmätargatan 19 A	1929	Office		642	372	61			613	794	2,482	37
Stockholm	Lärftet 2	Brommaplan 407–413 m fl	1941	Residential	Yes	204	530	114			895		1,743	22
Stockholm	Magneten 32	Voltavägen 13–15 m fl	1982	Office		6,990	450	2,667					10,107	81
Stockholm	Meteorologen 4	Finn Malmgrens väg 9 m fl	1991	Residential	Yes		399				725		1,124	17
Stockholm	Meteorologen 5	Finn Malmgrens väg 11 m fl	1991	Residential	Yes		1,090	74			1,227		2,391	34
Stockholm	Miklaholt 2	Haukadalsgatan 10	1981	Office	Yes	1,128		788					1,916	16
Stockholm	Murmästaren 3	Hantverkargatan 29	1926	Office		15,966						120	16,086	323
Stockholm	Murmästaren 7	Hantverkargatan 31	1929	Office		2,531	472	79					3,082	75
Stockholm	Prästgårdsängen 3	Prästgårdsängen 6 m fl	1986	Office	Yes	5,444	847						6,291	47
Stockholm	Silket 2	Brommaplan 422–426 m fl	1941	Retail	Yes	174	602	94			555	7	1,432	19
Stockholm	Singeln 9	Sorterargatan 8	1970	Office	Yes	5,072	5	238					5,315	26
Stockholm	Skeppshandeln 1	Hammarby Allé 47	2013	Retail			13,766						13,766	
Stockholm	Spelbomskan 14	Gyldéngatan 6 m fl	1939	Other					2,700				2,700	
Stockholm	Spårvagnen 4	Birger Jarlsgatan 57	1995	Office		19,507	3,069	1,086				102	23,764	761
Stockholm	Tråden 1	Brommaplan 418, 420 m fl	1941	Retail	Yes	555		41			537		1,133	14
Stockholm	Vattenkraften 1	Solkraftsvägen 5, 13–19, 23	1989	Office	Yes	7,189	734		2,842			12	10,777	4
Stockholm	Vreten 8	Västberga Allé 9 m fl	1952	Office		9,072		2,847					11,919	77
Stockholm	Vreten 17	Västberga Allé 11 m fl	1959	Office	Yes	6,550							6,550	52
Stockholm	Vreten 25	Västberga Allé 1 m fl	1965	Office	Yes	9,777	580	2,198				55	12,610	109
● Stockholm	Årstaäng 4 & 6	Sjöviksbacken 8	1900	Office	Yes	22,208	930	1,183					24,321	278
Sundbyberg	Eken 14	Ågatan 10	1936	Office		8,410		217				286	8,913	88
● Södertälje	Yxan 8	Täppgatan 15	1975	Other						14,115			14,115	75
● Upplands Väsby	Vilunda 6:48	Hotellvägen 1	1986	Other						6,955			6,955	50
Uppsala	Berthåga 53:1	Naturstensvägen 41–115 m fl	2007	Residential							3,814		3,814	48
● Uppsala	Dragarbrunn 16:4	Dragarbrunns torg 18	1962	Other			680	51		5,275			6,006	64
● Uppsala	Kvarngärdet	Gamla Uppsalagatan 50	1983	Other						7,518			7,518	38
Uppsala	Årsta 94:1	Stålgatan 57–101	1988	Residential							5,274	31	5,305	67
Uppsala	Årsta 95:1	Stålgatan 35–39	2005	Residential							4,117		4,117	51
Stockholm total						208,952	36,122	21,410	29,424	62,888	131,140	12,891	502,827	5,516

● Acquisitions during 2014.

Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Letttable area, sq.m.							Total	Tax assessment value, SEKm
						Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other		
Gothenborg/West Region														
Ale	Nödinge 38:14	Ale Torg 7 m fl	2007	Retail		3,920	10,419	10					14,349	106
Ale	Surte 1:245	Göteborgsvägen 99 m fl	1967	Residential		215	337				1,216	90	1,858	12
Ale	Surte 1:293	Göteborgsvägen 93 A–F	1946	Residential					356		424		780	4
Ale	Surte 1:294	Brattåsstigen 6	1992	Residential					176		609		785	
Ale	Surte 4:38, 4:119	Göteborgsvägen 64, 66, 68 m fl	1958	Retail		908	1,320	387			457	139	3,211	15
Alingsås	Bagaren 14	Hantverksgatan 2 m fl	1991	Residential							556		556	5
Alingsås	Bagaren 2	Hantverksgatan 4	1992	Residential							424	9	433	4
Alingsås	Björkhagen 1	Stadsskogsgatan 40 m fl	2007	Residential							3,212		3,212	41
Alingsås	Bolltorp 4:13	Bolltorpsvägen 19 A–B m fl	2003	Residential							14,166		14,166	168
Alingsås	Dryckeshornet 1	Södra Ringgatan 2	1929	Other			177			5,404			5,581	29
Falköping	Agaten 11	Peter Ryttings väg 20 m fl	1962	Residential							880	51	931	4
Falköping	Agaten 6	Sigurd Kochs gata 4	1964	Residential							466		466	2
Falköping	Anden 16	Banérgatan 16	1929	Residential			135				568		703	3
Falköping	Ansgar 1	Sankt Sigfridsgatan 45–49 m fl	1965	Residential							2,022	247	2,269	9
Falköping	Apotekaren 2	Sankt Olofsgatan 9	1912	Residential		623					660		1,283	5
Falköping	Avenboken 1	Margaretagatan 44 m fl	1961	Residential							1,234		1,234	6
Falköping	Avenboken 2	Margaretagatan 42 m fl	1961	Residential							1,226		1,226	6
Falköping	Bagaren 7	Östertullsgatan 3 m fl	1994	Residential		994					2,409		3,403	22
Falköping	Byggmästaren 9	Odengatan 16 A–B	1959	Residential		100					2,240		2,340	9
Falköping	Draken 8	Odengatan 31	1929	Residential							660		660	2
Falköping	Ejdern 14	Banérgatan 1 m fl	1962	Residential							2,236	69	2,305	11
Falköping	Flugsnapparen 1	Kapellsgatan 1	1959	Residential							570	30	600	3
Falköping	Flugsnapparen 2	Allégatan 3	1959	Residential							570		570	3
Falköping	Flugsnapparen 6	Kapellsgatan 3	1959	Residential							570		570	3
Falköping	Guldsmeden 21	Trädgårdsgatan 22	1940	Office		325	78				220		623	2
Falköping	Guldsmeden 7	Storgatan 20	1987	Retail		259	827				468	20	1,574	6
Falköping	Göken 12	Allégatan 9 A m fl	1952	Residential							423		423	1
Falköping	Hammaren 7	Eriksgratan 33 A–B	1943	Residential							376		376	2
Falköping	Hovslagaren 16	Jakobsgatan 18 B m fl	1960	Residential							2,104	87	2,191	10
Falköping	Hytten 1	Storgatan 34		Ground										
Falköping	Kemisten 1	Stora Torget 7 m fl	1929	Retail			316				215		531	2
Falköping	Lejonet 2	Hjelmarsrörsgatan 24–46	1972	Residential							6,724	151	6,875	30
Falköping	Mejseln 4	Sankt Sigfridsgatan 20	1942	Residential							312		312	1
Falköping	Muraren 15	Sigurd Kochs gata 16, 18, 20	1962	Residential							1,611	15	1,626	7
Falköping	Muraren 3	Hwassgatan 7 A–B	1960	Residential							960		960	5
Falköping	Muraren 4	Hwassgatan 5 A–B	1952	Residential							745		745	4
Falköping	Muraren 5	Hwassgatan 3 A–B	1959	Residential							787		787	7
Falköping	Muraren 6	Gärdesgatan 18 A	1959	Residential							787		787	
Falköping	Oxeln 1	Wetterlingsgatan 24 A–C	1953	Residential							1,357	25	1,382	7
Falköping	Sankt Lars 1	Per Larsgratan 4	1961	Residential		69					811		880	4
Falköping	Sankt Jakob 14	Sankt Sigfridsgatan 27	1940	Residential							316		316	2
Falköping	Sankt Jakob 18	Eriksgratan 29	1940	Residential							293		293	1
Falköping	Sankt Johannes 18	Sankt Sigfridsgatan 5	1939	Residential							400		400	2
Falköping	Sankt Olof 17	Sankt Olofsgatan 10		Ground										
Falköping	Sankt Olof 18	Sankt Olofsgatan 14 m fl	1990	Residential		432					1,599		2,031	9
Falköping	Sankt Staffan 13	Bryngelsgratan 6	1929	Office		1,703						366	2,069	7
Falköping	Sankt Tomas 13	Warenbergsgatan 11	1938	Residential							393		393	2
Falköping	Skalbaggen 1	Scheelegatan 21 A–B	1957	Residential							748	108	856	3
Falköping	Skalbaggen 11	Kapellsgatan 19	1959	Residential							434		434	2
Falköping	Skalbaggen 12	Kapellsgatan 27	1954	Residential							540		540	3
Falköping	Skalbaggen 5	Danska vägen 148	1954	Residential							540		540	3
Falköping	Skogslinden 3	Margaretagatan 34 m fl	1948	Residential							716		716	4
Falköping	Skogslinden 4	Margaretagatan 32 m fl	1946	Residential							712		712	4
Falköping	Spettet 1	Wetterlingsgatan 18 A–C	1951	Residential							1,308	27	1,335	6
Falköping	Svanen 24	Danska vägen 129, 131	1970	Residential							1,180		1,180	5
Falköping	Trädgårdsmästaren 18	Marknadsgatan 7 A–B	1971	Residential							1,272	20	1,292	6
Falköping	Trädgårdsmästaren 19	Högarensgratan 8 A–C	1989	Residential							1,018		1,018	5
Falköping	Trädgårdsmästaren 22	Marknadsgatan 9, 11	1967	Residential							2,020		2,020	10
Falköping	Urd 3	Odengatan 19 m fl	1965	Residential		745	1,186				1,844		3,775	11
Falköping	Vargen 1	Wetterlingsgatan 13 C–E	1955	Residential							1,441		1,441	7
Falköping	Vargen 2	Dotorpsgatan 67 A–B	1956	Residential							1,163	43	1,206	6
Falköping	Vargen 3	Wetterlingsgatan 13 F–H	1955	Residential		242					832		1,074	5
Falköping	Vargen 4	Wetterlingsgatan 11 G–H	1957	Residential							1,130	521	1,651	6
Falköping	Vargen 5	Wetterlingsgatan 11 A–B	1956	Residential							1,086	357	1,443	6
Falköping	Vargen 6 & 8	Wetterlingsgatan 11 C–E	1956	Residential							1,503	23	1,526	7
Falköping	Vargen 7	Wetterlingsgatan 11 F	1957	Residential							981	51	1,032	5
Falköping	Vitsippan 2	Hagbergsgatan 4	1958	Residential							532		532	2
Gothenburg	Askim 243:20	Askims torg 4–6	1972	Office		1,923	638	553	1,251			39	4,404	25
Gothenburg	Backa 171:3	Backavägen 1	1955	Retail			4,417						4,417	50

PROPERTY LIST

						Lettable area, sq.m.								Total	Tax assessment value, SEKm
Municipality	Name of property	Address	Year of construction	Property category	Site lease- hold right	Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other			
Gothenburg/West Region (continued)															
Gothenburg	Backa 21:14	Exportgatan 47 B	1989	Other		564		1,834				108	2,506	11	
Gothenburg	Backa 170:1	Backavägen 7	1968/1999	Other				3,500					3,500	9	
Gothenburg	Backa 169:3	Södra Deltavägen 3 A	2006	Retail			1,975						1,975	40	
Gothenburg	Bagaregården 5:8	Kungälvsgatan 6 C–D	1929	Residential							584		584	8	
Gothenburg	Bagaregården 5:9	Kungälvsgatan 6 A–B	1929	Residential							581		581	8	
Gothenburg	Bergsjön 34:1	Atmosfärsgatan 1–47	1967–1970	Residential		198		281			22,188		22,667	103	
Gothenburg	Bergsjön 9:6	Kosmosgatan/Zenitgatan	1967–1970	Residential		3,710	239	370			41,610		45,929	200	
Gothenburg	Biskopsgården 7:1–7:3 m fl	Långströmsgatan 2–52 m fl	1967	Residential	Yes	1,192		639	520		42,756		45,107	212	
Gothenburg	Brämaregården 60:3	Virveltorget 6 m fl	1969	Office	Yes	2,415			737				3,152	14	
Gothenburg	Brämaregården 72:4	Brämaregatan 15 m fl	1958	Office	Yes	2,492	889	42				11	3,434	22	
Gothenburg	Bur 134:1	Oxholmogatan 28	1989	Residential	Yes						302		302		
Gothenburg	Bö 93:2	Sofierogatan 1	1940	Office		8,417		472				316	9,205	81	
Gothenburg	Gamlestaden 25:11	Marieholmsgatan 4 m fl	1990	Office	Yes	3,318	681						3,999	24	
Gothenburg	Gamlestaden 26:13	Vassgatan 3	1988	Office	Yes	5,431		5,110				3,530	14,071	72	
Gothenburg	Gullbergsvass 11:2	Gullbergs Strandgata 38, 40	1977	Other	Yes			5,865					5,865	24	
Gothenburg	Gårda 15:1	Fabriksgatan 7, 9	2001	Office		7,158	207	511					7,876	122	
Gothenburg	Gårda 15:1	Drakegatan 2–4	1937	Residential		1,655	87				6,717		8,459	150	
Gothenburg	Heden 24:11	Engelbrektsgatan 73	1964	Other	Yes					17,875			17,875	218	
Gothenburg	Högsbo 1:1	J A Wettergrens gata 7	1967	Office		11,129		3,836				286	15,251	60	
Gothenburg	Högsbo 11:10	Victor Hasselblads gata 8	1982	Office		4,050							4,050	18	
Gothenburg	Högsbo 38:17	Sisjö Kullegata 5, 7	1986	Office		1,680							1,680	12	
Gothenburg	Högsbo 38:20	Sisjö Kullegata 6	1989	Office		2,068		792					2,860	19	
Gothenburg	Högsbo 38:8	Sisjö Kullegata 8	1990	Office		4,138		2,948					7,086	41	
Gothenburg	Inom Vallgraven 1:13	Drottninggatan 62	1986	Other						26,656			26,656	271	
Gothenburg	Inom Vallgraven 14:1	Södra Hamngatan 2	1929	Retail			2,637			2,190			4,827	80	
Gothenburg	Inom Vallgraven 15:3	Drottninggatan 30 m fl	1930	Office		3,847	379	169					4,395	86	
Gothenburg	Inom Vallgraven 16:21	Drottninggatan 10–12	1929	Retail		2,365	321	86				200	2,972	55	
Gothenburg	Inom Vallgraven 19:6	Drottninggatan 35	1929	Office		525	597						1,122	17	
Gothenburg	Inom Vallgraven 2:2	Drottninggatan 69	1929	Office		254	1,038						1,292	21	
Gothenburg	Inom Vallgraven 22:6	Kungsgatan 41	1869	Office		642	468						1,110	32	
Gothenburg	Inom Vallgraven 33:7	Magasinsgatan 26	1929	Office		2,189	897				258	387	3,731	46	
Gothenburg	Inom Vallgraven 36:4	Kaserntorget 11 A	1912	Office		2,455		10	9,414			4,851	16,730		
Gothenburg	Inom Vallgraven 4:2	Östra Larmgatan 16 m fl	1929	Office		2,068	630	62				1,001	3,761	61	
Gothenburg	Inom Vallgraven 4:4	Lilla Kungsgatan 3 m fl	1929	Office		5,819							5,819	68	
Gothenburg	Inom Vallgraven 54:9	Lilla Torget 4	1929	Office		836							836	14	
Gothenburg	Inom Vallgraven 58:6	Kyrkogatan 9	1989	Retail		1,815	230	20				2,728	4,793	106	
Gothenburg	Inom Vallgraven 8:1	Östra Hamngatan 46–48 m fl	1850	Retail		1,540	1,629					36	3,205	110	
Gothenburg	Inom Vallgraven 8:19	Kungsgatan 56	1962	Office		956	409						1,365	47	
Gothenburg	Inom Vallgraven 8:20	Kyrkogatan 33	1940	Retail			803						803	17	
Gothenburg	Järnbrott 145:6	Svägrumsgatan 45–57	1963	Residential	Yes						3,844	13	3,857	29	
Gothenburg	Kobbegården 6:725	Datavägen 12 A	1988	Office		3,388							3,388	22	
Gothenburg	Kyrkbyn 147:1	Almquistgatan 1	1967	Other					520				520		
Gothenburg	Källtorp 36:7	Solrosgatan 13 A	1935	Residential							769	105	874	11	
Gothenburg	Källtorp 39:1	Råstensgatan 2 A–C m fl	1936	Residential							791		791	10	
Gothenburg	Lindholmen 39:2	Lindholmospiren 4	2013	Other						13,299			13,299	51	
Gothenburg	Lorensberg 46:1	Teatergatan 4 m fl	1929	Retail		299	1,288	42				326	1,955	30	
Gothenburg	Lorensberg 46:10	Kungsportsavenyn 17 m fl	1944	Office		983	572						1,555	32	
Gothenburg	Lorensberg 46:11	Vasagatan 52 m fl	1929	Retail								1,203	1,203	19	
Gothenburg	Lorensberg 46:12	Kungsportsavenyn 11, 13 m fl	1929	Retail			2,394						2,394	55	
Gothenburg	Lorensberg 46:5	Kungsportsavenyn 7	1929	Retail		201	766						967	20	
Gothenburg	Lorensberg 46:6	Kungsportsavenyn 9	1950	Retail								1,176	1,176	31	
Gothenburg	Nordstaden 10:15	Köpmansgatan 27	1900	Office		1,031	590					812	2,433	64	
Gothenburg	Nordstaden 10:16–17	Köpmansgatan 29	1929	Other			113			7,753			7,866	117	
Gothenburg	Olskroken 10:5	Olskrokgatan 30	1985	Office		3,034			1,477				4,511		
Gothenburg	Olskroken 25:11	Falkgatan 7	1932	Other					1,969			292	2,261		
Gothenburg	Rud 8:10	Munspelsgatan/Speldosegatan /Tamburingatan	1962–1963	Residential		1,014		430			43,269	10	44,723	331	
Gothenburg	Sannegården 25:1	Säterigatan 20	1971	Other		782		2,685					3,467	18	
Gothenburg	Sannegården 28:5	Sjöporten 1–5 m fl	1945	Office		1,230	307						1,537	23	
Gothenburg	Tingstadsvassen 3:6	Motorgatan 1 m fl	1944	Retail		64	3,493	230				7	3,794	77	
Gothenburg	Tingstadsvassen 3:7	Krokegårdsgatan 7–9, 2	1987	Retail			5,243						5,243	91	
Gothenburg	Torslanda 153:1	Mossfyndsgatan 15	1989	Residential	Yes	362							362		
Gothenburg	Torslanda 155:3	Mossfyndsgatan 10	1989	Residential	Yes	300							300		
Gothenburg	Torslanda 95:1	Torslanda torg 1–4	1973	Retail		244	4,578	16			871	968	6,677	48	
Gothenburg	Utby 39:11	Västra Tvärskedet 3	1990	Residential					116		351		467		
Kungälv	Klocktornet 36	Västra gatan 57–61	1972	Retail			3,351					423	3,774	28	
Kungälv	Krabbetorget 18&35	Västra gatan 84–88, 90, 92	1961	Retail		213	840				430		1,483	12	
Kungälv	Nedre Platt 1	Östra gatan 1		Ground											
Kungälv	Rhodin 19	Strandgatan 77–79 m fl	1967	Retail			2,822	10				7	2,839	27	
Kungälv	Skomakaren 10	Triogatan 5	1988	Office		1,781	478	79	1,474			312	4,124	31	

● Acquisitions during 2014.

Lettable area, sq.m.															Tax assessment value, SEKm
Municipality	Name of property	Address	Year of construction	Property category	Site lease-hold right	Office	Retail	Industrial/Warehouse	Education/Care	Hotel	Residential	Other	Total		
Gothenburg/West Region (continued)															
Kungälv	Slottsträdgården 5	Gamla torget 2 m fl	1958	Other						6,100			6,100	26	
Lerum	Floda 3:121	Gamla vägen 26–32 A–D	1991	Residential							1,016		1,016	11	
Lerum	Lerum 43:21	Skattegårdsbacken 6–38	1991	Residential							1,383		1,383	3	
Lerum	Torp 1:328	Lindvägen 34 A–F	1988	Residential							428	11	439	4	
Mariestad	Enen 23	Stockholmsvägen 11, 16, 18, 20	1985	Retail			3,889				1,952		5,841	40	
Mariestad	Furan 11	Stockholmsvägen 23	1962	Residential		121					1,620	637	2,378	32	
Mariestad	Furan 12	Stockholmsvägen 25	1962	Residential							4,254		4,254		
Mariestad	Fårtickan 1	Bergsgatan 20–34	1967	Residential							4,632		4,632	24	
Mariestad	Granen 8	Viktoriagatan 20	1900	Other											
Mariestad	Hunden 3	Nya Torget 3	1965	Retail			3,438	264			116		3,818	14	
Mariestad	Murklan 1	Bergsgatan 18 m fl	2005	Residential							12,599		12,599	60	
Mariestad	Staren 8	Nygatan 14	1957	Retail		355	1,621				86		2,062	9	
Mölnådal	Stockrosen 3	Norra Ågatan 38	1964	Office		600		5,292				190	6,082	17	
Mölnådal	Stockrosen 6	Norra Ågatan 34	1948	Office		551	1,212	252					2,015	10	
Mölnådal	Stockrosen 10	Norra Ågatan 26 C	1973	Office		1,708		53					1,761	10	
Skara	Almen 4	Sankta Annagatan 12 m fl	1986	Residential				17			602	90	709	4	
Skara	Aspen 1	Malmgatan 9 A–C m fl	1929	Residential							1,415	50	1,465	11	
Skara	Bisittaren 2	Stenåsgatan 4	1989	Residential							354		354	2	
Skara	Bisittaren 6	Härlundagatan 41 m fl	1990	Residential							300		300	2	
Skara	Boken 38	Brinkagatan 2 A–C m fl	1929	Residential							967		967	6	
Skara	Bromsen 5	Richertsgatan 1	1990	Residential							534		534	3	
Skara	Fjärilen 6	Folkungagatan 15 m fl	1929	Residential							350		350	2	
Skara	Frigga 4	Mariebergsgatan 4 A–B	1956	Residential							824		824	5	
Skara	Frigga 5	Mariebergsgatan 6 A–B	1956	Residential							828		828	5	
Skara	Heimdal 1	Hindsbogatan 43 A–B m fl	1947	Residential							632	50	682	4	
Skara	Heimdal 4	Hindsbogatan 37 A–B m fl	1947	Residential							647	25	672	4	
Skara	Plymen 4, 5	Vallgatan 36 A–B	1929	Residential							705		705	4	
Skara	Rådhuset 40	Nicolai Gränd 1–3 m fl	1929	Residential		198					1,905		2,103	15	
Skara	Sländan 1	Borggatan 8 A–C	1954	Residential							1,434		1,434	9	
Skara	Smörberget 2	Stenåsgatan 10	1988	Residential							410		410	3	
Skara	Svärdet 11	Vallgatan 30	1990	Residential							412		412	3	
Skara	Tallen 7	Hindsbogatan 20	1937	Residential							852		852	5	
Skara	Tor 6	Marumsgatan 16	1936	Residential			312				829		1,141	6	
Skara	Tor 10	Hindsbogatan 17	1929	Residential							689		689	5	
Skara	Tyr 1	Hindsbogatan 45 A–B m fl	1947	Residential							623	57	680	4	
Skövde	Dagslåndan 10	Barkvägen 2–32 A–D	1972	Residential		100					22,202		22,302	71	
Skövde	Ekoxen 10	Timmervägen 1–37	1974	Residential		1,504	180			1,429	21,395	5,352	29,860	96	
Skövde	Mellomkvarn 1	Mellomkvarnsvägen 2–4	1972	Retail				10,959					10,959	32	
Skövde	Skultorp 1:58	Vibogatan 1	1978	Residential		904	863	57			1,405		3,229	12	
Skövde	Skultorp 36:1	Klagstorp svägen 1 A	1961	Residential			187				1,042		1,229	5	
Skövde	Smeden 5	Petter Heléns gata 2	1977	Office	Yes	2,598							2,598	15	
Skövde	Storängen 13	Kåsatörpsvägen 5	1992	Office		2,181		60					2,241	9	
Tidaholm	Ankan 15	Norra Kungsvägen 68 A–B	1990	Residential							248		248	1	
Tidaholm	Ankan 16	Norra Kungsvägen 66 A–B	1990	Residential							248		248	1	
Tidaholm	Drott 16	Norra Kungsvägen 23 A–C, 25 A–C	1987	Residential							606		606	2	
Tidaholm	Gimle 3	Smedjegatan 6 A–F	1989	Residential							400		400	1	
Tidaholm	Linden 4	Långgatan 41 A–D	1989	Residential							324		324	1	
Tidaholm	Sleipner 23	Egnahemsvägen 16 A–F, 18 A–D	1990	Residential							720		720	3	
Tidaholm	Spovent 16	Plånaregatan 2–10 m fl	1989	Residential							1,732		1,732	6	
Tidaholm	Thule 3	Solkullegatan 11 A–F	1988	Residential							522		522	2	
Tidaholm	Tiljan 5	Västra Drottningvägen 94 A–C	1988	Residential							352		352	1	
Tidaholm	Titanen 12	Hörnviksgatan 9 A–D, 11 A–D	1990	Residential							656		656	2	
Tidaholm	Tordyveln 1 & 9	Västra Ringvägen 5 A–B	1988	Residential							224		224	1	
Tidaholm	Tordyveln 3	Västra Ringvägen 1 A–B	1988	Residential							224		224	1	
Tidaholm	Tummlaren 1	Västra Drottningvägen 64 A–B	1943	Residential							512		512	2	
Trollhättan	Hoppet 1	Drottninggatan 13 m fl	1992	Residential		295					2,341	265	2,901	21	
Trollhättan	Oden 7	Drottninggatan 25–33 m fl	1976	Retail			14,321	1,014				1,416	16,751	125	
Trollhättan	Plogen 1, 3	Lantmannavägen 5–47	1969	Residential	Yes			333			11,156		11,489	43	
Trollhättan	Plogen 2, 4	Lantmannavägen 49–107	1967	Residential	Yes						10,555		10,555	32	
Trollhättan	Propellern 7	Saabvägen 1, 3	1995	Office		4,759						9	4,768	21	
Trollhättan	Sjöfrun 5	Magasinsgatan 4 A–B m fl	1936	Residential			193				1,367	161	1,721	11	
Trollhättan	Strandpiparen 12	Slättbergavägen 22	1952	Residential				110			654		764	6	
Trollhättan	Svan 7	Storgatan 47	1989	Other						11,632			11,632	53	
Trollhättan	Venus 9	Österlånggatan 44 m fl	1989	Residential		1,250	475				1,594		3,319	22	
Trollhättan	Verkmästaren 14	Ekholmsgatan 11 m fl	1910	Other					1,421			75	1,496		
Uddevalla	Bagge 7	Kungsgatan 10 m fl	1968	Retail		1,239	1,380	100					2,719	22	
Uddevalla	Kålgården 51	Kyrkogårdsgatan 4, 6 m fl	1963	Other		1,189	890	500	294	6,200		10	9,083	42	
Uddevalla	Sälghugget 1	Lillbräckegatan 1–27	1972	Residential	Yes	1,425	239	106			13,338		15,108	95	
Vänersborg	Resedan 15	Kungsgatan 5 m fl	1994	Residential			1,168				1,203	35	2,406	15	
Total Gothenburg/West						133,287	91,169	50,106	19,725	98,538	383,015	30,029	805,869	5,574	

PROPERTY LIST

Municipality	Name of property	Address	Year of construction	Property category	Site lease-hold right	Lettable area, sq.m.							Tax assessment value, SEKm	
						Office	Retail	Industrial/Warehouse	Education/Care	Hotel	Residential	Other		Total
Region Öresund														
DK, Greve	Ventrupparken 6	Ventrupparken 6	1900	Retail				4,723					4,723	
DK, Köpenhamn	Staevern Örestad	Robert Jacobsens Vej 81	2009	Residential							6,830		6,830	
● DK, Köpenhamn	Udenbys Vester Kvarter	Skibbroen 2		Residential, Ground										
● DK, Köpenhamn	Vestervold Kvarter	Jernbanegade 8	1900	Retail								5,300	5,300	
DK, Köpenhamn	Österfaelled Torv	Marskensgade 13	1996	Residential							43,500		43,500	
Helsingborg	Amerika Södra 28	Bryggaregatan 7 m fl	1950	Residential			501	23			5,720	1,363	7,607	82
Helsingborg	Skalbaggen 7	Drakegatan 5 m fl	1929	Residential							688	96	784	5
Helsingborg	Skalbaggen 15	Gustav Adolfs gata 13	1939	Residential							762	19	781	6
Helsingborg	Skalbaggen 16	Gustav Adolfs gata 11 m fl	1935	Residential			195				2,155	30	2,380	18
Helsingborg	Skalbaggen 17	Gasverksgatan 34	1935	Residential			83				712	32	827	6
Helsingborg	Skalbaggen 18	Gasverksgatan 36	1933	Residential			34				818	82	934	6
Helsingborg	Skalbaggen 19	Gasverksgatan 38	1945	Residential							708	72	780	5
Helsingborg	Skalbaggen 20	Gasverksgatan 40	1935	Residential			83				632	109	824	5
Helsingborg	Skalbaggen 21	Gasverksgatan 42	1935	Residential							711	117	828	2
Helsingborg	Skalbaggen 22	Gasverksgatan 44 A–B m fl	1930	Residential			143				1,905	24	2,072	15
Helsingborg	Skalbaggen 23	Gustav Adolfs gata 17–19 m fl	1967	Residential		42					3,643	51	3,736	24
Helsingborg	Skalbaggen 24	Gustav Adolfs gata 15	1983	Residential							2,134		2,134	17
Helsingborg	Verdandi 1	Bifrostgatan 71–75 m fl	1929	Residential			62				3,763		3,825	43
Helsingborg	Württemberg 20	Gustaf Adolfs Torg 8	1937	Retail		1,657	6,123				4,786	1,314	13,880	117
● Kristianstad	Hovrätten 41	Västra Storgatan 13	1985	Other			380			7,075			7,455	34
Lund	Dioriten 1	Brunnsgård m fl	2001	Office		3,080							3,080	36
● Lund	Jöns Petter Borg 14	Hedvig Möllers gata 2	2013	Other						8,462			8,462	103
● Lund	Kalkstenen 1	Kalkstensvägen 32	2000	Retail			2,180						2,180	18
Lund	Lagfarten 1 & 2	Magistratvägen 10, 12	1968	Office		3,472	1,294						4,766	30
● Lund	Porfyren 2	Glimmervägen 3	1991	Other						15,711			15,711	104
Lund	Rügen 1	Stralsundsvägen 1–25	2006	Residential							3,083		3,083	41
Lund	Rügen 2	Stralsundsvägen 29–43	2006	Residential							5,264	528	5,792	76
Malmö	Ledebur 15	Amiralsgatan 20 m fl	1990	Office		6,377						1,235	7,612	61
Malmö	Lejonet 2	Mäster Johansgatan 14	1929	Office		4,929	39	68			314	504	5,854	112
Malmö	Rosen 9	Engelbrektsgratan 2	1960	Other			1,430			9,777			11,207	225
Malmö	Spinneriet 8	Baltzarsgatan 20, 22 m fl	1957	Office		12,197	3,097	2,346		5,540		1,491	24,671	479
● Malmö	Spännbucklan 12 & 13	Agnesfridsvägen 180	1983	Retail	Yes		5,320						5,320	23
Malmö	Von Conow 54	Baltzarsgatan 31	1964	Office		9,393	3,567	579			2,584	4,751	20,874	284
● Trelleborg	Lavetten 41	Hedvägen 167–173	1987	Retail			990						990	4
● Växjö	Elden Södra 17	Biblioteksgatan 7	1985	Other						6,888		57	6,945	37
● Växjö	Kocken 3	Hejaregatan 19	1969	Other						3,982			3,982	17
Åstorp	Asken 14	Skolgatan 14	1929	Residential		167	239	47			771		1,224	5
Åstorp	Blåklockan 9	Fågelsångsgatan 32 A–B	1966	Residential							808		808	4
Åstorp	Boken 4	Skolgatan 14–20 m fl	1956	Residential		264	1,302	139			7,566		9,271	39
Åstorp	Ekorren 27	Skolgatan 7	1929	Residential			337				639		976	4
Åstorp	Hyllinge 5:122	Smedgatan 2 m fl	1963	Residential				142	120		7,431	152	7,845	22
Åstorp	Hästhoven 12	Fabriksgatan 19 A–C m fl	1960	Residential		455	358	103			2,633		3,549	14
Åstorp	Kastanjen 16	Esplanaden 7 m fl	1972	Residential		1,959	833				3,412	156	6,360	27
Åstorp	Linden 11	Nyvångsgatan 1 A	1961	Residential							340		340	3
Åstorp	Lotusblomman 15	Nyvångsgatan 31	1961	Residential							340		340	3
Åstorp	Lungörten 1	Nyvångsgatan 2 A	1961	Residential							792		792	4
Åstorp	Lärksoppen 10	Ekebrogatan 111	1972	Residential				10			7,871	165	8,046	33
Åstorp	Lärkträdet 10	Ekebrogatan 1–78	1970	Residential							6,107	142	6,249	24
Åstorp	Moroten 10	Torggatan 35 A	1954	Residential							818		818	4
Åstorp	Resedan 1	Norra Storgatan 10 A–D	1964	Residential				28			1,061		1,089	5
Åstorp	SvärdsliljYesn 7	Östergatan 16 A	1958	Residential			457				6,457		6,914	30
Åstorp	Tranan 1	Fjällvägen 10–12	1991	Residential							3,805		3,805	21
Total Öresund						43,992	29,047	8,208	120	57,435	141,563	17,790	298,155	2,275

● Acquisitions during 2014.

						Lettable area, sq.m.								Tax assessment value, SEKm
Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other	Total	
Region East														
Arboga	Gesällen 15	Storgatan 61	1958/1972	Residential		436		202			5,048		5,686	18
Arboga	Getingen 1	Västermovägen 19–25	1968	Residential							9,515		9,515	30
Arboga	Hjulumakaren 25	Vikingagatan 4 A–C	1977	Residential							3,497		3,497	14
Arboga	Ringsborg 1	Kapellgatan 29	1983	Office		1,488							1,488	5
Arboga	Riskan 1	Österled 26	1963	Residential		283		71			3,846		4,200	15
Arboga	Vilsta 10	Lundborgesplanaden 12 A–I	1964	Residential		59					8,264		8,323	31
Arboga	Vilsta 21	Lundborgesplanaden 8 A – 10 B	1970	Residential							6,532		6,532	24
Arboga	Vilsta 9	Lundborgesplanaden 2 A–6 B	1960	Residential		200	835	46			7,439		8,520	30
● FI, Kuopio	Leväsentie 2B		2006	Retail			20,123						20,123	
● FI, Kuusamo	Ouluntaival 1		1978	Retail			3,718						3,718	
● FI, Kuusamo	Loumantie 1–3		1990/2006 /2008	Retail			12,623						12,623	
● FI, Keminmaa	Joulantie 1–3		2001–2002	Retail			12,337						12,337	
● FI, Nurmijärvi	Isoseppäla 14		1996	Retail			2,742						2,742	
● FI, Mäntsälä	Mäntsäläntie 1		1989	Retail			3,573						3,573	
● FI, Raisio	Kauppakaju 2		1995	Retail			5,856						5,856	
● FI, Seinäjoki	Kauppakatu 4		1971/1982	Retail			4,591						4,591	
Gotland	Soldaten 1	Volontärsgatan 1–226	2005	Residential							3,315		3,315	32
Gotland	Vibble 1:457	Tvinnaregatan 1–263	1989	Residential							7,741		7,741	51
Jönköping	Björnen 6	Tormenäsgatan 15	1991	Office		773					176		949	6
Jönköping	Hålan 6:2	Bågvägen 1–46	1972	Residential							9,968		9,968	47
Jönköping	Lejoninnan 10	Nygatan 2–6	1965	Residential							11,147		11,147	80
Jönköping	Mjälaryd 3:300	Mickels väg 10, 12, 13, 15	1991	Residential							2,611	337	2,948	17
Jönköping	Tigern 7	Backgatan 2, 4	1968	Residential							5,985		5,985	47
Köping	Disa 1	Torggatan 11 m fl	1894	Residential			662				924		1,586	7
Köping	Fenja 10	Östra Långgatan 3 m fl	1965	Retail		1,473	2,073				1,169	578	5,293	16
Köping	Freja 3	Stora Gatan 6 A–B	1979	Residential			416				1,324		1,740	8
Köping	Freja 11	Stora Gatan 8 m fl	1909	Residential		124	876				1,612	69	2,681	11
Köping	Immanuel 2	Tunadalsgatan 28–34	1965	Residential		120					11,131	273	11,524	45
Köping	Inga 1	Sankt Olovgatan 52, 54, 56	1945	Residential		177	97				2,271	179	2,724	12
Köping	Tunadal 6-8	Tunadalsgatan 6 m fl	1973	Residential		330					8,226	990	9,546	46
Norrköping	Gärdet 1	Rågången 71, 73	1958	Residential			491				4,609		5,100	33
Nyköping	Brandholmen 1:72	Idrottsvägen 12	2014	Other								16,324	16,324	
Norrköping	Lammet 2	Kungstorget 2 m fl	1948	Residential		173	1,950				2,405	34	4,562	27
Norrköping	Lokatten 12	Hospitalgatan 9, 11 m fl	1992	Residential		1,693	380				5,364	531	7,968	69
Norrköping	Planket 20	Bråddgatan 54	1983	Residential							1,139		1,139	10
Norrköping	Planket 23	Plankgatan 46	1940	Residential		25	60				940	600	1,625	9
Norrköping	Prinsen 18	Hospitalgatan 42–52 m fl	1967	Residential			30				9,558	5	9,593	79
Norrköping	Sprutan 8	Gamla Rådstugugatan 52 m fl	1940	Residential			346				1,318	92	1,756	13
Norrköping	Stenhuggaren 25	Sandgatan 28	1960	Residential							2,914		2,914	23
Norrköping	Storgatan 10	Drottninggatan 10–12	1908	Residential		484					1,213	688	2,385	14
Norrköping	Storgatan 9	Drottninggatan 14 m fl	1985	Residential		252	355				5,968	231	6,806	58
Norrköping	Stävan 2	Rösgången 32	1959	Residential	Yes						3,639		3,639	25
Norrköping	Tullhuset 1	Gamla Rådstugugatan 11 m fl	1907	Residential			273				1,320		1,593	13
Tranås	Bågskytten 4	Grännavägen 21	1949	Residential							478		478	2
Tranås	Bågskytten 5	Stjärngatan 13 A	1991	Residential							500		500	3
Tranås	Falkberget 24	Mjölbyvägen 1 m fl	1969	Residential							1,017	70	1,087	5
Tranås	Flundran 2	Granitgatan 2	1966	Other										1
Tranås	Forellen 3	Beckhemsvägen 22–32	1972	Residential							5,577	125	5,702	21
Tranås	Forellen 4	Beckhemsvägen 21 A–B	1930	Other							150	250	400	
Tranås	Forellen 5	Beckhemsvägen 14–20	1971	Residential		348					6,019	10	6,377	22
Tranås	Gäddan 2	Beckhemsvägen 2 A–F	1966	Residential							3,402		3,402	13
Tranås	Jupiter 17	Tingvägen 20 A–F m fl	1988	Residential							476		476	2
Tranås	Kometen 10	Nämndemansgatan 6, 8	1944	Residential							708		708	3
Tranås	Kullen 1	Västra vägen 7 A	1946	Residential							670	34	704	3
Tranås	Laxen 2	Beckhemsvägen 4, 6, 8, 10	1967	Residential		324					9,161	308	9,793	34
Tranås	Laxen 3	Beckhemsvägen 8	1973	Other								575	575	1
Tranås	Lejonet 5	Sveagatan 4 A–E	1940	Residential							1,279	35	1,314	7
Tranås	Lindkullen 11	Majorsgatan 18	1929	Residential							814		814	3
Tranås	Lindkullen 12	Majorsgatan 20	1949	Residential							943	128	1,071	4
Tranås	Lindkullen 13	Majorsgatan 22	1946	Residential							999	10	1,009	4
Tranås	Nordstjärnan 7	Storgatan 38 m fl	1965	Residential		265	966				1,504	216	2,951	11
Tranås	Norra Gyllenfors 9	Torget 3 m fl	1950	Residential		369	4,938	30			5,658	35	11,030	59
Tranås	Oden 12	Storgatan 43	1992	Residential		367	1,213				1,997	110	3,687	19
Tranås	Sutaren 2	Beckhemsvägen 12 A–I	1968	Residential		496					2,752	551	3,799	13

PROPERTY LIST

Lettable area, sq.m.														Tax assessment value, SEKm
Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other	Total	
Region East (continued)														
Tranås	Södra Framnäs 20	Framnäsgratan 2 A–F	1984	Residential							402		402	1
Tranås	Tigern 14	Götgatan 29, 31	1960	Residential							736		736	3
Tranås	Tjädern 23	Framnäsgratan 1 A–K m fl	1983	Residential							684		684	4
Tranås	Tornsvalan 3	Östra Järnvägsgratan 1, 3	1985	Residential							2,073	10	2,083	11
Tranås	Västermalm 23	Storgatan 15, 17, 19, 21 m fl	1955	Residential			3,310	15			2,913	617	6,855	25
Tranås	Öringen 1	Granitgatan 5, 7, 9	1971	Residential							3,040		3,040	13
Töreboda	Advokaten 1	Norra Torggatan 7	1985	Retail	Yes		1,286				842		2,128	7
Töreboda	Byggmästaren 5	Norra Torggatan 10	1929/1992	Residential			239				1,142		1,381	4
Töreboda	Plåtslagaren 9	Stora Bergsgatan 4 A–B	1947–48/1992	Residential							1,849		1,849	5
Töreboda	Rönnen 11	Stora Bergsgatan 20 A–B	1957	Residential		217					822		1,039	2
Töreboda	Sotaren 12	Vadsbogatan 10 A–12 B	1947	Residential							976		976	3
Västerås	Fälmössan 1 & Vapenrocken 1	Rönnebergagatan 1–39, 10–36	1963/1965	Residential		486	105	38			33,707	2	34,338	193
Västerås	Klockarkärleken 2	Rönnebergagatan 4–8	1962	Residential				260			5,778		6,038	33
Västerås	Rödklinten 2	Bangatan 15–19	1957	Residential		110	160				7,003		7,273	40
Västerås	Sågen 1	Pilgatan 33	1980	Other						8,317			8,317	27
Västerås	Vallmon 6	Bangatan 1 A–11 B	1968/1979	Residential				32			14,121		14,153	78
Total East						11,038	86,624	694		8,317	272,320	24,017	403,010	1,642
Region North														
Gävle	Holmsund 11:1 mfl	Korsnäsvägen 108 m fl	1958	Residential							1,200	260	1,460	3
Gävle	Holmsund 7:6	Holmsundsvägen 7, 17–29	1929	Residential							2,948		2,948	10
Gävle	Kastet 8:1, 12:1 m fl	Forskarvägen 27 m fl	1929	Residential		1,271	104				12,467	1,781	15,623	45
Gävle	Lillhagen 5:3	Torkarvägen 2–14	1958	Residential							2,871		2,871	10
Gävle	Norr 18:6	Nygatan 37–39 m fl	1985	Residential		42	408				2,641	385	3,476	30
Gävle	Norr 27:2	Stora Esplanadgatan 9 m fl	1920	Residential		127	480				2,185	40	2,832	23
Gävle	Söder 58:7	Södra Kungsgatan 44 m fl	1969	Residential		289	941	252			2,004		3,486	23
Gävle	Sörby 10:9	Falkvägen 5 A–B	1994	Residential							512		512	4
Gävle	Valbo-Backa 6:12	Johanneslötsvägen 6	1981	Other						7,382			7,382	31
Karlstad	Anden 9	Åttkantslunden 1 A–B, 3 A–B	1983	Residential							1,472	20	1,492	13
Karlstad	Braxen 34	Östra Kanalgratan 8 m fl	1944	Residential			321				1,198	521	2,040	13
Karlstad	Druvan 1	Drottninggatan 22 m fl	1929	Residential			459				1,443	681	2,583	30
Karlstad	Ekorren 9	Sandbäcksgatan 5 m fl	1929	Residential		715	46				1,811		2,572	18
Karlstad	Furan 5	Gillbergsgatan 3 A–D	1951	Residential			119				1,710		1,829	16
Karlstad	Furan 7	Jössegatan 3 A–B	1968	Residential							925	97	1,022	9
Karlstad	Granatkastaren 4	Artillerigatan 1–5	1945	Residential							748		748	6
Karlstad	Gruvan 12	Västra Kanalgratan 3	1991	Residential			126				2,525		2,651	25
Karlstad	Gruvan 2	Östra Kyrkogatan 4	1929	Residential							1,064	102	1,166	10
Karlstad	Grävlingen 3	Sundbergsgatan 20 m fl	1929	Residential			138				1,030		1,168	10
Karlstad	Höken 1	Hamngatan 16	1929	Other						5,890			5,890	52
Karlstad	Pilbågen 1	Sandelsgatan 2, 4, 6, 8	1942	Residential							2,184		2,184	16
Karlstad	Registratorn 1	Norra Allén 26 A–B	1949	Residential							502	56	558	4
Karlstad	Registratorn 8	Norra Allén 30 A–B	1948	Residential							456	61	517	4
Karlstad	Registratorn 9	Norra Allén 28	1946	Residential		100					466	29	595	4
Karlstad	Spiran 1-6	Lignellsgatan 1 m fl	1940	Residential			95				4,456	59	4,610	40
Karlstad	Trätälja 11	Drottninggatan 37 m fl	1959	Residential			259				4,567	35	4,861	42
Karlstad	Tusenskönan 1	Älvdalsgatan 8 A–C	1950	Residential	Yes		69				1,288		1,357	12
Karlstad	Våduren 3	Rudsvägen 1 A–D	1942	Residential							1,344	24	1,368	12
Sundsvall	Aeolus 1	Nybrogatan 19 m fl	1944	Residential		89	501				872		1,462	8
Sundsvall	Bredsand 1:13	Appelbergsvägen 3		Ground										
Sundsvall	Bredsand 1:14	Appelbergsvägen 4		Ground										
Sundsvall	Bredsand 1:3 mfl	Appelbergsvägen 1 A–B	1950	Residential							7,127	82	7,209	21
Sundsvall	Bredsand 1:4 mfl	Appelbergsvägen 14–18	1950	Residential							4,479		4,479	12
Sundsvall	Dingersjö 28:27 mfl	Appelbergsvägen 26–32 m fl	1989	Residential							9,464	50	9,514	27
Sundsvall	Dingersjö 3:131 m fl	Bergsvägen 3 A–J	1964	Residential							20,176	5,077	25,253	52
Sundsvall	Dingersjö 3:135	Bergsvägen 1 m fl	1954	Other			286					1,391	1,677	2
Sundsvall	Fliten 10	Skolhusallén 9	1990	Office		3,125						36	3,161	25
Sundsvall	Fliten 11	Rådhusgatan 39 A–B m fl	1992	Residential		272					3,371		3,643	29
Sundsvall	Kvissle 2:53 & 2:43	Affärsgatan 26 A–D	1962	Residential							1,468		1,468	3
Sundsvall	Kvissle 22:2 & 39:1	Affärsgatan 22–24 m fl	1968	Residential		192	137				6,311	45	6,685	15
Sundsvall	Lagmannen 10	Esplanaden 18–22 m fl	1962	Residential		757	240	70			3,980	1,099	6,146	32
Sundsvall	Nolby 1:48, 40:1, 1:108	Skolgatan 4	1983	Residential		1,070					4,079	766	5,915	15
Sundsvall	Nolby 3:268	Brovägen 9	1988	Residential							997		997	3
Sundsvall	Nolby 40:2	Affärsgatan 18 A–C	1964	Residential			866				2,166	207	3,239	8
Sundsvall	Nolby 41:3 & 37:1	Affärsgatan 14 A–H, 16 A–N	1974	Residential			1,006				5,328	43	6,377	16
Total North						8,049	6,601	322		13,272	125,835	12,947	167,026	783
Total Fastighets AB Balder						405,318	249,563	80,740	49,269	240,450	1,053,873	97,674	2,176,887	15,790

● Acquisitions during 2014.

Definitions

FINANCIAL

Return on equity, ordinary share, %

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

Return on total assets, %

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

Loan-to-value ratio, %

Interest-bearing liabilities at the end of the period in relation to total assets at the end of the period.

Loan-to-value ratio properties, %

Interest-bearing liabilities with direct or indirect collateral in properties in relation to the fair value of the properties.

Profit from property management before tax, SEKm

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

Risk-free interest

Annual average of a five-year government bond.

Interest coverage ratio, times

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

Debt/equity ratio, times

Interest-bearing liabilities in relation to shareholders' equity.

Equity/assets ratio, %

Shareholders' equity including minority in relation to the balance sheet total at the end of the period.

SHARE-RELATED

Equity per ordinary share, SEK

Shareholders' equity in relation to the number of outstanding ordinary shares at the end of the period after deduction of the preference capital.

Equity per preference share, SEK

Equity per preference share is equivalent to the average issue price of the preference share of SEK 287.70 per share.

Profit from property management per ordinary share, SEK

Profit from property management reduced by preference share dividend for the period divided by the average number of outstanding ordinary shares.

Average number of shares

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

Preference capital, SEK

Preference capital amounts to an average issue price of SEK 287.70 per preference share.

Net asset value per ordinary share (EPRA NAV), SEK

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

Profit after tax per ordinary share, SEK

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

PROPERTY-RELATED

Yield, %

Estimated net operating income on an annual basis in relation to the fair value of the properties at the end of the period.

Net operating income, SEKm

Rental income less property costs.

Economic occupancy rate, %

Contracted rent for leases which are running at the end of the period in relation to rental value.

Property category

Classified according to the principal use of the property. The break-down is made into office, retail, residential and other properties. Other properties include hotel, education, 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, media expenses, maintenance, ground rent and property tax.

Rental value, SEKm

Contracted rent and estimated market rent for vacant premises.

Surplus ratio, SEKm %

Net operating income in relation to rental income.

Calendar

Annual General Meeting 6 May 2015

Interim report 6 May 2015
Jan–Mar 2015

Interim report 21 August 2015
Jan–jun 2015

Interim report 4 November 2015
Jan–Sep 2015

Interim report 18 February 2016
Jan–Dec 2015

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

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Balders annual report 2015

The people behind Balder

Content

- 3 Where, how and why
- 4 Comments by the CEO
- 6 Comments by the Chairman of the Board
- 7 Multi-year overview
- 8 Balder's performance
- 10 Business concept, strategy and goals
- 12 Current earning capacity
- 13 The share and owners
- 16 Our customers
- 18 Organisation and employees
- 20 Sustainable business
- 24 Circus – an entertaining history
- 26 The property market
- 28 The Danish property market
- 29 The Finnish property market
- 30 Balder's property portfolio
- 32 Residential properties
- 34 Commercial properties
- 36 Transactions
- 39 Sato Oyj
- 40 Bovieran
- 42 Property and project development
- 45 Property valuation
- 48 Financing
- 50 Associated companies
- 53 Opportunities and risks

Financial reporting

- 57 Definitions, addresses and calendar
- 58 Consolidated statement of financial position including Collector AB (publ) at market value
- 59 Report of the Board of Directors

Consolidated statement of

- 64 Comprehensive income
- 65 Financial position
- 66 Changes in equity
- 67 Cash flows

Parent Company

- 68 Income statement
- 69 Balance sheet
- 70 Changes in equity
- 71 Cash flow statement
- 72 Notes
- 93 Audit report
- 94 Corporate governance
- 99 Board of Directors and auditors
- 100 Management
- 101 Property list

Annual General Meeting

The Annual General Meeting of Fastighets AB Balder (publ) will take place on 10 May 2016 at 4.00 p.m. at the Elite Park Avenue Hotel, Kungspartavenyen 36-38 in Gothenburg.

Shareholders who wish to participate in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB on Tuesday, 3 May 2016, and must give notice of their attendance to the company by letter to Fastighets AB Balder, Box 53121, 400 15 Gothenburg, by telephone +46 31 10 95 70, by fax +46 31 10 95 99 or by email to eve.knight@balder.se. The company provides a power of attorney form on its website www.balder.se for shareholders who wish to be represented by proxy. The notification must be received by Balder no later than 3 May 2016 at 4.00 p.m.

Notification must include the shareholder's name, Swedish personal identity number or corporate identity number, address, telephone number and the registered shareholding. Shareholders who are represented by proxy must submit a written and dated power of attorney, which may not be more than five years old on the date of the Annual General Meeting. A proxy who is representing a legal entity must submit a certificate of registration or corresponding legitimacy papers showing authorised signatories. Shareholders whose shares are held through nominees must arrange for temporary registration of the shares in their own name in order to have the right to participate in the Meeting. Such registration must be completed at Euroclear Sweden AB by Tuesday, 3 May 2016.

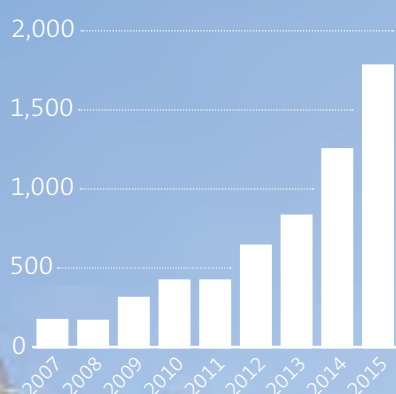
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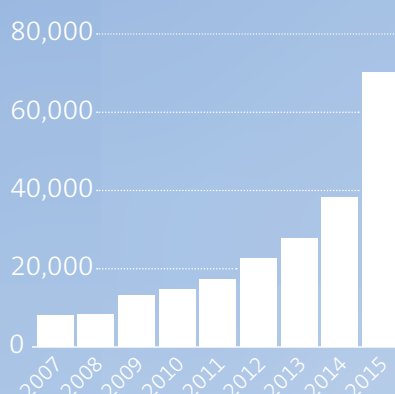
Where, how and why

Balder owns, manages and develops residential and commercial properties and hotels in Sweden, Denmark and Finland. Balder creates attractive and safe areas for people to live in and where new business can be developed. By having our own personnel in each location, we are always close to our tenants. In all of our locations, we want to be a committed, creative and long-term partner - regardless of whether you are a shareholder, business partner or tenant.

Profit from property management, SEKm



Property value, SEKm



Lettable area, %



Comments by the CEO

Creating good new relationships and maintaining existing ones is something that I consider to be invaluable and it is also fun for me and all Balder employees!

Dear shareholder,

Property market and investments

For Balder, 2015 was a very interesting and positive year! The property market continued to perform well (too well?) due to strong interest from investors driven by record low interest rates, a favourable rental market and also in some cases due to a lack of alternative investment opportunities.

Our largest investment by far during the year was our gradual acquisition of just over 50 percent of the shares of the Finnish residential property company Sato. Although Finland has shown a weaker performance than the other Nordic countries in recent years, I am convinced that the long-term development in Finland will be positive again. Through Sato, we gain an excellent organisation and a fantastic network, which will give

us the potential to find good investment opportunities over time. Our Finnish investment is in safe hands.

In Sweden, we were a net seller of investment properties, although on a small scale, and a net investor in residential projects instead, and we are now gradually obtaining a better and better project portfolio. In the short term, this will have a slightly negative impact on earnings but looking ahead, these investments will be important for our future results.

The property market in Copenhagen was also strong during the year and our operations there are gradually improving and expanding through the construction projects, which are being completed now and in the coming years. We have also

initiated our first hotel investment in Copenhagen, which feels great. As you probably know, we are really delighted about our hotels and this division at Balder also advanced its position during 2015.

"Our Finnish investment is in safe hands."

Associated companies

On the associated company side, we gained some fine new additions in the form of Tornet and Brinova. Even though their impact on our comprehensive income and balance sheet is not so large at present, it will give us additional investment opportunities and options over time and, not least, it gives us new relationships.



Creating new relationships and maintaining existing ones is something that I consider to be invaluable and it is also fun and stimulating for me and for the rest of Balder's employees.

In June, Collector was listed on the stock market, which meant that the company's value has become more clearly visible. We regard Collector as an associated company and we expect that Balder will remain as an owner for the foreseeable future. In accounting terms, this means that we should not recognise Collector's shares at market value but at cost value (our share of the profit is added to this). To provide as true and fair view as possible, we also present our balance sheet and key ratios including Collector at market value.

Financial goals and key ratios

To maintain a strong balance sheet, we used part of the authorisation to issue

shares that we received at the Annual General Meeting 2015.

We carried out a directed issue of 10 million shares to Swedish and international institutions and it received a very good response. The offer was strongly oversubscribed.

Balder's Board of Directors has decided to adjust the company's goal for the interest coverage ratio from 1.5 to 2 times. When the interest rate is at prevailing levels, the interest coverage ratio key ratio is not so interesting but who knows what will happen with interest rates over time? (I don't know).

2016 and subsequently

In the short term, the property market fe-

els strong based on the same factors that have prevailed in recent years. However, our focus is completely on the long-term performance for Balder and for its shareholders. Looking ahead, I am very positive about Balder's opportunities due to the fact that our organisation is continually-improving, we are investing in different segments in different markets and

"Looking ahead, I am very positive about Balder's opportunities."

because we have so many partners that help us with everything possible.

Erik Selin
Chief Executive Officer

Comments by the Chairman of the Board

As a property owner, Balder must emphasise that it is a long-term owner, which is prepared to take the necessary measures.

In Paris, just before Christmas, 195 countries signed a historic agreement to try to limit the rise in the global average temperature to 1.5 degrees. It is good that the politicians set long-term targets and then supplement them with laws, rules and other measures. But it will not be enough. The actual change process must be embraced by society as a whole, the business community and individuals. Then the efforts made by Balder, our employees and our tenants will be important for reaching the long-term goal.

The duties of Balder's Board of Directors include working on the Group's long-term development, follow up of the Management's operating activities and to assure order and clarity in the company. When a company has a clear owner like Balder, order and clarity has existed all along since the owner's own money was at stake. Therefore, thriftiness is also a part of the company's DNA.

Sustainability work

These duties also include following up that the company and its Management advance Balder's efforts to help create a sustainable society. It is important to state that sustainability is more than just an environmental issue – it's also about taking social responsibility.

For a number of years, Balder has moved up a gear in terms of strengthening its sustainability work with a strong focus on energy, waste, transports, material and chemicals. This is naturally based

on an environmental management system with clear routines, tools and action plans. The next step has been an ambitious training programme for property caretakers and employees in project development. Last but not least in terms of importance - material such as cement leaves a large carbon footprint on the environment. In this respect, our employees must use smart thinking and be very competent buyers

Risk assessment is another important question that is always part of the Board's discussions. This includes questions such as assessment of market conditions and their impact on different parts of the market, vacancies, the interest rate trend, organising the operations to reduce dependence on individual persons etc.

The company is trying to take its social responsibility in different ways by providing comfort and security in its residential areas. In certain run-down areas, extensive renovations and long-term investments are required in order to reverse the negative development, reduce vandalism, provide security and also build pride among residents in their area. As a property owner, Balder must emphasise that it is a long-term owner, which is prepared to take the necessary measures. Vårby gård and Bergsjön are good examples of this commitment.

Christina Rogestam,
Chairman of the Board



Multi-year summary

*Together with our shareholders, financiers, customers, suppliers
and society at large, we look forward to good business
opportunities for many years to come.*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Rental income, SEKm	2,711	2,525	1,884	1,701	1,466	1,333	854	633	678	524
Profit from property management before tax, SEKm 1)	1,780	1,275	854	691	516	417	315	174	179	160
Changes in value of properties, SEKm	3,388	3,050	854	812	990	1,047	4	-201	642	212
Changes in value of interest rate derivatives, SEKm	227	-624	433	-71	-520	148	-23	-333	7	-
Net profit for the year, SEKm	4,916	3,128	1,738	1,162	812	1,338	248	-388	785	441
Carrying amount of properties, SEKm	68,456	37,382	27,532	22,278	17,556	14,389	12,669	7,086	6,758	6,997

Data per ordinary share, including Collector AB (publ) at market value 2)

Average number of shares, thousands	162,753	161,786	159,537	159,537	158,656	149,487	112,902	95,910	97,318	94,050
Net profit for the year, SEK	28.98	18.10	10.11	6.69	4.87	8.95	2.20	-4.04	8.07	4.69
Profit from property management before tax, SEK	9.71	6.64	4.57	3.73	3.00	2.79	2.79	1.81	1.84	1.70
Outstanding number of shares, thousands	172,397	162,397	159,537	159,537	159,537	149,487	149,487	94,458	97,318	97,318
Shareholders' equity, SEK	128.03	70.10	52.14	42.15	35.57	31.13	22.19	19.63	23.49	15.42
Net asset value (EPRA NAV), SEK	159.14	86.33	60.50	50.37	41.84	32.89	22.16	20.95	22.33	13.06
Share price on the closing date, SEK	208.70	110.25	66.00	37.30	25.30	29.40	12.50	7.00	13.33	17.00
Changes in share price, %	89	67	77	47	-14	135	79	-47	-22	24
Dividend, SEK	-	-	-	-	-	-	-	0.17	-	-

Data per preference share

Share price at year-end, SEK	312.00	350.00	336.00	303.00	267.00	-	-	-	-	-
Total yield, %	-5	10	17	21	11	-	-	-	-	-
Dividend, SEK	20.00	20.00	20.00	20.00	20.00	-	-	-	-	-
Number registered, thousands	10,000	10,000	10,000	6,000	4,000	-	-	-	-	-

Property related

Rental value full-year, SEK/sq.m.	1,508	1,325	1,216	1,247	1,163	1,087	1,072	1,298	1,193	952
Rental income full-year, SEK/sq.m.	1,455	1,254	1,148	1,166	1,088	1,016	1,002	1,218	1,107	859
Economic occupancy rate, %	96	95	94	94	94	94	94	94	93	90
Surplus ratio, %	72	70	68	68	68	66	69	70	70	69
Carrying amount, SEK/sq.m.	18,622	17,172	13,985	14,439	12,467	10,887	10,053	12,805	12,275	8,854
Number of properties	1,177	486	498	432	433	432	419	122	121	128
Lettable area, sq.m. thousands	3,430	2,177	1,969	1,543	1,408	1,322	1,260	553	551	790

Financial, including Collector AB (publ) at market value 2)

Return on equity ordinary share, %	28.2	29.7	21.5	17.0	14.3	33.6	9.6	-18.7	41.5	37.5
Interest coverage ratio, multiple	5.1	3.4	2.9	2.4	2.1	2.1	2.1	1.6	1.7	2.0
Equity/assets ratio, %	37.8	35.5	37.3	34.8	35.2	30.9	24.1	23.3	30.1	20.6
Debt/equity ratio, times	1.4	1.6	1.5	1.7	1.6	2.1	2.9	3.0	2.2	3.7
Net debt to assets excluding cash, %	52.3	55.2	54.2	57.6	56.5	63.3	69.0	69.4	66.5	76.4

EPRA key ratios

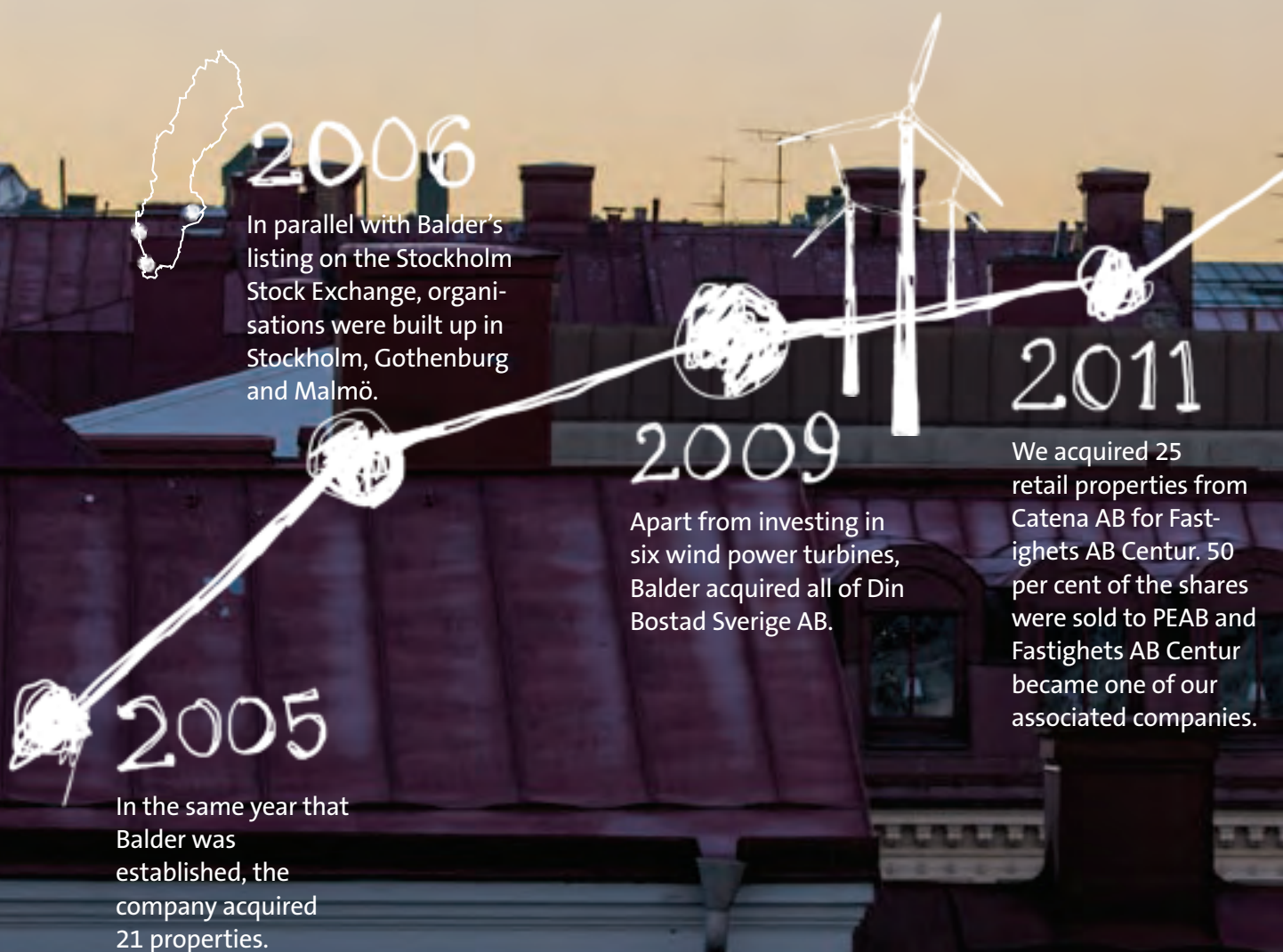
EPRA NAV (Long-term net asset value), SEKm	27,436	14,019
EPRA NAV, SEK per share	159.14	86.33
EPRA Vacancy rate	4	5

1) Attributable to owners of the Parent Company.

2) Key ratios from 2015 have been calculated using Collector AB (publ) at market value.

A lot can happen in 10 years

We have had a very exciting journey since the start in 2005. Our hope is that the next ten years will be at least as exciting, instructive and eventful.



2015

Balder acquired 53 per cent of Sato, which means we are an owner of 24,000 apartments in Finland with a value of about SEK 26 billion.

2014

Balder acquired 14 hotel properties. Our 28 hotels means that we are one of Sweden's largest hotel property owners.

2013

Balder acquired Bovista Invest AB, which brought the company 4,300 apartments with a value of about SEK 2 billion.

2012

Balder acquired residential properties in central Copenhagen, in the Österbro housing district.

Where are we going and how will we get there?

Balder's business concept is, through local support, to acquire, develop and manage residential and commercial properties located in places that are growing and developing positively.

Strategy

Balder creates value for its owners, customers, employees and the community. Balder accomplishes this by:

- Meeting and taking care of our customers' needs.
- Having short decision-making procedures.
- Choosing cost effective management solutions.
- Maintaining a high level of activity in all stages.
- Work actively to acquire properties with development potential and create growth by investing, developing, streamline and rationalize the property management.
- Being a long-term owner that bases its operations on stable cash flows and satisfied customers.

Overall goals

Balder's operations are focused on growth, positive cash flows and increased profit from property management. Balder shall achieve a position in each region whereby the company is a natural partner for potential customers.

Financial goals

Balder's goal is to achieve a stable and good return on equity, while the equity/assets ratio over time shall not be less than 35 per cent and the interest coverage ratio shall not be less than 2.0 times.

Operating goals

The company establishes quantitative and qualitative operating goals based on Balder's strategy, overall goals and financial policy. These are set for both the short-term and long-term. The goals relate to financial targets as well as goals relating to the environment and customer/employee satisfaction.

Dividend policy

Since Balder will prioritise growth, capital structure and liquidity during the next few years, the dividend for the ordinary share will be low or may not be declared at all. The dividend for the preference share amounts to SEK 20.00 per year.



Jennie Falk, Controller

Current earning capacity

The earning capacity is based on the property portfolio's contracted rental income, estimated property costs during a normal year as well as administrative expenses.

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 property portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the operating result are changes in the value of derivatives. None of the above has been considered in the current earning capacity.

The earning capacity is based on the property portfolio's contracted rental income, estimated property costs during

a normal year as well as administrative expenses. The costs of the interest-bearing liabilities are based on the Group's average interest rate level including the effect of derivative instruments. The tax is calculated using the effective tax rate during each period and is estimated to largely consist of deferred tax, which does not affect the cash flow.

Current earning capacity on a twelve-month basis	2015	2014	2013	2012	2011	2010
Rental income	5,045	2,730	2,260	1,800	1,530	1,405
Property costs	-1,635	-800	-735	-560	-465	-430
Net operating income	3,410	1,930	1,525	1,240	1,065	975
Management and administrative expenses	-425	-165	-165	-120	-105	-105
Profit from property management from associated companies	340	220	170	120	90	20
Operating profit	3,325	1,985	1,530	1,240	1,050	890
Net financial items	-880	-585	-535	-495	-445	-440
Profit from property management	2,445	1,400	995	745	605	450
Profit from property management attributable to parent company shareholders	2,035	1,400	995	745	605	450
Tax	-520	-308	-219	-164	-159	-118
Profit after tax	1,925	1,092	776	581	446	332
Profit after tax attributable to						
Ordinary shareholders	1,396	892	576	461	366	332
Preference shareholders	200	200	200	120	80	—
Profit from property management per ordinary share, SEK	10.64	7.39	4.99	3.92	3.29	3.01

Current earnings as of 31 December are excluding properties sold during January 2016.

The share and owners

Balder has two different Classes of shares quoted on Nasdaq Stockholm, Large Cap; an ordinary Class B share and a preference share.

The company's overall market capitalisation as of 31 December amounted to SEK 39,099m (21,404) and the company had 17,200 shareholders (16,300) at year-end. Balder carried out a directed new issue of 10 million ordinary shares in December, which brought in SEK 1,705m after issue costs. After the issue and as of 31 December, 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, of which 11,229,432 shares are of Class A, 161,167,420 of Class B and 10,000,000 preference shares.

Balder has no repurchased ordinary shares, which means that the total number of outstanding ordinary shares amounts to 172,396,852. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote.

Price development of the ordinary share

The price of the ordinary share was SEK 208.70 (110.25) at year-end, corresponding to a rise of 89 per cent (67) during the year.

The increase since 1 January 2006 amounts to 1,409 per cent. This may be compared to EPRA's Property index for Sweden, which rose by 122 per cent during the same period. EPRA's property index for European companies rose with 8 per cent during the same period. At year-end, the number of ordinary shareholders amounted to 9,300 (8,900). During the same period, 67.7 million ordinary shares were traded, equivalent to 270,000 shares per trading day (252,000) or SEK 40m (28) based on the average price during the year. The turnover corresponds to an annual turnover rate of 42 per cent (39) and if Erik Selin Fastigheter AB's shares are excluded, the annual turnover exceeded 70 per cent (60) of the outstanding ordinary shares. The proportion of foreign-owned shares increased by 36 per cent during the year and amounted to 22.1 per cent (16.3).

Equity growth

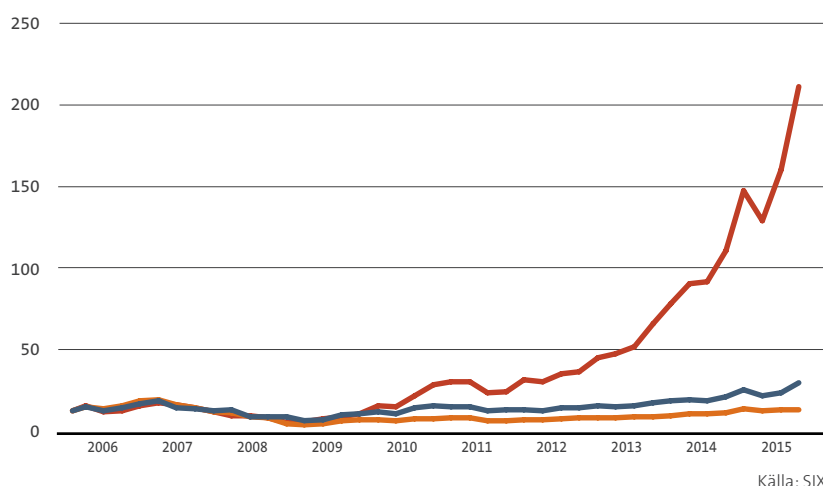
Equity per ordinary share amounted to

SEK 128.03 (70.10) on 31 December corresponding to an increase of 83 per cent (34) during the year. The net asset value per ordinary share (EPRA NAV) increased during the same period by 84 per cent (43) to SEK 159.14 (86.33). The difference between shareholders' equity and net asset value is that in the net asset value, derivatives and the net of deferred tax liabilities and deferred tax assets are reversed. In the past nine years, the net asset value increased by an average of 35 per cent per year (31). The market price/net asset value ratio was 131 per cent (128) at year-end.

Profit from property management before tax amounted to SEK 1,780m (1,275), which corresponds to an increase of 40 per cent (49) compared to the previous year. In the past nine years, the profit from property management increased by an average of 33 per cent per year. The profit from property management per ordinary share increased by 46 per cent (45) and in the past nine years increased by an average of 23 percent.

Share price development 2006-2015

Share price, SEK



Balder's share price closed on 30 December 2015 at SEK 208.70, which corresponds to a percentage growth since 1 January 2006 of 1,409 per cent. This may be compared to EPRA's Property index for Sweden, which rose by 122 per cent during the same period. EPRA's Property index for European companies rose by 8 per cent during the same period.

— Fastighets AB Balder
— EPRA Sweden Index
— EPRA Europe Index



Price development of preference share

The price of the preference share was SEK 312.00 at year-end (350.00), corresponding to a total annual yield, including dividend, of –5.1 per cent. The number of shareholders amounted to about 8,700 (8,400) and 3.3 million shares were traded during the year (3.3), equivalent to just over 13,000 shares per trading day (13,000), corresponding to about SEK 4.5m (4.5), based on the average share price for the year. The annual turnover in the preference share corresponded to 33 per cent (33) of the total number of preference shares.

The preference share carries preferential right over the ordinary share to an annual dividend of SEK 20 with quarterly dividend of SEK 5. Record days for dividend are 10 January, 10 April, 10 July and 10 October. If dividend on the preference share is not paid in time or for a lower amount, the difference shall be added to amounts unpaid, including interest of 14 per cent.

Dividend policy ordinary shareholders

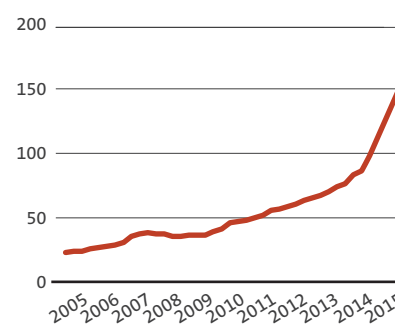
The Board proposes to the Annual General Meeting that no dividend for the ordinary share should be paid for the 2015 financial year. Balder estimates that

the best total yield for the ordinary shareholders will be achieved by the dividend remaining low or not declaring a dividend at all in the next few years. Balder will instead continue to grow by investing in existing properties, new construction and acquisition of new properties.

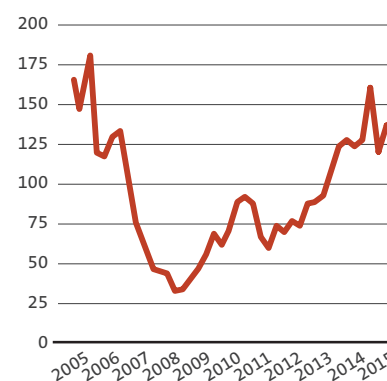
Shareholders

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 35.9 per cent of the capital and controls 49.5 per cent of the votes. Other large owners are Arvid Svensson Invest AB and Swedbank Robur fonder. At the end of 2015, the total number of shareholders amounted to about 17,200 (16,300). In late 2015, Balder carried out a new issue of 10 million ordinary shares directed towards new shareholders, which brought in SEK 1,705m after issue costs. The issue also provided Balder with a number of new Swedish and foreign shareholders. For existing ordinary shareholders, the issue implied a dilutive effect of 6 per cent of the capital. After the issue, 49 (51) per cent of the capital is held by the Board and Management.

Development of net asset value (EPRA NAV) SEK/ordinary share

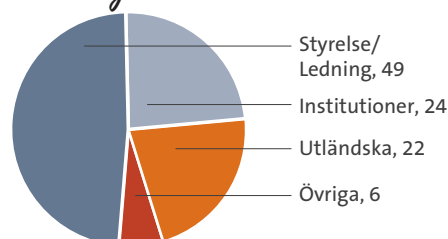


Share price/Net asset value %



Ownership distribution.

ordinary shares %



Analysts following Balder:

Albin Sandberg, Handelsbanken
 Erik Granström, Carnegie
 Fredrik Cyon, ABG Sundal Collier
 Jan Ihrfelt, Swedbank
 Johan Edberg, Pareto
 Jonas Andersson, Danske Bank
 Niclas Höglund, Nordea
 Nicolas McBeath, SEB
 Tobias Kaj, Carnegie

Performance of Balder's share

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Data per ordinary share, including Collector AB (publ) at market value ¹⁾										
Share price at year-end, SEK	208.70	110.25	66.00	37.30	25.30	29.40	12.50	7.00	13.33	17.00
Profit from property management, SEK	9.71	6.64	4.57	3.73	3.00	2.79	2.79	1.81	1.84	1.70
Profit after tax, SEK	28.98	18.10	10.11	6.69	4.87	8.95	2.20	-4.04	8.07	4.69
Shareholders' equity, SEK	128.03	70.10	52.14	42.15	35.57	31.13	22.19	19.63	23.49	15.42
Long-term net asset value (EPRA NAV), SEK	159.14	86.33	60.50	50.37	41.83	32.89	22.16	20.95	22.33	13.06
Total yield, %	89	67	77	47	-14	135	79	-46	-22	24
Dividend, SEK	—	—	—	—	—	—	—	0.17	—	—
Number registered, thousands	172,397	162,397	162,397	162,397	162,397	152,347	152,347	97,318	97,318	97,318
Number outstanding, thousands	172,397	162,397	159,537	159,537	159,537	149,487	149,487	94,458	97,318	97,318

Data per preference share

Share price at year-end, SEK	312.00	350.00	336.00	303.00	267.00	—	—	—	—	—
Total yield, %	-5	10	17	21	11	—	—	—	—	—
Dividend, SEK	20.00	20.00	20.00	20.00	20.00	—	—	—	—	—
Number registered, thousands	10,000	10,000	10,000	6,000	4,000	—	—	—	—	—

Market capitalisation

Market capitalisation, SEKm	39,099	21,404	13,889	7,800	5,104	1,395	1,869	661	1,298	1,654
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1) Key ratios from 2015 have been calculated using Collector AB (publ) at market value.

Ownership list as of 31 December 2015

Owners	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Erik Selin with 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	—	11,433,340	—	11,433,340	6.3	4.0
Länsförsäkringar fondförvaltning AB	—	6,310,867	—	6,310,867	3.5	2.2
Handelsbanken Fonder AB	—	4,972,218	—	4,972,218	2.7	1.8
SEB Investment Management	—	4,612,807	—	4,612,807	2.5	1.6
CBNY Norges Bank	—	3,446,198	—	3,446,198	1.9	1.2
Lannebo fonder	—	2,500,000	—	2,500,000	1.4	0.9
AMF - Försäkring och fonder	—	2,282,507	—	2,282,507	1.2	0.8
Second Swedish National Pension Fund	—	2,215,766	—	2,215,766	1.2	0.8
Other	4,212	52,640,277	9,999,500	62,643,989	34.4	22.1
Total	11,229,432	161,167,420	10,000,000	182,396,852	100	100

Our customers

Property Management

Today Balder has 27 offices, divided into six regions. In each region, property management is handled by the company's own personnel, who are responsible for letting, operations as well as the environment and maintenance,

Balder has its own management organisation, which enables fast decision-making procedures, proximity to the customer, good local knowledge and the possibility of working on a long-term basis with property management. The company offers a large choice of premises and housing in different locations at various rental rates. The development of the properties takes place in consultation with customers, based on their needs and wishes. Balder's management organisation regularly meets tenants in order to obtain a good view of the actual situation in the properties.

Satisfied customers and customer relationships

Balder creates value for its owners, customers, employees and the community. As part of reaching this goal, a new central function called "Customer relations" has been established. One of the duties of the customer relations group is to conduct a survey to measure customer satisfaction index (NKI). In January 2015, Balder carried out its third NKI in collaboration with AktivBo. The survey was sent out to half of the company's residential tenants and to all commercial tenants.

Balder is continually improving its results both in terms of the perceived service and product. More than 90 per cent of our tenants are happy in their premises and housing. Our customers perceive that we are very accessible; it is easy to get hold of the right person and know who to turn to. It is easy to report faults and the work is performed in a reasonable time with good quality. Our tenants are interested in what is happening in their property and area. One of the items we are now concentrating further on is to inform our tenants more frequently. A

majority of our customers are satisfied with the equipment in their apartments but many want to modernise and be able to personally influence the standard of their accommodation. By offering standardenhancing choices, Balder wants to satisfy this need in all of our locations.

Our goal is to improve quality of life for our residents so that they will be happy and want to stay with Balder for a long time. Correspondingly, on the commercial premises side, it is important to work with the customer's requests in order to satisfy operational needs and improve the potential for increased profitability.

Through its customer surveys, Balder wants to offer the requested product and to be an attractive choice and retain its existing tenants.

Customer service

Customer service is an important function at Balder. Here we take care of the contact with customers so that possible defects and deficiencies can be discovered at an early stage. In order to improve the communication between Balder as a landlord and our customers, we have expanded our customer service and error reporting system with employees who have a broad knowledge of languages, such as Arabic and Somali.

Lease structure

Balder considers that the risk of a sudden deterioration in rental income is low. This

is due to the lease structure with a good division between commercial properties and residential properties as well as the geographical spread. In order to offset reduced rental income and a weaker occupancy rate, the company strives for long-term relationships with its existing customers.

Balder's ten largest leases represent 6.1 per cent (9.4) of total rental income and their average lease term amounts to 11.1 years (11.1). No individual lease accounts for more than 0.9 per cent (1.5) of Balder's total rental income and no individual customer accounts for more than 2.7 per cent (4.8) of total rental income. The average lease term for the entire commercial portfolio is 6.3 years (5.9).

The lease structure on 31 December 2015 is shown in the table, in which leases terminated on this date, where removal will or is expected to take place, are recognised as leases maturing within one year.

Balder's 10 largest costumers as of 31 December 2015

- ICA Sverige AB
- Kopparbergs Bryggerier
- ProfilEvents AB
- Rezidor Hotel Group
- Scandic Hotels AB
- SCA Hygiene Products AB
- Sirius International Försäkring AB
- Stockholms municipality
- Stureplansgruppen
- Winn Hotel Group

Lease structure 31 December 2015

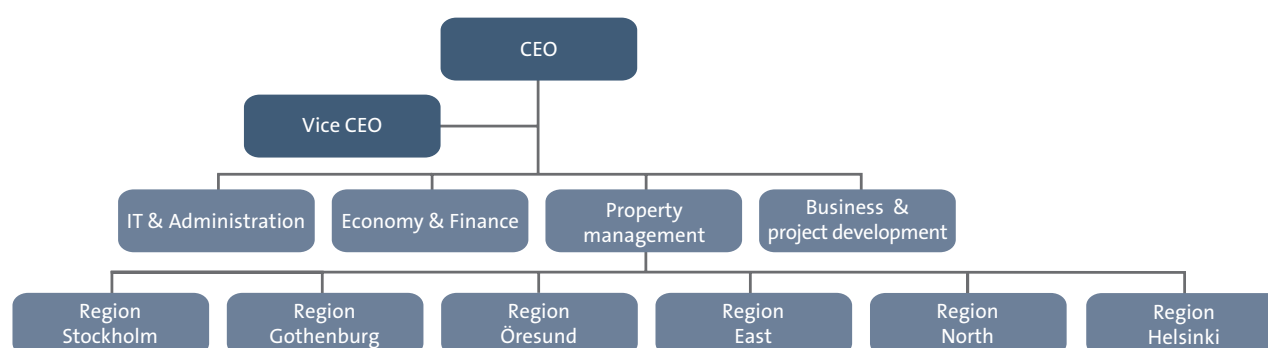
Maturity date	Number of leases	Share, %	Contracted rent, SEK/m	Share, %
2016	1,079	39	192	4
2017	616	23	264	5
2018	511	19	217	4
2019	294	11	220	4
2020–	234	9	725	14
Total	2,734	100	1,618	32
Residential ¹⁾	37,008		3,401	67
Carpark ¹⁾	5,442		15	0
Garage ¹⁾	4,741		41	1
Total	49,925		5,075	100

1) Lease runs subject to a commitment period of 3 months.



Organisation and employees

Fastighets AB Balder is a listed property company. The company's journey began in 2005 with about 10 employees and today, just over 10 years' later, Balder has more than 500 employees in the management organisation.



The company's rapid development, is due, among other things, to Balder's committed and knowledgeable employees who create results based on a team spirit and collaboration. We take advantage of each other's strengths and experience and launch new ideas for further development of both the operations and personnel.

To be part of Balder imposes high demands but also provides good development opportunities. Balder has short decision-making paths and an open atmosphere and promotes respect and honesty. We have shared responsibility for creating confidence among our customers and employees.

Balder as an employer

Balder's employees are characterised by a strong drive to develop in their roles and an interest in working in an organisation which stands for a long-term approach, an entrepreneurial spirit and fellow-feeling. Balder creates work satisfaction by allowing employees to participate in the development of their duties and there is a general sense of well-being at the

workplace.

We are proud of not being like the others. At Balder, a new employee's ideas in a spontaneous meeting with the CEO can lead to changes in our solutions and how we work. Through our employees' commitment, competencies and development, we create a culture of diversity with a pleasant atmosphere. The company offers several unique opportunities for our employees to develop in their existing roles and also gives them the chance of later seeking new challenges internally.

Balder's organisation

Balder is continually developing. The latest events, such as the acquired hotel operations in Stockholm and Malmö and the property acquisitions in Finland, have helped to add about 300 new employees to our Group. The management organisation on 31 December consisted of 485 (278) employees and is geographically divided into regions with local offices, which are responsible for letting, operation as well as the environment and property management. In order to

support the management operations, group-wide resources are located in Malmö and at the head office in Gothenburg. At year-end, 37 people (35) worked within these support functions.

Balder's social engagement

Balder continues to be engaged in improving the living environment. During 2015, about 40 young people were employed, resident in these areas, to together work for a safe and pleasant living environment.

The environmental work in the company is continuing. Through our Technology and Sustainability department, we work on a daily basis with environmental improvement measures in order to contribute to a good environment in the long term and a positive climate development.

Employees	2015-12-31	2014-12-31
Number of employees ¹⁾	647	313
– of which women ²⁾	310	110

1) Of which 170 employees in Sato.

2) Of which 110 women in Sato.

A portrait of a woman with short, wavy blonde hair, wearing glasses and a dark blazer over a white top with a black collar. She is smiling and looking towards the camera. The background is a blurred indoor setting.

Veronica

"I am responsible for the Technology and Sustainability department here at Balder. The department is a driving force in our operational development towards the optimal operation of our properties with respect to the environment, costs and satisfied tenants. Before I started at Balder, I worked abroad for a few years, but I really wanted to continue within property management, so when I got the chance to come on board with Balder I took it. No one day is like another and we are on a really exciting journey right now. Balder is unique in my view since it is still a young company, which has not got stuck in ingrained routines. I have many wonderful colleagues and there is always someone who is prepared to share their experience and knowledge. At Balder, people have a positive attitude to change and I like this!"



Sustainable business

Social engagement is a natural part of Balder's work and a way to help promote sustainable social development. Balder engages in these issues both locally and regionally and strives to ensure that people feel comfortable in and around their housing environments. In order to succeed with this, great commitment is required from the employees but as a company we also collaborate with other players. At Balder, we believe that diversity creates economic and social growth in society and thus we regard it as very important to work to create socially-mixed housing areas.

Balder in Huskvarna Söder

During the year, Balder participated in a collaborative project in Huskvarna Söder, where the company owns 230 apartments. The project was initiated by the municipality in order to promote integration and participation in the area. In August, Balder was invited to a meeting to describe its experiences from Vårby Gård, a similar housing area in Stockholm

where Balder successfully, worked on developing the area based on a resident's perspective and local engagement.

Integration is a broad term and foreign origin is just one of several factors that can lie behind people feeling socially excluded. Unemployment and socio-economic conditions are examples of other factors that can explain a feeling of social exclusion. By creating meeting places and activities for all residents in Huskvarna Söder, it is hoped that the project will improve participation and integration. Two project managers have been employed and several people in the area have been employed during fixed-term periods or to work with special projects aimed at supporting the success of the project. The project is directed towards all residents in Huskvarna Söder but with children and young people aged 10-20 in focus. During the year, collaboration occurred with several organisations in the area and together they have carried out activities and created meeting places so that people can meet across social and

cultural boundaries. Initially, a survey was distributed to the residents in the area to find out if people were happy and what activities were desirable in the area. Based on these answers, a large number of initiatives were started and carried out in the area. In early 2016, statistics were compiled for activities and work performed during 2015. The outcome is intended to be described in the report for the second quarter 2016.

A second chance

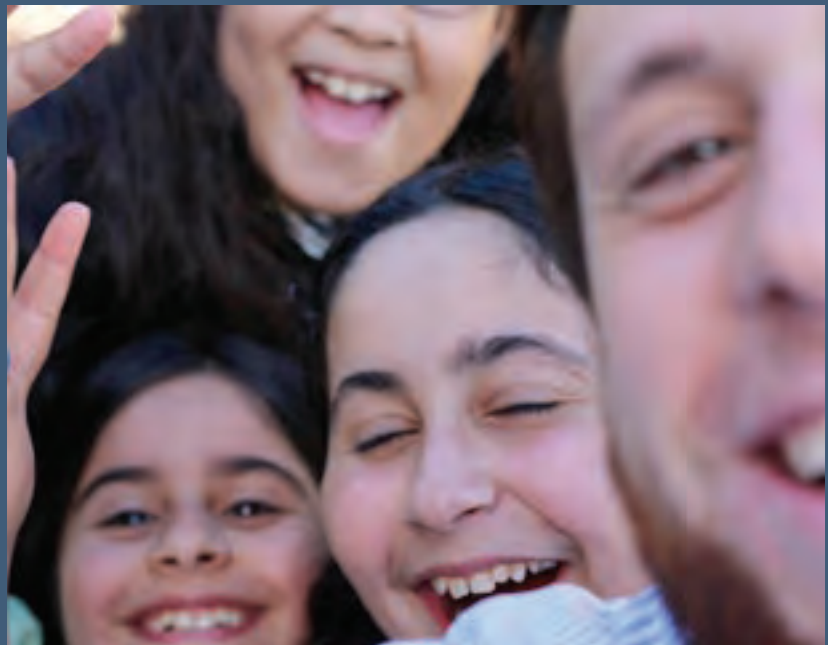
Having your own home is a requirement in order to live a secure and independent life. Balder collaborates with organisations that work actively with integration and treatment programmes directed towards children and young adults. A home of one's own and guidance from people with extensive experience of integration and treatment work improves the possibility for a better future. Examples of organisations that Balder collaborates with include Rebo and UngBo.

We take social responsibility

Balder has been involved for some time in improving residential environments in parts of Stockholm and in Gothenburg. In Bergsjön in, Gothenburg, Balder has employed Amanj Aziz, whose main task is to act as a spokesman and create activities for our tenants in Bergsjön. The participation rate is high and together with the tenants we are working to make Bergsjön more comfortable and secure.

Each Saturday, the door is opened to the gym hall in Backegård school. Some 30 children run in and the mothers come in after them: "Can we stay here a bit longer today?" asks one of them, and of course they can. The gym hall activity started by accident. Some mothers came to us at Balder and pointed out that visits to lekland and other excursions were not financially sustainable every week. They wanted the premises in Bergsjön to be somewhere children could play and parents could see each other, even when it is cold outside. A short telephone call to an incredibly committed management at Backegård school and then the keys were in the hands of our personnel. After that it has progressed smoothly during the autumn and winter.

One autumn Saturday one of the mothers at the same time as the gym doors were about to open said: "My son is looking for a trainee post, is there possibly a place at Balder?" Of course, we were able to help one of our ninth graders in the area. For two weeks he got to join Bergsjöpoolen, a social sustainability project, which Balder operates in Bergsjön. In Bergsjöpoolen, young adults aged from 17-26 are employed and they make huge efforts to help with improvements in the area; they keep order in the refuse room, clean storerooms and garages, seal windows, play with children in the courtyards and much more. "I graduated from high school last summer and was worried about how I would support my family. I have two sons. I was very happy to be able to work so close to home with something I am good at", one of the 15



employees in the project points out.

Bergsjöpoolen has been a huge asset for Balder and at the same time, it has increased the employees' influence and insight into their own housing area. It is not just the employees who appreciate the work but also parents, siblings, friends and acquaintances and they all know that it is part of Balder. This creates a sense of community in the area, which is hard to mistake.

On Tuesday and Thursday evenings, Bergsjöpoolen has to quickly vacate its offices. You see the office is used by the area's very determined girls aged 8-13 who point out that no "boys are allowed to participate". They make bracelets, watch films, bake, have gymnastics evenings and lots of other fun.

And that is what you hear when the gym is opened on Saturday evenings – the girls want to have the hall to themselves and also ask if they can have girls evenings on Mondays and Wednesdays. But then the premises are used for driving licence theory courses for all tenants aged over 17. What about Saturday evenings then? No, then the premises are occupied by those aged 18+, when they play Playstation, have theme evenings, lectures, CV assistance... Sundays must surely work, says a girl. No, because Bergsjön's only book group is underway then in the office.

Her mother then says: "Can you not come to lock up at 9 p.m. instead of 8 p.m.? We really enjoy being together in the hall".

Amanj Aziz
Communicator

We take environmental responsibility

In 2015, the climate conference in Paris entered history as the meeting when the world agreed on a climate agreement. The politicians have thus given the world a clear direction about a future where after 2050 we should have net emissions, which are zero.

The target has been made tougher so that we should keep well under a 2-degree average rise in temperature. Thus climate researchers eventually convinced the politicians about the gravity of the situation. There is another global outlook now from earlier having regarded the environment and sustainability as a sacrifice to now becoming a necessity. In brief, everyone needs to take their responsibility to stabilise the world's climate and environment, for a sustainable future even for Balder.

In spring, Balder's employees participated in environmental and energy training that partly was a step in the implementation of Balder's environmental management system but also to emphasise the importance of reducing energy consumption and what is important to think about. Read more about Sato's environmental responsibility at www.sato.fi

Energy

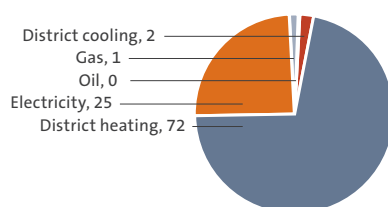
During 2015, Balder had energy consumption of 312 million kWh where district heating consumption was the largest item. Properties with a heating system based on fossil-fuels, represent a small share in relation to total consumption. The goal is that during 2017 at the latest, that these properties will have changed over to sustainable heating systems. The area heated by oil has been reduced by 31 per cent during the year. Balder's 10 wind turbines have generated 22.5 million kWh, which is equivalent to the annual consumption of 900 houses.

To achieve an energy reduction, we have to work with the issue at various levels. During the year, Balder drew up an Energy policy that shall be guiding in

our continual energy work. The energy policy emphasises that comfort may not suffer in the hunt to save kilowatt hours. To maintain the correct indoor temperature is of great importance for tenant comfort but also for energy consumption when each degree's increase means that the energy need rises by 5 per cent. It can prove problematic to maintain an even temperature of 21°C without large fluctuations in older properties, which are only controlled by the current outdoor temperature. Therefore in some properties, indoor temperature sensors have been installed in representative apartments/rooms where the estimated average temperature regulates how much heat should be pumped into the heating system.

Another measure, is that we are working towards the centralisation of all control systems. This means that we control our installations remotely and quickly detect alarms in the units. This enables safer and more energy efficient operation of Balder's properties. Another measure to achieve high operational safety and a long-term approach is that we choose products, which are robust and energy efficient. We also prioritise stable product suppliers in order to ensure that parts are available in the near future, i.e. the product's estimated minimum life cycle.

Total power consumption per source, %



The goal for 2015 was to reduce energy consumption in property operation by 3 per cent. The outcome was 1 per cent, which is equivalent to 1.9 million kWh.

Waste

The goal of good waste sorting is to minimise the quantity of waste going to landfill and maximise recycling. The basis of good waste sorting is partly dependent on the conditions of the property but also on our tenants' ambitions. The long-term goal to achieve a sorting rate of 55 per cent is limited to only apply to commercial properties. The sorting rate for 2015 came in at 58 per cent.

The reason for the limited goal is that far from all municipalities weigh household refuse, which means that it is not possible to obtain any follow up figures. Sweden has become very good at reducing the quantity of waste that goes to landfill. In 1975, 62 per cent of Sweden's household refuse went to landfill compared to today's level of less than 1 per cent. The basis for this is that a large proportion of today's waste goes to incineration, which supplies us with district heating. Even if it is not possible today to follow up the sorting rate in residential properties, Balder has a long-term goal that all residential properties should have sorting solutions for waste.

We are taking concrete measures to ensure that all refuse rooms are designed in a way that encourages and facilitates waste sorting. This means that they should be clean, well-labelled, bright and secure. An important aspect is also to inform our tenants about the waste management in the relevant property.

Phase-out substances

The Swedish Chemicals Agency has defined phase-out substances as a substance with particularly hazardous properties according to approved criteria regarding environmental and health consequences e.g. carcinogens or mutagens. The criteria are in line with the EU's chemicals legislation, REACH, Substances of very high concern - SVHC. These are substances, which may be prohibited in the future and that risk becoming the asbestos or PCB problems of the future.

Balder thus wants to systematically avoid introducing phase-out substances into the properties. In the day-to-day operation, this means that the product should either be eco-labelled or checked against an environmental database. In the case where there is no alternative to a product containing some form of phase-out substance, it should be noted with necessary pertaining information in the digital logbook of the property.

Skills development

Having the right competencies in operations is considered to be an important factor for achieving and ensuring resource-efficient property management. In

order to ensure a good level, all property caretakers have therefore participated in internal training in basic building technology. The goal was that everyone should get a basic understanding of the buildings' different functions and connection and the environmental and cost repercussions of operational errors.

Balder Challenge

In the hunt to reduce kilowatt hours, a challenge was started during the spring, the Balder Challenge. The challenge lies in cost-efficiently reducing the energy need in the property while reducing the reporting of climate errors by tenants. This created a major engagement among property managers and caretakers and 21 properties in total were registered to participate in the Balder Challenge. The challenge will continue during all of 2016.

Environmental requirements during new construction

Balder will carry out a large number of new constructions during the next few years. Each new building naturally gives rise to both short-term and long-term environmental impacts and it is therefore completely reasonable to impose environmental demands at an early stage. The

following items show some of the environmental demands imposed in Balder's new construction projects:

- Energy class B, means 25 per cent under the National Board of Housing's new building standards.
- Material and products shall at least meet the standards "acceptable" in Swedish Building Materials Assessment or "B" in SundaHus.
- Wood and wood-based products shall be certified according to FSC, PEFC or equivalent.
- Sorting of household waste in every apartment.
- Maximum 10 per cent weight of building waste to landfill.
- Water-efficient taps and toilets.
- Projects are designed in a way so that the tenants prioritise environmentally friendly transport alternatives.

Environmental buildings

Balder has a number of environmentally classified buildings in its portfolio which are certified by GreenBuilding, Sweden Green Building Council or LEED. The most recently acquired property is "Park49" of 7,500 sq. m., which will become Balder's new head office in spring 2016. It is being constructed in order to be certified according to the international environmental system LEED's highest level - Platinum.





Circus with an entertaining history

The Circus Building in Copenhagen has an exciting history. The building was designed in 1885 by the architect Henrik Wilhelm Brinkopf and was inaugurated in the following year by the German circus king Ernst Renz. The building has a grandiose style and the façade was richly adorned by Fredrik Hammeleff. The motif on the façade pictures horse and racing motifs from ancient Greece and Rome.



"It feels really great to have this distinguished building in our holdings and at the same time we are get to work with a major player in the exciting live entertainment industry"

says Erik Selin, CEO of Fastighets AB Balder.

A popular building under constant change

Until 1910, circus performances were held here but after pressure from the city's theatre owners (that considered that the popular performances were a threat) it was decided that the circus operations could only be conducted during the summer. During the winter months, it housed a cinema instead, by the name World Cinema.

On 17 March 1914, Circus went on fire. The property received severe material damage, but was already renovated in 1915 according to designs by the architect Holger Jacobsen. Not long after that, the Schumann family acquired the building. Under Schumann's management, 1918-1968, the spectacular summer performances were reintroduced, which made the Schumann Circus one of the 20th century's brightest stars on the circus horizon.

In 1963, there were plans to demolish Circus and instead build a department store. The property owner and the hypermarket chain ANVA you see wished to compete with the city's well-established chains Illum and Magasin. However, ANVA faced a wave of protests and since the company lacked capital the plans came to nothing.

Due to the high rental rates in the area and ANVA's plans, this created uncertainty during this period about the future of the Circus building. This resulted in the Schumann family winding up its activities in Circus in 1968.

A protected landmark

From 1970 to 1990, the Benneveys family took over the building. Like Schumann, they conducted circus operations during the summer season, but now under the

name Benneveys Circus. The municipality acquired the building in 1974 but the Benneveys family continued its business as tenants. In 1983, they were granted joint management with Tivoli and in 1988, the property was named a protected landmark.

But times change, even for a summer circus in a city like Copenhagen. After more than one hundred years, demand fell and the public began to seek other forms of entertainment. In 1990, the Benneveys family decided to wind up its operations for financial reasons.

Circus today

Circus continues to offer entertainment but today it is primarily musicals, ballet, music festivals and concerts that characterise the property. For a few days in 1996, a bygone era was resurrected when Germany-based Roncalli offered circus entertainment to celebrate Copenhagen being selected as European City of Culture that year.

Since 2003, the property has been let to the Scandinavian entertainment company Wallmans. They offer a well-known and popular "dinner show" concept in Copenhagen, Oslo and Stockholm.

In 2014, 2E Group sold the circus property to us at Fastighets AB Balder. The continued operations were secured through a long-term lease.

Today Circus accommodates 1,000 guests and the building's foyer is decorated with posters, photos and programmes of some of the circuses and circus performers who appeared on the circus stage for over a century. For Danes, this historic landmark property is famous for its beautiful architecture, its circular shape and for its domed roof.

Sources:

http://www.circopedia.org/Cirkusbygningen_%28Copenhagen%29
<http://www.2egroup.se/>



The property market

The low interest environment is continuing and the gap between property yields and the lending rate means that the investment climate for properties is still extremely favourable and we continue to see a strong performance in the Swedish property market.

The economic upturn in Sweden is broad and the performance in the Swedish economy is still strong due to the expansionary monetary policy. However, inflation is not gaining momentum and because of difficulties in reaching its inflation target, the Riksbank implemented further monetary policy easing and support measures. In February 2016, the Riksbank decided to cut the repo rate further to -0.50 per cent.

A continuing low interest environment is contributing to continued rising prices in the property market. The existing imbalance between demand and supply and pressed yield requirements are making investments more expensive in metropolitan markets and during 2015 we have

seen increasing interest for investments in Sweden's larger cities. In several sub-markets, the residential segment is dominating investment interest.

Property transactions

The transaction volume during 2015 amounted to about SEK 140 billion, which is just under the level in 2014, but still a historically high level. Residential, industry and offices each represents a quarter of the transaction volume. The investment interest in retail and hotels is increasing and we continue to see a high sales volume in the community properties segment. In 2016, the supply of properties in attractive locations will probably continue to be low. The

sales side will probably be dominated by property companies that are refining their property portfolios or funds that are approaching their closing point. This also includes municipalities that will divest all or part of their residential holdings in view of the large maintenance costs in the next few years.

Buyers will basically include everyone; property companies, institutions, Swedish and foreign property funds as well as local property players outside the larger cities.

The volatile stock market performance also points in favour of property and we see a continued strong development in the Swedish property market.

According to IPD Swedish Proper-



Skibbroen Havneholmen, Copenhagen

ty index, the total yield on property investments amounted to about 14.1 per cent during 2015, a total increase of 6.0 per cent compared to 2014. The increase in value was about 8.8 per cent, the highest recorded figure since 2007. The total yield was significantly higher than the average for the past ten years. Offices and residential showed the highest total yields of 16.2 percent and 14.7 per cent, respectively, of which the change in value was just over 10 per cent in both property categories.

Pressed yield requirements together with a positive development in the rental market, with few vacancies in metropolitan areas on the office side and with a housing shortage in most Swedish municipalities, means that investments in new construction have become even more attractive than before.

The services sector is showing stronger growth than industry, which is creating demand for new office properties, particularly in metropolitan areas.

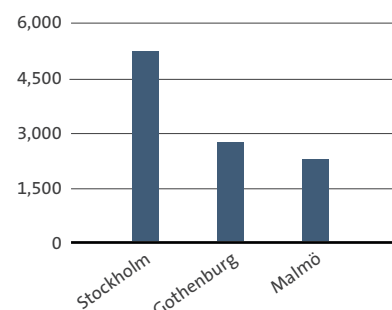
The domestic population increase in Sweden together with the migration of refugees is creating a huge demand for new housing and is further increasing the housing shortage around the country. The regulations surrounding new construction of properties combined with long lead times in planning questions implies a sluggishness that makes it difficult to meet new housing demand in the short term.

The strong investment interest in recent years has meant that many loans have been allocated to properties. The opportunities for property companies to attract capital via stock market listings, new issues, preference share issues, bonds and traditional borrowing are still considered to be good overall despite the uncertain stock market climate. The conditions for property investments in Sweden are still good and a lot of capital is seeking investments in the segment which guarantees another good property year in 2016. Therefore there is also good potential in 2016 to maintain the high transaction volume seen during 2014 and 2015.

Source: NAI Svefa

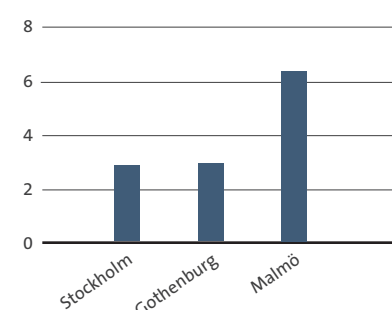
Rental levels (highest rent)

Office CBD, SEK/sq.m.



Vacancy rate

Office CBD, %



CBD = Central Business District

Source: Fastighetsvärlden



Skibbroen Havneholmen Copenhagen

The Danish property market

Denmark with its stable economy, fixed-exchange rate policy to the Euro and low interest rates, has proved to be an attractive market for both domestic and foreign capital seeking high security and a positive demographic trend for property investments. Copenhagen occupies a very strong position in the Danish property market.

The overall transaction volume in 2015 amounted to about DKK 51 billion, of which the Copenhagen area accounted for about 75 per cent.

During 2015, the investment interest shifted from the office segment to the residential segment. During 2015, residential properties accounted for 38 per cent of the total transaction volume while office properties came in at 27 per cent.

The housing market

The housing market relating to condominiums showed a very strong price trend in Denmark during 2015. Prices in the entire country rose by 12 per cent in total during 2015 compared to 2014. This is the highest annual price increase since 2006 and prices have now recovered to the level that prevailed before the sharp fall in prices that began in 2007.

The transaction volume rose by almost 23 per cent between 2014 and 2015. This figure is also the highest since 2006.

Copenhagen was the most interesting

area during 2015 and the year was also marked by a new epoch in the apartment market in which prices rose most 17 per cent during 2015. The number of newly constructed apartments also increased sharply during the year.

As the prices of newly constructed apartments are higher than older buildings this has meant a positive overall price trend for all apartments in Copenhagen.

Århus and Ålborg also showed a positive performance in terms of rising prices and construction of new apartments in attractive areas.

The currently low interest rates has great importance for the apartment market and with expectations of continued low interest rates, the condominium market is expected to remain positive, particularly in Copenhagen and other big cities in the next few years.

Average prices in Denmark, DKK/sq. m. (apartment size, 85 sq. m.), 31 December 2015:

Copenhagen	DKK 34,000
Århus	DKK 27,000
All of Denmark	DKK 25,000

Source: Home, Denmark

Condominiums

A condominium is a form of housing where the owner has direct ownership of the apartment. This is unlike cooperati-

ve-, tenant-owner's-, or housing company apartments where the association or company owns the property and has an association loan and the owner of the apartment has a share in the association.

Connected to condominiums is a joint ownership- or condominium association, which is responsible for the common areas in the property.

Condominiums can usually be freely sold or rented out without anyone's approval.

Office market

The rental market in Copenhagen is recovering slowly due to the sluggish increase in employment growth. The vacancy rate for unlet offices in Copenhagen inner city is around 7 per cent and about 10 per cent in greater Copenhagen.

The yield requirement for offices in A locations is about 4.5 per cent, which is lower than ever and reflects the current imbalance between supply and demand for attractive office buildings.

Office rents were stable during 2015 and prime rents tend to lie around 1,500 – 1,800 DKK/sq. m., excluding property tax and operating costs.

Investors are expected to continue to have a strong demand for properties, especially in attractive locations.

The Finnish property market

The Finnish property market differs from the Swedish one in terms of the ownership structure among the larger private players. In Finland, there are currently three large listed property companies compared to about ten large companies in Sweden. The largest property owners in Finland are domestic pension funds and institutions.

The housing market

Urbanisation is increasing rapidly in Finland. Relocation, which is mainly employment-related, means strong housing demand in the larger cities. During the period 1990 – 2014, the population in urban areas increased by 640,000 people.

Living in a rental apartment is a popular form of housing in Finland. In Helsinki, almost half the residents live in a rental apartment. Of the total 2.6 million permanent dwellings in the whole of Finland, rental apartments account for

about 820,000. Of these rental apartments, about half are owned by private investors. Sato, which is a subsidiary of Balder, owns about 7 per cent of all rental apartments in the capital region.

During 2015, the price increase in respect of housing was 3.4 per cent according to KTI Finland.

The prices of apartments and rents have increased in recent years. It is mainly demand for small good value apartments that increased because there is a large proportion of households with one of two persons in the bigger cities. Many housing companies mainly focus on new construction of smaller apartments.

Office market

The sluggish economic growth combined with the increased vacancy rate in most sub-markets is resulting in short-term pressure in the office letting market. De-

mand in the rental market has continued to cause polarisation with the result that there is a risk of even higher vacancy rates for premises and properties in secondary areas while rents in attractive areas have returned to the level they were at before the downturn last year. The investment market is expected to continue to be active thanks to strong international demand and the relatively attractive yields still generated by Finnish properties.

The yield levels for central office properties in Helsinki mainly lie in the range 4.5 – 7.5 per cent.

In combination with better financing conditions, higher liquidity in the market and expectations of increasing economic growth, it is estimated that property investments can reach levels of around EUR 5 billion next year. Finland has not reached this level since the record years 2006 – 2007.



Helsinki, Finland

We shall succeed together

Balder is continuing to grow and develop. The most important explanations behind Balder's positive development include all the property acquisitions, investments and not least the entire Balder organisation, which manages the investments in the best way. Together with our shareholders, financiers, customers, suppliers and society at large, we look forward to good business opportunities for many years to come.

Region Gothenburg

177 employees
200 properties

Region Öresund

46 employees
51 properties

Region North

25 employees
78 properties

Region Stockholm

66 employees
57 properties

Region Helsinki

170 employees
479 properties

Region East

38 employees
312 properties

Balders real estate holdings on 2015-12-31¹⁾

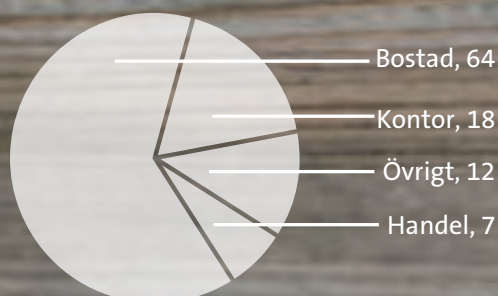
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %	occupancy
Distributed by region									
Helsinki	479	942,551	1,797	1,906	1,764	98	19,595	29	
Stockholm	57	456,509	866	1,897	801	93	13,550	20	
Gothenburg	200	779,963	954	1,223	919	96	12,887	19	
Öresund	51	298,041	439	1,473	408	93	6,581	10	
East	312	787,675	951	1,207	935	98	9,085	13	
North	78	165,349	167	1,009	163	98	2,178	3	
Total	1,177	3,430,088	5,173	1,508	4,990	96	63,876	93	
Project			84		84		4,581	7	
Total	1,177	3,430,088	5,257	1,508	5,075	96	68,456	100	
Distributed by property category									
Residential	1,018	2,471,660	3,511	1,420	3,451	98	39,250	57	
Office	70	422,785	812	1,921	727	90	12,095	18	
Retail	48	218,077	333	1,528	319	96	4,653	7	
Other	41	317,566	517	1,628	494	95	7,878	12	
Total	1,177	3,430,088	5,173	1,508	4,990	96	63,876	93	
Project			84		84		4,581	7	
Total	1,177	3,430,088	5,257	1,508	5,075	96	68,456	100	

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

Distributed by region including projects, %



Distributed by property category including projects, %





Residential properties

In 2015, the trend of investing in residential properties has continued to be a very attractive investment. Residential properties generally have a low risk in view of the prevailing housing shortage in essentially all of Sweden and the fact that new apartment construction is not sufficient for current and future needs.

The supply of residential properties in metropolitan areas is low as previously, which has meant that some operators have directed their interest towards properties in the so-called million programme or in residential properties in smaller cities geographically located throughout Sweden. The number of players that have chosen residential properties as an investment object has increased during the year. Foreign buyers have also returned to the Swedish market.

In view of a shrinking transaction market for residential properties and lower yields, Balder has continued its strategy, which means development of existing properties and increased new production of apartments in the longer term. The goal is through the company's own projects to create new and higher property values and better yields than what the existing transaction market can offer in the residential segment.

In Gothenburg and Stockholm, among other cities, work is ongoing with new

detailed development plans, which will mean a broader supply of apartments. Traditional apartment blocks are mixed with other forms of housing, such as smaller terraced houses and tenant-owner's apartments. This means that Balder creates more efficient use of existing land and that areas become more attractive from a residential perspective.

Balder has acquired a property in Mölnådal, Bastuban 1 of 47,000 sq.m. commercial floor space and 90,000 sq. m. ground area. The property is classified in Balder as a real estate project and the goal in the first instance is to plan and convert offices into apartments.

In Copenhagen, about 120 apartments were completed for occupation during 2015 and a further about 1,000 apartments are under construction.

Associated companies

In order to boost the volume of newly constructed apartments, Balder apart from under its own management, wants

to also create the possibility for an even greater increase in the volume of apartments together with a number of strong partners.

Together with the Third Swedish National Pension Fund, Balder has formed a company for investments in new construction of rental properties in the three metropolitan regions and growth areas with a positive population trend.

During the year, Balder became a part-owner of Brinova Properties AB together with Backahill AB, among other players. Brinova Fastigheter AB had property holdings of about SEK 1 billion at year-end. The goal is to expand the property portfolio in residential, public and commercial properties, particularly in southern Sweden.

During the year, Balder became a part-owner of Tornet Bostadsproduktion, which concentrates on construction of tenancy rights for long-term ownership. Other shareholders in Tornet are Peab, Folksam and Riksbyggen. At present,



Stoeryd, Tranås

the property portfolio includes about 700 apartments and there is ongoing projects/construction of a further about 700 apartments.

Together with K-Fastigheter, Balder during 2015 has completed the construction of 128 apartments in Västerhaninge, Stockholm and in Nynäshamn. New construction of apartments is ongoing in Helsingborg, among other places. More information about Balder's associated companies is available on pages 50-52.

While Balder has increased its holdings of residential properties through new production, a number of properties were divested during the year. This mainly occurred in cities where Balder does not have any local management unit or where the property portfolio is too small to get efficient management. Divestments of all properties were completed in Skultorp and Tidaholm and also after year-end of all properties in Skara and Töreboda.

According to the IPD Swedish Property

Index, investments in residential properties displayed an annual, average total yield of about 9.0 per cent during the past five-year period. The total yield includes increases in value together with the annual yield.

In 2015, residential property sales amounted to about SEK 35 billion. The ten largest transactions accounted for approximately SEK 12 billion, in other words 34 per cent.

A more detailed description of the transactions is available on pages 36-38.

Estimated and recorded yield values and price levels for residential properties in A locations were as follows:

Place	Yield, %	Price per sq.m., SEK
Stockholm	1.25 – 1.50	50,000 – 60,000
Gothenburg	2.25 – 2.50	22,000 – 27,000
Malmö	3.00 – 3.50	20,000 – 22,500
Copenhagen	2.00 – 3.00	36,000 – 41,000
Helsinki	4.20 – 4.60	50,000 – 54,000

Source: Fastighetsvärlden, Association of Danish Mortgage Banks, Red Property Advisors och KTI Finland.

Balder's residential properties

Number of properties	1,018
Lettable area, sq.m. thousands	2,472
Number of apartments	37,008
Rental value, SEKm	3,511
Economic occupancy rate, %	98
Carrying amount, SEKm	39,250

Residential properties, geographical distribution

Area	Sq.m. thousands	%
Helsinki	943	38
Stockholm	137	6
Gothenburg	409	17
Öresund	145	6
East	689	28
North	149	6
Total	2,472	100

Commercial properties

A continued low interest rate level with an expected negative repo rate until late 2017, meant that the market for commercial properties in Sweden was still very good even during 2015.

Yield requirements have fallen further, particularly in big cities. Demand for acquiring properties was greater than supply in the market, as a result of a sharp increase in capital inflows from non-European players, among other factors. The opportunities were also good in Sweden both in terms of traditional bank financing and financing via new issues and bonds.

Balder also continued its strategy of reducing its property holdings in less central areas in the Stockholm region and in locations where Balder does not have representation in the form of a local office or its own property management personnel. For a number of years, the focus instead has been on acquiring and owning commercial properties in central parts of Stockholm, Gothenburg and Malmö. During the year, a central property was acquired in Gothenburg, among other things.

The structural work on refining the commercial property portfolio during 2015 meant that Balder was a net seller of commercial properties. This is a deliberate strategy in view of the fact that it was easier to sell properties in slightly less central areas and locations than to acquire in the priority locations for Balder.

As shown in the Residential properties section on pages 32-33, a shift occurred during the year in relation to investments from commercial properties to more apartment construction projects, collaboration with associated companies and investments in existing property companies such as the Finnish property company Sato Oyj.

The portfolio of hotel properties has been supplemented with a property in Stockholm. In addition, a property was acquired in central Copenhagen, which will be converted to a hotel and is expected to be ready in early 2017. The total number of hotel contracts amounts to 32 and the hotel portfolio now includes about 5,200 rooms in total. For some years Balder has viewed the hotel segment as an attractive investment area. The yield requirement has been higher than most other property categories and interest from other property companies has not been so strong. Balder has grown to become the second largest player in hotel properties in Sweden. During 2015, interest for hotel properties increased very sharply and the number of players that want to invest in hotel properties includes both Swedish and foreign property companies as well as institutional investors. The interest for hotel properties has meant that yields have fallen to levels approaching central office properties in Sweden's metropolitan areas.

Demand for central office properties is still good. Vacancy levels in Stockholm and Gothenburg amount to just under 4 per cent, which means the same levels as during 2014. In Malmö, the vacancy rate is higher and came in at around 8.5 per cent. An increase occurred in 2015 of about 2 percentage points, mainly due to new production of office properties in Västra Hamnen.

Balder has an experienced and competent letting organisation that continually works with letting vacant premises while finding solutions for premises issues for

potential tenants. Balder's economic occupancy rate for commercial properties was 93 per cent (93) at year-end.

According to the IPD Swedish Property Index, investments in commercial properties displayed an annual, average total yield of approximately 9.8 per cent during the past five-year period. The total yield includes increases in value together with the annual yield.

During 2015, the transaction volume did not really meet the same level as in 2014. According to NAI Svefa, commercial property turnover was SEK 105m during 2015, compared to SEK 114m during 2014. The ten largest transactions accounted for approximately SEK 36 billion, in other words almost 34 per cent.

The value of Balder's property holdings in Stockholm's inner city amounted to about SEK 7.4 billion, which corresponds to 67 per cent of the total value of its commercial properties in the region. Balder's average value per sq.m. for office properties with central locations in Stockholm amounts to approximately SEK 58,000.

The equivalent figures in Gothenburg are SEK 6.1 billion and 68 per cent, and SEK 2.2 billion and 68 per cent in Malmö. The average value per sq.m. for office properties with central locations in Gothenburg amounts to approximately SEK 36,000 and to approximately SEK 30,000 in Malmö.

A more detailed description of the transactions is available on pages 36-38.

Estimated and recorded yield values and price levels for residential properties in A locations were as follows:

Place	Yield, %	Price per sq.m., SEK
Stockholm	3.75 – 4.00	80,000 – 100,000
Gothenburg	4.75 – 5.00	32,000 – 42,000
Malmö	5.25 – 5.75	20,000 – 35,000

Source: Fastighetsvärlden

Balder's commercial properties

Number of properties	159
Lettable area, sq.m. thousands	958
Rental value, SEKm	1,662
Economic occupancy rate, %	93
Carrying amount, SEKm	24,626

Commercial properties, geographical distribution

Area	Sq.m. thousands	%
Helsinki	0	0
Stockholm	319	33
Gothenburg	371	39
Öresund	153	16
East	99	10
North	16	2
Total	958	100



Spårvagnen 4, Stockholm



Transactions

2015 was dominated by the new construction of apartments in Copenhagen and the acquisition of 53 per cent of the shares in the Finnish property company Sato Oyj. Divestments of commercial properties in smaller cities and in suburbs of big cities also continued in 2015.

The transaction market in Sweden was very strong in recent years with rising property prices as a consequence. Balder has therefore chosen to diversify its property holdings to the other Nordic markets in order not to be concentrated towards one market. On 31 December, Balder had about 45 per cent of its property value outside Sweden.

Acquisitions

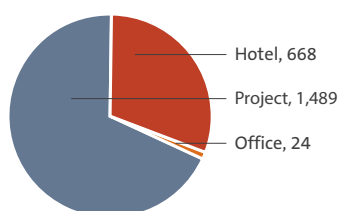
During the year, Balder gradually acquired shares in the residential housing company Sato Oyj and became the majority owner on 30 December with 53 per cent of the capital and votes. Through the majority ownership, Sato's balance sheet is consolidated, corresponding to a property value of about SEK 26 billion. Sato only owns residential properties, of which about 80 per cent are located in Helsinki and the remainder are in Finnish growth regions and in St Petersburg. For more information about Sato Oyj, see page 39. During 2015, Balder also realised the investments in new construction projects that the company initiated some years ago. Balder today has about 1,000 apartments under construction in Copenhagen, equivalent to a project value of about SEK 3,000m. All apartments that are built are divided into condominiums, which means that they can be sold individually. However, Balder has not sold any apartments but will choose to rent them out to create a portfolio of residential properties in Copenhagen. The apartments will be completed between 2016-2018.

Divestments

Balder's strategy is to own commercial properties in the central parts of the Stockholm, Gothenburg and Malmö metropolitan areas. In 2015, Balder thus continued to divest properties in the suburbs of big cities and in smaller cities. During 2015, Balder sold commercial properties in these areas for a sales total of SEK 1,613m. Balder has also elected to divest residential properties in places where the company cannot sustain a sufficiently large management unit. During the year, Balder agreed to sell all its properties in Skara and Töreboda. The divestments carried out generated a profit of SEK 65m, equivalent to a selling price of 5 per cent above the carrying amount.

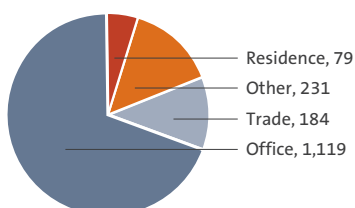
Acquisitions

per property category, SEKm



Divestments

per property category, SEKm





Property transactions 2015

Acquisitions	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
Quarter					
One	1	Snöflingan 3	Stockholm	Hotel	22,000
One	1	Inom Vallgraven 54:10	Gothenburg	Office	875
One	1	Sundby Overdrev (Lavetten)	Copenhagen	Project	0
Two	4	Bovieran		Project	0
Three	1	954 b Sundby Overdrev (321)	Copenhagen	Project	0
Three	1	1041 Sundbyoster (Öresund Strandpark)	Copenhagen	Project	0
Three	1	273 Vestervold kvarter (Niels Brocks Gade)	Copenhagen	Project	0
Three	1	Bastuban 1	Mölnådal	Project	47,054
Four	712	Acquisition of Sato Oyj	Finland	Residential	1,334,595
Total	723				1,404,524

Divestments	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
Quarter					
One	1	Murmästaren 3	Stockholm	Office	16,086
One	1	Skultorp 1:58	Skövde	Residential	3,229
One	1	Skultorp 36:1	Skövde	Residential	1,229
Two	13	All properties	Tidaholm	Residential	6,768
Two	1	Jakobsberg 2:2583	Järfälla	Other	22,054
Two	1	Eken 14	Sundbyberg	Office	8,913
Two	1	Vreten 8	Stockholm	Office	11,919
Two	1	Vreten 17	Stockholm	Office	6,550
Two	1	Vreten 25	Stockholm	Office	12,610
Three	1	Oden 7	Trollhättan	Retail	16,253
Four	1	Dingersjö 3:135	Sundsvall	Other	1,677
Total	23				107,288





Sato, Finland

Sato Oyj

In 2015, Balder gradually acquired shares in Sato Oyj and reached 53 per cent as of 30 December, which means that Sato is consolidated in Balder's balance sheet for 2015.

On 1 April 2015, Balder carried out its first acquisition of shares in Sato Oyj, which is Finland's second largest housing company, equivalent to 21 per cent of the outstanding shares and voting rights.

Balder has subsequently gradually acquired more shares in Sato. On 30 December, Balder acquired a further 22.9 per cent of the outstanding shares and votes, and together with the previous total holdings of shares and votes, which amounted to 30.4 per cent, means that Balder owns 53.3 per cent in total of the outstanding shares and votes and therefore has consolidated Sato from 31 December 2015. The company's earnings during the year are recognised in Balder as profit from participations in associated companies.

Sato is a property company, which has high-quality properties in excellent locations that complement Balder's existing operations and property portfolio. The number of employees in Sato amounted to 170 people on 31 December, of which

110 were women. Sato owns just over 23,000 apartments. 80 per cent of the properties are located in Helsinki and the remainder in Tampere, Oulu, Turku, Jyväskylä and St. Petersburg. Sato's property value has developed positively in recent years through acquisitions and construction under its own management. Sato has more than 1,200 rental apartments under construction and 545 rental apartments were completed during 2015.

The housing market in Finland consists of 2.6 million apartments, of which two thirds are condominiums and one third are rental apartments. Sato's share of the rental market is about 3 per cent. The largest owners in the Finnish market are insurance companies, pension funds and municipalities, where the municipalities usually own apartments for social purposes. Demand for smaller apartments exceeds supply, especially in the Helsinki region. Sato's apartments have an average area of 57 sq. m. For more information, visit Sato's website www.sato.fi



Sato, Finland



Bovieran

Bovieran

Bovieran's housing is a unique concept for those aged 55+ that stands for experience, security and social fellowship.

The Riviera as a source of inspiration

Bovieran plans, develops and builds concept properties in the form of tenant-owner's apartments for senior residents.

The company was founded in 2005 and the first tenant-owners moved in to Bovieran in Partille during summer 2009. In 2013, the collaboration with Balder began and from spring 2015, Bovieran AB became 100%-owned by Balder. The winter garden is Bovieran's natural meeting place and offers a shared space without rain and snow clearing.

Security in focus

All Bovieran facilities are completely identical and consist of 48 tenant-owner's apartments. The property is built in a U-shape featuring a 1,600 sq.m. glazed-in winter garden in the middle.

Since its inception, 13 Bovieran facilities have been built throughout central Sweden. To date, the concept has been a success and more establishments are in progress. For more information, visit Bovieran's website www.bovieran.se

Quick facts 2015

Ongoing construction projects:

Enköping, Helsingborg, Falun, Sala and Skövde

Occupation:

Haninge, Linköping, Järfälla and Norrköping

Sales in progress:

Falun, Sala, Skövde and Örebro II

Planned projects:

Borgholm, Karlstad, Kalmar II, Landskrona, Oskarshamn, Stenungssund, Strängnäs, Svedala, Södertälje, Trelleborg, Viken-Höganäs, Växjö and Ystad





Property and project development

Balder considers that it is important in property development transactions to be able to control the entire value chain, from acquisition of land to completion of the project.

During the year, Balder continued the work on building up its operations and expanding the property development organisation. A large number of detail development plans are ongoing, including densification and development of the existing property portfolio, externally acquired real estate projects and municipal land allocations. The ambition over time is to create an extensive portfolio of building rights relating to development properties and real estate projects, with the goal of producing a large number of new apartments annually – both rental apartments and tenant-owner's apartments in Stockholm, Gothenburg and the Öresund region.

In 2015, we started construction of

650 apartments and we have more than 1,000 apartments in total under construction.

Property development will mainly concentrate on residential projects. Commercial property development will concentrate on supporting housing projects and will be a part of the requirements for new detailed development plans. Through active property development, the ambition is to participate in changes to city districts, as well as individual property's conditions or use and thereby create value. By improving the existing property portfolio, land allocations and acquisitions, Balder wants to be a long-term player in property and urban development.

Where Balder is already a property owner, the company will focus on creating new building rights on existing land. Where there are opportunities for conversions to tenant-owner's associations, they will be evaluated. Our ambition is to invest in areas where we already operate, with a main emphasis on Stockholm, Gothenburg and the Öresund region, including Copenhagen.

Balder considers that it is important in property development transactions to be able to control the entire value chain, from acquisition of land to completion of a project. The development process occurs in different phases and can take several years, and therefore it is important that it proceeds in close cooperation with municipalities and other stakeholders.

Planned projects

Stockholm

In the property Gladan 3 on Kungsholmen in Stockholm, Balder plans to replace the existing office property with about 100 new tenant-owner's apartments, premises and a pleasant inner courtyard on the ground floor. The design of the building is in harmony with the existing character of the building and will be horseshoe-shaped with various ceiling heights up to 11 floors. The strategic position in Stockholm, the good communications and proximity to the water creates an exclusive form of housing. The detailed development plan is expected to be adopted in early 2017.



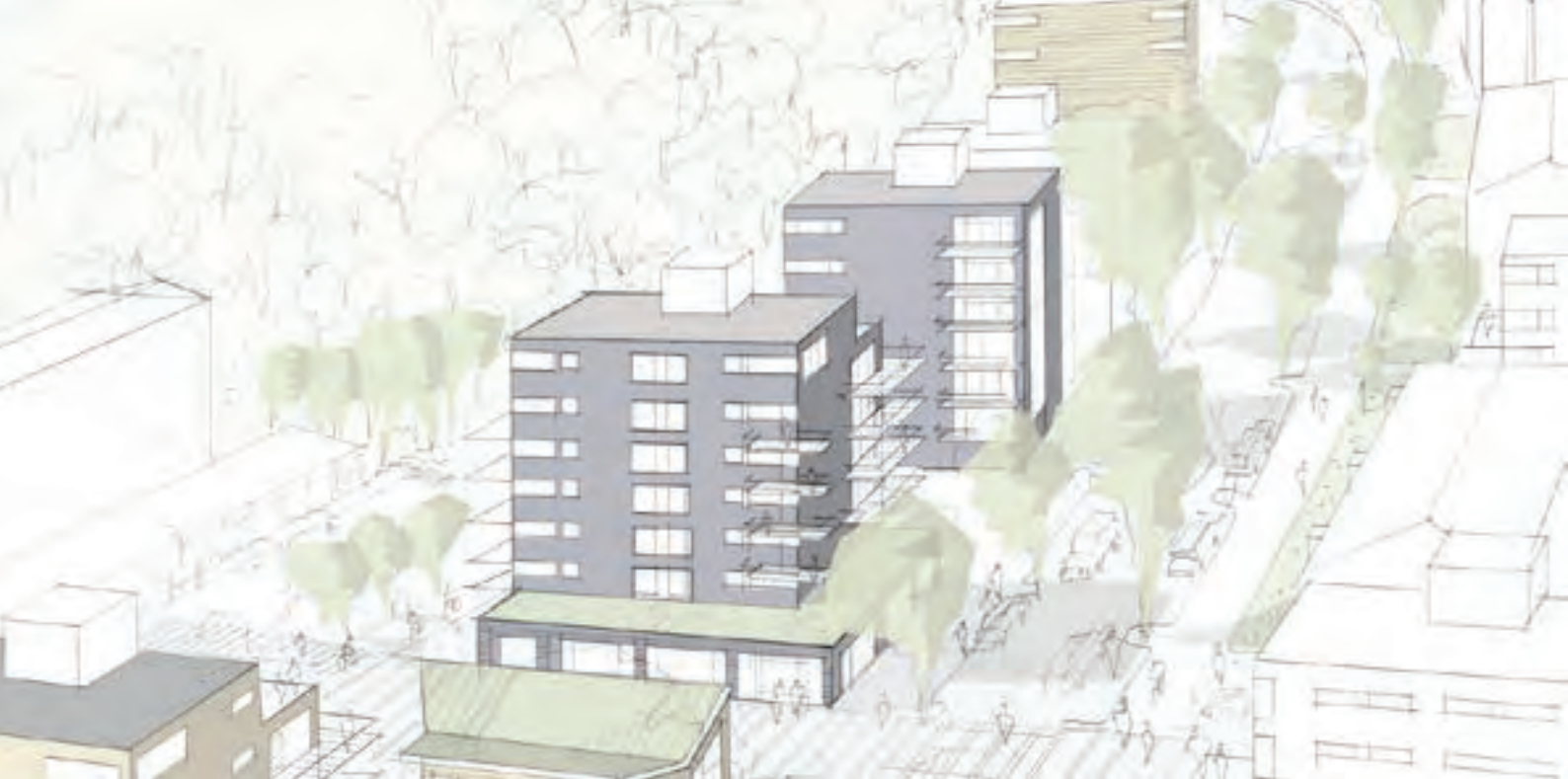
Copenhagen

Only a stone's throw from Amager Strand, Balder is constructing 450 apartments in the new Øresunds Park district, which is also called Copenhagen's Riviera. Construction of the project has started and will be completed in phases featuring a mixed development. The design is characterised by good Danish architecture.

The proximity to the seashore and lagoon offers both relaxation and an active life where a multitude of sporting activities and cultural activities are arranged. Meanwhile, Copenhagen's rich urban life is within a walking distance an exclusive and unique form of housing. The district is expected to be finished in 2018.

During 2015, Balder acquired a real estate project in Ørestad "Ørestad 321", which is located in Copenhagen's most modern and expansive area. There is also an extensive view from the apartments over green meadows and pastures. Construction of the 156 rental apartments has begun and the project is expected to be ready for occupation during summer 2017.





Gothenburg

When Gothenburg celebrates 400 years in 2021, 7,000 new apartments will be ready, apart from the regular housing construction.

The initiative has been named BoStad2021 and is part of Gothenburg 400-year jubilee with the aim of making Gothenburg into an even better city. The initiative is a unique collaborative project where the City of Gothenburg and the business community are partnering to increase the construction rate, achieve a better mix, more accessibility and create good value apartments in a children-friendly, dense and green city.

Of the 7,000 apartments, which is the adopted target for the initiative, Balder's share is just over 1,000 apartments, distributed among four areas – Södra Bergsjön, Svartedalen, Västra Frölunda and Majorna.

In Södra Bergsjön, Balder will construct about 150 apartments, of which about 75 are terraced houses. One of the goals is to increase comfort in the area and create opportunities for getting on the housing ladder through varied development. The detailed development plan is expected to be adopted during 2017.

In Svartedalen along Långströmsgatan, Balder is planning to construct about 350 apartments in varied development in the form of tower and slab blocks. The area borders the spacious Långström park area and has a central and attractive location at Hisingen. Nursery schools will be built

in the area. The detailed development plan is expected to be adopted during 2017.

At Munspelegatan i Västra Frölunda, Balder is planning to construct about 450 apartments, mainly tenant-owner's rights adjacent to Balder's existing property holdings, the so-called Stjärnhusen (star-shaped buildings). Proximity to the sea towards the west and Frölunda Torg make the area attractive. The detailed development plan is expected to be adopted during 2017.

ted during 2017.

Next to Älvsborgsbron in Majorna, Balder in collaboration with HSB is developing the old Fixfabriken, which is a well-known landmark in Gothenburg. Part of the area is included in the Jubilee initiative with 500 tenant-owner's apartments in a picturesque environment where half of the apartments are Balder's. The area is located in one of the most attractive areas of Gothenburg.



Property valuation

Balder's property portfolio consists of almost 1,200 properties, of which over 1,000 are residential properties.

The market value of Balder's properties reflects the future cash flow that is computed at present value using a yield requirement. The more predictable the future cash flow, of course the easier it is to determine the market value of the properties. The cash flows of residential properties are usually very predictable as the income is divided among a large number of tenants, which makes it easy to determine at what rent it will be let out at again in the event of a vacancy. Balder's commercial leases have an average lease term of 6.3 years. The 10 largest leases represent 6.1 per cent of the total rental income, with an average lease term of 11.1 years. These circumstances mean that a large number of Balder's future cash flows that make up the future market value are known.

The properties in Balder where the future cash flow is least predictable are mainly concentrated towards the central areas of the large cities of Stockholm, Gothenburg and Malmö. It is in those properties that we are most dependent on future lettings. But it is also there that we have to make an estimate in our valuations of what rent a premises can be let out for again in the event it becomes vacant. The big cities offer good transparency with comparative rental rates, which means that rental rates can be determined with great certainty. However, the time of further letting is more difficult to determine, which means that we have to make an assessment based on market demand, historical interest, similar premises etc. An estimate is also made of the future development of the immediate surroundings as well as the position of the property within its market segment.

The value of the properties is based on internal valuations. The rental trend for the property portfolio is expected to follow inflation over time. Commercial leases include indexation, which means that the rent develops at the same rate

as the CPI, consumer price index, during the leasing period. Residential properties have historically developed a little better than the CPI, but in its valuations, Balder has assumed that the rent develops in line with inflation. The total rental value amounted to SEK 5,257m on 31 December 2015.

Operating and maintenance payments

Assumptions have been made regarding future operating and maintenance payments. These assumptions are based on historic outcomes and future projections as well as estimated standardised costs. Operating and maintenance costs are adjusted upwards each year by inflation.

Yield requirement and cost of capital

Yield requirements and the cost of capital used in the valuation model have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental rate, vacancy rate and the condition of the property. Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5–10 per cent. Balder continually monitors the transactions that are completed in the market in order to substantiate and guarantee internal valuations. Balder also conducts continual discussions with external actors regarding acquisition and divestment of properties, which provides additional guidance.

On 31 December, Balder's average yield amounted to 5.4 per cent (5.5). The yield requirement for commercial properties amounted on average to 5.3 per cent (5.7) and to 5.4 per cent (5.1) for residential properties.

Change in value of the property portfolio

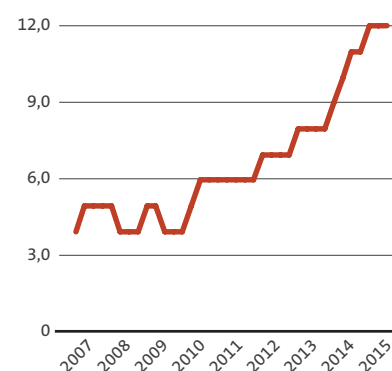
In 2015, Balder acquired properties for SEK 2,183m (7,059) in total. In addition to this, the acquisition of Sato Oyj contributed to an increase in the property portfolio of SEK 26,477m. Divestments during the year amounted to SEK 1,613m (1,114), which generated a profit of SEK 65m (144). According to Balder's internal valuation, the carrying amount of the properties at year-end amounted to SEK 68,456m (37,382), which corresponds to an unrealised change in value of SEK 3,323m (2,906). The largest share of the market value is found in the Stockholm, Helsinki and Gothenburg regions, which combined represent a property value of SEK 46,032m.

External valuations

In order to quality-assure its internal valuations, Balder regularly allows parts of the portfolio to be externally valued during the year. During the fourth quarter of 2015, Balder externally valued about one third of its properties including Sato's property holdings. The external valuations were less than 1 per cent lower than Balder's internal valuation at year-end. The external valuations were carried out during the year by Newsec and JLL. Historically, deviations between Balder's internal and external valuations have been insignificant.

Net operating income

Rolling annual value, SEK/share

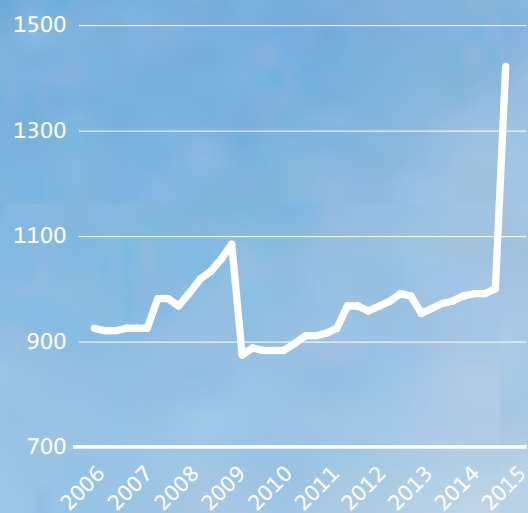


Region	Residential	Commercial properties	The mean value of yield requirements for estimation of residual value, %
	Yield requirement for estimating residual value, %	Yield requirement for estimating residual value, %	
Helsinki	5.25 – 6.50	—	5.70
Stockholm	2.75 – 4.75	4.00 – 7.00	4.72
Gothenburg	3.00 – 8.00	4.00 – 10.00	5.26
Öresund	3.45 – 5.50	4.50 – 6.50	4.92
East	4.25 – 6.50	5.75 – 10.00	5.94
North	4.00 – 5.75	5.50 – 6.50	4.90



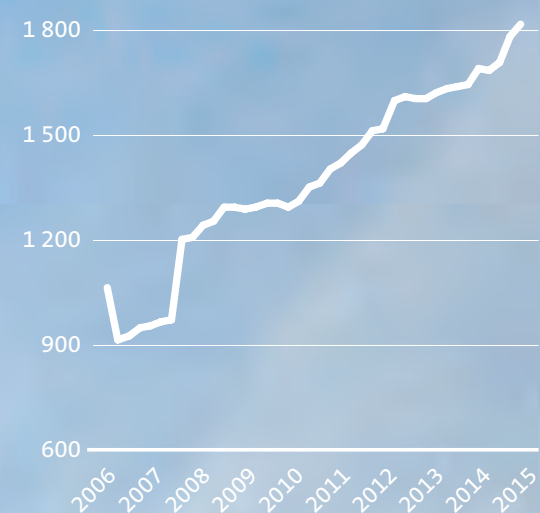
Rental value, Residential

SEK/sq.m.



Rental value, Commercial

SEK/Sq.m.





Financing

Balder finances itself through loan capital and equity. The goal is that the equity/assets ratio shall exceed 35 per cent over time, which means that we finance ourselves with at least 35 per cent equity and not more than 65 per cent loan capital.

Balder's largest asset class is residential properties, which are characterised by stable cash flows over time as the tenant risk is spread over a large number of payers. This also means that residential properties can be pledged to a higher degree than commercial properties by virtue of security in the cash flow. Today Balder has more than 60 per cent of its property value in residential properties and the majority of the other properties are commercial properties located in the central parts of the Stockholm, Gothenburg and Malmö metropolitan areas. The location of the assets forms a central part of lenders' credit risk assessments. Other important factors include diversification in the form of geography and asset class. Balder has chosen to own residential properties in Copenhagen and Helsinki in order not to be concentrated towards one market. Today about 45 per cent of the

property value is located in these cities and a few other growth areas in Finland. Although we so far have chosen to concentrate to date on residential properties outside Sweden, the assets in Sweden are more diversified in the form of office, hotel, retail and residential properties.

Balder has no official assessment of its credit risk through an external rating, but Balder's subsidiary Sato has an external rating from Moody's of Baa3, which corresponds to Investment Grade.

Interest-bearing liabilities

Of Balder's total financing, about 25 per cent consists of capital market financing and the remainder is bank financing and state subsidised loans, where the latter are raised in Finland. Balder's interest-bearing liabilities amounted to SEK 41,063m on 31 December. The secured liabilities in relation to total assets amounted to

42.2 per cent (50.6) as of 31 December. On the same date, the net loan-to-value ratio was 52.3 per cent (55.2). The net loan-to-value ratio is calculated as net interest-bearing liabilities divided by net total assets. Balder's fixed credit term amounted to 4.4 years (4.3), the interest rate refixing period was 2.9 years (2.3) and the average interest rate amounted to 2.2 per cent including the effect from interest rate derivatives

Net financial items

Net financial items, excluding changes in the value of interest rate derivatives, amounted to SEK -437m (-531), which was a result of larger average debt, however, the average interest rate was lower during the year. At year-end, Balder's average interest rate was 2.2 per cent (2.6).



Interest maturity structure 2015-12-31

Year	Interest rate refixing period		
	SEKm	Interest, %	Proportion, %
Within one year	21,512	1.1	52
1–2 years	304	3.3	1
2–3 years	4,470	4.5	11
3–4 years	1,631	3.1	4
4–5 years	4,012	2.6	10
>5 years	9,134	3.2	22
Total	41,063	2.2	100

Financial policy

The financial operations at Balder are conducted in accordance with the goals that the Board establishes annually in the financial policy. The goals are set in order to limit the financial risks that Balder is exposed to, which mainly relate to interest, refinancing and liquidity risk. The overall goals of the financial policy are:

- to secure the supply of short-term and long-term capital,
- that the equity/assets ratio should not be less than 35 per cent over time,
- that the interest coverage ratio should not be less than 2.0 times.

Liquidity

Balder utilises credit facilities in order to balance its liquidity needs. At year-end, Balder's available liquidity amounted to SEK 1,339m (806), which was composed of cash and cash equivalents, unutilised

credit facilities and financial investments. Apart from the available liquidity, Balder, at year-end had credit facilities of SEK 4,745m, of which SEK 4,545m were unutilised. Balder also has credit facilities that fully cover future payments for ongoing new construction projects. Balder's cash flow is relatively evenly distributed during the year as about 70 per cent of the rental income relates to residential rents, which are paid monthly. Remaining rents are mainly paid quarterly.

Financial goals

	Outcome		
	Goals	2015 ¹⁾	2014
Equity/assets ratio, %	35.0	37.8	35.5
Interest coverage ratio, times	2.0	5.1	3.4

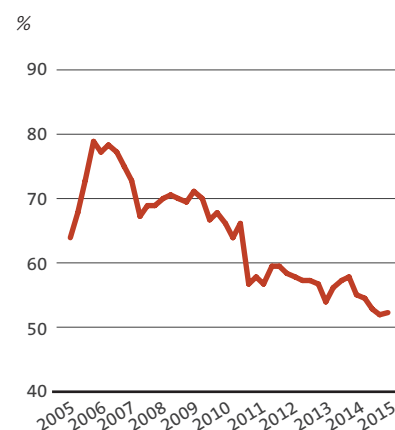
1) Key ratios including Collector AB at market value.

Key ratios

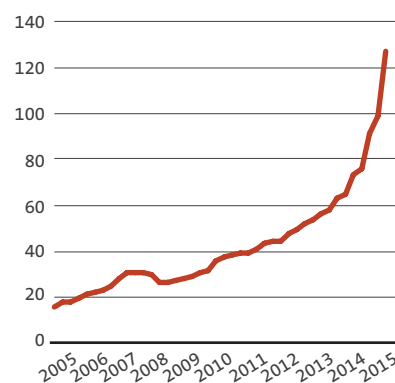
	2015 ¹⁾	2014
Return on equity ordinary share, %	28.2	29.7
Return on total assets, %	10.5	12.4
Net debt to assets excluding cash, %	52.3	55.2
Debt/equity ratio, times	1.4	1.6
Interest coverage ratio, times	5.1	3.4
Equity/assets ratio, %	37.8	35.5
Average fixed credit term, years	4.4	4.3
Average interest rate refixing period, years	2.9	2.3

1) Key ratios including Collector AB at market value.

Net debt to assets including cash



Development equity SEK/ordinary share



Associated companies

Balder's part-owned associated companies together own 55 investment properties, where our share of the carrying amount is SEK 3,701m. Balder also holds shares in the listed bank Collector, where the participating interest amounts to approximately 44 per cent.

Balder is a part-owner in property-managing associated companies, in associated companies that conduct project development and in the bank Collector, see Note 15, Participations in associated companies.

Sato Oyj, where the first shares were acquired in April, was an associated company for most of the year but became a subsidiary on 31 December, as the participating interest reached more than 53 per cent.

During the year, Balder established cooperation with three new partners. Balder currently owns 50 per cent of the shares in Murbruket Holding Fastighets AB, 31 per cent in Tornet Bostadsproduktion AB and 35 per cent in Brinova Fastigheter AB all property-managing companies.

The property-managing associated companies also include Centur, Tulia, Balder Skåne and Första Långgatan Fastig-

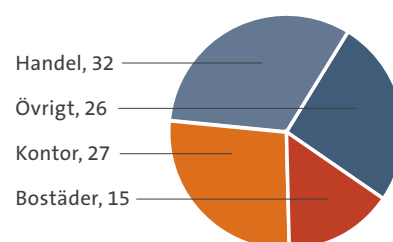
heter while Fix Holding works with project development.

The property-managing associated companies together own 55 investment properties (51) and real estate projects with a total carrying amount of SEK 8,828m (6,792), a total lettable area of about 367,000 sq.m. (317,000) and a rental value amounting to SEK 552m (400). Profit from property management, i.e. profit excluding changes in value and tax, amounted to SEK 1,193m (427), of which Balder's participation amounted to SEK 457m (195). The companies' profit after tax amounted to SEK 1,777m (646), of which Balder's participation amounted to SEK 831m (317).

Balder's results were affected by changes in value in respect of properties and derivatives of SEK 410m (178) before tax. For more information about Balder's associated companies, see Note 15, Participations in associated companies.

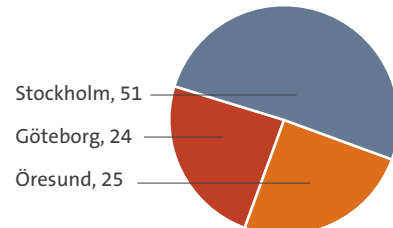
Carrying amount

per property category including projects, %



Carrying amount

per region including projects, %



Balder's participation in the property holdings of property-managing associated companies ¹⁾

2015-12-31	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/s.q.m.	Rental income, SEK	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	36	100,846	156	1,548	152	98	2,248	51
Gothenburg	11	47,401	55	1,171	52	93	800	18
Öresund	8	35,073	48	1,382	47	97	654	15
Total	55	183,320	260	1,419	251	97	3,701	84
Project			16		16		713	16
Total	55	183,320	276	1,419	267	97	4,414	100
Distributed by property category								
Residential	6	8,228	11	1,329	11	97	210	5
Office	10	35,026	69	1,966	64	92	953	22
Retail	31	91,434	99	1,081	96	97	1,396	32
Other	8	48,632	81	1,675	81	99	1,142	26
Total	55	183,320	260	1,419	251	97	3,701	84
Project			16		16		713	16
Total	55	183,320	276	1,419	267	97	4,414	100

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

2) Refers to the entire associated companies portfolio.



Talo 1, Finland

Fastighets AB Centur

The company is 50%-owned by Peab and Balder and it concentrates on property management, project development and property investments. Project development mainly focuses on construction of new retail and office premises and residential apartments but also improvements in real estate projects.

The company's largest real estate project is Varvsstaden in Malmö, which holds future building rights for about 350,000 sq.m. of residential and commercial space, on the site where Kockums once conducted shipbuilding operations.

At year-end, Centur owned 28 investment properties (29) with a lettable area of 202,000 sq.m. (213,000) and a rental value of SEK 246m (232) and 4 real estate projects (3). The carrying amount of the properties amounted to SEK 4,355m (4,061). The properties are located in Stockholm, Gothenburg and the Öresund region.

Tulia AB

Balder owns 50% of Tulia and the remaining part is owned by André Åkerlund AB. At year-end, Tulia owned 22 properties (21) with mainly central locations in Stockholm. The company's total lettable area at year-end amounted to 73,000 sq.m. (71,000) and the carrying amount of the properties totalled SEK 2,227m

(1,999) with a rental value amounting to SEK 140m (131).

Första Långgatan Fastigheter i Gbg HB

Balder together with Elof Hansson owns the company Första Långgatan Fastigheter i Gbg HB, which is the owner of the property Göteborg Masthugget 11:13. The property is located, adjacent to Masthuggstorget and the lettable area amounted to 32,000 sq.m. of premises and apartments. The rental value amounts to SEK 48m (44).

Fix Holding AB

The company is owned in equal shares by Balder and HSB Göteborg and it owns Fixfabriken in Majorna, which is a fully let building. Fix Holding will develop almost 500 new apartments here with complementary business premises.

The new Fixfabriken will be a sensation among residential areas in Gothenburg, and will feature distinctive architecture and excellent housing quality. Equally important is the fact that Fixfabriken will become a vital new addition and a dynamo for continued development, both in the area and in the city as a whole. It will be fantastic housing and it is also intended to serve a model for urban renewal, where participation, transparency and collaboration are not just fine words but firm reality. The objective is to have a

Balder's participation in the property holdings of property-managing associated companies

SEKm	2015	2014	2013
Rental income	244	180	179
Property costs	-53	-35	-40
Net operating income	191	145	140
	2015	2014	2013
Carrying amount properties, SEKm	4,414	3,396	2,543
Number of properties	55	57	49
Lettable area, sq.m. thousands	183	158	142

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

	2015-12-31	2014-12-31
Assets		
Properties	4,414	3,396
Other assets	247	27
Cash and cash equivalents	61	24
Total assets	4,723	3,447
Equity and liabilities		
Equity/ shareholders' loan	1,726	1,230
Interest-bearing liabilities	2,501	2,032
Other liabilities	496	185
Total equity and liabilities	4,723	3,447



detailed development plan ready by 2017. Also see www.fixfabriken.se

Balder Skåne AB

The company is owned in equal shares by Balder and K-Fastigheter and mainly consists of residential properties.

At year-end, the company owned 3 investment properties (3) and 1 real estate project (1) with a value of SEK 322m (304).

The company's total lettable area amounted to 12,000 sq.m. (12,000) with a rental value amounting to SEK 20m (20).

Murbruket Holding Fastighets AB

Balder together with Oscar Properties owns Murbruket Holding Property AB, which owns the office property Murmästaren 3 on Kungsholmen in Stockholm.

Tornet Bostadsproduktion AB

Balder's participating interest amounts to 31 per cent and the other owners are Peab, Folksam and Riksbyggen. Tornet is a company that concentrates on property management, project development and

property investments. The property development projects relate to new construction of residential properties.

At year-end, the company owned 13 investment properties and 7 real estate projects with a value of SEK 1,845m. The properties are located in Stockholm, Gothenburg and the Öresund region.

The company's total lettable area amounted to 45,000 sq.m. with a rental value amounting to SEK 78m. Also see www.tornet.se

Brinova Fastigheter AB

The principal owners in the new company are Balder with 35 per cent, and Backahill with 45 per cent. The property holdings are geographically concentrated towards southern Sweden and the goal is to create a new company with community and residential properties in focus.

At year-end, the company owned 38 investment properties with a value of SEK 976m. The properties are located in the Öresund area.

The company's total lettable area amounted to 117,000 sq.m. with a rental

value amounting to SEK 117m. Also see www.brinova.se

Collector AB

The company was listed in June and Balder, which is the principal owner, owns about 44 per cent. Collector is a successful bank which is displaying rapid organic growth. The company received its banking licence during the year and has offices in Gothenburg, Stockholm, Malmö, Oslo and Helsinki.

The company is a partner focusing on overall solutions in financing, credit management and the legal field. The balance sheet total at year-end amounted to SEK 10,057m (6,561), sales amounted to SEK 1,187m (916) and profit before tax to SEK 371m (244) and the market capitalisation was SEK 11,856m.

Balder also recognises consolidated statement of financial position including Collector at market value, in order to clarify Collector's value in Balder. Also see www.collector.se

Opportunities and risks

All business activity is associated with risks and these may affect the company negatively but they may also create opportunities. Balder works actively with diversification of risks as regards type of property, geographical distribution and customer composition in order to limit the company's risk exposure.

Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/- 1 %	+/- 51
Economic occupancy rate	+/- 1 percentage unit	+/- 53
Interest-rate level of interest-bearing liabilities	+ 1 percentage unit	- 187
Property costs	+/- 1 %	-/+ 16
Changes in value of properties	+/- 5 %	+/- 3,423

Rental income, rental trend and occupancy rate

Of Balder's contracted rental income, 64 per cent relates to residential properties and 36 per cent to premises. The company's income is affected by the occupancy rate of the properties, the possibility of charging market-related rents as well as customers' payment capacity. If the occupancy rate or rental rates change, irrespective of the reason, Balder's results are affected. Naturally, the risk of large fluctuations in vacancies and loss of rental income increases the more large individual tenants a property company has. Balder's ten largest leases represent 6.1 per cent of total rental income and their average lease term amounts to 11.1 years. No individual lease accounts for more than 0.9 per cent of Balder's total rental income and no individual customer accounts for more than 2.7 per cent of total rental income. There are no guarantees that Balder's major tenants will renew or extend their leases when they expire, which in the longer term can lead to altered rental income and vacancies. The dependence on individual tenants decreases in line with Balder's continued growth through acquisitions. In order to limit the risk of falling rental income and a weakened occupancy rate, Balder strives to develop long-term relationships

with the company's existing customers. Balder's leases are normally wholly or partly linked to the consumer price index, in other words, wholly or partly adjusted for inflation.

Balder is dependent on tenants paying agreed rents in time. In some leases, the tenant's obligations are guaranteed by the parent company or through bank guarantees. The risk still remains that tenants will suspend their payments or in other respects will not fulfil their obligations. If this happens, Balder's results could be affected negatively.

Unlike commercial properties, residential properties are covered by regulations which among other things mean that the so-called utility value principle determines the setting of the rent.

At year-end, Balder had an economic occupancy rate of 96 percent, which means that the vacancy at year-end amounted to SEK 182m and represents an opportunity for potential new lettings. The table above shows how profit before tax would be affected by a change of +/- 1 per cent in the rental level and +/- 1 per cent in the economic occupancy rate.

Operating and maintenance costs

Operating costs mainly consist of costs that are based on usage such as electricity, cleaning, water and heating costs.

Several of these goods and services can only be purchased from one supplier, which can affect the price. To the extent that possible cost increases are not compensated by adjustments of leases or increases in rent through renegotiation of leases, Balder's results can be affected negatively. Maintenance costs include measures aimed at maintaining the standard of the properties in the long term. These costs are expensed to the extent they constitute repairs and replacement of smaller areas. Other additional expenses of a maintenance character are capitalised in connection with the expense arising. Unforeseen and extensive repair needs may also affect the results negatively.

Property development

One way to increase returns is to construct new properties and develop existing ones through investments. The risks in property development projects include assessments about the rental market trend, but also the design of the product and the execution of the project itself. These risks are limited by only making investments in markets where Balder has good market knowledge, and where there is a strong demand for residential and commercial properties. Quality-assured internal processes and a high level of competency in the project organisation ensure that high quality is maintained in the execution and product and that sustainability requirements are met. During new construction of buildings, demands are always imposed that a large part of the property should be let before the investment begins. The majority of ongoing projects therefore have a high occupancy rate.



Change in value of the properties

83 per cent of the value of Balder's property portfolio is found in the four metropolitan regions Helsinki, Stockholm, Gothenburg and Öresund. Balder's investment properties are recognised at fair value in the balance sheet and changes in value are recognised in profit or loss. Unrealised changes in value do not affect the cash flow. Balder carries out an internal valuation of the property portfolio in connection with quarterly reports. Parts of the property portfolio are also externally valued and compared to the internal valuation.

The value of the properties is affected by a number of factors including property-specific factors such as occupancy rate, rental value and operating costs as well as market-specific factors such as yield requirements and the cost of capital.

Both property-specific and market-specific changes affect the value of investment properties, which in turn impacts the Group's financial position and results.

Dependence on key people

Balder's future growth is dependent on the knowledge, experience and commitment of the Management team and other key people. The company could be affected negatively if one or more of these people would leave the Group.

Operational risks

Balder can incur losses within the framework of its operating activities due to defective routines or irregularities. Good internal control, appropriate administrative systems, skills development and good access to reliable valuation and risk models provide a good basis for reducing operational risks. Balder continually works on monitoring the company's administrative security and control.

Taxes and changed legislation

Changes in corporate and property taxes, as well as other government levies, rent allowance and interest allowance can affect the basis for Balder's operations. It cannot be ruled out that tax rates will change in the future or that other changes will occur in the state system that affect real estate ownership. In most leases, the customer pays his share of the currently charged property tax. Changes in corporate taxation and other governmental levies, may affect Balder's results. A change in tax legislation or practice which implies changes in possibilities of making tax write-offs or utilising loss carry-forwards, for example, can mean a change in Balder's future tax situation and can thereby also impact results.

Financial risks

Balder's operations are mainly financed by equity and loans from external lenders. The relationship between equity and liabilities is managed on the basis of the chosen level of financial risk and the amount of equity needed to meet lenders' requirements for securing loans at market-related conditions. The financing via loans means that Balder is exposed to financing, interest rate and credit risks. Financing conditions include requirements as regards the equity/assets ratio, loan-to-value ratio and interest coverage ratio.

Refinancing risk

Refinancing risk refers to the risk that financing cannot be secured at all, or only at a significantly increased cost. Balder conducts continual discussions with banks and credit institutions aimed at securing the long-term financing. Balder cooperates closely with a handful of lenders in order to secure the company's long-term capital requirements.

Interest rate risk

Interest rate risk is defined as the risk that changes in the level of interest rates will affect Balder's financing expense. The interest expense is Balder's single



Balder's head office, Gothenburg

largest cost item. Interest expenses are mainly affected by the current level of the market rate of interest and the credit institutions' margins and by what strategy Balder chooses for interest rate refixing periods. Market rates of interest are mainly affected by the expected inflation rate. In times of rising inflation expectations, the interest rate level can be expected to rise, which immediately increases the interest expense on loans with short maturities.

Balder has a large proportion of loans which run according to short interest rate refixing periods. Balder deploys interest rate derivatives as part of its interest risk management, in order to achieve preferred interest rate refixing periods.

Credit risk

Credit risk is defined as the risk that Balder's counterparties cannot fulfil their financial obligations towards Balder. Credit risk in the financial operations arises during investment of excess liquidity, on entering into interest rate swap contracts and in connection with issued credit agreements. As regards Balder's trade receivables, customary credit checks are carried out before a new lease is entered into.

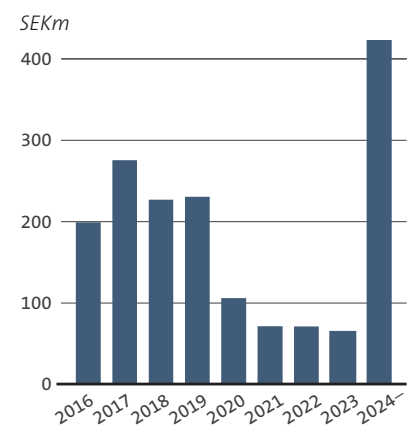
Currency risk

Balder owns properties via subsidiaries in Denmark and in Finland. Companies' revenue and costs are in local currency and are thereby exposed to fluctuations in exchange rates from a Group standpoint. Currency risk also arises in translation of the assets and liabilities of foreign subsidiaries to the currency of the parent company.

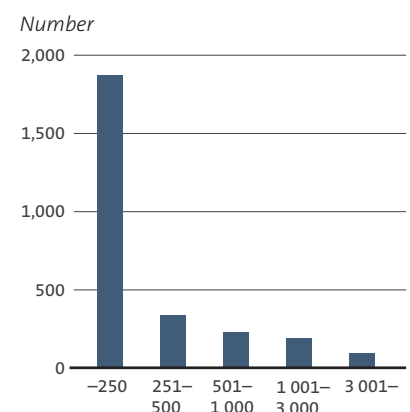
Environmental risk

Property management and property development have an environmental impact. Balder has established an environmental policy and works actively with environmental issues. Under the Environmental Code, the party conducting an activity which has contributed to pollution is also responsible for after-treatment. If the party conducting the activity cannot carry out or pay for the after-treatment of a property, the party acquiring the property and that on the acquisition date was aware of or that should have then discovered the pollution, is responsible. Since Balder mainly owns residential, office and retail properties, this risk is considered limited.

Maturity structure of commercial lease contracts



Number of commercial leases per rental value



-4% 5688^{+v} 25% $y^1 + 5y = 0$

17 6%
 $x^2 - 4$



$$\frac{3x+2}{10} = \frac{10+2}{10}$$

Balders annual report 2015

The numbers behind Balder

Definitions

Financial

Return on equity, ordinary share, %

Profit after tax reduced by preference share dividend for the period in relation to average equity after deduction of the preference capital. The profit was 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 profit was 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, SEKm

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

Net loan-to-value ratio, %

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 equity.

Equity/assets ratio, %

Shareholders' equity in relation to total assets at the end of the period.

Calendar

Annual General Meeting	10 May 2016
Interim report January – March 2016	10 May 2016
Interim report January – June 2016	23 August 2016
Interim report January – September 2016	3 November 2016
Year-end report January – December 2016	22 February 2017

Photos: HGBild Mattias Hansson, Åke Gunnarsson VUE AB, Jonatan Svennered, Digitalstudion AB
Form: Business & Emotions
Printing: Billes Tryckeri

Share-related

Equity per ordinary share, SEK

Shareholders' equity in relation to the number of outstanding ordinary shares at the end of the period after deduction of the preference capital.

Equity per preference share, SEK

Equity per preference share is equivalent to the average issue price of the preference share of SEK 287.70 per share.

Profit from property management per ordinary share, SEK

Profit from property management reduced by preference share dividend for the period divided by the average number of outstanding ordinary shares.

Average number of shares

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

Non-current net asset value per ordinary share (EPRA NAV), SEK

Shareholders' 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..

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Property-related

Yield, %

Estimated net operating income on an annual basis in relation to the fair value of the properties at the end of the period.

Net operating income, SEKm

Rental income less property costs.

Economic occupancy rate, %

Contracted rent for leases which are running at the end of the period in relation to rental value.

Property category

Classified according to the principal use of the property. The break-down is made into office, retail, residential and other properties. Other properties include hotel, educational, care, industrial/warehouse and mixed-use properties. The property category is determined by what the largest part of the property is used for.

Property costs, SEKm

This item includes direct property costs, such as operating expenses, media expenses, maintenance, ground rent and property tax.

Rental value, SEKm

Contracted rent and estimated market rent for vacant premises.

Surplus ratio, SEKm %

Net operating income in relation to rental income.

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

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

SEKm	31 dec 2015
Assets	
Investment properties	68,456
Other fixed assets	122
Participations in associated companies ¹⁾	6,549
Other receivables ²⁾	1,497
Cash and cash equivalents and financial investments	1,025
Total assets	77,649
Shareholders' equity and liabilities	
Shareholders' equity ³⁾	29,325
Deferred tax liability	4,071
Interest-bearing liabilities	41,063
Derivatives	1,294
Other liabilities	1,896
Total equity and liabilities	77,649
1) Including Balder's marketable value of Collector AB (publ).	5,224
2) Of which most part refers to receivables in associated companies.	
3) Of which non-controlling interests.	4,377

Consolidated statement of changes in equity

SEKm	31 dec 2015
Opening equity	14,261
Dividend preference shares	-200
Net profit for the year	4,909
Share issue after issue costs	1,705
Non-controlling interests arising on the acquisition of subsidiary	4,377
Adjustment of Collector AB (publ) to market value	4,273
Closing equity	29,325

The numbers behind Balder

Financial reporting

59 Report of the Board of Directors

Consolidated statement of

64 Comprehensive income
65 Financial position
66 Changes in equity
67 Cash flows

Parent Company

68 Income statement
69 Balance sheet
70 Changes in equity
71 Cash flow statement

72 Notes

93 Audit report

Report of the Board of Directors

The Board of Directors and CEO of Fastighets AB Balder (publ), corporate identity number 556525-6905, hereby submit the accounts of the Group and the Parent Company for the financial year 2015. Fastighets AB Balder is listed on Nasdaq Stockholm, Large Cap segment. The company has approximately 17,200 shareholders (16,300). Comparisons stated in parenthesis refer to the corresponding period of the previous year.

Operations

Balder's business concept is to create value by acquiring, developing and managing residential properties and commercial properties based on local support and to create customer value by meeting the needs of different customer groups for premises and housing.

Balder shall aim to achieve such a position in each region whereby the company is a natural partner for potential customers that are in need of new premises and/or housing. Growth should occur on the basis of continued profitability and positive cash flows.

Financial goals

Balder's goal is to achieve a stable and good return on equity, while the equity/assets ratio over time shall not be less than 35 per cent and the interest coverage ratio shall not be less than 2.0 times. The outcome in 2015 was 34.1 per cent and 5.1 times, respectively. Including Collector at market value, the equity/assets ratio was 37.8 per cent.

Organisation

Balder's business areas consist of the regions Helsinki, Stockholm, Gothenburg, Öresund, East and North, which are made up of 17 areas. The regional organisations follow the same basic principles but differ depending on the size and property holdings of each region. Regional offices are responsible for letting, operation, environmental matters and technical management.

The Balder Group, with Fastighets AB Balder as Parent Company, is composed of a large number of limited liability companies and limited partnership compa-

nies. Balder's operational organisation is supported by central accounting, property management and finance functions. The Group had a total of 647 employees (313) on 31 December, of whom 310 (110) were women.

Balder's Management team is composed of six people, of whom one is a woman. For information regarding approved guidelines for remuneration to senior executives, see Note 4, Employees and personnel expenses. The Board will not propose any changes in the guidelines to the Annual General Meeting 2016.

Significant events during the financial year

During the year, Balder acquired 53.3 per cent of Sato Oyj, Finland's second largest housing company. Collector AB, an associated company to Balder, was listed during the summer. Balder's participating interest amounted to 44.1 per cent after the listing.

Acquisitions

The largest transaction during the year was the gradual acquisition of shares in the housing company Sato Oyj. On 30 December, Balder became the majority owner with 53.3 per cent of the capital and votes. Through the majority ownership, Sato's balance sheet is consolidated, corresponding to a property value of about SEK 26 billion. Sato only owns residential properties, of which about 80 per cent are located in Helsinki and the remainder in growth regions in Finland and in St Petersburg, see Note 32, Business combinations. The acquisition was partly financed by a directed new issue of 10 million ordinary shares.

At the start of the year, the property Stockholm Snöflingan 3 was acquired for SEK 668m. The property was completed in 2009 and has a lettable area of about 22,000 sq. m. distributed among 280 rooms and a restaurant. Courtyard by Marriott Stockholm runs the operations.

During the third quarter, the property Mölndal Bastuban 1 was acquired, which today has SCA as the main tenant. The property is classified as a real estate project and Balder's ambition is to develop the property together with Mölndals Stad, for residential purposes in the first instance. It was acquired for SEK 365m and the lettable area is 47,000 sq. m. The site area amounts to almost 90,000 sq. m.

During the year, a number of properties were acquired for project development in Copenhagen.

Divestments

Balder's strategy for a number of years has been to divest properties in places where the company cannot sustain a sufficiently large management unit. During the year, all 13 properties in Tidaholm were divested and a further 10 properties around Sweden. Balder divested properties for about SEK 1,613m during the year. The divestments carried out generated a profit of SEK 65m, equivalent to 5 per cent above the carrying amount.

Other

A directed new issue of 10 million ordinary shares was completed in December, which brought in SEK 1,705 million after issue costs.

The property portfolio

Balder's commercial properties are mainly located in the central areas of big cities and the residential properties are located in big cities and in places that are growing and developing positively.

On 31 December, Balder owned 1,177 investment properties (486) with a lettable area of 3,430,000 sq.m (2,177,000) with a carrying amount of SEK 68.5 billion (37.4), including project real estate. During the year, 714 investment properties (37) with a lettable area of approximately 1,405,000 sq.m. (330,000) were acquired for SEK 28,660m (7,059). 23 properties (41) were divested during the year with a total lettable area of 108,000 sq.m. (139,000) for SEK 1,613m (1,114), which generated a profit of SEK 65m (144). In 2016, Balder will continue the work on consolidating its property portfolio.

When allocating carrying amounts by region, Helsinki amounted to 31 per cent (–), Stockholm to 20 per cent (34), Gothenburg 20 per cent (33), Öresund 12 per cent (18), East 14 per cent (11) and North 3 per cent (5). Of the carrying amounts, 36 per cent (62) related to commercial properties and 64 per cent (38) to residential properties.

Earnings

Profit from property management for the year amounted to SEK 1,780m (1,275), which corresponds to SEK 9.71 per ordinary share (6.64). The increase was primarily due to changes in the property portfolio. The profit from property management includes SEK 457m (195) in respect of associated companies, which is included in the income statement in participations in profits from associated companies. Net profit for the year after tax amounted to SEK 4,916m (3,128), corresponding to SEK 28.98 per ordinary share (18.10).

The result was impacted by realised changes in value in respect of properties of SEK 65m (144), unrealised changes in value of properties of SEK 3,323m (2,906), changes in value in respect of interest rate derivatives of SEK 227m (–624) and profit from participations in associated companies of SEK 831m (317).

The Group's rental income amounted to SEK 2,711m (2,525) during the year. The leasing portfolio was estimated to

have a rental value on 31 December of SEK 5,257m (2,885) on a full-year basis. The average rental level for the entire property portfolio amounted to 1,508 SEK/sq.m. (1,325). The increase in the average rental level was mainly due to changes in the property portfolio. The rental income shows a considerable diversification of risks as regards tenants, sectors and locations.

The economic occupancy rate amounted to 96 per cent (95) on the closing date. On 31 December, the total rental value for unlet areas amounted to SEK 182m (155) on a full-year basis.

Property costs amounted to SEK 767m (760) during the year. The increase in property costs was mainly due to the change in the property portfolio and a mild winter with very little snow. Net operating income increased by 10 per cent to SEK 1,944m (1,766), which provided a surplus ratio of 72 per cent (70).

Net financial items, excluding changes in value of derivatives amounted to SEK –437m (–531) and changes in value of interest rate derivatives amounted to SEK 227m (–624). The positive change in value during the year was due to a rise in the level of interest rates which means that the difference in relation to the contracted interest rate level of interest rate derivatives has decreased.

Derivatives are continually recognised at fair value in the balance sheet and changes in value are recognised in the income statement without using hedge accounting. Changes in value from derivatives arise in the event of changed interest-rate levels and do not affect cash flow, as long as they are not sold during the period. Balder has hedged against higher levels of interest rates, which means that the market value of derivatives decreases during a period of downward interest rates. The deficit in respect of interest rate derivatives amounted to SEK 1,294m (1,086) at

year-end. The deficit on derivatives will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 1,294m that will be reversed to equity in its entirety, adjusted by deferred tax, in line with the maturity of the interest rate derivatives.

Net financial items are equivalent to an average interest rate of 1.8 per cent (2.7) including the effect of accrued interest from Balder's interest rate derivatives.

Multi-year summary

See page 7.

Value of the properties

Balder carried out an internal valuation on 31 December of the property portfolio, based on a ten-year cash flow model. Each property is individually valued by computing the present value of future cash flows, in other words future rent payments less estimated operating and maintenance payments. The cash flow is adjusted to the market by taking account of changes in letting levels and occupancy rates as well as operating and maintenance payments.

The valuation is based on an individual assessment of each property, as well as future cash flows and the yield requirement. For a more detailed description of Balder's property valuation see Note 13, Investment properties.

Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. In order to quality-assure its internal valuations, Balder regularly allows parts of the portfolio to be externally valued during the year. During the fourth quarter, Balder externally valued about one third of its property portfolio. The externally valued properties are located in Helsinki, Skåne, Gothenburg and Stockholm. The external valuation was less than 1 per cent lower than Balder's internal valuation at year-end

Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/- 1 %	+/- 51
Economic occupancy rate	+/- 1 percentage unit	+/- 53
Interest-rate level of interest-bearing liabilities	+ 1 percentage unit	– 187
Property costs	+/- 1 %	–/+ 16
Changes in value of properties	+/- 5 %	+/- 3 423

On 31 December, Balder's average yield requirement amounted to 5.4 per cent (5.5), excluding project real estate and property development projects, which was 0.1 percentage units lower than at the start of the year. The reduction in the yield requirement is attributable to the strong prevailing demand for properties. Our assessment is that the new yield requirement better reflects the market's determination of prices.

On 31 December, the carrying amount of the investment properties amounted to SEK 68,456m (37,382), according to the individual internal valuation, which implied an unrealised change in value of SEK 3,323m (2,906).

Taxes

Balder reported current tax revenue of SEK 4m (–11) and a deferred tax expense of SEK –866 (–682).

Current tax and deferred tax have been calculated based on the applicable tax rate for 2015. Current tax only arises in exceptional cases on account of the possibilities of making tax write-offs, tax deductions for certain investments in properties and use of existing loss carry-forwards. For the small number of subsidiaries where no group contributions for tax purposes exist, current tax can arise. Current tax for the year mainly relates to companies acquired and divested during the year.

Deferred tax is calculated on the temporary differences arising after the acquisition date. 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 4,071m (1,549). For more detailed information, see Note 11, Taxes.

Cash flow and financial position

Balder's assets amounted to SEK 73,376m (40,185) on 31 December. These have been financed by equity of SEK 25,052m (14,261) and by liabilities of SEK 48,324m (25,923) of which SEK 41,063m (22,378) are interest-bearing.

Cash flow from operating activities be-

fore changes in working capital amounted to SEK 1,193m (1,038). Investing activities have burdened the cash flow by SEK 5,635m (6,708). During the year, acquisition of properties of SEK 2,097m (6,835), investments in existing properties and projects of SEK 791m (700), investments in property, plant and equipment, financial investments, associated companies and subsidiaries of SEK 4,857m (570) and dividends paid of SEK 200m (200) totalled SEK 7,945m (8,305). These were financed through cash flow from operating activities of SEK 762m (1,340), through property divestments of SEK 1,606m (1,114) and financial investments of SEK 504m (219), a new issue of SEK 1,705m (–) and net borrowing of SEK 3,788m (5,338), totalling SEK 8,365m (8,011).

Total cash flow for the year amounted to SEK 421m (–8). The Group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 1,339m (806) on 31 December.

Equity

Shareholders' equity amounted to SEK 25,052m (14,261) on 31 December, corresponding to SEK 103.24 per ordinary share (70.10). The equity/assets ratio amounted to 34.1 per cent (35.5). Including Collector at market value, the equity/assets ratio was 37.8 per cent and equity per ordinary share was SEK 128.03.

Interest-bearing liabilities

The Group's interest-bearing liabilities amounted to SEK 41,063m (22,378) on 31 December. The proportion of loans with interest dates during the coming 12-month period amounted to 52 per cent (62) and the average fixed credit term amounted to 4.4 years (4.3). Derivatives contracts have been entered into in order to limit the impact of a higher market rate of interest.

The above-mentioned derivatives are continually recognised at fair value in the balance sheet with changes in value recognised in net financial items in the income statement without using hedge accounting. Changes in value during the year amounted to SEK 227m (–624). Interest-bearing liabilities are described in greater detail in Note 21, Financial risks and financial policies.

Liquidity

At year-end, the Group's financial investments, cash and cash equivalents and unutilised credit facilities amounted to SEK 1,339m (806).

Investments

Property investments amounted to SEK 2,974m (7,759) during the year, of which SEK 2,183m (7,059) related to acquisitions and SEK 791m (700) related to investments in existing properties and projects. In addition to this, the acquisition of Sato Oyj contributed to an increase in the property portfolio of SEK 26,477m. Of the total changes in the property portfolio, SEK 21 291m (–) related to Helsinki, 1,117m (2,545) related to Stockholm, SEK 597m (2,615) to Gothenburg, SEK 1,176m (1,227) to Öresund, SEK 5,243m (788) to East, and SEK 27m (583) to North.

Associated companies

Balder owns 50 per cent of a number of companies where Balder takes care of management and administration, for further information see Note 15, Participations in associated companies. Apart from the 50%-owned associated companies, Balder owns 44.1 per cent (48) of Collector AB (publ), 31 per cent (–) of Tornet Bostadsproduktion AB and 35 per cent (–) of Brinova AB. On pages 50-51, Balder's participations in the balance sheets and property holdings of the 50%-owned property-managing associated companies are reported and presented according to IFRS accounting policies.

The associated companies own a total of 55 investment properties (51) and 5 real estate projects (6). Balder's participation in the lettable area of the property holdings amounts to approximately 183,000 sq.m. (158,000) with a rental value of SEK 276m (200). The economic occupancy rate amounted to 97 per cent (97).

Parent company

The parent company's operations mainly consist of performing group-wide services. Balder has centralised the Group's credit supply, risk management and cash management through the parent company having an internal bank function. Sales

in the parent company amounted to SEK 147m (124) during the year, of which intra-group services represented SEK 117m (97) and the remainder mostly related to management assignments for associated companies.

Net profit after tax during the year amounted to SEK 1,061m (302). The profit was impacted by changes in value in respect of interest rate derivatives of SEK 199m (–585).

The parent company's financial investments, cash and cash equivalents, including unutilised credit facilities amounted to SEK 658m (722) on 31 December. Receivables from group companies amounted to SEK 21,676m (15,777) on the closing date. Investments in property, plant and equipment and financial investments amounted to SEK 1m (1) and SEK 846m (144) respectively during the year. The net change in non-current liabilities of SEK 3,119m (2,154) was mainly related to acquisitions during the year.

Opportunities and risks

Balder's operations, financial position and results may be affected by a number of risk factors.

Rents and customers

Balder's income is affected by the occupancy rate of the properties, the possibility of charging market-related rents as well as customers' payment capacity. The occupancy rate and rental levels are largely determined by the general and regional economic trends. Naturally, the risk of large fluctuations in vacancies and loss of rental income increases when there are more large individual customers in the property portfolio.

In order to limit the risk of lower rental income and a weakened occupancy rate, Balder strives to develop long-term relationships with the company's existing customers. Balder's distribution between commercial and residential properties and the geographical spread in the portfolio means that the risk relating to rental income is low.

At year-end, Balder had an economic occupancy rate of 96 per cent (95). Balder's ten largest leases represented 6.1 per cent (9.4) of total rental income and their average lease term amounted to 11.1 years

(11.1). No individual lease accounted for more than 0.9 per cent (1.5) of Balder's total rental income and no individual customer accounts for more than 2.7 per cent (4.8) of total rental income. The average lease term in the overall commercial portfolio amounted to 6.3 years (5.9).

A change of \pm 1 per cent in rental income would affect the profit before tax by \pm SEK 51m.

Debt and risk management

Balder's greatest financial risk is a lack of financing. To limit refinancing risk, Balder works continually to renegotiate loans and to diversify the maturity structure of loans. Meanwhile, this work ensures that competitive long-term financing is maintained. Balder's average fixed credit term amounted to 4.4 years (4.3).

Interest risk arises through fluctuations in the market rate of interest, which affects results and cash flow. A higher market rate of interest means an increased interest expense but this often also coincides with higher inflation and economic growth. This means that higher interest expenses are partly offset by lower vacancy rates and higher rental income through increased demand and by the fact that rents are indexed. Balder has elected to use interest rate derivatives to limit the risk of financing costs increasing significantly in the event of a higher market rate of interest.

In the event of an immediate increase in the market rate of interest of one percentage unit and the assumption of an unchanged loan and derivative portfolio, the interest expense would increase by SEK 187m. Of Balder's total loan stock at year-end, 48 per cent (38) had an interest rate refixing period of more than one year. The holdings in Denmark and Finland have given rise to a currency position. For more information see Note 21, Financial risks and financial policies.

Property costs

Property costs include direct costs such as operating and media expenses, maintenance costs, ground rent and property tax. Each region is responsible for ensuring that the property portfolio is well-maintained and in good condition. Through a local presence, knowledge

improves about each property's need for preemptive work, which is more cost-effective in the long-term than extensive repairs.

Balder works continually on improving cost efficiency using rational technical solutions, practical efforts and continuous follow up.

A change of \pm 1 per cent in property costs would affect the property costs by SEK \pm 16m.

Changes in value of investment properties

Balder reports its investment properties at fair value with changes in value in the income statement. Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. The uncertainty in respect of individual properties is normally considered to be in the range of \pm 5–10 per cent. The uncertainty varies according to the type of property, geographical location and real estate market conditions. Balder continually monitors the transactions that are completed in the market in order to substantiate and guarantee valuations. In addition, Balder conducts continual discussions with external participants on acquisition and divestment of properties and regularly allows external parties to value parts of the portfolio, which provides additional guidance. Also see Note 13, Investment properties.

Profit before tax would be affected by SEK \pm 3,423m in the case of a change in value of the investment properties of \pm 5 per cent. The equity/assets ratio in the event of a positive change in value would amount to 36.1 per cent and in the event of a negative change in value it would amount to 32.0 per cent..

Environment

Balder has not carried out any comprehensive study of possible environmental pollution in the property portfolio but estimates that neither the properties nor the customers' operations give rise to any material environmental risks, which could affect the company's position. Acquisitions of properties where a risk of an environmental impact is deemed to exist, are preceded by environmental inspections.

The company's ownership of wind turbines is part of Balder's environmental work. Balder's 10 wind turbines generated 22.5 million kWh, which is equivalent to the average annual consumption of 900 houses.

The share and owners

In December, a directed new issue was completed of 10 million Class B ordinary shares. The issue was carried out at a price of SEK 172 per share and brought in SEK 1,705 million after issue costs.

At year-end, the share capital amounted to 182,396,852 distributed among 182,396,852 shares. Each share has a quota value of SEK 1, whereof 11,229,432 are of Class A, 161,167,420 of Class B and 10,000,000 preference shares. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote.

The Annual General Meeting 2015 resolved to authorise the Board during the period until the next AGM to decide on a new issue of shares of Class B and preference shares corresponding to not more than 10 per cent of the existing share capital. The largest owners are Erik Selin with company, which holds 49 per cent of the votes and Arvid Svensson Invest AB with 15 per cent of the votes. There are no restrictions in the articles of association as to the form of transfer of shares or voting rights at the general meeting.

Since Balder will prioritise growth, capital structure and liquidity during the next few years, the dividend for the ordinary share will be low or may not be declared at all. The quarterly dividend for the preference share amounts to SEK 20.00 per year.

Report on the Board work during the year

The Board held 9 board meetings during the financial year of which one was the statutory meeting. The work follows a formal work plan approved by the Board. The formal work plan governs the Board's working methods and the division of responsibility between the Board and CEO as well as the forms for the day-to-day financial reporting. During the year, strategic questions and other important matters for the company's development were discussed, apart from day-to-day financial reporting and decision-making. The company's auditors participate in at least one board meeting and report on their audit of the Management's administration and of the accounts.

Corporate governance

Balder is governed by the corporate governance rules prescribed in the Swedish Companies Act, the Articles of Association and the listing agreement with Nasdaq Stockholm. The Board aims to make it easy for the individual shareholder to understand where in the organisation responsibility and authority lie. Corporate governance in the company is based on Swedish legislation, principally on the Swedish Companies Act, the listing agreement of the Swedish Stock Exchange, the Swedish Code of Corporate Governance as well as other rules and guidelines. Some of the Code's principles involve creating a good basis for exercise of an active balance of power among owners, the Board and Management, which Balder views as a natural element in the principles of the operations.

Remuneration to the CEO and other senior executives

Guidelines for remuneration of senior executives were resolved upon at the preceding Annual General Meeting. Above all, the guidelines mean that market-related salaries and other terms of employment should be applicable for the company management. The remuneration should be paid in the form of a fixed salary. Taken together, dismissal pay and termination benefits should not exceed the equivalent of 18 monthly salaries. The company management refers to the CEO and other members of the Group Management.

The Board's proposed guidelines to the next Annual General Meeting correspond to the present guidelines.

Significant events after the end of the financial year

See Note 28, Significant events after the end of the financial year.

Expectations regarding the future trend

Balder's goal is to grow by means of direct or indirect acquisitions together with our partners in locations, which are considered interesting.

Proposed distribution of earnings

The following amount in Swedish kronor is at the disposal of the Annual General Meeting:

Retained earnings	7,819,739,407
Net profit for the year	1,060,941,923
Total¹⁾	8,880,681,329

1) See change in the Parent Company's equity, page 70.

The Board proposes that the amount be allocated as follows:

Dividend SEK 20.00 per preference share	200,000,000
Carried forward	8,680,681,329
Total	8,880,681,329

The Board's statement regarding the proposed distribution of profits.

The Board considers that full coverage exists for the company's restricted equity after the proposed distribution of profits.

The Board considers that the proposed distribution of profits is reasonable taking account of the assessment criteria prescribed in Chapter 17. Section 3 second and third paragraphs of the Swedish Companies Act (the type, scale, risks, need to strengthen the balance sheet, liquidity and general financial position of the operations).

The Board estimates that the company's equity after the proposed distribution of profits will be sufficiently large in relation to the type, scale and risks of the operations. The Board's assessment of the parent company's and the Group's financial position means that the dividend is defensible in relation to the Group's need to strengthen the balance sheet, liquidity and unexpected events.

The proposed distribution of profits will not affect the company's and the Group's ability to meet their payment obligations at the right time.

The proposed dividend for preference shares accounts for 2.2 per cent (3.1) of the company's equity and 0.8 per cent (1.4) of the Group's equity.

Balder's declared goal for the Group's capital structure is that the equity/assets ratio should not be less than 35 per cent over time and that the interest coverage ratio should not be less than 2.0 times, and should also be met after the proposed dividend. In light of this, the Board considers that the company and the Group have a good basis for taking advantage of future business opportunities and also for managing possible losses. Planned investments have been considered in determination of the proposed distribution of profits.

Record days for the quarterly dividend of SEK 5.00 to the preference shareholders are 8 July, 10 October, 10 January and 10 April.

Gothenburg, 6 April 2016
Board of Directors

Financial statements

Consolidated statement of comprehensive income

SEKm	Note	2015	2014
Rental income	2, 3	2,711	2,525
Property costs	3, 6, 7, 8	–767	–760
Net operating income		1,944	1,766
Changes in value of investment properties, realised	13	65	144
Changes in value of investment properties, unrealised	13	3,323	2,906
Other income/costs	33	11	–
Management and administrative expenses	5, 6	–185	–154
Participation in profits of associated companies	15	831	317
Operating profit	3, 4, 5, 6, 7	5,988	4,977
Financial items			
Financial income	9	166	108
Financial costs	10	–603	–640
Changes in value of derivatives	21	227	–624
Net financial items		–210	–1,156
Profit before tax		5,778	3,822
Income tax	11	–862	–693
Net profit for the year		4,916	3,128
Other comprehensive income - Items that may be subsequently reclassified to profit or loss			
Translation difference regarding foreign operations		3	16
Participation in other comprehensive income from associated companies		–10	1
Comprehensive income for the year		4,909	3,145
Net profit for the year attributable to			
The parent company's shareholders		4,916	3,128
Non-controlling interests		–	–
Total comprehensive income for the year attributable to			
The parent company's shareholders		4,909	3,145
Non-controlling interests		–	–
Profit from property management before tax		1,780	1,275
Profit from property management before tax per ordinary share, SEK ¹⁾		9.71	6.64
Profit after tax per ordinary share, SEK ¹⁾	12	28.98	18.10

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

Consolidated statement of financial position

SEKm	Note	31 Dec 2015	31 Dec 2014
Assets			
Non-current assets			
Investment properties	13	68,456	37,382
Other property, plant and equipment	14	122	96
Participations in associated companies	15	2,276	1,489
Other long-term receivables	17	1,173	616
Total non-current assets		72,027	39,584
Current assets			
Trade receivables	16	130	19
Other receivables		87	80
Prepaid expenses and accrued income	18	107	45
Financial investments	19	405	257
Cash and cash equivalents	25	620	199
Total current assets		1,349	600
Total assets		73,376	40,185
Shareholders' Equity and liabilities			
Equity			
Share capital	20	182	172
Other paid-up capital		6,034	4,339
Translation difference		-7	1
Retained earnings including net profit for the year		14,465	9,749
Equity attributable to owners of the Parent Company		20,675	14,261
Non controlling interest		4,377	-
Total equity		25,052	14,261
Provisions			
Deferred tax liability	11	4,071	1,549
Total provisions		4,071	1,549
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	21	39,095	22,157
Other non-current liabilities		331	-
Credit facilities	21, 22	36	-
Derivatives	21	1,294	1,086
Total non-current liabilities		40,755	23,243
Current liabilities			
Current interest-bearing liabilities	21	1,933	221
Trade payables		179	74
Other liabilities		542	297
Accrued expenses and deferred income	23	845	538
Total current liabilities		3,498	1,131
Total liabilities		48,324	25,923
Total Equity and liabilities		73,376	40,185
Pledged assets and contingent liabilities			
Pledged assets	24	45,322	24,613
Contingent liabilities	24	1,916	1,486

Consolidated statement of changes in equity

Attributable to the parent company's shareholders

SEKm	Share capital ¹⁾	Other paid-up capital	Translation difference	Retained earnings including net profit for the year	Total	Non-controlling interests	Total equity
Equity at 1 Jan 2014	172	4,339	-16	6,701	11,196	-	11,196
Net profit for the year				3,128	3,128		3,128
Other comprehensive income			17		17		17
Total comprehensive income	-	-	17	3,128	3,145	-	3,145
Disposal of treasury shares				220	220		220
Dividend on preference shares booked as a liability but still unpaid				-100	-100		-100
Dividend paid preference shares				-200	-200		-200
Total transactions with the company's owners	-	-	-	-80	-80	-	-80
Equity at 31 Dec 2014	172	4,339	1	9,749	14,261	-	14,261
Equity at 1 Jan 2015	172	4,339	1	9,749	14,261	-	14,261
Net profit for the year				4,916	4,916		4,916
Other comprehensive income			-7		-7		-7
Total comprehensive income	-	-	-7	4,916	4,909	-	4,909
Non-controlling interests, arising on the acquisition of subsidiary ²⁾						4,377	4,377
Share issue, after issue costs	10	1,695			1,705		1,705
Dividend for preference shares				-200	-200		-200
Total transactions with the company's owners	10	1,695	-	-200	1,505	4,377	5,882
Equity at 31 Dec 2015	182	6,034	-7	14,465	20,675	4,377	25,052

1) For further information, see note 20 Share capital.

2) For further information, see note 32 Business combination.

Consolidated statement of cash flows

SEKm	Note	2015	2014
Operating activities			
Operating profit		1,944	1,766
Other income/costs		2	–
Management and administrative expenses		–185	–154
Reversal of depreciation and amortisation		15	18
Other adjustments		0	11
Interest received	25	32	27
Interest paid	25	–618	–617
Tax paid		4	–11
Cash flow from operating activities before change in working capital		1,193	1,038
Cash flow from changes in working capital			
Change in operating receivables		–660	148
Change in operating liabilities		228	155
Cash flow from operating activities		762	1,340
Investing activities			
Acquisition of properties		–2,097	–6,835
Acquisition/Divestment of property, plant and equipment		–4	–6
Purchase of financial investments		–542	–144
Acquisition of shares in associated companies		–92	–420
Investment in existing properties and projects		–791	–700
Acquisition of subsidiary ¹⁾	32	–4,219	19
Sale of properties		1,606	1,114
Sale of financial investments		504	219
Dividend paid from associated companies		–	45
Cash flow from investing activities		–5,635	–6,708
Financing activities			
Share issue, after issue costs		1,705	–
Dividend paid for preference shares		–200	–200
Loans raised		5,209	6,575
Disposal of treasury shares		–	220
Amortisation/redemption of loans		–1,457	–1,232
Change in credit facilities		36	–4
Cash flow from financing activities		5,293	5,359
Cash flow for the year		421	–8
Cash and cash equivalents at beginning of year		199	208
Cash and cash equivalents at end of year	25	620	199
Unutilised credit facilities	22	314	350
Financial investments	19	405	257

1) The item in 2015 represents a net outflow of cash for the acquisition of Sato Oyj. For further information, see note 32 Business combination.

Parent Company income statement

SEKm	Note	2015	2014
Net sales	2	147	124
Administrative expenses		-167	-139
Operating profit	4, 5	-20	-16
Profit from financial items			
Dividend from subsidiaries		800	700
Interest income and similar profit/loss items	9	1,125	877
Interest expenses and similar profit/loss items	10	-633	-539
Changes in value of derivatives	21	199	-585
Profit before appropriations and taxes		1,470	438
Appropriations			
Group contributions paid		-340	-250
Profit before tax		1,130	188
Income tax	11	-69	115
Net profit for the year/comprehensive income ¹⁾		1,061	302

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

Parent Company balance sheet

SEKm	Note	31 Dec 2015	31 Dec 2014
Assets			
Non-current assets			
Property, plant and equipment	14	20	22
<i>Financial assets</i>			
Participations in group companies	26	1,822	1,822
Participations in associated companies	15	536	536
Other non-current receivables	17	1,036	616
Receivables from group companies	27	21,676	15,777
<i>Total financial assets</i>		25,070	18,751
Deferred tax assets	11	144	213
Total non-current assets		25,233	18,985
Current assets			
<i>Current receivables</i>			
Other receivables		6	8
Prepaid expenses and accrued income	18	4	7
<i>Total current receivables</i>		10	15
Financial investments	19	390	257
Cash and cash equivalents	25	4	165
Total current assets		404	437
Total assets		25,637	19,422
Shareholders' equity and liabilities			
Shareholders' equity			
<i>Restricted equity</i>			
Share capital	20	182	172
<i>Unrestricted equity</i>			
Share premium reserve		5,460	3,765
Retained earnings		2,359	2,257
Net profit for the year		1,061	302
Total equity		9,063	6,497
Non-current liabilities			
Liabilities to credit institutions	21	10,887	7,806
Other non-current liabilities		126	–
Credit facilities	21, 22	36	–
Derivatives	21	737	936
Liabilities to group companies	27	4,507	3,952
Total non-current liabilities		16,292	12,694
Current liabilities			
Liabilities to credit institutions	21	45	37
Trade payables		4	5
Other liabilities		187	145
Accrued expenses and deferred income	23	47	44
Total current liabilities		282	231
Total equity and liabilities		25,637	19,422
Pledged assets and contingent liabilities			
Pledged assets	24	6,819	5,898
Contingent liabilities	24	15,582	15,028

Parent Company statement of changes in equity

SEKm	Number of shares	Restricted equity		Unrestricted equity		Total equity
		Share capital ¹⁾	Share premium reserve	Retained earnings	Net profit for the year	
Equity at 1 Jan 2014	172,396,852	172	3,765	1,972	365	6,274
Net profit for the year/comprehensive income	–	–	–	–	302	302
Distribution of earnings				365	–365	–
Disposal of treasury shares				220		220
Dividend on preference shares booked as a liability but still unpaid				–100		–100
Dividend paid preference shares				–200		–200
Total transactions with the company's owners	–	–	–	285	–365	–80
Equity at 31 Dec 2014	172,396,852	172	3,765	2,257	302	6,497
Equity at 1 Jan 2015	172,396,852	172	3,765	2,257	302	6,497
Net profit for the year/comprehensive income	–	–	–	–	1,061	1,061
Distribution of earnings				302	–302	–
Share issue, after issue costs	10,000,000	10	1,695			1,705
Dividend paid preference shares				–200		–200
Total transactions with the company's owners	10,000,000	10	1,695	102	–302	1,505
Equity at 31 Dec 2015	182,396,852	182	5,460	2,359	1,061	9,063

1) For further information, see note 20 Share capital.

Parent Company cash flow statement

SEKm	Note	2015	2014
Operating activities			
Operating profit		-20	-16
Reversal of depreciation		3	3
Changes in value of derivatives, realised		-	-11
Interest received	25	18	16
Interest paid	25	-333	-308
Cash flow from operating activities before change in working capital		-333	-316
Cash flow from change in working capital			
Change in operating receivables		-2	13
Change in operating liabilities		72	41
Cash flow from operating activities		-262	-262
Investing activities			
Acquisition of property, plant and equipment		-1	-1
Purchase of financial investments		-542	-148
Change in lending to group companies		-4,070	-2,099
Change in lending to associated companies		-413	190
Sale of financial investments		504	219
Acquisition of associated companies		-1	-52
Cash flow from investing activities		-4,522	-1,891
Financing activities			
Share issue, after issue costs		1,705	-
Dividend paid preference shares		-200	-200
Loans raised		3,972	3,075
Disposal of treasury shares		-	220
Amortisation/Redemption of loans		-889	-921
Change in credit facilities		36	-
Cash flow from financing activities		4,623	2,174
Cash flow for the year		-161	21
Cash and cash equivalents at beginning of year		165	144
Cash and cash equivalents at end of year	25	4	165
Unutilised credit facilities	22	264	300
Financial investments	19	390	257

Notes to the financial statements

Note 1 • Accounting policies

General information

The financial statements for Fastighets AB Balder, as of 31 December 2015, were approved by the Board of Directors and Chief Executive Officer on 6 April 2016 and will be submitted for adoption by the Annual General Meeting on 10 May 2016. Fastighets AB Balder (publ), corporate identity number 556525-6905, with registered office in Gothenburg, constitutes the parent company of a Group with subsidiaries according to Note 26, Group companies. The company is registered in Sweden and the address of the company's head office in Gothenburg is Fastighets AB Balder, Box 53121, 400 15 Gothenburg, Sweden. The visiting address is Vasagatan 54. Balder is a listed property company which shall meet the needs of different customer groups for premises and housing based on local support.

Accounting policies

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Interpretations Committee (IFRIC), as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups is applied.

The annual accounts of the parent company have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities) and statements of the Swedish Financial Reporting Board. The parent company applies the same accounting policies as the Group apart from the instances described below in the section "Parent Company accounting policies". The deviations that occur between the parent company and Group accounting policies are due to limitations in the possibilities of applying IFRS in the parent company on account of the Annual Accounts Act.

The parent company's functional currency is the Swedish krona (SEK), which is also the presentation currency of the parent company and the Group.

The financial statements are presented in Swedish krona rounded off to millions of kronor unless otherwise stated.

Assets and liabilities are recognised at historical cost, with the exception of investment properties, financial investments and derivative instruments, which are measured at fair value.

Preparation of financial statements in conformity with IFRS requires the company management to make estimates and assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses.

The estimates and assumptions are based on historical experience and other factors that appear reasonable under the existing circumstances. The result of these judgments and assumptions is then used to judge the carrying

amounts of assets and liabilities that would not be evident from other sources. The actual outcome may diverge from these estimates and judgements.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which they arise if the change affects that period alone or, alternatively, in the period in which they arise and during future periods if the change affects both the period in question and future periods.

Assumptions made by the company management in the application of IFRS, which have a material impact on the financial statements, and estimates which may give rise to significant adjustments in subsequent financial statements are presented in more detail in Note 30, Critical estimates and judgements.

The accounting policies set out for the Group have been consistently applied for all periods presented in the Group's financial statements, unless otherwise stated below. The Group's accounting policies have been applied consistently in the reporting and consolidation of subsidiaries.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocation of resources and evaluation of the operating segments' results. In the Group, this function has been identified as the Management team which takes strategic decisions. The Group's internal reporting of the operations is divided into the segments Helsinki, Stockholm, Gothenburg, Öresund, East and North, which are harmonised with the Group's internal reporting system. See further in Note 3, Segment reporting.

Classification etc.

Non-current assets and non-current receivables largely consist of amounts that are expected to be recovered or paid after more than twelve months, calculated from the end of the reporting period. Current assets and current liabilities largely consist of amounts that are expected to be recovered or paid within twelve months, calculated from the end of the reporting period. Current liabilities to credit institutions include amortisation agreed for one year. The company's interest-bearing liabilities are non-current in character, as they are continually extended, see Note 21. In the parent company, receivables and liabilities from/to group companies are recognised as non-current, when there is no approved amortisation plan.

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to or has the right to a variable return from its holding in the entity and can affect the return through its control of the entity. When

determining whether control exists, potential voting shares that can be called upon or converted without delay should be considered.

Subsidiaries are accounted for according to the purchase method. This method means that acquisition of a subsidiary that is classified as a business combination is treated as a transaction by which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition analysis establishes the cost of the shares or entity, as well as the fair value on the acquisition date of the company's identifiable assets, liabilities assumed and contingent liabilities. The consideration also includes the fair value of all assets or liabilities which are a result of an agreement on contingent consideration. Costs related to the acquisition are expensed as they arise. For each acquisition, the Group determines if non-controlling interests in the acquired entity are recognised at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The cost of acquisition of a subsidiary's shares and operations consists of the fair values of the assets on the date of exchange, liabilities incurred or assumed and equity instruments issued as consideration in exchange for the acquired net assets, as well as transaction costs that are directly attributable to the acquisition.

In business combinations where the cost of acquisition exceeds the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, it is recognised directly in the income statement. When a company is acquired, the acquisition constitutes either the acquisition of an entity or the acquisition of an asset. An asset acquisition is identified if the acquired company only owns one or more properties. There are leases for these properties, but no personnel are employed in the company who can conduct business. In a business combination based on joint control, de facto control, the acquisition is recognised at historical cost, which means that assets and liabilities are recognised at the values they have been carried at in each company's balance sheet. In this way, no goodwill arises.

When an acquisition occurs of a group of assets or net assets which do not constitute an entity, the cost for the Group is allocated according to the individually identifiable assets and liabilities in the Group based on their relative fair values on the acquisition date.

The subsidiaries' financial statements are included in the consolidated financial statements from the date control arises until the date control ceases.

Transactions eliminated on consolidation

Transactions with non-controlling interests that do not lead to a loss of control are recognised as transactions in equity, that is, as transactions with shareholders in their role as owners. In the case of acquisitions from non-controlling interests, the difference between the fair value of consideration paid

and the proportion of the carrying amount of the subsidiary's net assets actually acquired is recognised in equity. Gains and losses on disposals to non-controlling interests are also recognised in equity.

Intra-group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from transactions between group companies, are eliminated in full on preparation of the consolidated financial statements.

Recognition of associated companies

Associated companies are considered to be those companies that are not subsidiaries but where the parent company directly or indirectly holds between 20 and 50 per cent of the votes of all shares. Participations in associated companies are recognised according to the equity method. The equity method means that participations in an associated company are recognised at cost at the date of acquisition and are subsequently adjusted by the Group's participation in the change in the associated company's net assets.

Participating interests in associated companies are recognised separately in the consolidated statement of comprehensive income and consolidated statement of financial position. Participations in the profits of associated companies are recognised after tax.

Foreign currency

Financial statements of foreign operations

Assets and liabilities in foreign operations are translated to Swedish kronor, at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated to Swedish kronor at an average rate that represents an approximation of the prevailing exchange rates on the date of each transaction. Translation differences arising on currency translation of foreign operations are recognised via other comprehensive income as a translation reserve.

Transactions in foreign currency

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency, which applies in the primary economic environments in which companies conduct their operations. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the prevailing year-end exchange rate. Exchange differences are recognised in the income statement, apart from non-current internal balances, which are treated as a part of the net investment in subsidiaries and are recognised via other comprehensive income. Non-monetary assets and liabilities, which are recognised at historical cost are translated at the exchange rate on the transaction date. Non-monetary assets and liabilities, which are recognised at fair value are translated to the functional currency at the rate prevailing on the date of fair value measurement.

Rental income

Rental income is recognised in the consolidated income statement on a straight-line basis according to the terms of the leasing agreement. The aggregate cost of benefits provided is reported as a reduction of rental income on a straight-line basis over the term of the lease.

Rental income is recorded in the period it refers to.

Other income

Other income is recognised on a straight-line basis in the consolidated income statement.

Costs for operating lease contracts

Costs relating to operating lease contracts and benefits received in connection with the signing of an agreement are recognised in the consolidated income statement on a straight-line basis over the term of the lease.

Financial income and expenses

Financial income and expenses consists of interest income on bank balances and receivables as well as interest expenses on liabilities.

Interest income on receivables and interest expense on liabilities are calculated using the effective rate method. The effective rate is the interest rate, which means that the present value of all future incoming and outgoing payments during the interest rate refixing period will be the same as the carrying amount of the receivable or liability. Interest income and interest expenses include allocated amounts of transaction costs and possible discounts, premiums and other differences between the initial carrying amount of the receivable or liability and the amount that is settled at maturity. The interest component in financial lease payments is recognised in the consolidated statement of comprehensive income by application of the effective interest method.

Borrowing costs directly attributable to the construction or production of an asset, which requires a significant time to complete for use or sale are included in the cost of the asset. Capitalisation of borrowing costs takes place provided that it is likely to lead to future economic benefits and that the costs may be measured in a reliable manner.

Financial instruments

Financial instruments are measured and recognised in the Group in accordance with the rules in IAS 39. Financial instruments on the asset side that are recognised in the consolidated statement of financial position include cash and cash equivalents, financial investments, trade receivables and other long-term security holdings as well as derivatives with positive value. Liabilities include trade payables, borrowings and derivatives with negative value. Financial instruments are initially recognised at the cost of acquisition corresponding to the fair value of the instrument plus transaction costs for all financial instruments, apart from those classified as financial assets recognised at fair value via the consolidated statement of comprehensive income, such as derivative instruments, which are recognised at fair value excluding transaction costs. The financial instruments are classified on initial recognition based on the purpose for which the instrument was acquired, which affects the subsequent recognition.

A financial asset or financial liability is carried in the consolidated statement of financial position when the company becomes a party to the contractual terms of the instrument. Trade receivables are carried in the balance sheet when the invoice has been sent. Rental receivables are recognised as a receivable in the period when performance, which corresponds

to the receivable's value, has been delivered and payments corresponding to the value of the receivable have still not been received. A liability is recognised when the counterparty has performed a service and a contractual payment obligation prevails, even if the invoice has not yet been received. Trade payables are recognised when the invoice has been received.

A financial asset is derecognised when the contractual rights are realised or expire or the company no longer has control over them. The same holds true for a part of a financial asset. A financial liability is derecognised when the contractual liability is discharged or otherwise expires. The same applies to a portion of a financial liability.

Acquisition and disposal of financial assets are recognised on the transaction date, which represents the day when the company committed to acquire or dispose of the asset. Borrowing is recognised when the funds have been received, while derivative instruments are recognised when the contract has been entered into.

Balder divides its financial instruments into the following categories in accordance with IAS 39.

Financial assets measured at fair value through profit or loss

This category consists of two subcategories: financial assets held for trading and other financial assets that the company initially elected to place in this category, under the so-called Fair Value Option. Financial instruments in this category are measured on a continual basis at fair value with changes in value recognised through profit or loss. The first subcategory includes the Group's derivatives with positive fair value.

Loans and receivables

Receivables, which do not constitute derivatives, are recognised after initial recognition at amortised cost under the effective interest method. A receivable is examined individually as regards estimated risk of loss and is carried at the amount which is expected to be received. Impairments are made for doubtful receivables and are recognised in operating costs.

Financial assets available for sale

The category financial assets available for sale includes financial assets, which are not classified in any other category or financial assets that the company initially elected to classify in this category. Holdings of shares and participations that are not recognised as subsidiaries or associated companies are recognised here. Assets in this category are continually measured at fair value with changes in value recognised in other comprehensive income, however, not those that are due to impairments and dividend income, which are recognised through profit or loss. In the event of disposal of the asset, accumulated gains or losses, which were previously recognised in equity, are recognised in the consolidated statement of comprehensive income. This category includes unlisted shares which are recognised in the item other securities held as non-current assets.

Financial liabilities measured at fair value through profit or loss

This category consists of two sub-categories,

financial liabilities held for trading and other financial liabilities that the company elected to place in this category, the so-called Fair Value Option. The first category includes the Group's derivatives with negative fair value. Changes in fair value are recognised in profit or loss.

Other financial liabilities

Borrowing is reported initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at amortised cost under the effective interest method. Non-current liabilities have an expected maturity of more than 1 year while current liabilities have maturities of less than 1 year. Declared dividends are recognised as liabilities after the general meeting has approved the dividend.

Trade payables and other operating liabilities have short expected maturities and are measured at their nominal value with no discounting.

Derivative instruments

Derivative instruments include interest rate swaps that are deployed to cover the risk of changes in interest rates. Derivatives are also terms of agreement which are embedded in other agreements. Embedded derivatives should be accounted for separately if they are not closely related to the host contract. Derivative instruments are measured at fair value. Changes in the value of derivative instruments, stand-alone as well as embedded, are recognised in the consolidated income statement. Hedge accounting is not applied.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and directly accessible balances at banks and similar institutions as well as short-term highly liquid investments with original maturities of less than three months which are only subject to an insignificant risk of fluctuation in value.

Impairment testing of financial assets

On each reporting date, the company assesses whether there is objective evidence that a financial asset or group of assets is impaired. Objective evidence consists partly of observable circumstances that occurred and which have a negative impact on the possibility to recover the cost, and partly of a significant or protracted decline in the fair value of an investment in a financial investment classified as a financial asset available for sale.

In the event of impairment of an equity instrument which is classified as a financial asset available for sale, any previously recognised accumulated loss in equity is transferred to profit or loss.

The recoverable amount of loans and trade receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial recognition of the asset. Assets with short maturities are not discounted. An impairment loss is recognised as a cost in the consolidated income statement.

Property, plant and equipment

Owned assets

Property, plant and equipment are recognised as an asset in the consolidated statement of financial position if it is probable that future economic benefits will accrue to the company

and the cost of the asset can be reliably measured.

Property, plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairment losses. The purchase price is included in the cost as well as expenses directly attributable to the asset in order to bring it to the location and in the condition to be used in accordance with the aim of the acquisition.

The carrying amount of an item of property, plant and equipment is derecognised on retirement or disposal or when no future economic benefits can be expected from use of the asset. Gains or losses arising from disposal or retirement of an asset consist of the difference between the selling price and the asset's carrying amount less directly related selling expenses. Gains and losses are recognised as other operating income/expenses.

Leased assets

Leases are classified in the consolidated financial statements either as financial or operating leases. Financial leasing exists when the economic risks and rewards associated with ownership have been essentially transferred to the lessee; if this is not the case, it is a matter of an operating lease.

Operating leases mean that leasing fees are expensed over the term of the lease, based on use, which may differ in practice from the amount of leasing fees paid during the year.

The Group has no financial leases.

Additional expenditure

Additional expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. Other additional expenditure is recognised as a cost in the period in which it arises. The assessment of whether additional expenditure is added to cost depends on whether the expenditure concerns the replacement of identified components, or parts thereof, whereupon such expenditure is capitalised. Even in cases where new components are created, the expenditure is added to the cost. Repairs are expensed on an ongoing basis.

Depreciation methods

Assets are depreciated on a straight-line basis over their estimated useful lives:

Property, plant and equipment	Useful life
Equipment	3–10 years
Wind turbines	10–20 years

Assessment of the residual value and period of use of assets is made on an annual basis.

Investment properties

Investment properties are properties that are held with the aim of receiving rental income or appreciation in value or a combination of both. Investment properties are initially recognised at cost, which includes expenses and borrowing costs directly related to the acquisition. Investment properties are recognised according to the fair value method. The fair value is based on internal valuations which are reconciled as required with external independent valuers. Fair value is based on the

market value, which is the estimated amount that would be received in a transaction on the valuation date between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion. Both unrealised and realised changes in value are recognised in the income statement. Valuations are performed at the end of each quarter.

Income from property sales is normally recognised on the date of possession unless the risks and rewards have been transferred to the purchaser on an earlier date. Control of the asset may have been transferred on an earlier date than the date of possession and if this is the case the property sale is recognised as income on this earlier date. The assessment of the date of revenue recognition takes into consideration what was agreed between the parties as regards risks and rewards as well as involvement in the day-to-day management.

In addition to this, circumstances that can affect the outcome of the transaction are considered which lie outside the seller's and/or purchaser's control. If the Group starts a conversion of an existing investment property for continued use as an investment property, the property will continue to be recognised as an investment property. The property is recognised according to the fair value method and is not reclassified as property, plant and equipment during the conversion period.

Additional expenditure is added to the carrying amount only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. Other additional expenditure is recognised as a cost in the period in which it arises. The assessment of whether additional expenditure is added to the carrying amount depends on whether the expenditure concerns the replacement of identified components, or parts thereof, whereupon such expenditure is capitalised. Even in cases where new components are created, the expenditure is added to the carrying amount.

Impairment losses

The carrying amounts of the Group's assets, with the exception of investment properties, financial instruments and deferred tax assets, are tested on each balance sheet date to determine if there is any indication of an impairment need. If such indications exist, the recoverable amount of the asset concerned is calculated. For exempted assets, as above, the carrying amount is tested in accordance with each standard.

If it is impossible to determine significant independent cash flows to an individual asset, the assets should be grouped, in conjunction with impairment testing, at the lowest level at which it is possible to identify significant independent cash flows – a so-called cash generating unit. An impairment loss is recognised when the carrying amount of the asset or cash generating unit exceeds its recoverable amount. Any impairment loss is recognised in the income statement.

The recoverable amount of assets in the category loan and receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial

recognition of the asset. Assets with short maturities are not discounted.

The recoverable amount on other assets is the higher of the fair value less selling expenses and the value in use. In calculating value in use, future cash flows are discounted using a discount factor that takes into account the risk-free rate of interest and the risk associated with the specific asset. For an asset that does not generate cash flows, which is significantly independent of other assets, the recoverable amount is estimated for the cash generating unit to which the asset belongs.

Reversal of impairment losses

Impairments of loans and receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment was made.

Preference shares

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. If this right does not exist, the preference shares are recognised as equity. Balder's preference shares are not mandatorily redeemable on a specific date and are thus recognised as equity.

Repurchase of own shares

Purchases of own shares are recognised as a deduction from equity. The proceeds from disposal are recognised as an increase in equity. Any transaction expenses are recognised directly against equity.

Cash flow statement

The cash flow statement was prepared using the indirect method, by which the result is adjusted for transactions that do not result in incoming or outgoing payments during the period, as well as for any income or costs attributable to investing or financing activities.

Employee benefits

Short-term employee benefits

Short-term employee benefits are calculated without discounting and are recognised as a cost when the related services are received.

Pensions

Pension plans are classified as either defined benefit or defined contribution plans. The plans are predominantly defined contribution plans. Defined benefit plans only exist in exceptional cases.

Defined contribution plans

For defined contribution plans, the Group pays contributions to privately managed pension insurance plans on a voluntary basis. The Group has no further payment obligations once the contributions have been paid; that is, the individual carries the risk. The contributions are recognised as employee benefit expenses when they are due for payment. Prepaid contributions are recognised as an asset to the extent that a cash refund or decrease in future payments could accrue to the Group.

Remuneration upon termination of employment

A provision is recognised in connection with terminating the employment of personnel only if the company is demonstrably obligated to end employment before the normal time or

when remuneration is provided as an offer to encourage voluntary retirement.

Provisions

Provisions are recognised in the balance sheet when the Group has an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and that the amount can be reliably estimated. In cases where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks specific to the liability.

Taxes

Income taxes consist of current tax and deferred tax. Income tax is recognised in the income statement except when underlying transactions are recognised in other comprehensive income or directly against equity, whereupon the associated tax effect is recognised in other comprehensive income or in equity. Current tax is tax that shall be paid or received in respect of the current year, using the tax rates which are enacted or which in practice are enacted on the balance sheet date. This includes adjustments of current tax relating to previous periods.

Deferred taxes are estimated in accordance with the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Temporary differences not taken into consideration; temporary differences arising on the initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and which on the transaction date did not affect the recognised or taxable result. Furthermore, temporary differences are not taken into consideration that are attributable to investments in subsidiaries and which are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is measured using the tax rates and tax regulations which are enacted or are in practice enacted on the balance sheet date. Deferred tax assets and liabilities are recognised net if they concern the same tax authority (country).

Deferred tax assets relating to deductible temporary differences and loss carryforwards are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

When a company is acquired, the acquisition constitutes either the acquisition of an entity or the acquisition of an asset. An asset acquisition is identified if the acquired company only owns one or more properties. There are leases for these properties, but no personnel are employed in the company that can conduct business. In case of recognition as an asset acquisition, no deferred tax is recognised. All of Balder's completed acquisitions, apart from Sato Oyj, have been classified as an asset acquisition and therefore no deferred tax is recognised relating to properties in respect of these acquisitions. Nor has the acquisition of Sato Oyj, which is classified as a business combination, given rise to any deferred taxes on the acquisition date.

Contingent liabilities

A contingent liability is recognised if there is a possible obligation for which it has yet to be confirmed if the Group has an obligation that could lead to an outflow of resources, alternatively, if there is a present obligation that does not meet the criteria to be recognised in the balance sheet as a provision or other liability as it is not probable that an outflow of resources will be required to settle the obligation or as it is not possible to make a sufficiently reliable estimate of the amount.

New and amended standards adopted by the Group

The following interpretations are applied by the Group for the first time for annual periods beginning on 1 January 2015 and have an impact on the consolidated financial statements:

IFRIC 21 "Levies" is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IFRIC 21 addresses the recognition of levies, i.e. various types of levies that may be imposed on an entity by a governmental, or equivalent body, by law and/or regulation, which for the Group impacts the recognition of property tax. The obligating event that gives rise to a liability is the event that triggers the payment of a levy. The interpretation will become effective for annual periods beginning after 17 June 2014 according to the EU. The interpretation has not affected the Group on a full-year basis, however, the liability for property tax has been recognised as of 1 January in its entirety and the cost has subsequently been allocated on a straight-line basis during the year.

Other standards, amendments and interpretations that became effective for annual periods beginning on 1 January 2015 have not had any material impact on the consolidated financial statements.

New standards and interpretations that have not yet been applied by the Group

A number of new standards and interpretations have been published, which have still not entered into effect and thus have not been adopted on preparation of these financial statements. None of these are expected to have any material impact on the consolidated financial statements with the exception of the following:

IFRS 9 "Financial instruments" deals with classification, measurement and accounting of financial assets and liabilities. The complete version of IFRS 9 was published in July 2014. It replaces the parts of IAS 39 that deal with classification and measurement of financial instruments. The standard will be applied for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Group has still not evaluated the effects of introducing the standard.

IFRS 15 "Revenue from Contracts with Customers" prescribes how revenue recognition should occur. The principles that IFRS 15 is based on should provide users of financial statements with more useful information about the company's revenue. The expanded disclosure requirements means that information about about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer should be reported. Under IFRS 15, revenue should be recognised when the customer obtains control over the sold good or service and is able to use and obtain the benefit of the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11

Construction Contracts and the related interpretations (IFRIC and SIC). IFRS 15 will become effective on 1 January 2018 with mandatory application. Earlier application is permitted. The Group has still not evaluated the effects of introducing the standard.

None of the other IFRS or IFRIC interpretations which have not yet become effective, are expected to have any material impact on the group.

Parent Company accounting policies

The parent company has prepared its annual accounts according to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The recommendation implies that the parent company in the annual accounts for the legal entity should apply all International Financial Reporting Standards and interpretations approved by the EU as far as possible within the framework of the Annual Accounts Act, and taking into account the connection between recognition and taxation. The recommendation states which exemptions and amendments apply with respect to IFRS.

Differences between the Group and the Parent Company accounting policies

The accounting policies set out for the parent company have been applied consistently for all periods presented in the parent company's financial statements.

Classification and format

The parent company's income statement and balance sheet are prepared according to the Swedish Annual Accounts Act's layout. The

difference from IAS 1 Presentation of Financial Statements, which is applied in the presentation of the consolidated financial statements, is mainly related to recognition of financial income and expenses and shareholders' equity.

Subsidiaries and associated companies

Holdings in subsidiaries and associated companies are recognised in the parent company financial statements according to the cost method. Received dividends are only recognised as income provided that they pertain to profits earned subsequent to the acquisition. Dividends which exceed this earned profit are treated as a repayment of the investment and reduce the carrying amount of the participation.

Revenue

The parent company's net sales consist of management services for subsidiaries. This income is reported in the period it concerns.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised in cases where the parent company has the exclusive right to decide on the size of the dividend and the parent company has made a decision on the size of the dividend before having published its financial statements.

Financial guarantees

The parent company's financial guarantee contracts mainly consist of loan guarantees on behalf of subsidiaries and associated companies. Financial guarantees mean that the company has an obligation to compensate the holder of a debt instrument for losses that they incur because a particular debtor does not

complete payment on maturity according to the terms of the agreement. For recognition of financial guarantee contracts, the parent company applies RFR 2 paragraph 72, which implies relief compared to the rules in IAS 39 as regards financial guarantee contracts issued on behalf of subsidiaries and associated companies. The parent company recognises financial guarantee contracts as a provision in the balance sheet when the company has an obligation for which payment is likely to be required to settle the obligation.

Leased assets

All lease agreements in the parent company are recognised in accordance with the rules for operating leases.

Taxes

In the parent company, untaxed reserves are recognised including deferred tax. However, in the consolidated accounts, untaxed reserves are allocated between deferred tax liabilities and equity.

Group contributions and shareholders' contributions

The company recognises group contributions and shareholders' contributions in accordance with the Swedish Financial Reporting Board's recommendation RFR 2. Shareholders' contributions are recorded directly in equity in the case of the receiver and capitalised in shares and participations by the grantor, to the extent that impairment is not required. Group contributions are recognised as income in the income statement of the receiver and as a cost for the grantor. The tax effects are recognised according to IAS 12 in the income statement.

Note 2 • Revenue distribution

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Rental income	2,711	2,525	—	—
Rendering of services	—	—	147	124
Total	2,711	2,525	147	124

Rental income is distributed among countries

SEKm	Group	
	2015	2014
Sweden	2,519	2,379
Denmark	119	100
Finland	74	47
Total	2,711	2,525

Rental income is distributed among property category

SEKm	Group	
	2015	2014
Residential	1,109	1,030
Office	717	755
Retail	314	348
Other	487	393
Project	83	—
Total	2,711	2,525

Rental income is distributed among regions

SEKm	Group	
	2015	2014
Helsinki	—	—
Stockholm	843	765
Gothenburg	938	858
Öresund	414	402
East	352	345
North	164	156
Total	2,711	2,525

Note 3 • Segment reporting

Balder's operating segments consist of the regions Helsinki, Stockholm, Gothenburg, Öresund, East and North. This division is aligned with the Group's internal reporting. The Management

primarily follows up operating segments based on their net operating income, where common property administration expenses have been

allocated according to the cost principle. Also see Note 1, Accounting policies applied.

Regions	Helsinki		Stockholm		Gothenburg		Öresund		East		North		Group	
SEKm	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Rental income	—	—	843	765	938	857	414	402	352	345	164	156	2,711	2,525
Property costs	—	—	−200	−191	−288	−276	−99	−108	−119	−126	−61	−59	−767	−760
Net operating income	—	—	643	574	650	582	315	294	233	219	103	97	1,944	1,766

Note 3 • Continued

Regions	Helsinki		Stockholm		Gothenburg		Öresund		East		North		Group	
SEKm	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Changes in value of properties														
Commercial properties	–	–	1,298	921	593	588	144	111	93	17	27	–13	2,156	1,625
Residential properties	–	–	188	252	320	366	387	270	181	391	156	145	1,232	1,424
Profit incl. changes in value	–	–	2,129	1,747	1,563	1,536	846	675	507	628	286	229	5,331	4,815
<i>Non-allocated items:</i>														
Other income/costs													11	–
Management and administrative expenses													–185	–154
Participations in the profits of associated companies													831	317
Operating profit													5,988	4,977
Net interest income/expense													–437	–532
Changes in value of derivatives													227	–624
Income tax													–862	–693
Net profit for the year													4,916	3,128
Translation difference/participation in comprehensive income of associated companies													–7	17
Comprehensive income for the year													4,909	3,145
Assets														
Commercial properties	–	–	10,981	10,232	8,774	8,402	3,500	3,241	1,159	1,096	308	299	24,722	23,269
Residential properties	21,291	–	2,852	2,316	4,687	3,778	4,698	3,419	8,313	2,914	1,893	1,687	43,734	14,113
Investment properties	21,291	–	13,833	12,548	13,461	12,179	8,197	6,659	9,472	4,010	2,201	1,986	68,456	37,382
<i>Non-allocated items:</i>														
Property, plant and equipment													122	96
Other long-term receivables													1,173	616
Participations in associated companies													2,276	1,489
Current assets													1,349	600
Total assets													73,376	40,185
Shareholders' equity and liabilities														
<i>Non-allocated items:</i>														
Equity													25,052	14,261
Deferred tax liability													4,071	1,549
Interest-bearing liabilities, non-current													39,131	22,157
Derivatives													1,294	1,086
Interest-bearing liabilities, current													1,933	221
Non-interest-bearing liabilities													1,896	910
Total equity and liabilities													73,376	40,185
Investments (including acquisitions of companies)														
Commercial properties	–	–	733	2,496	90	2,528	127	775	7	740	1	564	958	7,103
Residential properties	21,291	–	384	49	507	87	1,049	452	5,236	48	26	19	28,493	655
Investment properties	21,291	–	1,117	2,545	597	2,615	1,176	1,227	5,243	788	27	583	29,451	7,759

The Group's registered office is in Sweden. Revenue from external customers in Sweden amounted to SEK 2,519m (2,379) and total revenue from external customers in Denmark and Finland amounted to SEK 193m (147). Total non-current assets, other than financial instruments and deferred tax receivables that are located in Sweden amounted to SEK 37,676m (34,349) and the total of such non-current assets located in other countries amounted to SEK 30,902m (3,130).

Note 4 • Employees and personnel expenses

At year-end, the Group had a total of 647 employees (313), of whom 310 (110) were women. The number of employees in the parent company at year-end was 196 (160), of whom

70 (58) were women. During 2015, Fastighets AB Balder had 5 Board members (5) including the Chairman, of whom 1 (1) was a woman. The Group as well as the parent company had

6 senior executives (6) including the CEO, of whom 1 (1) was a woman.

Number of employees

	Group		Parent Company	
	2015	2014	2015	2014
Average number of employees	474	294	185	136
Of which women	199	101	69	51

Salaries, fees and benefits

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Chairman of the Board	0.2	0.2	0.2	0.2
Other Board members	0.3	0.3	0.3	0.3
Chief Executive Officer				
Basic salary	0.9	0.9	0.9	0.9
Benefits	–	–	–	–
Other senior executives				
Basic salary	5.4	5.1	5.4	5.1
Benefits	0.3	0.3	0.3	0.3
Other employees				
Basic salary	121.6	101.8	61.9	47.7
Benefits	1.7	1.4	1.0	0.8
Total	130.4	110.0	70.0	55.3

Statutory social security contributions including payroll tax

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Board of Directors	0.1	0.1	0.1	0.1
Chief Executive Officer	0.4	0.4	0.4	0.4
Other senior executives	1.9	1.8	1.9	1.8
Other employees	39.8	32.9	20.1	15.1
Total	42.2	35.2	22.5	17.4

Contractual pension expenses

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Chief Executive Officer	0.3	0.3	0.3	0.3
Other senior executives	0.8	0.7	0.8	0.7
Other employees	7.5	6.5	3.1	2.1
Total	8.6	7.5	4.2	3.1
Total	181.2	152.7	96.7	75.8

Remuneration to senior executives and other benefits during the year

SEKm	2015-01-01–2015-12-31				2014-01-01–2014-12-31			
	Basic salary directors' fees	Benefits	Pension expense	Total	Basic salary directors' fees	Benefits	Pension expense	Total
Chairman of the Board Christina Rogestam	0.2	–	–	0.2	0.2	–	–	0.2
Board member Fredrik Svensson	0.1	–	–	0.1	0.1	–	–	0.1
Board member Sten Dunér	0.1	–	–	0.1	0.1	–	–	0.1
Board member Anders Wennergren	0.1	–	–	0.1	0.1	–	–	0.1
CEO	0.9	–	0.3	1.2	0.9	–	0.3	1.2
Management team (5 persons)	5.4	0.3	0.8	6.5	5.1	0.3	0.7	6.1
Total	6.8	0.3	1.1	8.2	6.5	0.3	1.0	7.8

No variable remuneration is paid to any of the company's senior executives.

Note 4 • Continued

A defined benefit pension plan agreement has been entered into with the CEO which means that an amount of SEK 0.4m (0.4) will be paid out annually to the CEO when he reaches 55 until he is 65. Future payments will be limited by the fund's assets by agreement. The payments are not dependent on future employment. The present value of the commitment amounted to SEK 3.0m (3.0). The commitment has been secured by a provision to a pension fund, whose plan assets amounted to SEK 3.0m (3.0). The value of the pension commitment has been calculated in accordance with the Pension Obligations Vesting Act, which does

not accord with IAS 19. The difference in cost under the two methods of calculation is not significant.

Remuneration to senior executives follows the guidelines resolved upon at the latest Annual General Meeting. The remuneration should be market-related and competitive. The remuneration should be paid in the form of a fixed salary. Pension terms should be market-related and based on defined contribution pension solutions. Total dismissal pay and termination benefits should not exceed 18 monthly salaries. The CEO's salary and benefits are determined by the Board. Salaries and benefits of other senior

executives are determined by the CEO. In the event of termination of the CEO's employment, a mutual period of notice of six months applies. In the event of termination by the company, termination benefits of 12 monthly salaries are payable (not qualifying for pension or holiday pay). A mutual period of notice of six months applies to other members of the Management team. No termination benefits are payable.

The Board has the right to depart from the guidelines resolved upon by the Annual General Meeting for remuneration to senior executives, if special grounds exist.

Note 5 • Audit fees and reimbursements

The audit assignment refers to the review of the financial statements and accounting records as well as the administration of the Board of Directors and CEO. This item also includes other duties that the company's auditors are obliged to perform as well as advice or other assistance that is occasioned by review or implementation of such other duties. Everything else is consultancy. Audit expenses are included in group-wide expenses, which are levied on the subsidiaries.

SEKm	Group		Parent Company	
	2015	2014	2015	2014
PwC				
The audit assignment in Sweden	2.5	2.0	2.5	1.7
The audit assignment in Denmark	0.7	0.5	–	–
The audit assignment in Finland	0.1	0.1	–	–
Tax consultancy	0.8	0.1	0.8	0.1
Other services	–	0.2	–	0.2
Total	4.1	2.9	3.3	2.0

Note 6 • Operating costs distributed according to function and type of cost

Group, SEKm	2015	2014
Property costs	767	760
Management and administrative expenses	185	154
Total	953	914
Group, SEKm	2015	2014
Personnel expenses	181	153
Depreciation/amortisation	15	16
Media expenses	285	295
Property tax	122	113
Ground rent	21	15
Maintenance and other costs ¹⁾	327	323
Total	953	914

1) Refers to operating costs and administration excluding personnel expenses.

Note 7 • Specification of property costs

Group, SEKm	2015	2014
Operating and maintenance cost ¹⁾	332	331
Media expenses ²⁾	291	301
Property tax	122	113
Ground rent	21	15
Total	767	760

1) Operating costs include personnel expenses relating to property maintenance.

2) Includes depreciation of wind turbines.

Note 8 • Operating leases

Leases where the Group is the lessee

The Group has a number of site leasehold rights and leases under operating leases. The lease payments are renegotiated at the end of the leases to reflect market rents. Leases are mostly due for renegotiation in more than 5 years and amount to SEK 652m (470) in total. In the annual accounts for 2015, an expense of SEK 21m (15) was recognised in respect of operating leases in the Group. The future non-cancellable lease payments are as follows:

Group, SEKm	2015	2014
Within one year	21	21
1–5 years	80	81
>5 years	551	368
Total	652	470

No leasing expenses were recognised in the parent company. However, there are a small number of insignificant operating leases, where Balder is lessee, mainly relating to private cars. Payments made during the lease term are expensed in the income statement on a straight-line basis over the term of the lease.

Leases where the Group is lessor

The Group lets out its investment properties under operating leases. The future non-cancellable lease payments are as follows in the table to the right.

Leases for commercial premises are normally entered into for 3–5 years with a period of notice of 9 months. Leases for residential properties normally run subject to a period of notice of 3

months.

The average lease term in the portfolio's commercial leases amounted to 6.3 years (5.9).

Group, SEKm	2015	2014
Residential, parking etc. (within one year)	3,457	1,094
Commercial premises		
Within one year	1,615	1,635
1–5 years	4,245	4,333
>5 years	4,570	4,206
Total	13,887	11,268

Note 9 • Financial income

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Interest income	67	75	54	57
Interest income, subsidiaries	–	–	974	767
Other financial income	99	33	97	53
Total	166	108	1,125	877

Interest income is mainly related to receivables from associated companies. Other financial income mainly relates to changes in value of financial investments and dividends on quoted shares.

Note 10 • Financial costs

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Interest expenses, borrowings	294	407	110	148
Interest expenses, interest rate derivatives	288	198	242	161
Interest expenses, subsidiaries	–	–	271	216
Other financial expenses	21	35	11	15
Total	603	640	633	539

Interest expenses and other financial expenses are related to interest-bearing liabilities.

Note 11 • Taxes

Recognised in the income statement		Group		Parent Company	
SEKm		2015	2014	2015	2014
Current tax expense (-)/tax revenue (+)					
Current tax		4	-11	–	–
Deferred tax expense (-)/tax revenue (+)					
Deferred tax related to temporary differences		-853	-665	-58	121
Deferred tax on changes in loss carry-forwards		-62	-53	-11	-7
Released deferred tax in respect of temporary differences on sale		76	40	–	–
Change in other temporary differences		-27	-5	–	–
Total deferred tax		-866	-682	-69	115
Total recognised tax		-862	-693	-69	115
Reconciliation of effective tax					
Group, SEKm	2015, %	2015	2014, %	2014	
Profit before tax		5,778		3,822	
Tax according to current tax rate in Parent Company	22	-1,271	22	-841	
Difference between profit for tax purposes and recognised profit on sale of property	-2	89	-2	59	
Tax on participation in profits of associated companies	-3	183	-2	70	
Tax pertaining to prior years	-0	4	0	4	
Acquired loss carry-forwards	-2	116	–	–	
Non-taxable income/non-deductible expenses etc.	-0	18	0	15	
Recognised effective tax		15	-862	18	-693
Parent Company, SEKm	2015, %	2015	2014, %	2014	
Profit before tax		1,130		188	
Tax according to current tax rate in Parent Company	22	-249	22	-41	
Non-taxable income/non-deductible expenses	-0	3	1	-1	
Tax-exempt dividends	-16	176	-84	157	
Tax pertaining to prior years	-0	0	–	–	
Recognised effective tax	6	-69	-61	115	

Note 11 • Continued

Recognised in the balance sheet

Deferred tax assets and tax liabilities

Group 2015, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Properties	–	–4,674	–4,674
Derivative instruments	263	–	263
Loss carry-forwards	343	–	343
Other temporary differences	–	–2	–2
Set-off	–606	606	–
Total	–	–4,071	–4,071

No non-capitalised loss carry-forwards exist.

Parent Company 2015, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Derivative instruments	162	–	162
Loss carry-forwards	5	–	5
Other temporary differences	–	–23	–23
Set-off	–23	23	–
Total	144	–	144

No non-capitalised loss carry-forwards exist in Sweden.

Change in deferred tax in temporary differences and carryforwards

Group, SEKm	Balance on 1 Jan 2014	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2014
Properties	–1,359	–759	–1	–2,119
Derivative instruments	104	135	–	239
Capitalisation of the value of loss carry-forwards	432	–53	0	380
Other temporary differences	–39	–5	–5	–49
Total	–862	–682	–6	–1,549

Group, SEKm	Balance on 1 Jan 2015	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2015
Properties	–2,119	–727	–1,828	–4,674
Derivative instruments	239	–50	74	263
Capitalisation of the value of loss carry-forwards	380	–62	25	343
Other temporary differences	–49	–27	74	–2
Total	–1,549	–866	–1,656	–4,071

Parent Company, SEKm	Balance on 1 Jan 2014	Recognised in statement of comprehensive income		Balance on 31 Dec 2014
Derivative instruments	79	126		206
Capitalisation of the value of loss carry-forwards	23	–7		16
Other temporary differences	–4	–5		–9
Total	98	–115		213

Parent Company, SEKm	Balance on 1 Jan 2015	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2015
Derivative instruments	206	–44		162
Capitalisation of the value of loss carry-forwards	16	–11		5
Other temporary differences	–9	–14		–23
Total	213	–69		144

Note 12 • Earnings per ordinary share

Earnings per ordinary share are calculated as follows:

Parent Company, SEKm	2015	2014
Net profit attributable to owners of the Parent Company	4,916	3,128
Departs - dividend preference shares	–200	–200
Total	4,716	2,928

Weighted average number of outstanding ordinary shares

Total number of shares, 1 January	162,396,852	159,537,252
Effect of disposal of treasury shares	–	2,248,507
Weighted average number of outstanding ordinary shares before dilution	162,396,852	161,785,759
Effect of newly issued shares	356,164	–
Weighted average number of outstanding ordinary shares after dilution	162,753,016	161,785,759
Earnings per ordinary share before dilution	29.04	18.10
Earnings per ordinary share after dilution	28.98	18.10

The calculation of earnings per ordinary share has been based on the net profit for the year attributable to holders of ordinary shares in the parent company amounting to SEK 4,716m (2,928), after taking account of the participation of preference shares in net profit for the period and on a weighted average number of shares during the year amounting to 162,753,016 shares (161,785,759).

Note 13 • Investment properties

Group, SEKm	2015	2014
Opening fair value	37,382	27,532
Acquisitions	2,183	7,059
Acquisitions Sato Oyj	26,477	–
Investments in existing properties and projects	791	700
Changes in value	3,323	2,906
Divestments	–1,542	–971
Currency changes	–158	157
Closing fair value	68,456	37,382

Investment properties are recognised at fair value in the consolidated statement of financial position and the changes in value are recognised in the consolidated income statement. All investment properties are deemed to be at Level 3 in the fair value hierarchy according to IFRS 13 Fair Value Measurement. The fair value of Balder's property portfolio is based on internal valuations. Fair value is the estimated amount that would be recovered in a transaction on the date of measurement between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion.

On the closing date, Balder carried out an internal valuation, based on a ten-year cash flow model, of the entire property portfolio. Each property is individually valued by computing the present value of future cash flows, in other words future rent payments less estimated operating and maintenance payments and the residual value in ten years. Estimated rent payments as well as operating and maintenance payments have been derived from current rental income as well as operating and maintenance costs. The cash flow is adjusted to the market by taking account of any changes in the occupancy rate and letting levels as well as operating and maintenance payments. An inflation rate of 2 per cent has been assumed in

all cash flow calculations.

Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5–10 per cent and should be regarded as the uncertainty that is part of the assumptions and calculations made. In a less liquid market, the range can be greater.

For Balder, a range of uncertainty of +/- 5 per cent means a value range of SEK +/- 3,423m, equivalent to SEK 65,033–71,879m.

In order to quality-assure its internal valuations, Balder allows parts of the portfolio to be externally valued regularly during the year. During the fourth quarter, Balder externally valued about one third of its properties including Sato's property holdings. The external valuation was less than 1 per cent lower than Balder's internal valuation at year-end. Historically, deviations between external and internal valuations have been insignificant.

Rent payments

The rental trend is estimated to follow inflation taking account of prevailing index clauses in leases during their terms. When leases expire, an assessment is made of whether the lease is deemed to be extended at the prevailing market rent level and whether there is a risk of the premises becoming vacant. Vacancies are considered on the basis of the current vacancy situation with a gradual adjustment to expected market-related vacancy rates taking account of the property's individual conditions.

Operating and maintenance payments

Outcomes, budgetary and projection data as well as estimated standardised costs have been used in the assessment of the property's future property costs.

Yield

Yield requirements and cost of capital used in the calculations have been derived from comparable transactions in the property

market. Important factors in choosing a yield requirement are location, rental level, vacancy rate and the condition of the property. The yield requirement and cost of capital used are shown in the table on page 83.

The average yield on the closing date amounted to 5.4 per cent (5.5).

On 31 December 2015, after Balder's valuation, the company's total property value amounted to SEK 68,456m (37,382). For more information see the Report of the Board of Directors and Sensitivity analysis on page 60.

Future investments

On 31 December, Balder had ongoing residential projects with an expected total investment of SEK 8,000m, of which about SEK 4,400m was already invested. The most large-scale investments are in Copenhagen and Helsinki and mainly relate to condominiums that are let. In Copenhagen, there are currently about 1,000 apartments under construction as well as about 1,100 apartments in Finland and about 350 tenant-owner's apartments in Sweden. We expect to complete about 500 apartments during the first half of 2016.

On 31 December 2015, Balder's investment undertakings amounted to approximately SEK 3,600m (570), of which Sato Oyj's investment undertakings amounted to about SEK 1,500m.

Note 13 • Continued

Sensitivity analysis +/- 1 percentage Impact on the value, SEKm	Residential properties	Commercial properties	The sensitivity analysis on the left shows how a +/- one percentage point change in cash flow and yield requirement will affect the valuation. One parameter in the sensitivity analysis rarely changes in isolation, but different assumptions are interconnected as regards cash flow and yield requirement.
Rental value	+/- 638	+/- 296	
Economic occupancy rate	+/- 638	+/- 296	
Property costs	+/- 234	+/- 57	
Yield	- 6,581/+ 9,575	- 3,925/+ 5,738	

Region	Residential properties		Commercial properties		The average yield requirement for assessment of residual value, %
	Cost of capital requirement for discounting of future cash flows, %	Yield requirement for assessment of residual value, %	Cost of capital requirement for discounting of future cash flows, %	Yield requirement for assessment of residual value, %	
Helsingfors	7.25–8.50	5.25–6.50	–	–	5.70
Stockholm	4.75–6.75	2.75–4.75	6.00–9.00	4.00–7.00	4.72
Gothenburg	5.00–10.00	3.00–8.00	6.00–12.00	4.00–10.00	5.26
Öresund	5.45–7.50	3.45–5.50	6.50–8.50	4.50–6.50	4.92
East	6.25–8.50	4.25–6.50	7.75–12.00	5.75–10.00	5.94
North	6.00–7.75	4.00–5.75	7.50–8.50	5.50–6.50	4.90

The yield requirement is the single most important parameter during valuation. Generally speaking, residential has a lower yield requirement, mainly due to a secure cash flow and low risk.

Note 14 • Other property, plant and equipment

Equipment SEKm	Group		Parent Company	
	2015	2014	2015	2014
Cost				
Opening balance	59	53	9	8
Acquisitions during the year	4	6	0	1
Increase by business combination (Sato Oyj)	37	–	–	–
Closing balance	100	59	9	9
Depreciation				
Opening balance	–40	–29	–7	–6
Retirements	–	–2	–	–
Depreciation during the year	–9	–10	–1	–1
Closing balance	–50	–40	–7	–7
Carrying amount	50	18	1	2
Wind turbines				
SEKm				
Cost				
Opening balance	164	164	30	30
Closing balance	164	164	30	30
Depreciation and impairments				
Opening balance	–86	–80	–10	–8
Depreciation during the year	–6	–6	–2	–2
Closing balance	–93	–86	–12	–10
Carrying amount	72	78	18	20
Total carrying amount	122	96	20	22

Depreciation is recognised in administrative expenses and media expenses.

Note 15 • Participations in associated companies

Participations in associated companies are recognised in the Group using the equity method and in the Parent Company using the cost method.

Accumulated cost, SEKm	Group		Parent Company	
	2015	2014	2015	2014
Opening balance	1,489	1,020	536	483
Acquisition of associated companies ¹⁾	261	420	1	153
Disposal of associated Companies	–0	–224	–	–100
Associated companies reclassified to subsidiaries ²⁾	–300	–	–	–
Dividend associated companies	–1	–45	–	–
Participations in the profits of associated companies after tax	831	317	–	–
Change in shareholders' equity of associated companies	–5	1	–	–
Closing balance	2,276	1,489	536	536
Participating interest in associated companies' statements of comprehensive income				
Group, SEKm			2015	2014
Rental income			789	180
Property costs			–266	–35
Net operating income			523	145
Changes in value of properties, unrealised			318	176
Changes in value of properties, realised			85	–
Management and administrative costs			–77	–13
Other operating income ³⁾			289	131
Operating profit			1,138	439
Net interest income/expenses			–153	–68
Changes in value of derivatives, unrealised			1	–
Profit before tax			987	371
Tax			–155	–54
Net profit for the year			831	317
Profit from property management before tax			457	195
Summary of participating interest in associated companies' statements of financial position ⁴⁾				
Group, SEKm			2015	2014
Assets			6,034	3,717
Shareholders' equity including shareholders' loan			2,276	1,489
Liabilities			3,758	2,228

1) Acquisitions of associated companies refers to shares in Tornet Bostadsproduktion AB, Brinova Fastigheter AB, Murbruket Holding Fastighets AB, Balder 24 AB samt Balder Administration ApS.

2) This item refers to Sato Oyj and Bovieran Holding AB.

3) The majority relates to Collector AB. Including income from property management amounted to 163 SEKm.

4) The items do not include Sato Oyj samt Bovieran Holding AB which during 2015 has gone from being associated companies to being subsidiaries.

Group holdings of participations in associated companies in 2015

Company	Corporate identity number	Registered office	Number of shares	Share, %	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB ¹⁾	556560-0797	Gothenburg	41,136,900	44	951	517
Tulia AB	556712-9811	Gothenburg	50,000	50	331	–
Fastighets AB Centur	556813-6369	Stockholm	500	50	371	4
Mötesplatsen Intressenter AB	556859-0417	Alingsås	320	32	11	15
Bergsspiran AB	556736-4475	Gothenburg	250	25	0	0
Fix Holding AB	556949-3702	Gothenburg	50,000	50	0	–
Proximion Holding AB	556915-7331	Stockholm	50,000	34	6	–
Balder Skåne AB	556899-9230	Gothenburg	1,000	50	46	–
Första Långgatan Fastigheter i GBG HB	916851-7259	Gothenburg	–	50	259	–

Note 15 • Continued

Company	Corporate identity number	Registered office	Number of shares	Share, %	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,550,000	31	102	–
Brinova Fastigheter AB	556840-3918	Skåne	14,778,978	35	188	–
Murbruket Holding Fastighets AB	556940-2877	Gothenburg	250	50	6	–
Balder 24 AB	559008-2912	Gothenburg	500	50	4	–
Balder Administration ApS	31585457	Copenhagen	20,000	40	0	–
Total					2,276	536

1) Balders market value of Collector AB (publ) as of December 31, 2015 amounted to SEKm 5,224.

Group holdings of participations in associated companies in 2014

Company	Corporate identity number	Registered office	Number of shares	Share, %	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB	556560-0797	Gothenburg	41,136,900	48	698	517
Tulia AB	556712-9811	Gothenburg	50,000	50	243	–
Bovieran Holding AB	556813-3168	Gothenburg	8,070	80	68	–
Fastighets AB Centur	556813-6369	Stockholm	500	50	195	4
Mötesplatsen Intressenter AB	556859-0417	Alingsås	320	32	12	15
Bergsspiran AB	556736-4475	Gothenburg	250	25	0	0
Fix Holding AB	556949-3702	Gothenburg	50,000	50	0	–
Proximion Holding AB	556915-7331	Stockholm	50,000	34	6	–
Balder Skåne AB	556899-9230	Gothenburg	1,000	50	36	–
Första Långgatan Fastigheter i GBG HB	916851-7259	Gothenburg	–	50	231	–
Total					1,489	536

Note 16 • Trade receivables

Trade receivables are carried at the amount which is expected to be received less individually estimated doubtful receivables. The individual assessment is made on all trade receivables, which have fallen due for 90 days or more. Earnings in 2015 were charged with SEK 8m (9) in respect of actual and expected bad debt losses. The trade receivables are of a short-term character and this means that they are recognised as current assets and at fair value.

Age distribution of trade receivables

Group, SEKm	2015	2014
–30 days	109	10
31–60 days	20	9
61–90 days	1	0
91 days–	24	17
Total	155	36
Doubtful trade receivables	–24	–17
Trade receivables, net	130	19

Doubtful trade receivables

Group, SEKm	2015	2014
Opening balance	–17	–25
Acquired opening balance	–9	–
Debt losses of the year	5	9
Doubtful trade receivables during the year	–3	–0
Closing balance	–24	–17

Note 17 • Other longterm receivables

	Group		Parent Company	
SEKm	2015	2014	2015	2014
Receivables associated companies	894	616	894	616
Other receivables	279	–	141	–
Total	1 173	616	1 036	616

Note 18 • Prepaid expenses and accrued income

	Group		Parent Company	
SEKm	2015	2014	2015	2014
Insurance	2	4	–	–
Interest income	3	2	2	2
Rental income	27	16	–	–
Property expenses	60	14	–	–
Other items	15	9	2	5
Total	107	45	4	7

Note 19 • Financial investments

	Group		Parent Company	
SEKm	2015	2014	2015	2014
<i>Quoted securities</i>				
Shares and bonds	405	257	390	257
Total	405	257	390	257

Financial investments are measured at fair value through profit and loss (see Note 9).

Note 20 • Share capital

On 31 December 2015, the registered share capital consisted of 182,396,852 shares, of which 11,229,432 were ordinary shares of Class A and 161,167,420 ordinary shares of Class B, and 10,000,000 preference shares. Balder carried out a directed new issue of 10 million ordinary shares, in December, which brought in SEK 1,705 million after issue costs of SEK 15m. The issue has

provided Balder with a number of new Swedish and foreign shareholders. For existing ordinary shareholders, the issue implied a dilutive effect of 6 per cent of the capital. After the issue and as of 31 December, the share capital in Balder thus amounted to SEK 182,396,852, distributed among 182,396,852 shares. Each Class A share

carries one vote, and each Class B share and preference share carries one tenth of one vote. An ordinary share entitles its holder to a dividend that is determined in due course while a preference share entitles its holder to an annual dividend of SEK 20.00 per share. All shares entitle holders to voting rights at the Annual General Meeting.

Share capital trend

Day	Month	Year	Event	Change in number of shares	Total number of shares	Total number of outstanding shares	Quota value per share, SEK	Change in share capital, SEK	Total share capital, SEK
27	June	2005	Start date		75,386,104	75,386,104	1.00		75,386,104
18	August	2005	Issue in kind	2,000,002	77,386,106	77,386,106	1.00	2,000,002	77,386,106
18	August	2005	Reduction of the share capital by decreasing nominal amount	–	77,386,106	77,386,106	0.01	–76,612,245	773,861
18	August	2005	Issue in kind	1,287,731,380	1,365,117,486	1,365,117,486	0.01	12,877,314	13,651,175
18	August	2005	Set-off issue	18,846,514	1,383,964,000	1,383,964,000	0.01	188,465	13,839,640
18	August	2005	Consolidation of nominal amount to SEK 1	–1,370,124,360	13,839,640	13,839,640	1.00	–	13,839,640
27	January	2006	Issue in kind	1,000,000	14,839,640	14,839,640	1.00	1,000,000	14,839,640
9	October	2006	Issue in kind	1,380,000	16,219,640	16,219,640	1.00	1,380,000	16,219,640
		2008	Repurchase, treasury shares	–476,600	16,219,640	15,743,040	1.00	–	16,219,640
28	August	2009	Issue in kind	9,171,502	25,391,142	24,914,542	1.00	9,171,502	25,391,142
4	June	2010	Bonus issue	76,173,426	101,564,568	99,658,168	1.00	–	101,564,568
1	February	2011	New issue	6,700,000	108,264,568	106,358,168	1.00	6,700,000	108,264,568
20	May	2011	Bonus issue	54,132,284	162,396,852	159,537,252	1.00	–	162,396,852
16	June	2011	Directed new issue of preference shares	4,000,000	166,396,852	163,537,252	1.00	4,000,000	166,396,852
31	January	2012	Set-off issue preference share	1,000,000	167,396,852	164,537,252	1.00	1,000,000	167,396,852
11	October	2012	Set-off issue preference share	1,000,000	168,396,852	165,537,252	1.00	1,000,000	168,396,852
24	May	2013	Directed new issue of preference shares	500,000	168,896,852	166,037,252	1.00	500,000	168,896,852
22	October	2013	Directed new issue of preference shares	3,500,000	172,396,852	169,537,252	1.00	3,500,000	172,396,852
19	March	2014	Disposal of repurchased shares	2,859,600	172,396,852	172,396,852	1.00	–	172,396,852
18	December	2015	Directed new issue of ordinary shares	10,000,000	182,396,852	182,396,852	1.00	10,000,000	182,396,852
31	December	2015			182,396,852	182,396,852	1.00		182,396,852

The Group has made the assessment that the outstanding preference shares constitute equity instruments. This assessment is based on the fact that both the dividend and redemption of preference shares require a resolution of the general meeting of shareholders where the

ordinary shareholders have a majority. Thus for the company it is discretionary whether payment or redemption of these preference shares occurs and consequently no contractual obligation exists to pay out funds, which means that the instrument should be classified as equity.

The Board will propose to the Annual General Meeting for the financial year 2015 that no dividend on ordinary shares (–) should be declared and a dividend of SEK 20.00 per share for preference shares should be declared (20.00). All issued shares are fully paid-up.

Note 21 • Financial risks and financial policies

Balder is financed by equity and liabilities, where the Majority of the liabilities consist of interest-bearing liabilities. The proportion of equity is impacted by the chosen level of financial risk which in turn is impacted by lenders' equity requirements for offering market-related financing. Balder's long-term goals for the capital structure are that the equity/assets ratio should not be less than 35 per cent over time and that the interest coverage ratio should not be less than 2.0 times.

Financial policy

The Group is exposed to six different kinds of financial risks through its operations. Financial risks refer to interest rate risk, liquidity risk, refinancing risk, price risk, credit risk and currency risk. The financial policy prescribes

guidelines and rules for how the financial operations shall be conducted and establishes the division of responsibilities and administrative rules. Departures from the Group's financial policy require the approval of the Board. Responsibility for the Group's financial transactions and risks is managed centrally by the parent company's financial department. Financial risk is managed at a portfolio level. Financial transactions shall be conducted based on an assessment of the Group's overall needs relating to liquidity, financing and interest risk.

Financial policy goals:

- the equity/assets ratio should exceed 35 per cent over time,
- the interest coverage ratio should not be less than 2.0 times,

- secure the short-term and long-term supply of capital,
 - obtain a stable long-term capital structure.
- The Group has market-related covenants for its funding. These were fulfilled during the financial year.

The goals are followed up regularly in reports to the Board prior to presentation of the company's interim reports.

Financial goals	Goal	Outcome	
		2015	2014
Equity/assets ratio, %		34.1	35.5
Equity/assets ratio (including Collector AB at market value), %	35.0	37.8	35.5
Interest coverage ratio, times	2.0	5.1	3.4

Capital risk

The Group's goal as regards the capital structure is to secure the Group's ability to continue its operations, so that it can continue to generate a return to shareholders and value for other stakeholders.

Refinancing risk

Refinancing risk refers to the risk that Balder may not be able to obtain refinancing in the future or only at a significantly increased cost. At year-end, Balder had credit facilities of SEK 4,745m, of which SEK 4,545m were unutilised. Balder also has credit facilities that fully cover future payments for ongoing construction projects. Balder works continually on raising new loans and on renegotiating existing loans. Over time, 50 per cent of the loan portfolio should have a credit term of more than two years and not more than 35 per cent of the loans should mature during a single year.

Liquidity risk

Liquidity risk refers to the risk of a lack of sufficient cash and cash equivalents to be able to fulfil the company's payment obligations relating to operating costs, interest, amortisation and dividend on preference shares. According to the financial policy, there should always be sufficient cash in hand and guaranteed credit facilities to cover the day-to-day liquidity requirements. Regardless of long-term goals, the Board can decide to temporarily boost liquidity, for example, to be better prepared for Mayor transactions. On the closing date, Balder's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 1,339m (806). Balder's financial policy, which is updated at least once each year, prescribes guidelines and rules for how borrowing should be conducted. The overall objective of financial management is to use borrowing to safeguard the supply of capital to the company in the short and long run, to adapt the financial strategy and management of financial risks to the company's business so that a long-term and stable capital structure is achieved and maintained and to achieve the best possible net financial income/expense within given limits for risk.

Duration analysis of financial liabilities

The tables on the right above show the cash flow per year as regards financial liabilities assuming the current size of the Group. The cash flow refers to interest expenses, amortisation, trade payables and settlement of other financial liabilities. Net financial items have been calculated based on the Group's average interest less interest income.

Refinancing occurs on a regular basis, so no interest expense for a longer period than 10 years is indicated.

Interest rate risk

Interest rate risk refers to the risk of fluctuations in cash flow and earnings due to changes in interest rates. The key factor affecting interest rate risk is the interest rate refixing period. Long interest rate refixing periods ensure predictability in cash flow but in most cases also mean higher interest expenses. The Group's interest rate exposure is centralised, which means that the central finance function is responsible for

Group 2015-12-31

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years
Maturity structure, loans	11,201	10,269	3,190	2,150	5,763	8,491
Interest expenses ¹⁾	878	873	868	863	858	4,231
Trade payables	179	–	–	–	–	–
Other liabilities	542	–	–	–	–	–
Total	12,799	11,141	4,058	3,013	6,620	12,704

Group 2014-12-31

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years
Maturity structure, loans	11,363	1,107	4,270	600	600	4,438
Interest expenses ¹⁾	582	576	570	564	558	2,701
Trade payables	74	–	–	–	–	–
Other liabilities	297	–	–	–	–	–
Total	12,316	1,683	4,841	1,164	1,158	7,139

Parent Company 2015-12-31

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years
Maturity structure, loans	3,733	5,246	600	600	433	356
Interest expenses ¹⁾	241	240	239	238	237	1,168
Trade payables	4	–	–	–	–	–
Other liabilities	187	–	–	–	–	–
Total	4,165	5,485	839	838	670	1,524

Parent Company 2014-12-31

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years
Maturity structure, loans	4,208	500	1,146	600	600	789
Interest expenses ¹⁾	203	203	202	201	200	983
Trade payables	5	–	–	–	–	–
Other liabilities	145	–	–	–	–	–
Total	4,561	703	1,348	801	800	1,772

1) Refers to interest expenses during the period 0–10 years.

Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/- 1 %	+/- 51
Economic occupancy rate	+/- 1 percentage unit	+/- 53
Interest-rate level of interest-bearing liabilities	+ 1 percentage unit	– 187
Property costs	+/- 1 %	–/+ 16
Changes in value of properties	+/- 5 %	+/- 3,423

identifying and managing this exposure. The interest rate risk shall be managed using risk hedging instruments such as interest rate swaps, interest rate ceilings and interest rate floors. The overriding key ratio used is the interest coverage ratio. On each measurement date, the interest coverage ratio shall exceed 2.0 times. To manage the interest risk cost-effectively, an assessment of the interest rate risk is made when raising loans with short interest rate refixing periods based on the Group's overall loan portfolio. Interest rate derivative transactions are carried out as required to achieve the desired interest risk in the overall

Maturity structure derivatives

Year	Nominal amount, SEKm	Interest, %
2016	571	3.15
2017	610	2.04
2018	3,953	3.62
2019	650	1.53
2020	822	2.04
2021	4,485	2.53
2022	457	2.18
2023	1,011	1.39
2024	274	0.74
2025	1,820	1.39
2026	1,000	2.69
Total	15,653	

borrowing.

Balder has mainly used swaps and interest rate ceilings to manage its interest rate risk, which matures between 2016 and 2026. Fluctuations in market interest rates give rise to theoretical surpluses or deficits in respect of these financial instruments, which do not directly affect cash flow. Derivatives are continually recognised at fair value in the balance sheet and changes in value are recognised in the income statement. Derivatives are measured based on quoted prices in the market. The changes in value during 2015 amounted to SEK 227m (–624). The fair value of

Note 21 • Continued

financial instruments is based on measurements by the intermediating credit institutions. The reasonability of the measurements has been tested by engaging another credit institution to value similar instruments at the end of the reporting period, see sensitivity analysis above.

Currency risk

Balder owns properties via subsidiaries in Denmark and in Finland. External financing always occurs in local currency, which means that the remaining currency risk corresponds to equity. At year-end, Balder had hedged the Majority of its own equity exposure via basis swaps, which means that the currency risk is relatively limited.

Price risk

Balder's income is affected by the occupancy rate for its properties, the level of market-related rents and customers' payment capacity. A +/- 1 percentage point change in the rent level or the economic occupancy rate has an effect on profit before tax of +/- SEK 51m and +/- 53m, respectively.

Credit risks

Trade receivables

The risk that the Group's customers will not fulfil their obligations, i.e. that payment will not be received for trade receivables, constitutes a customer credit risk. The credit of the Group's customers is assessed by obtaining information about the customers' financial position from various credit rating agencies.

An estimate of the credit risk is made in conjunction with new leases and conversion of premises for existing customers. Bank guaran-

tees, advance rental deposits or other security are required for customers with low creditworthiness or unsatisfactory credit histories.

Credit is monitored continually to follow developments in the creditworthiness of customers.

Financial operations

Balder's financial operations give rise to credit risk exposure. The risk is mainly counterparty risk in connection with receivables from banks and other counterparties that arise in the trading of derivative instruments. Balder's financial policy includes special counterparty rules which stipulate the maximum credit exposure for different counterparties.

Borrowing, maturity structure and interest rates

At year-end, Balder had binding loan agreements with credit institutions totalling SEK 41,063m (22,378). Loans are raised in Swedish kronor, Danish krone and euro. At year-end, loans in Danish krone amounted to DKK 1,881m and loans in euro amounted to EUR 1,824m. The credit agreements mainly consist of bilateral contracts with Nordic banks as well as a certificate programme for SEK 3,827m (1,500). On 31 December, the outstanding certificate volume was SEK 2,680m (675). Net interest-bearing liabilities less cash and cash equivalents and financial investments of SEK 1,025m (456) amounted to SEK 40,038m (21,922).

Agreements can be divided into five categories:

- loans against security pledged in the form of promissory note receivables from subsidiaries. The security has been augmented by collateral in the shares of subsidiaries/limited-partnership shares,

- loans against pledging of mortgage deeds on property,
- certificate programme,
- bond loan

Interest-bearing liabilities for the most part are formally current but are non-current in character, as they are continually extended. One year of agreed amortisation is recognised as current interest-bearing liabilities.

In certain cases, the security is augmented by guarantees relating to interest coverage ratios, equity/assets ratios and loan-to-value ratios. Balder satisfied all of its guarantees at year-end. Credit agreements contain customary termination conditions.

The average fixed credit term in loan agreements amounted to 4.4 years (4.3) on 31 December 2015. The maturity structure of loan agreements, presented in the table showing the loan terms, indicates when loan agreements are due for renegotiation or repayment. The average effective interest on the closing date amounted to 2.2 per cent (2.6) including the effect of accrued interest from Balder's interest rate derivatives. The average interest rate refixing period on the same date was 2.9 years (2.3). The proportion of loans with interest dates during the coming 3-year period amounted to 64 per cent (65).

The fair value of financial liabilities, which are not derivative instruments has been estimated by discounting the future cash flow using the current market rate of interest at the end of the reporting period. The discount rate used in the estimation of fair value is in the range 1.5 and 3.8 per cent.

Interest rate refixing period

Year	Carrying amount, SEKm		Interest, %		Share, %		Fair value, SEKm ³⁾	
	2015	2014	2015	2014	2015	2014	2015	2014
Within one year	21,512	13,960	1.1	1.8	52	62	21,522	13,960
1–2 years	304	500	3.3	4.3	1	2	304	500
2–3 years	4,470	–	4.5	–	11	–	4,507	–
3–4 years	1,631	3,000	3.1	4.7	4	13	1,689	3,000
4–5 years	4,012	–	2.6	–	10	–	4,068	–
>5 years	9,134	4,918	3.2	3.6	22	22	9,143	4,918
Total	41,063	22,378	2.2	2.6	100	100	41,234	22,378

Carrying amount and fair value of financial instruments

Group, SEKm	Trade and loan receivables		Financial assets/liabilities measured at fair value through profit or loss ⁴⁾		Other liabilities		Total carrying amount		Total fair value	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Trade receivables	130	19	–	–	–	–	130	19	130	19
Other long-term trade receivables ³⁾	1,173	616	–	–	–	–	1,173	616	1,173	616
Cash and cash equivalents	620	199	–	–	–	–	620	199	620	199
Financial investments ³⁾	–	–	405	257	–	–	405	257	405	257
Total receivables	1,923	834	405	257	–	–	2,328	1,091	2,328	1,091
Non-current interest-bearing liabilities ³⁾	–	–	–	–	39,095	22,157	39,095	22,157	39,266	22,157
Other long-term liabilities ³⁾	–	–	–	–	331	–	331	–	331	–
Credit facilities	–	–	–	–	36	–	36	–	36	–
Derivatives ^{2,5)}	–	–	1,294	1,086	–	–	1,294	1,086	1,294	1,086
Current interest-bearing liabilities ³⁾	–	–	–	–	1,933	221	1,933	221	1,933	221
Trade payables	–	–	–	–	179	74	179	74	179	74
Total liabilities	–	–	1,294	1,086	41,573	22,452	42,867	23,538	43,038	23,538

Note 21 • Continued

Parent Company, SEKm	Trade and loan receivables		Financial assets/liabilities measured at fair value through profit or loss ⁴⁾		Other liabilities		Total carrying amount		Total fair value	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Receivables from group companies ³⁾	21,676	15,777	—	—	—	—	21,676	15,777	21,676	15,777
Other long-term trade receivables ³⁾	1,036	616	—	—	—	—	1,036	616	1,036	616
Cash and cash equivalents	4	165	—	—	—	—	4	165	4	165
Financial investments ¹⁾	—	—	390	257	—	—	390	257	390	257
Total receivables	22,715	16,558	390	257	—	—	23,106	16,815	23,106	16,815
Non-current liabilities to credit institutions ³⁾	—	—	—	—	10,887	7,806	10,887	7,806	10,887	7,806
Other long-term liabilities ³⁾	—	—	—	—	126	—	126	—	126	—
Credit facilities	—	—	—	—	36	—	36	—	36	—
Derivatives ^{2,5)}	—	—	737	936	—	—	737	936	737	936
Liabilities to group companies ³⁾	—	—	—	—	4,507	3,952	4,507	3,952	4,507	3,952
Current liabilities to credit institutions ³⁾	—	—	—	—	45	37	45	37	45	37
Trade payables	—	—	—	—	4	5	4	5	4	5
Total liabilities	—	—	737	936	15,604	11,801	16,341	12,736	16,341	12,736

1) Level 1 – measured at fair values obtained from quoted market prices in active markets for identical assets.

2) Level 2 – measured at fair values obtained from inputs other than quoted market prices included within Level 1 that are observable for the assets and liabilities.

3) Level 3 – measured at fair values obtained from information and data for the assets and liabilities which is not based on observable market inputs.

4) Financial assets/liabilities held for trading.

5) Derivative instruments have been recognised net as a liability. This liability includes positives values in Group of 20 SEKm (–) in Parent Company of 10 SEKm (–).

Note 22 • Credit facilities

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Granted credit facility	350	350	300	300
Utilised portion	–36	—	–36	—
Unutilised portion	314	350	264	300

Note 23 • Accrued expenses and deferred income

SEKm	Group		Parent Company	
	2015	2014	2015	2014
Personnel expenses	63	22	8	7
Interest expenses	166	70	35	34
Prepaid rents	392	361	—	—
Property costs	186	69	—	—
Other items	38	17	3	2
Total	845	538	47	44

Note 24 • Pledged assets and contingent liabilities

Pledged assets SEKm	Group		Parent Company	
	2015	2014	2015	2014
Real estate mortgages	31,945	22,358	—	—
Shares in group companies	13,377	2,255	—	—
Promissory notes	—	—	6,819	5,898
Total	45,322	24,613	6,819	5,898
Contingent liabilities SEKm	Group		Parent Company	
	2015	2014	2015	2014
Guarantees for subsidiaries	—	—	13,986	13,542
Guarantees for associated companies	1,596	1,486	1,596	1,486
Other guarantees	321	—	—	—
Total	1,916	1,486	15,582	15,028

Note 25 • Cash flow statement

Cash and cash equivalents SEKm	Group		Parent Company	
	2015	2014	2015	2014
The following sub-components are included in cash and cash equivalents:				
Cash and bank balances	620	199	4	165
Total according to the balance sheet	620	199	4	165
Total according to the cash flow statement	620	199	4	165

Interest and derivative expenses paid SEKm	Group		Parent Company	
	2015	2014	2015	2014
Interest received	32	27	18	16
Interest paid	–330	–419	–92	–147
Derivative expense paid	–288	–198	–242	–161
Total	–586	–591	–315	–292

Intra-group interest income and interest expenses for 2015 and 2014 did not affect the cash flow.

Note 26 • Participations in group companies

Specification of the Parent Company's direct holdings of participations in subsidiaries					Carrying amount	
Subsidiaries	Corporate identity number	Registered office	Number of shares	Share, %	2015	2014
Balder Storstad AB	556676-4378	Gothenburg	1,172,306	100	1,046	1,046
Balder Mellanstad AB	556514-4291	Gothenburg	1,938,000	100	150	150
Din Bostad Sverige AB	556541-1898	Gothenburg	18,500,000	100	626	626
Egby Vindkraftverk AB	556760-5919	Gothenburg	1,000	100	0	0
Balder Danmark ApS	34058016	Copenhagen	80,000	100	0	0
Total					1,822	1,822

The Balder Group owns 100 per cent in 263 companies (238) via the above-mentioned subsidiaries, as presented in each subsidiary's annual accounts.

Parent Company, SEKm	2015	2014
Accumulated cost		
Opening balance	1,822	1,822
Change for the year	–	–
Closing balance	1,822	1,822

Note 27 • Receivables from/liabilities to Group companies

Parent Company, SEKm	Receivables		Liabilities	
	2015	2014	2015	2014
Opening balance	15,777	11,506	3,952	2,782
Change in lending to subsidiaries	5,900	4,271	555	1,170
Closing balance	21,676	15,777	4,507	3,952

There is no fixed amortisation plan.

Note 28 • Significant events after the end of the financial year

Fastighets AB Balder's cooperation with the Third Swedish National Pension Fund was conditional upon approval from the Swedish Competition Authority. This approval was given and the deal was completed. After the end of the financial year, Balder also acquired

49 per cent of Sjaelsö Management Aps in Denmark. Sjaelsö Management is one of the largest players within project development and construction management in Denmark. In January, all properties in Skara and Töreboda were divested as well as the property Miklaholt 2 in Stockholm.

Note 29 • Related parties

Related parties

Group

The Group is under the control of Erik Selin Fastigheter AB, which holds 49.5 per cent (51.3) of the votes in the parent company Fastighets AB Balder. The parent company in the largest group of which Balder is part is Erik Selin Fastigheter AB.

Parent Company

Apart from the related parties shown for the Group, the parent company exercises control over subsidiaries according to Note 26, Participations in group companies.

Summary of related party transactions

Group

Erik Selin Fastigheter AB purchased property-related administrative services from Balder

for SEK 2m (2). The services were priced based on market-related terms.

Parent Company

The parent company performed property-related administrative services on behalf of its subsidiaries amounting to SEK 117m (98). The parent company functions as an internal bank. On the closing date, receivables from subsidiaries amounted to SEK 21,676m (15,777). The price of the administrative and financial services is based on market-related terms.

Associated companies

Apart from the related parties described above, the Balder Group owns associated companies according to Note 15, Participations in associated companies.

During the financial year, the associated companies have purchased management and

administrative services for their organisations from Balder amounting to SEK 27m (23). In addition to this, services were purchased from Collector AB (publ). Net receivables from associated companies amounted to SEK 910m (616) on the closing date. The price of the administrative and financial services is based on market-related terms.

Transactions with key people in executive positions

The company's Board members and companies owned by these members control 65.3 per cent (66.9) of the votes in Balder. With regard to the Board, CEO and other employees' salaries and other remuneration, expenses and agreements relating to pensions and similar benefits as well as agreements in respect of termination benefits, see Note 4, Employees and personnel expenses.

Note 30 • Critical estimates and judgements

The company management and the Board have discussed the development, the choice of and the disclosures in respect of the Group's key accounting policies and estimates, as well as their application.

Investment properties

For important assumptions and estimates in connection with valuation of investment properties see Note 13, Investment properties.

Balder reports its properties according to the fair value method which means that changes in value are recognised in the income statement. Thus the results can be affected significantly.

Balder performs an internal valuation of the properties in connection with each quarterly report. In order to quality-assure its internal valuations, Balder regularly allows parts of the portfolio to be externally valued during the year.

Taxes

Balder has loss carry-forwards at its disposal, which it is estimated can be utilised against future profits, under current tax rules.

However, Balder cannot provide any guarantees that current or new tax rules will not restrict the possibilities of utilising the loss carry-forwards.

Classification of acquisitions

The accounting standard IFRS 3 contains a rule that acquisitions must be classified as business combinations or asset acquisitions, which means that an individual assessment must be made of each particular transaction. The assessments of acquisitions made during the year resulted in all transactions being classified as asset acquisitions, with the exception of the acquisition of Sato Oyj, which is classified as a business combination.

Note 31 • Parent Company information

Fastighets AB Balder (publ) is a Swedish-registered limited liability company with its registered office in Gothenburg. The parent company's shares are listed on Nasdaq Stockholm, Large Cap segment. The address of the head office is Box 53121, 400 15 Gothenburg, Sweden. The visiting address is Vasagatan 54.

The consolidated accounts for 2015 include the parent company and its subsidiaries, together referred to as the Group.

Note 32 • Business combination

Information about purchase price and acquired net assets is presented below:

SEKm

Purchase price

Cash and cash equivalents	444
Ordinary shares issued, after issue expenses	1,705
Total purchase price paid for 22.9 per cent of the outstanding shares in Sato	2,149
Fair value of the participations acquired in Q2 and Q3 (30.4 per cent) (before the business combination resulting in control) ¹⁾	2,855
Purchase price	5,004

¹⁾ The remeasurement effect amounted to SEK 9m and is recognised in the line Non-recurring items in the consolidated statement of comprehensive income.

On 1 April 2015, Balder carried out its first acquisition of shares in Sato Oyj equivalent to about 21 per cent of the outstanding shares and voting rights. Balder subsequently acquired additional shares and the total holding of shares and voting rights in Sato amounted to 30.4 per cent before the acquisition of a controlling influence. On 30 December 2015, Balder took possession of a further 22.9 per cent of the outstanding shares, and after that Balder's ownership in Sato amounted to 53.3 per cent. As control was obtained; Sato was consolidated in the Group's balance sheet as of 31 December 2015. Sato is one of Finland's largest residential property companies with high-quality properties in excellent locations that complement Balder's existing operations and property portfolio. The number of employees in Sato amounted to 170 people on 31 December, of which 110 were women.

Note 32 • Continued

The assets and liabilities recognised as a consequence of the acquisition were as follows:

SEKm

Assets and liabilities in Sato ¹⁾	
Investment properties	26,477
Other property, plant and equipment	37
Current receivables	236
Cash and cash equivalents and financial investments	569
Deferred tax liability	-1,691
Interest-bearing liabilities	-15,312
Derivatives	-435
Other liabilities	-499
Acquired identifiable net assets	9,382
Non-controlling interests	-4,377
Acquired net assets	5,004

1) Carrying amount in the Group, 31 December 2015.

Cash flow to acquire subsidiary, after addition of acquired cash and cash equivalents:

SEKm

Cash purchase price	-3,068
Ordinary shares issued, after issue costs	-1,705
Total cash flow to acquire subsidiary	-4,773
Less: Acquired balances	
Acquired cash and cash equivalents	554
Total acquired cash and cash equivalents	554
Net outflow of cash and cash equivalents, investing activities	-4,219

Choice of accounting policy for non-controlling interests

The Group recognises non-controlling interests in an acquired entity, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This choice of policy is made for every individu-

al business combination. For non-controlling interests in Sato, the Group has chosen to recognise non-controlling interests at the fair value of the acquired identifiable net assets.

Revenue and profit in acquired operations

If the acquisition had been carried out on 1 January 2015, the consolidated pro-forma financial statements as of 31 December 2015 would show rental income of SEK 5,044m and net profit for the year of SEK 5,873m. These amounts were calculated using the subsidiary's results while adjusting for any differences in accounting policies between the Group and the subsidiary.

Acquisition-related costs

Acquisition-related costs of SEK 94m (of which Finnish stamp duty SEK 83m), that were not directly related to the new issue, are included in the line Non-recurring items in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Note 33 • Other income/expenses

The item Other income/expenses includes SEK 9m related to the business combination of Sato

Oyj, for more information See Note 32 relating to Business combinations.

The annual accounts and the consolidated financial statements were approved for publication by the Board of Directors and CEO on 6 April 2016. The consolidated income statement and balance sheet and the parent company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 10 May 2016. The Board will propose to the AGM that no dividend (–) be declared for ordinary shares and that a dividend of SEK 20.00 per share (20.00) be declared for prefe-

rence shares for the financial year 2015.

The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the international accounting standards IFRS referred to in the European Parliament's and Council's regulation (EC) No. 1606/2002 from 19 July 2002 on application of the international accounting standards. The annual accounts and consolidated financial

statements provide a true and fair view of the parent company's and Group's financial position and results of operations. The Report of the Board of Directors for the Group and the parent company provides a true and fair review of the development of the Group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies forming the Group.

Gothenburg, 6 April 2016

Christina Rogestam
Chairman of the Board

Sten Dunér
Board member

Fredrik Svensson
Board member

Anders Wennergren
Board member

Erik Selin
Board member and CEO

Our audit report was submitted on 6 April 2016
Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdröm
Authorised Public Accountant

Audit Report

To the Annual General Meeting of Fastighets AB Balder (publ), corporate identity number 556525-6905

Report on the annual accounts and consolidated financial statements

We have audited the annual accounts and consolidated financial statements of Fastighets AB Balder (publ) for 2015. The company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 59–92.

The Board of Directors and the Managing Director are responsible for the annual accounts and consolidated financial statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we adhere to professional ethics and that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The auditor determines which actions to perform, in part by assessing the risk of material misstatement in the annual accounts and consolidated financial statements, whether resulting from fraud or er-

ror. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of its financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report and the corporate governance report are consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed allocation of the company's

profit or loss and the administration of the Board of Directors and the Managing Director of Fastighets AB Balder (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' explanatory statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend that the Annual General Meeting allocate the earnings in accordance with the proposal in the Report of the Board of Directors and discharge the members of the Board and the Managing Director from liability for the financial year.

Gothenburg, 6 April 2016

Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdröm

Authorised Public Accountant

Corporate governance

Corporate governance in Swedish listed companies is governed by a combination of written rules and practice, by which the owners directly and indirectly control the company. The rules and regulations have been developed through legislation, recommendations, the Swedish Code of Corporate Governance and through self-regulation. The Code is based on the principle comply or explain, which means that all rules need not always be complied with if there is a reason and it is explained.

Some of the Code's principles are to create a good basis for exercise of an active and responsible ownership role and to create a well-adjusted balance of power between owners, the Board and the executive management, which Balder views as a natural element of the principles for the operations. The Code also means that certain information should be made available on the company's website. The Swedish Code of Corporate Governance is administered by the Swedish Corporate Governance Board and is available on www.bolagsstyrning.se where the Swedish model for corporate governance is also described. Balder applies the Code, which is intended to serve as part of the self-regulation within the Swedish business community.

Articles of Association

The company's name is Fastighets AB Balder and the company is a public company (publ). The registered office of the company is in Gothenburg.

The company's objects shall be directly or indirectly, through wholly-owned or part-owned companies, to acquire, manage, own and divest real property and securities and carry on other activities connected therewith.

The articles of association, which are available on Balder's website, among other things, contain information regarding share capital, number of shares, class of shares and preferential rights, number of Board members and auditors as well as provisions regarding notice and agenda for the annual general meeting.

Annual General Meeting

The Annual General Meeting (AGM) is the company's highest decision-making body in which the shareholders exercise their rights to decide on the affairs of the company. The Board and auditors of the com-

pany are elected by the AGM according to the proposal of the nomination committee. The AGM also passes resolutions regarding amendments of the articles of association and regarding change in the share capital. To participate in passing resolutions, the shareholder must be present at the meeting, either personally or by proxy. In addition, the shareholder must be registered in the share register on a certain date prior to the meeting and notification of participation must be given to the company within a certain determined period. Shareholders who wish to have a special matter dealt with at the AGM can normally request this if the request is made in good time to Balder's Board of Directors prior to the meeting.

Resolutions at general meetings of shareholders are normally passed by simple majority. In certain questions, the Swedish Companies Act prescribes that proposals must be approved by a larger proportion of the shares represented and cast at the meeting.

Annual General Meeting 2015

At the AGM on 6 May 2015 in the Radisson BLU Scandinavia Hotel in Gothenburg, 239 shareholders were represented, holding 75 per cent of the total number of votes. All Board members and the company's auditor were present at the general meeting. The AGM adopted the financial statements for 2014 and discharged the Board and CEO from liability for the financial year 2014.

The following resolutions were passed by the AGM on 6 May 2015;

- not to declare any dividend to ordinary shareholders and to declare a quarterly dividend to preference shareholders of SEK 5 per share, however, a maximum of SEK 20,
- the Board shall, during the period until

the next AGM has been held, be composed of five ordinary members without deputies,

- directors' fees of a fixed amount of SEK 460,000 should be paid to the Board, of which SEK 160,000 to the Chairman of the Board and SEK 100,000 to the other Board members who are not permanently employed by the company. The amount includes remuneration for committee work,

- Re-election of the Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wernergren. All members are elected until the AGM 2016. Christina Rogestam was re-elected as Chairman of the Board.

- approval of the Board's proposed guidelines for remuneration to senior executives,

- mandate for the Board to decide on new issue of not more than 5,000,000 preference shares and/or shares of Class B corresponding to not more than 10 per cent of the existing share capital. The new issue shall be used by the company for payment of acquisitions of properties or acquisition of shares or participations in legal entities that own property or in order to capitalise the company ahead of such acquisitions or to capitalise the company in other respects.

- mandate for the Board to decide on repurchase and transfer of the company's own shares for the purpose of adjusting the company's capital structure and for transferring own shares as payment or for financing of property investments. Minutes taken at the AGM on 6 May 2015 are available on the company's website. The AGM will take place on 10 May 2016 at 4 p.m. at Elite Park Avenue Hotel, Kungsportsavenyn 36–38 in Gothenburg. Information concerning the AGM is published on www.balder.se.

The share and owners

The Balder share is listed on Nasdaq Stockholm, Large Cap. At year-end, the number of shareholders amounted to 17,155. Balder carried out a directed new issue of 10 million ordinary shares in December, which brought in SEK 1,705 million after issue costs. For existing ordinary shareholders, the issue implies a dilutive effect of 6 per cent of the capital. Balder's share capital after the new issue and on 31 December 2015 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. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote. Each shareholder at the general meeting is entitled to vote for the number of shares held and represented by him/her. Further information regarding shares and share capital is found on pages 13–15, The share and owners.

Board of Directors

The Board of Directors is elected by the AGM and according to the articles of association shall consist of at least three and at most seven members. The members are elected at the AGM for the period until the end of the first AGM that is held after the members were elected. During 2015, the Board was composed of five members and is responsible for the company's organisation and administration (more information about the company's Board is available on www.balder.se). The Board works according to an established formal work plan with instructions concerning division of responsibilities between the Board and the CEO.

New Board members receive an introduction to the company and its operations and participate in the stock exchange's training according to the stock exchange agreement. The Board subsequently receives continual information, including about regulatory changes and such issues concerning the operations and the Board's responsibility in a listed company.

The rules of the Swedish Companies Act apply to resolutions in the Board, to the effect that more than half of the members present and more than one third of the total number of members must vote for resolutions. The Chairman has the casting vote in the event of the

same number of votes.

The Board work is governed by the Swedish Companies Act, the articles of association, the Code and the formal work plan that the Board has adopted for its work.

Balder's Board of Directors is composed of persons who possess broad experience and competence from the real estate sector, business development and financing. Most of the Board members have experience of board work from other listed companies.

Both of the major owners Erik Selin Fastigheter AB and Arvid Svensson Invest AB are represented on the Board through Erik Selin and Fredrik Svensson.

Balder's authorised signatories, apart from the Board, are any two jointly of Chairman Christina Rogestam, CEO Erik Selin and CFO Magnus Björndahl.

The Board's duties and responsibilities

The Board's overriding duty is to manage the affairs of the company on behalf of the owners so that the owners' interest in a good long-term return on capital is satisfied in the best possible way. The Board has responsibility for ensuring that the company's organisation is appropriate and that the operations are conducted in accordance with the articles of association, the Companies Act and other applicable laws and regulations and the formal work plan of the Board. The Board shall perform the Board work collectively under the leadership of the Chairman. The Board shall also ensure that the CEO fulfils his duties in accordance with the Board's guidelines and directions. These are found in the instructions to the CEO drawn up by the Board. The Board members shall not be responsible for different lines of business or functions. Compensation and remuneration questions for the CEO are prepared by the Chairman and presented to the rest of the Board prior to decision.

The Board's duties include, but are not limited to the following:

- establishing business plans, strategies, significant policies and goals for the company and the Group that the company is parent company of
- determining the company's and Group's overall organisation,
- choosing and dismissing the CEO,
- ensuring that there is a functioning reporting system,
- ensuring that there is satisfactory control of the company's and Group's com-

pliance with laws and other regulations that apply to the operations,

- approving a new formal work plan and instruction to the CEO annually,
- approving financial reporting in the form of interim reports, year-end reports and annual accounts that that company shall publish,
- ensuring that the company has a functioning approvals list and approvals process.
- approving necessary guidelines for the company's conduct in society with the aim of ensuring long-term value creation and a sustainability perspective,
- ensuring that the company has an appropriate system for follow up and control of the risks associated with the company and its operations.

Chairman of the Board

It is the duty of the Chairman to ensure that the Board's work is conducted effectively and that the Board fulfils its duties. The duties of the Chairman include, but are not limited to the following:

- organising and leading the Board's work and creating the best possible basis for the Board's work,
- ensuring that the Board's work occurs in accordance with the provisions of the articles of association, the Companies Act and the formal work plan of the Board,
- monitoring that the Board's decisions are executed effectively,
- continually monitoring the company's development through contact with the CEO and acting as a discussion partner,
- ensuring that the Board members, through the agency of the CEO, receive sufficient information and decision data for their work,
- making sure that each new Board member is given a proper introduction upon joining the Board.

The formal work plan of the Board of Directors

The Board adopts a formal work plan for the board work each year. This formal work plan describes the duties of the Board and the division of responsibilities between the Board and the CEO. The formal work plan also describes what matters shall be dealt with at each board meeting and instructions regarding the financial reporting to the Board. The formal work plan also prescribes that the Board shall have an audit committee and a remuneration committee. The Chairman of the Board shall serve as the chairman of the committees.

Board meetings

The Board shall, in addition to the statutory meeting, hold Board meetings on at least four occasions annually. The CEO and/or CFO shall as a general rule present a report to the Board. The company's employees, auditor or other external consultants shall be called in to board meetings in order to participate and report on matters as required.

The Board constitutes a quorum when more than half of the Board members are present. The Chairman has the casting vote in the event of the same number of votes

The Board of Directors' work

Balders' Board held nine board meetings during 2015 of which one was the statutory meeting. Under the current formal work plan, the Board shall hold at least five ordinary Board meetings, including the statutory meeting, per calendar year. The Board meetings are held in connection with the company's reporting. Matters of significant importance to the company are dealt with at each ordinary board meeting such as acquisition and divestment of properties, investments in existing properties and financing questions. In addition, the Board is informed about the current business situation in the rental, property and credit markets. Among the regular matters dealt with by the Board in 2015, included acquisition strategies, capital structure and financing position, common corporate policies and formal work plan for the Board. At the extraordinary Board meetings, decisions were taken about the new issue and acquisition of shares in Sato Oyj, among other things.

Evaluation of the Board's work

The Board conducted an evaluation of its work during the year. The intention of the evaluation is to further improve the Board's working methods and efficiency, and to clarify the main direction of the Board's future work. The evaluation also serves as a tool for ensuring the right competencies and knowledge in the Board. During the completion of the annual evaluation, Board members were asked, based on their own perspective, to discuss various areas relating to the Board's work with other Board members. These conclusions have been documented in a report. The areas discussed and evaluated in 2015, related to the Board's composition, competencies, efficiency and focus areas going forward. The areas covered by the Board evaluation may

Board members, meetings and attendance

Name	Elected	Independent ¹⁾	Attendance at meetings		
			Board meetings	Audit committee	Remuneration-committee
Christina Rogestam	2006	Yes	9/9	1/1	1/1
Erik Selin	2005	No	9/9	—	—
Fredrik Svensson	2005	No	9/9	1/1	1/1
Sten Dunér	2007	Yes	8/9	1/1	1/1
Anders Wennergren	2009	Yes	9/9	1/1	1/1

1) Independence is based both on independent of the company, corporate management as on the major shareholders (>10 %).

vary from one year to another to reflect the development of the Board's work.

Remuneration Committee

The remuneration committee has a preparatory function in relation to the Board in questions regarding principles for remuneration and other terms of employment for the CEO and other senior executives. The remuneration committee shall monitor and evaluate the application of the guidelines for remuneration and levels of compensation to senior executives that the AGM has determined and shall also draw up proposals for new guidelines for principles of remuneration and other terms of employment. Before the resolution of the AGM, the Board shall propose principles for remuneration and other terms of employment for the CEO and other senior executives. Based on the resolution of the AGM, it is the duty of the remuneration committee to decide on remuneration to the CEO and other officers. The remuneration committee is composed of all independent Board members and should meet at least once every year. For further information see Note 4, Employees and personnel expenses.

Audit Committee

The audit committee shall be responsible for preparing the Board's work by quality-assuring the company's financial reporting, assisting the nomination committee in drawing up proposals for auditors and their fees and ensuring a qualified independent audit of the company. The audit committee shall meet the company's auditor at least once per calendar year. During 2015, the audit committee, which was composed of all independent Board members, met the company's auditor on one occasion and received a report on the performed audit.

Disqualification

Board members or the CEO may not deal with issues concerning agreements

between themselves and the company or Group. Nor may they deal with issues regarding agreements between the company and a third party, if they have a material interest that can conflict with that of the company. Lawsuits or other actions are on a par with the agreements referred to above. Where applicable, it is incumbent on the Board member or CEO to disclose if a disqualification situation would arise.

Nomination Committee

The AGM resolves on the procedure for election of the Board, and when applicable, auditors. The AGM 2015 resolved that a nomination committee should be established before the 2016 AGM in order to submit proposals on the number of Board members, election of Board members including the Chairman of the Board and remuneration for Board members as well as for auditors.

The nomination committee's proposals shall be announced no later than in conjunction with the notice convening the AGM. All shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The AGM 2015 adopted the nomination committee's proposal that the nomination committee should be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced not later than six months before the AGM. The nomination committee's term of office extends until a new nomination committee has been appointed. If Lars Rasin resigns as chairman of the nomination committee, the company's Chairman shall appoint a new chairman of the nomination committee until the next general meeting of the company.

The nomination committee ahead of

the AGM 2016 is composed of Christian Hahne, representing Erik Selin Fastigheter AB, Rikard Svensson, representing Arvid Svensson Invest AB, and chairman Lars Rasin.

The nomination committee has decided to propose the re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed to re-elect Christina Rogestam as Chairman of the Board.

CEO and Management

The CEO is responsible for the day-to-day administration pursuant to the guidelines and policies determined by the Board. The CEO shall report on Balder's development to the Board and prepare the order of business at Board meetings according to an approved agenda. The CEO shall ensure that the required material is compiled and distributed to the Board members prior to board meetings.

The Management normally meets once every month with a standing agenda, including property transactions, finance and overall management issues. The Group Management consists of six persons and includes resources such as the CEO, accounting, finance, management, property transactions and personnel. More information about the company's CEO and Management is found on page 100.

Audit

The company's annual accounts and the administration of the CEO and Board are reviewed by the company's auditor who submits an audit report for the financial year to the AGM.

The auditor reports to the Board on her audit plan for the year and her views on the accounts and annual accounts.

Öhrlings PriceWaterhouseCoopers AB was elected at the AGM on 7 May 2013 as auditor for a period of four years until the AGM 2017. The auditor in charge is Helén Olsson Svärdröm.

Ahead of the Annual General Meeting 2016

Ahead of the AGM on 10 May 2016, the Board of Directors proposes:

- that no share dividend shall be declared to the ordinary shareholders,
- A quarterly dividend of SEK 5 per share shall be declared to the preference

shareholders, however, a maximum of SEK 20,

- guidelines for remuneration of senior executives,
- a renewed mandate for the Board until the next AGM, to repurchase and transfer B shares in Balder equivalent to not more than 10 per cent of all shares in the company,
- a renewed mandate for the Board until the next AGM, on one or more occasions, to resolve on new issue of preference shares and/or ordinary shares of Class B equivalent to not more than 10 per cent of the existing share capital. It shall be possible to subscribe for the shares in cash, in kind or through right of set-off.

Ahead of the AGM on 10 May 2016, the Nomination Committee proposes:

- re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed to re-elect Christina Rogestam as Chairman of the Board,
- it is proposed to pay directors' fees of SEK 160,000 to the Chairman of the Board and SEK 100,000 to the other Board members who are not permanently employed by the company. Amounts include remuneration for committee work,
- that the general meeting resolves that the nomination committee shall be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced not later than six months before the AGM. The nomination committee's term of office extends until a new nomination committee has been appointed.

Information to the stock market

Balder issues interim reports for the operations three times per year; on 31 March, on 30 June and on 30 September. In addition to this, Balder's reports its full-year accounts on 31 December in its year-end report and publishes its annual accounts in good time before the AGM.

The annual accounts for 2015 are now

available for distribution and on Balder's website. All documents as well as press releases and presentations in connection with reports are available on www.balder.se.

Internal control over financial reporting

The Board is responsible for the internal control under the Swedish Companies Act and under the Code. This account has been prepared in accordance with the Swedish Annual Accounts Act and the Code and is thus limited to internal control over financial reporting. Financial reporting refers to interim reports, year-end reports and annual accounts. This report does not constitute a part of the formal annual accounts.

Balder's internal control follows an established framework, Internal Control – Integrated Framework, which consists of five components. The components are control environment, risk assessment, control activities, information and communication as well as monitoring.

Control environment

The control environment constitutes the basis for the internal control over financial reporting. A good control environment is built on clearly defined and communicated decision-making procedures and guidelines between different levels of the organisation, which together with the corporate culture and shared values establish the basis for managing Balder in a professional manner. Balder's internal control is based on a decentralised organisation with 1,177 properties, each with its own profit centre, which is administered from regional offices. To support the control environment and provide necessary guidance to different officers, there are a number of documented governing documents such as internal policies, guidelines, manuals, the formal work plan of the Board, decision-making procedures, rules for approvals as well as accounting and reporting instructions. Governing documents are updated as required in order to always reflect applicable laws and rules.

Risk assessment

The focus is on identifying the risks that are considered most significant in Balder's profit/loss and balance sheet items in the financial reporting and what measures can reduce these risks. The

risk management is built into the above mentioned document for the control environment.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Board conducts an annual review of the internal control in accordance with the formal work plan of the Board. The risk assessment is continually updated to cover changes that have a material impact on the internal control over financial reporting.

The most significant risks that have been identified in connection with the financial reporting are errors in the accounts and in the valuation of the property portfolio, deferred tax, interest-bearing liabilities, refinancing, tax and value added tax as well as the risk of fraud, loss or embezzlement of assets.

Control activities

A number of control activities are built-in to ensure that the financial reporting provides a true and fair view at each point of time. These activities involve different levels in the organisation, from the Board and company management to other employees. The control activities are aimed at preventing, discovering and correcting errors and deviations. The activities consist of approval and reporting of commercial transactions, follow up of decisions and approved policies of the Board, general and application-specific IT controls, checking of external counterparties and follow up of results at various levels in the organisation. Other activities

are follow up of the reporting procedures including the annual accounts and consolidated financial statements and their conformity with applicable rules and regulations, approval of reporting tools, accounting and valuation principles as well as power of attorney and authority structures.

Balder's regional offices participate in the basic control, follow up and analysis in each region. To ensure the quality of the regions' financial reporting, an evaluation is made in conjunction with the Group's controllers.

The follow up at a regional level combined with the controls and analyses at a Group level are an important part of the internal control, to ensure that the financial reporting essentially does not contain any errors.

Information and communication

Balder has determined how information and communication in respect of the financial reporting should occur so that the company's information disclosure should take place in an effective and correct manner. Balder has guidelines for how the financial information should be communicated between the Management and other employees. Guidelines, updates and changes are made available and known to the employees concerned by means of oral and written information and on Balder's Intranet. The Board receives further information about risk management, internal control and financial reporting from meetings and reports from the company's auditors.

Monitoring

There is an appropriate process for continual follow up and annual evaluation of the observance of internal policies, guidelines, manuals and codes and of the appropriateness and functionality of the established control activities. Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Group's accounting and controller function has the day-to-day responsibility for follow up and reporting to the company management with regard to possible shortcomings. Follow-up occurs on both a property level and a Group level.

The Board regularly evaluates the information submitted by the company management and the auditors. The company's auditors report on at least one occasion per year their observations from the audit and their opinion about the internal control over the financial reporting.

Need of internal audit

Balder has a decentralised organisation that manages 1,177 properties from regional offices. Financial operations and the finance function for the entire Group are conducted in the parent company.

There is a controller function in the parent company which monitors the administration of the regional offices and the financial operations in the parent company. Balder's size and decentralised organisation together with the controller function in the parent company mean that a special internal audit function is not motivated at present.

Gothenburg, 6 April 2016

Christina Rogestam
Chairman of the Board

Sten Dunér
Board member

Fredrik Svensson
Board member

Anders Wennergren
Board member

Erik Selin
Board member and CEO

Auditor's statement regarding the Corporate Governance Report

To the Annual General Meeting of Fastighets AB Balder (publ) Corporate identity no. 556525-6905

The Board of Directors is responsible for the corporate governance report for 2015 on pages 94-98 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on this review and on

our knowledge of the company and the Group, we believe we have a sufficient basis for our opinion. This statutory review has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden.

We consider that a corporate gover-

nance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated financial statements.

Gothenburg, 6 April 2016

Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdröm
Authorised Public Accountant

Board of Directors



Christina Rogestam

Born 1943.
Chairman of the Board since 2006.

Education and experience

Bachelor of Arts, Social studies Previously President and CEO of Akademiska Hus AB, board member of Fastighets AB Stenvalvet.

Shareholding in Balder

66,000 B shares, 3,000 B shares and 2,080 preference shares via company.



Anders Wennergren

Born 1956.
Board member since 2009.

Education and experience

Bachelor of Laws Lawyer and partner at Advokatfirman Glimstedt. Board member of Serneke Group AB.

Shareholding in Balder

2,050 B shares and 245 000 B shares via company.



Sten Dunér

Born 1951.
Board member since 2007.

Education and experience

Bachelor of Science (Econ.). CEO of Länsförsäkringar AB. chairman of Länsförsäkringar Bank, Länsförsäkringar Sak and Länsförsäkringar Fondliv. Board member of Länsförsäkringar Liv and Svensk Försäkring and the Employers' Organisation of the Swedish Insurance Companies

Shareholding in Balder

No shareholding in Balder.



Fredrik Svensson

Born 1961.
Board member since 2005.

Education and experience

Bachelor of Science (Econ.). CEO of AB Arvid Svensson, chairman of Klövern AB.

Shareholding in Balder

2,915,892 A shares and 13,542,540 B shares, all via company.



Erik Selin

Born 1967.
Board member since 2005.

Education and experience

Business school economist CEO of Fastighets AB Balder. Chairman of Skandrenting AB, board member and vice chairman of Collector Banks AB (publ), board member of Västsvenska Retailskammaren, Astrid Lindgrens värld and Hexatronic Scandinavia AB.

Shareholding in Balder

10,500 B shares and 500 preference shares and 8,309,328 A shares and 57,200,400 B shares via company.

Balder's Board of Directors

Balder's Board of Directors is composed of five people, including the Chairman. Board members are elected annually at the AGM for the period up to the end of the next AGM.

Auditor

Öhrlings PricewaterhouseCoopers AB Auditor in charge: Helén Olsson Svärström, born 1962. Auditor in the company since 2015. Öhrlings PriceWaterhouse-Coopers AB was elected at the AGM on 7 May 2013 as auditor for a period of four years.

Management



Erik Selin

Born 1967.
CEO of Fastighets AB Balder.

Education and experience
Business school economist. Employed since 2005.

Shareholding in Balder
10,500 B shares and 500 preference shares and 8,309,328 A shares and 57,200,400 B shares via company.



Magnus Björndahl

Born 1957.
CFO.

Education and experience
Bachelor of Science (Econ.). Employed since 2008.

Shareholding in Balder
21,000 B shares.



Petra Sprangers

Born 1965.
Head of Personnel and Administration.

Education and experience
Business school economist Employed since 2007.

Shareholding in Balder
No shareholding in Balder.



Benny Ivarsson

Born 1955.
Head of Property.

Education and experience
Bachelor of Science (Econ.). Employed since 2006.

Shareholding in Balder
12,494 B shares and 8,500 preference shares and 12,720 B shares via company.



Sharam Rahi

Born 1973.
Head of Property Management and Vice CEO.

Education and experience
Compulsory school Employed since 2005.

Shareholding in Balder
737,822 B shares and 788,978 B shares and 20,000 preference shares via company.



Marcus Hansson

Born 1974.
Head of Finance.

Education and experience
Bachelor of Science (Econ.). Employed since 2007.

Shareholding in Balder
156,500 B shares.

Property list

Property list						Lettable area, sq.m.								Tax assessment value, SEKm
						Office	Retail	Industrial/ Warehouse	Care	Education/ Hotel	Residential	Other	Total	
Municipality	Name of property	Address	Year of construc- tion	Property category	Site leasehold right									
Region Helsinki														
● FI, Sato	Several properties			Residential							942,551		942,551	
Total Helsinki											942,551		942,551	
Region Stockholm														
Botkyrka	Freja 2	Balders väg 10	1973	Residential							7,060	220	7,280	51
Botkyrka	Freja 3	Balders väg 1	1973	Residential							7,060	220	7,280	50
Botkyrka	Hallunda 4:11	Iduns väg 1-16	1900	Other	Yes									
Botkyrka	Hallunda 4:9	Balders väg 1-16	1900	Other	Yes									
Botkyrka	Idun 2	Iduns väg 10	1972	Residential							7,060	256	7,316	51
Botkyrka	Idun 3	Iduns väg 1	1972	Residential				255			6,795		7,050	52
Huddinge	Bäckgården 8	Vårby Centrum	1974	Office	Yes	2,719	2,550	381				2,238	7,888	49
Huddinge	Vårby Gård 1:16	Krongårdsvägen 1	1973	Residential		352	37	439			49,688	4,262	54,778	375
Järfälla	Säby 3:29	Korpralsvägen 10	2008	Residential		10		372			4,962	8	5,352	81
Lidingö	Fjällräven 1	Karins Allé 3-7, Vesslevägen 3	1900	Residential				100	4,300		2,561		6,961	
Nacka	Sicklaön 354:1	Ektorpsvägen 2	1979	Office		6,111	3,925	1,134	5,726	1,385		320	18,601	113
Nacka	Sicklaön 363:2	Värmdövägen 84	1986	Hotel		2,368				8,365			10,733	94
Nacka	Älta 9:130	Ältavägen 170	1992	Retail			960				880		1,840	19
Nynäshamn	Musköten 1	Björn Barkmans väg 1	1968	Residential		206		132			21,275	1,204	22,817	140
Solna	Banken 14	Hotelgatan 11	1965	Hotel		93				11,444			11,537	113
Solna	Puman 1	Bangatan 21	1972	Office		2,004		131					2,135	16
Stockholm	Berget 2	Västmannagatan 13	1929	Hotel						1,176	339		1,515	31
Stockholm	Doggen 1	Vinthundsvägen 157	1974	Office		1,650							1,650	7
Stockholm	Doggen 2	Vinthundsvägen 159	1984	Office	Yes	4,721							4,721	28
Stockholm	Fiskaren Större 3	Götgatan 21	1929	Residential		235	993				1,375		2,603	53
Stockholm	Gladan 3	Sankt Göransgatan 159	1948	Office	Yes	5,346		124					5,470	83
Stockholm	Granen 21	Floragatan 13	1972	Office		4,295		9					4,304	161
Stockholm	Göta Ark 18	Göta Ark 100	1985	Office	Yes	17,835	300	640					18,775	376
Stockholm	Havsfrun 26	Artillerigatan 42	1929	Office		3,267		239					3,506	83
Stockholm	Holar 3	Skalholtsgatan 10	1985	Other		6,133		1,072					7,205	77
Stockholm	Islandet 4	Adolf Fredriks Kyrkogata 13	1908	Office		1,845	245	125					2,215	48
Stockholm	Järnplåten 23	Kungsgatan 37	1937	Office		4,496						2,048	6,544	237
Stockholm	Katthavet 8	Näckströmsgatan 8	1929	Retail						8,022			8,022	212
Stockholm	Kilaberg 1	Kilabergsvägen	1975	Office	Yes	8,193		4,709					12,902	73
Stockholm	Kungsbacken 8	Drottninggatan 108	1929	Office		1,787	563	56				25	2,431	55
Stockholm	Kvasten 8	Mäster Samuelsgatan 10	1929	Office		1,336	614	81				10	2,041	159
Stockholm	Lindansaren 23	Flaggstång, Holländargatan 22	1929	Office		7,126	863	603			293		8,885	181
Stockholm	Luftspringaren 10	Saltmätargatan 10	1900	Office		498		18					516	
Stockholm	Luftspringaren 16	Saltmätargatan 19A	1929	Office		615	372	88			613	794	2,482	37
Stockholm	Lärfet 2	Brommaplan 407	1941	Residential	Yes	204	530	120			895		1,749	22
Stockholm	Magneten 32	Voltavägen 13	1982	Office	Yes	7,196	450	2,461					10,107	81
Stockholm	Meteorologen 4	Finn Malmgrens Väg 9	1991	Residential	Yes		399				725		1,124	17
Stockholm	Meteorologen 5	Finn Malmgrens Väg 11	1991	Residential	Yes		1,090	74			1,235		2,399	34
Stockholm	Miklaholt 2	Haukadalsgatan 10	1981	Office	Yes	1,128		788					1,916	
Stockholm	Murmästaren 7	Hantverkargatan 31	1929	Office		2,448	462	89				83	3,082	75
Stockholm	Prästgårdsängen 3	Götalandsvägen 218	1986	Office	Yes	5,385	847	15					6,247	47
Stockholm	Silket 2	Brommabågen 4	1941	Retail	Yes	174	602	94			555	7	1,432	19
Stockholm	Singeln 9	Sorterargatan 8	1970	Office	Yes	5,072		170					5,242	26
Stockholm	SkeppsRetailn 1	Hammarby Allé 45	2013	Retail		2,143	3,033	210		8,550			13,936	331
● Stockholm	Snöflingan 3	Drottningsholmsvägen 59	2009	Hotel						22,000			22,000	382
Stockholm	Spelbomskan 14	Gyldéngatan 6, Sandåsgatan 2	1939	Other				147	2,553				2,700	
Stockholm	Spårvagnen 4	Birger Jarlsgatan 57	1995	Office		18,893	3,084	1,106				191	23,274	761
Stockholm	Tråden 1	Brommaplan 418-420	1941	Retail	Yes	555		41			537		1,133	14
Stockholm	Vattenkraften 1	Solkraftsvägen 13	1989	Office	Yes	6,408	734		3,689			4	10,835	4
Stockholm	Vilunda 6:48	Hotelvägen 1	1986	Hotel						6,955			6,955	50
Stockholm	Årstaäng 4 & 6	Fredsborgsgatan 24	1900	Office	Yes	28,011	930	5,173				19	34,133	28
Södertälje	Yxan 8	Täppgatan 15	1975	Hotel						14,115			14,115	75
Uppsala	Berthåga 53:1	Naturstensvägen 101	2007	Residential							3,814		3,814	48
Uppsala	Dragarbrunn 16:4	Dragarbrunns torg 18	1962	Hotel			680	51		5,275			6,006	64
Uppsala	Kvarngärdet 3:2	Gamla Uppsalagatan 50	1983	Hotel						7,518			7,518	38
Uppsala	Årsta 94:1	Stålgatan 101	1988	Residential							5,274	39	5,313	67
● Uppsala	Uppsala 2015	Stålgatan 35	2005	Residential							4,117	8	4,125	51
Total Stockholm						160,858	24,263	21,247	16,268	94,805	127,113	11,956	456,509	5,076

			Year of	Site									Tax assess-
Municipality	Name of property	Address	construc- tion	Property category	leasehold right	Industrial/		Education/				Total	ment value, SEKm
						Office	Retail Warehouse	Care	Hotel Residential Other				
Region Gothenburg													
Ale	Nödinge 38:14	Ale Torg 10	2007	Retail		3,920	10,399	30				14,349	112
Ale	Surte 1:245	Gothenburgsvägen 64 B	1967	Residential		215	337			1,216	90	1,858	12
Ale	Surte 1:293	Gothenburgsvägen 93 A	1946	Residential					424	356		780	4
Ale	Surte 1:294	Brattåsstigen 6	1992	Residential					455	330		785	
Ale	Surte 4:119	Gothenburgsvägen 64	1987	Retail		808	1,560	272		457	114	3,211	15
Alingsås	Bagaren 14	Hantverksgatan 2	1991	Residential						556		556	5
Alingsås	Bagaren 2	Hantverksgatan 4	1992	Residential						424	9	433	4
Alingsås	Björkhagen 1	Björkhagegatan 2 A	2008	Residential						3,212		3,212	41
Alingsås	Bolltorp 4:13	Bolltorp	2003	Residential						14,166		14,166	168
Alingsås	Dryckeshornet 1	Bankgatan 1	1929	Hotel			219		5,362			5,581	29
Falköping	Agaten 11	Peter Ryttings väg 20	1962	Residential						880	51	931	4
Falköping	Agaten 6	Sigurd Kochs Gata 4	1964	Residential						466		466	2
Falköping	Anden 16	Banérgatan 16	1929	Residential			135			568		703	3
Falköping	Ansgar 1	Sankt Sigfridsgatan 45	1965	Residential				9		2,022	247	2,278	9
Falköping	Apotekaren 2	Sankt Olofsgatan 9 A-B	1991	Residential		515				710		1,225	5
Falköping	Avenboken 1	Idrottsgatan 49	1961	Residential				7		1,234		1,241	6
Falköping	Avenboken 2	Idrottsgatan 47	1961	Residential						1,234		1,234	6
Falköping	Bagaren 7	Nygatan 2	1995	Residential		994				2,409		3,403	22
Falköping	Byggmästaren 9	Odengatan 16 A	1959	Residential		100				2,240		2,340	9
Falköping	Draken 8	Dotorpsgatan 28	1929	Residential						660		660	2
Falköping	Ejdern 14	Banérgatan 1 A	1962	Residential						2,236	69	2,305	11
Falköping	Flugsnapparen 1	Kapellsgatan 1	1959	Residential						570	30	600	3
Falköping	Flugsnapparen 2	Allégatan 3	1959	Residential						570		570	3
Falköping	Flugsnapparen 6	Kapellsgatan 3	1959	Residential						570		570	3
Falköping	Guldsmeden 21	Trädgårdsgatan 22	1939	Office		325	78			220		623	2
Falköping	Guldsmeden 7	Ekmansgränd	1987	Retail		220	827			468	20	1,535	6
Falköping	Göken 12	Allégatan 11	1952	Residential						423		423	1
Falköping	Hammarén 7	Eriksgatan 33	1943	Residential						376		376	2
Falköping	Hovslagaren 16	Jakobsgatan 18 / Höga- gatan 9	1960	Residential						2,082	87	2,169	10
Falköping	Hytten 1	Storgatan 34	Saknas	Ground									
Falköping	Kemisten 1	Stora Torget 7	1929	Retail			316			215		531	2
Falköping	Lejonet 2	Hjelmarsrörsg 24-32, 43-46	1971	Residential				118		6,640		6,758	30
Falköping	Mejseln 4	Sankt Sigfridsgatan 20	1942	Residential				18		312		330	1
Falköping	Muraren 15	Sigurd Kochs gata 16	1964	Residential						1,536	15	1,551	7
Falköping	Muraren 3	Hwassgatan 7 A	1960	Residential						960		960	5
Falköping	Muraren 4	Hwassgatan 5 A	1952	Residential						745		745	4
Falköping	Muraren 5	Gärdesgatan 18	1959	Residential						787		787	7
Falköping	Muraren 6	Gärdesgatan 18 A	1959	Residential						787		787	
Falköping	Oxeln 1	Idrottsgatan 51	1952	Residential						1,357	25	1,382	7
Falköping	S:t Lars 1	Per Larsgatan 4	1961	Residential		69				810		879	4
Falköping	Sankt Jakob 14	Sankt Sigfridsgatan 27	1940	Residential						316		316	2
Falköping	Sankt Jakob 18	Eriksgatan 29	1940	Residential						293		293	1
Falköping	Sankt Johannes 18	Sankt Sigfridsgatan 5	1939	Residential						400		400	2
Falköping	Sankt Olof 17	Sankt Olofsgatan 10	Saknas	Ground									
Falköping	Sankt Olof 18	Sankt Olofsgatan 14	1990	Residential		432				1,599		2,031	9
Falköping	Sankt Staffan 13	Bryngelsgatan 6	1929	Office		1,691					698	2,389	7
Falköping	Sankt Tomas 13	Warenbergsgatan 11	1938	Residential						393		393	2
Falköping	Skalbaggen 1	Scheelegatan 21 A	1957	Residential						748	108	856	3
Falköping	Skalbaggen 11	Kapellsgatan 19	1959	Residential						434		434	2
Falköping	Skalbaggen 12	Kapellsgatan 27	1954	Residential						540		540	3
Falköping	Skalbaggen 5	Danska vägen 148	1954	Residential				8		540		548	3
Falköping	Skogslinden 3	Idrottsgatan 39	1948	Residential				24		716		740	4
Falköping	Skogslinden 4	Idrottsgatan 37	1946	Residential				18		712		730	4
Falköping	Spettet 1	Grönelundsgatan 14	1952	Residential				27		1,308	27	1,362	6
Falköping	Svanen 24	Danska vägen 129	1970	Residential						1,099		1,099	5
Falköping	Trädgårdsmästaren 18	Groundnadsgatan 7	1971	Residential				66		1,272	28	1,366	6
Falköping	Trädgårdsmästaren 19	Höga- gatan 8 A	1989	Residential						1,018		1,018	5
Falköping	Trädgårdsmästaren 22	Groundnadsgatan 11	1969	Residential						2,020		2,020	10
Falköping	Urd 3	Odengatan 19	1965	Residential		745	1,186			1,844		3,775	11
Falköping	Vargen 1	Wetterlinsgatan 13	1955	Residential				10		1,441		1,451	7
Falköping	Vargen 2	Dotorpsgatan 67	1955	Residential						1,163	43	1,206	6
Falköping	Vargen 3	Wetterlinsgatan 13 F	1955	Residential		242				832		1,074	5
Falköping	Vargen 4	Wetterlinsgatan 11 G	1957	Residential						1,130	521	1,651	6
Falköping	Vargen 5	Wetterlinsgatan 11 A	1956	Residential				19		1,086	357	1,462	6
Falköping	Vargen 6 & 8	Wetterlinsgatan 11	1956	Residential				20		1,503	23	1,546	7
Falköping	Vargen 7	Wetterlinsgatan 11 F	1957	Residential						981	51	1,032	5
Falköping	Vitsippan 2	Hagbergsgatan 4	1956	Residential						532		532	2

Lettable area, sq.m.

			Year of	Site		Industrial/			Tax assess-					
Municipality	Name of property	Address	construc- tion	Property category	leasehold right	Office	Retail	Ware- house	Education/ Care	Hotel	Residential	Other	Total	ment value, SEKm
forts. Region Gothenburg														
Gothenburg	Askim 243:20	Askims torg	1972	Office		1,923	638	553	1,251			39	4,404	25
Gothenburg	Backa 169:3	Södra Deltavägen 3 A	2006	Retail			1,975						1,975	40
Gothenburg	Backa 171:3	Backavägen 1	1955	Retail			4,417						4,417	50
Gothenburg	Backa 21:14	Exportgatan 47 B	1989	Other		608		1,784				108	2,500	11
Gothenburg	Bagaregården 5:8	Kungälvsgatan 6 A	1929	Residential							584		584	8
Gothenburg	Bagaregården 5:9	Kungälvsgatan 6 A	1929	Residential							581		581	8
Gothenburg	Bergsjön 34:1	Atmosfärgatan 1	1970	Residential		115		281			22,271		22,667	103
Gothenburg	Bergsjön 9:6	Kosmosgatan 1	1967	Residential		77	162	350			41,817	3,523	45,929	200
Gothenburg	Biskopsgården 7:1	Långströmsgatan 26	1967	Residential	Yes			377			15,378		15,755	82
Gothenburg	Biskopsgården 7:2	Långströmsgatan 14 C	1967	Residential	Yes	1,130		215			13,842		15,187	75
Gothenburg	Biskopsgården 7:3	Långströmsgatan 10 A	1968	Residential	Yes			278			13,887		14,165	73
Gothenburg	Brämaregården 72:4	Hisingsgatan 28	1959	Office	Yes	2,495	889	42				20	3,446	22
Gothenburg	Bur 134:1	Oxholmsgatan 28	1989	Residential								302	302	
Gothenburg	Bö 93:2	Sofierogatan 1	1940	Office		8,302		472				316	9,090	81
Gothenburg	Gamlestaden 25:11	Marieholmsgatan 4	1990	Office	Yes	3,058	681	178					3,917	24
Gothenburg	Gamlestaden 26:13	Vassgatan 3	1988	Office	Yes	3,484		6,840				3,937	14,261	64
Gothenburg	Gullbergsvass 11:2	Gullbergs Strandgata 40	1977	Other	Yes			5,865					5,865	24
Gothenburg	Gårda 15:1	Fabriksgatan 7	1929	Office		7,158	207	487					7,852	122
Gothenburg	Gårda 15:1 (15:12)	Drakegatan 2	1937	Residential		1,587	87				6,717		8,391	150
Gothenburg	Heden 24:11	Engelbrektsgatan 73	1964	Hotel	Yes					17,875			17,875	218
Gothenburg	Högsbo 1:1	J A Wettergrens gata 7	1967	Office		11,149		3,836				70	15,055	60
Gothenburg	Högsbo 11:10	Victor Hasselblads gata 8	1982	Office		4,050							4,050	18
Gothenburg	Högsbo 38:17	Sisjö Kullegata 5	1986	Office		1,680						26	1,706	12
Gothenburg	Högsbo 38:20	Sisjö Kullegata 6	1989	Office		2,010		780					2,790	19
Gothenburg	Högsbo 38:8	Sisjö Kullegata 8	1990	Office		4,837		2,190				1	7,028	41
Gothenburg	Inom Vallgraven 1:13	Drottninggatan 62	1986	Hotel						26,656			26,656	271
Gothenburg	Inom Vallgraven 14:1	Södra Hamngatan 2	1929	Retail			2,637			2,190			4,827	80
Gothenburg	Inom Vallgraven 15:3	Drottninggatan 30	1980	Office		3,847	379	108					4,334	86
Gothenburg	Inom Vallgraven 16:21	Drottninggatan 10	1929	Retail		2,365	321	86				200	2,972	55
Gothenburg	Inom Vallgraven 19:6	Drottninggatan 35	1929	Office		525	597						1,122	17
Gothenburg	Inom Vallgraven 2:2	Drottninggatan 69	1929	Office		1,038	254						1,292	21
Gothenburg	Inom Vallgraven 22:6	Kungsgatan 41	1869	Office		405	468						873	32
Gothenburg	Inom Vallgraven 33:7	Magasinsgatan 26	1929	Office		2,189	897				258	387	3,731	46
Gothenburg	Inom Vallgraven 36:4	Kaserntorget 11 A	1912	Office		2,447		10	9,494			4,859	16,810	
Gothenburg	Inom Vallgraven 4:2	Lilla Kungsgatan 1	1929	Office		2,068	630	62				1,001	3,761	61
Gothenburg	Inom Vallgraven 4:4	Lilla Kungsgatan 3	1929	Office		5,819							5,819	68
Gothenburg	Inom Vallgraven 54:10	Lilla Torget 3	1929	Office		700	175						875	11
Gothenburg	Inom Vallgraven 54:9	Lilla Torget 4	1929	Office		802		8					810	14
Gothenburg	Inom Vallgraven 58:6	Kungsgatan 34	1989	Retail		1,767	230	10				2,728	4,735	106
Gothenburg	Inom Vallgraven 8:1	Kyrkogatan 29-31	1850	Retail		1,526	1,668					10	3,204	110
Gothenburg	Inom Vallgraven 8:19	Kungsgatan 56	1962	Office		712	409						1,121	47
Gothenburg	Inom Vallgraven 8:20	Kyrkogatan 33	Saknas	Retail			803						803	17
Gothenburg	Järnbrott 145:6	Svängrumsgatan 45	1963	Residential							3,844	13	3,857	29
Gothenburg	Kobbegården 6:725	Datavägen 12 A	1988	Office		3,268							3,268	22
Gothenburg	Kyrkbyn 147:1	Almquistgatan 1	1967	Other	Yes				520				520	
Gothenburg	Källtorp 36:7	Solrosgatan 13 A	1935	Residential							769	105	874	11
Gothenburg	Källtorp 39:1	Råstensgatan 2 A	1936	Residential							791		791	10
Gothenburg	Lindholmen 39:2	Lindholmospiren 4	2013	Hotel						13,299			13,299	188
Gothenburg	Lorensberg 46:1	Storgatan 45	1929	Retail		299	1,288	42				316	1,945	30
Gothenburg	Lorensberg 46:10	Kungsportsavenyn 17	1944	Office		983	572						1,555	32
Gothenburg	Lorensberg 46:11	Teatergatan 18	1929	Retail								1,203	1,203	19
Gothenburg	Lorensberg 46:12	Kungsportsavenyn 11	1929	Retail			2,394						2,394	55
Gothenburg	Lorensberg 46:5	Kungsportsavenyn 7	1929	Retail		201	766						967	20
Gothenburg	Lorensberg 46:6	Kungsportsavenyn 9	1950	Retail								1,176	1,176	31
Gothenburg	Nordstaden 10:15	Köpmansgatan 27	1900	Office		1,031	590					812	2,433	64
Gothenburg	Nordstaden 10:16 & 10:17	Köpmansgatan 29	1929	Hotel			113			7,753			7,866	117
Gothenburg	Olskroken 10:5	Olskroksgatan 30	1985	Office		1,974			2,501				4,475	
Gothenburg	Olskroken 25:11	Falkgatan 7	1932	Other					1,969			292	2,261	
Gothenburg	Rud 8:10	Munspelsgatan 10	1962	Residential		255		614			43,673	805	45,347	331
Gothenburg	Sannegården 25:1	Säterigatan 20	1971	Other		2,912		222					3,134	18
Gothenburg	Sannegården 28:5	Sjöporten 1	1945	Office		69	307			1,161			1,537	23
Gothenburg	Tingstadsvassen 3:6	Krokegårdsgatan 3	1944	Retail		65	3,493	230				6	3,794	77
Gothenburg	Tingstadsvassen 3:7	Krokegårdsgatan 7	1987	Retail			5,243						5,243	91
Gothenburg	Torslanda 153:1	Mossfyndsgatan 15	1989	Residential	Yes	362							362	
Gothenburg	Torslanda 155:3	Mossfyndsgatan 10	1989	Residential	Yes	300							300	
Gothenburg	Torslanda 95:1	Torslanda torg 2	1973	Retail		231	4,578	26			871	968	6,674	48
Gothenburg	Utby 39:11	Västra Tvärskedet 3	1990	Residential					116		351		467	

● Acquisitions during 2015.

			Year of construction	Property category	Site leasehold right	Industrial/ Education/							Tax assessment value, SEKm	
Municipality	Name of property	Address				Office	Retail Warehouse	Care	Hotel Residential Other	Total				
forts. Region Gothenburg														
Kungälv	Klocktornet 36	Västra gatan 57	1972	Retail			3,351				423	3,774	28	
Kungälv	Krabbetornet 1&35	Västra Gatan 84	1938	Retail		391	840				272	1,503	12	
Kungälv	Nedre Platt 1	Eastra Gatan 1	Saknas	Ground										
Kungälv	Rhodin 19	Strandgatan 77	1967	Retail			2,822	91			7	2,920	27	
Kungälv	Skomakaren 10	Fabriksgatan 10	1988	Office		1,781	478	79	1,474		312	4,124	31	
Kungälv	Slottsträdgården 5	Gamla torget	1958	Hotel					6,100			6,100	26	
Lerum	Floda 3:121	Gamla Vägen 26	1991	Residential							1,016	1,016	11	
Lerum	Lerum 43:21	Skattegårdsbacken 10	1991	Residential							1,383	1,383	3	
Lerum	Torp 1:328	Lindvägen 34 A	1988	Residential							428	11	439	4
Mariestad	Enen 23	Viktoriegatan 16	1985	Retail			3,889				1,952		5,841	40
Mariestad	Furan 11	Stockholmsvägen 23	1962	Residential		121					1,620	637	2,378	32
Mariestad	Furan 12	Stockholmsvägen 25	1962	Residential				6			4,254		4,260	
Mariestad	Fårtickan 1	Bergsgatan 20	1968	Residential							4,632		4,632	24
Mariestad	Granen 8	Viktoriegatan 17	1900	Other										
Mariestad	Hunden 3	Nya Torget 1	1900	Retail			2,187	260			158	1,251	3,856	14
Mariestad	Murklan 1	Bergsgatan 18	2005	Residential							12,599		12,599	60
Mariestad	Staren 8	Nygatan 14	1900	Retail		355	1,621				86		2,062	9
Mölnådal	Stockrosen 10	Northa Ågatan 26 C	1973	Office		1,648		53				35	1,736	10
Mölnådal	Stockrosen 3	Northa Ågatan 38	1964	Office		604	408	5,017				190	6,219	17
Mölnådal	Stockrosen 6	Northa Ågatan 34	1948	Office		551	1,212	252					2,015	10
Skara	Almen 4	Sankta Annagatan 12 m fl	1986	Residential				17			602	90	709	
Skara	Aspen 1	Malmgatan 9 A-C m fl	1929	Residential							1,415	50	1,465	
Skara	Bisittaren 2	Stenåsgatan 4	1900	Residential							354		354	
Skara	Bisittaren 6	Härlundagatan 41 m fl	1990	Residential							300		300	
Skara	Boken 38	Brinkagatan 2 A-C m fl	1929	Residential							967		967	
Skara	Bromsen 5	Richertsgatan 1	1990	Residential							534		534	
Skara	Fjärilen 6	Folkungagatan 15 m fl	1929	Residential							350		350	
Skara	Frigga 4	Mariebergsgatan 4 A-B	1900	Residential							824		824	
Skara	Frigga 5	Mariebergsgatan 6 A-B	1900	Residential							828		828	
Skara	Heimdal 1	Hindsbogatan 43 A-B m fl	1900	Residential							632	50	682	
Skara	Heimdal 4	Hindsbogatan 37 A-B m fl	1900	Residential							647	25	672	
Skara	Plymen 4, 5	Vallgatan 36 A-B	1900	Residential							705		705	
Skara	Rådhuset 40	Nicolai Gränd 1-3 m fl	1900	Residential		198					1,905		2,103	
Skara	Sländan 1	Borggatan 8 A-C	1954	Residential							1,434		1,434	
Skara	Smörberget 2	Stenåsgatan 10	1900	Residential							410		410	
Skara	Svärdet 11	Vallgatan 30	1990	Residential							412		412	
Skara	Tallen 7	Hindsbogatan 20	1937	Residential							852		852	
Skara	Tor 10	Hindsbogatan 17	1929	Residential							689		689	
Skara	Tor 6	Marumsgatan 16	1900	Residential			312				829		1,141	
Skara	Tyr 1	Hindsbogatan 45 A-B m fl	1947	Residential							623	57	680	
Skövde	Dagsländen 10	Bakvägen 2-32	1972	Residential		165					22,212		22,377	71
Skövde	Ekoxen 10	Barkvägen 32	1974	Residential		2,453	180				21,826	6,166	30,625	96
Skövde	Mellomkvarn 1	Mellomkvarnsvägen 2	1972	Retail				10,959					10,959	32
Skövde	Smeden 5	Petter Heléns Gata 2	1900	Office	Yes	2,598							2,598	15
Skövde	Storängen 13	Kåsatorpsvägen 5	1900	Office		2,181		70					2,251	9
Trollhättan	Hoppet 1	Drottningg 13, Staveredsg 19	1992	Residential		295					2,341	265	2,901	21
Trollhättan	Plogen 1	Lantmannavägen	1969	Residential	Yes	32		316			11,156		11,504	43
Trollhättan	Plogen 2	Lantmannavägen	1967	Residential	Yes						10,555		10,555	32
Trollhättan	Propellern 7	Saabvägen 1	1992	Office		4,759						9	4,768	21
Trollhättan	Sjöfrun 5	Magasinsg 4A-4B, Storgatan 35	1936	Residential			193				1,367	161	1,721	11
Trollhättan	Strandpiparen 12	Slättbergsvägen 22	1952	Residential							654	110	764	6
Trollhättan	Svan 7	Storgatan 47	1989	Hotel					11,632				11,632	53
Trollhättan	Venus 9	Föreningsg 10A-10C, Easterlångg 44-46	1989	Residential		1,250	475				1,594		3,319	22
Trollhättan	Verkmästaren 14	Ekholmmsg 11, Wallströmsg 9	1910	Other					1,421			75	1,496	
Töreboda	Advokaten 1	Northa Torggatan 7	1985	Retail	Yes		1,286				842		2,128	
Töreboda	Byggmästaren 5	Northa Torggatan 10	1929/1992	Residential			239				1,142		1,381	
Töreboda	Plåtslagaren 9	Stora Bergsgatan 4 A-B	1947-48/1992	Residential							1,849		1,849	
Töreboda	Rönnen 11	Stora Bergsgatan 20 A-B	1957	Residential		217					822		1,039	
Töreboda	Sotaren 12	Vadsbogatan 10 A-12 B	1947	Residential							976		976	
Uddevalla	Bagge 7	Kungsgatan 10	1968	Retail		1,239	1,380	103					2,722	22
Uddevalla	Kålgården 51	Kyrkogårdsgatan 1, 3, 5	1930	Hotel		1,189	590	500	294	6,500		10	9,083	42
Uddevalla	Sälghugget 1	Lillbräckegatan	1972	Residential	Yes	243	239	206			14,420		15,108	95
Vänersborg	Resedan 15	Kungsgatan 5	1994	Residential			1,168				1,203	35	2,406	15
Total Gothenburg						124,368	75,795	44,521	19,919	98,528	381,028	35,804	779,963	5,448

			Lettable area, sq.m.											
			Year of construc- tion	Property category	Site leasehold right	Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other	Total	Tax assess- ment value, SEKm
Region Öresund														
DK, Greve	Ventrupparken 6	Ventrupparken 6	1900	Retail				4,723					4,723	
DK, Copen- hagen	Stævnenn	Robert Jacobsens Vej	2009	Residential							6,807		6,807	
DK, Copen- hagen	Vestervold Kvarter	Jernbanegade 8	1900	Retail			5,300						5,300	
DK, Copen- hagen	Easterfaelled	Marskensgade 13	1996	Residential							43,528		43,528	
Helsingborg	Amerika Södra 28	Bryggaregatan 7	1950	Residential		561	501	20			5,163	1,363	7,608	
Helsingborg	Skalbaggen 15	Gustav Adolfs Gata 13	1939	Residential							762	19	781	82
Helsingborg	Skalbaggen 16	Gasverksgatan 32 A	1935	Residential			195				2,155	65	2,415	5
Helsingborg	Skalbaggen 17	Gasverksgatan 34	1935	Residential			83				712	32	827	6
Helsingborg	Skalbaggen 18	Gasverksgatan 36	1933	Residential			34				818	66	918	18
Helsingborg	Skalbaggen 19	Gasverksgatan 38	1935	Residential							708	57	765	6
Helsingborg	Skalbaggen 20	Gasverksgatan 40	1935	Residential			83				632	109	824	6
Helsingborg	Skalbaggen 21	Gasverksgatan 42	1935	Residential							711	103	814	5
Helsingborg	Skalbaggen 22	Gasverksgatan 44 A	1930	Residential			143				1,905		2,048	5
Helsingborg	Skalbaggen 23	Gustav Adolfs Gata 17	1967	Residential							3,685	60	3,745	2
Helsingborg	Skalbaggen 24	Gustav Adolfs Gata 15	1983	Residential							2,134		2,134	15
Helsingborg	Skalbaggen 7	Drakegatan 5	1929	Residential							688	111	799	24
Helsingborg	Verdandi 1	Bifrostgatan 71	2006	Residential			62				3,763		3,825	17
Helsingborg	Württemberg 20	Furutorpsgatan 29	1937	Retail		1,589	6,176	15			4,786	1,314	13,880	43
Kristianstad	Hovrätten 41	Västra Storgatan 13	1985	Hotel			380			7,075			7,455	117
Lund	Dioriten 1	Brunnsgård, Råbyvägen 1	2001	Office		3,080							3,080	34
Lund	Jöns Petter Borg 14	Hedvig Möllers gata 2	2013	Hotel						8,462			8,462	36
Lund	Kalkstenen 1	Kalkstensvägen 32	2000	Retail			2,180						2,180	103
Lund	Lagfarten 1 & 2	Magistratvägen 10	1968	Office		3,472	1,005	289					4,766	18
Lund	Porfyren 2	Glimmervägen 3	1991	Hotel						15,711			15,711	30
Lund	Rügen 1	Stralsundsvägen 1-25	2006	Residential							3,083		3,083	104
Lund	Rügen 2	Stralsundsvägen 29	2006	Residential							5,264	528	5,792	41
Malmö	Ledebur 15	Amiralsgatan 20	1990	Office		6,135						1,300	7,435	76
Malmö	Lejonet 2	Lilla Torg 1	1929	Office		4,896	39	68			314	504	5,821	61
Malmö	Rosen 9	Engelbrektsgatan 2	1960	Hotel			1,430			9,777			11,207	112
Malmö	Spinneriet 8	Baltzarsgatan 20	1957	Office		12,487	3,053	2,137		5,540		1,454	24,671	225
Malmö	Spännbucklan 12 & 13	Agnesfridsvägen 180	1983	Retail	Yes		5,320						5,320	479
Malmö	Von Conow 54	Baltzarsgatan 31	1964	Office		9,316	4,398	491			2,584	4,185	20,974	23
Trelleborg	Lavetten 41	Hedvägen 167-173	1987	Retail			990						990	284
Växjö	Elden Södra 17	Biblioteksgatan 7	1985	Hotel			65			6,888		57	7,010	4
Växjö	Kocken 3	Hejaregatan 19	1969	Hotel						3,982			3,982	37
Åstorp	Asken 14	Esplanaden 15	1952	Residential		167	239	53			771		1,230	5
Åstorp	Blåkllockan 9	Fågelsångsgatan 32 A	1966	Residential							808		808	4
Åstorp	Boken 4	Esplanaden 19 A	1945	Residential		235	1,207	154			7,606		9,202	39
Åstorp	Ekorren 27	Skolgatan 7	1929	Residential			337				639		976	4
Åstorp	Hyllinge 5:122	Postgatan 12 A	1963	Residential				164	120		7,431	134	7,849	22
Åstorp	Hästhoven 12	Fabriksgatan 19 A	1960	Residential			704	103			2,633		3,440	14
Åstorp	Kastanjen 16	Esplanaden 7	1972	Residential		1,873	833				3,458	156	6,320	27
Åstorp	Linden 11	Nyvångsgatan 1 A	1961	Residential							340		340	3
Åstorp	Lotusblomman 15	Nyvångsgatan 31	1961	Residential							340		340	3
Åstorp	Lungörten 1	Nyvångsgatan 2 A	1961	Residential							792		792	4
Åstorp	Lärksoppen 10	Ekebrogatan 100	1972	Residential				42			8,030	165	8,237	17
Åstorp	Lärkträdet 10	Ekebrogatan 1	1970	Residential				42			5,799	142	5,983	33
Åstorp	Moroten 10	Torggatan 35 A	1954	Residential							776		776	24
Åstorp	Resedan 1	Northa Storgatan 10 A	1964	Residential				28			1,061		1,089	4
Åstorp	Svärdslliljan 7	Eastergatan 16 A	1958	Residential		245	457				6,457		7,159	5
Åstorp	Tranan 1	Fjällvägen 10 A	1991	Residential							3,820		3,820	30
Total Öresund						44,056	35,214	8,329	120	57,435	140,963	11,924	298,041	2,251
Region East														
Arboga	Gesällen 15	Bergsgränd 3 A	1958	Residential		436		230			5,048		5,714	18
Arboga	Getingen 1	Västermovägen	1969	Residential							9,515	20	9,535	30
Arboga	Hjulumakaren 25	Vikingagatan	1978	Residential							3,497		3,497	14
Arboga	Ringsborg 1	Kapellgatan 29	1981	Office		1,488							1,488	5
Arboga	Riskan 1	Trädgårdsgatan	1963	Residential		283		71			3,846		4,200	15
Arboga	Vilsta 10	Jädersvägen	1965	Residential		59		48			8,264		8,371	31
Arboga	Vilsta 21	Lundborgsesplanaden	1970	Residential				40			6,532		6,572	24
Arboga	Vilsta 9	Jädersvägen 1	1961	Residential		200	835	46			7,439		8,520	30
FI, Keminmaa	Joulantie 1-3		2001/2002	Retail			12,337						12,337	
FI, Kuopio	Leväsentie 2B		2006	Retail			20,123						20,123	
FI, Kuusamo	Loumantie 1-3			Retail			12,623						12,623	

● Acquisitions during 2015.

Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Lettable area, sq.m.						Total	Tax assessment value, SEKm
						Office	Retail	Industrial/Ware-house	Education/Care	Hotel	Residential	Other	
Fi, Kuusamo	Ouluntaival 1		1978	Retail			3,718						3,718
Fi, Mäntsälä	Mäntsäläntie 1		1989	Retail			3,574						3,574
Fi, Nurmijärvi	Isoseppälä 14		1996	Retail			2,777						2,777
Fi, Raisio	Kauppakatu 2		1995	Retail			5,786						5,786
Fi, Seinäjoki	Kauppakatu 4		1971/1982	Retail			4,591						4,591
Gotland	Soldaten 1	Volontärgatan	2005	Residential				29			3,050	50	3,129
Gotland	Västerhejde Vibble 1:457	Tvinnaregatan 10	1989	Residential							7,734	127	7,861
Jönköping	Björnen 6	Tormenäsgatan 15	1991	Office		773					176		949
Jönköping	Hålan 6:2	Bågvägen 1	1972	Residential				89			9,692	187	9,968
Jönköping	Lejoninnan 10	Nygatan 2	1965	Residential				14			11,113		11,127
Jönköping	Mjälaryd 3:300	Mickels väg 10 A	1991	Residential							2,611	337	2,948
Jönköping	Tigern 7	Backgatan 2 A	1968	Residential				16			5,985		6,001
Köping	Disa 1	Stora Torget	1929	Residential			662				924		1,586
Köping	Fenja 10	Västra Åpromenaden 20	1965	Retail		1,548	1,958				1,169	578	5,253
Köping	Freja 11	Stora G. 8, Ö:A Långg. 8-10	1929	Residential		124	876				1,612	69	2,681
Köping	Freja 3	Stora Gatan	1979	Residential			416				1,324		1,740
Köping	Immanuel 2	Tunadalsgatan 28	1965	Residential		120					11,131	273	11,524
Köping	Inga 1	Sankt Olofsgatan 52	1947	Residential		177	97				2,271	179	2,724
Köping	Tunadal 6-8	Tunadalsgatan	1971	Residential		330					8,226	990	9,546
Northköping	Gärdet 1	Rågången 71	1958	Residential			491				4,609		5,100
Northköping	Lammet 2	Kungstorget 2	1939	Residential		173	1,950				2,379	60	4,562
Northköping	Lokatten 12	Hosp.Gat9-11,Olai Kyrkog12,Trädg.G 8b,10	1992	Residential		1,693	380				5,364	533	7,970
Northköping	Planket 20	Bråddgatan 54	1983	Residential							1,139		1,139
Northköping	Planket 23	Plankgatan 46	1940	Residential		25	60				940	600	1,625
Northköping	Prinsen 18	Hospitalsgatan 42	1967	Residential			30	99			9,453	11	9,593
Northköping	Sprutan 8	Gamla Rådstugugatan 52	1940	Residential			370				1,241	145	1,756
Northköping	Stenhuggaren 25	Sandgatan 28	1960	Residential							2,914		2,914
Northköping	Storgatan 10	Drottninggatan 10	1929	Residential		484					1,146	755	2,385
Northköping	Storgatan 9	Drottn.G14,G:A Rådst.G3-7,Nya Rådst.G2-4	1985	Residential		252	355	15			5,953	231	6,806
Northköping	Stävan 2	Rösgången 32	1959	Residential	Yes						3,639		3,639
Northköping	Tullhuset 1	Gamla Rådstugugatan 11	1929	Residential			273				1,320		1,593
Nyköping	Brandholmen 1:72	Idrottsvägen 12 E	2014	Other								16,324	16,324
Tranås	Bågskytten 4	Grännavägen 21	1949	Residential							478		478
Tranås	Bågskytten 5	Stjärngatan 13	1991	Residential							500		500
Tranås	Falkberget 24	Vallgatan 6	1969	Residential							1,017	70	1,087
Tranås	Flundran 2	Granitgatan 2	1966	Other									
Tranås	Forellen 3	Beckhemsvägen	1972	Residential		56		55			5,577	95	5,783
Tranås	Forellen 4	Beckhemsvägen 21	1930	Other							150	250	400
Tranås	Forellen 5	Beckhemsvägen 14	1969	Residential		348					6,019	10	6,377
Tranås	Gäddan 2	Beckhemsvägen 2	1966	Residential							3,402		3,402
Tranås	Jupiter 17	Plangatan	1988	Residential							476		476
Tranås	Kometen 10	Nämndemansgatan 8	1944	Residential							708		708
Tranås	Kullen 1	Västra vägen 7 A	1946	Residential							670	34	704
Tranås	Laxen 2	Beckhemsvägen 10	1967	Residential		324		65			9,114	290	9,793
Tranås	Laxen 3	Beckhemsvägen 8	1973	Retail								575	575
Tranås	Lejonet 5	Sveagatan 4	1940	Residential							1,279	63	1,342
Tranås	Lindkullen 11	Majorsgatan 18 A	1929	Residential							814		814
Tranås	Lindkullen 12	Majorsgatan 20	1949	Residential							943	128	1,071
Tranås	Lindkullen 13	Majorsgatan 22	1946	Residential							999	10	1,009
Tranås	Nordstjärnan 7	Storgatan 38	1965	Residential		265	966				1,504	216	2,951
Tranås	Northa Gyllenfors 9	Missionsgatan 10	1950	Residential		369	4,938	45			5,613	65	11,030
Tranås	Oden 12	Nygatan 18	1992	Residential		367	1,213				1,997	110	3,687
Tranås	Sutaren 2	Beckhemsvägen 12 A	1968	Residential		496					2,752	551	3,799
Tranås	Södra Framnäs 20	Framnäsgatan 2	1984	Residential							402		402
Tranås	Tigern 14	Götgatan 29	1960	Residential							736		736
Tranås	Tjädern 23	Framnäsgatan 1	1983	Residential							684		684
Tranås	Tornsvälan 3	Eastra Järnvägsgränd 1	1985	Residential							2,073	10	2,083
Tranås	Västermalm 23	Storgatan 15	1955	Residential			3,310	15			2,913	617	6,855
Tranås	Öringen 1	Granitgatan 5	1971	Residential							3,040		3,040
Västerås	Fälmössan 1	Rönnergagatan 1	1963	Residential			150	106			14,331		14,587
Västerås	Klockarkärleken 2	Rönnergagatan 4	1962	Residential				260			5,778		6,038
Västerås	Rödklinten 2	Bangatan 15	1957	Residential			133	120			7,003	30	7,286
Västerås	Sågen 1	Pilgatan 33	1980	Hotel						8,317			8,317
Västerås	Vallmon 6	Bangatan 1 A	1968	Residential				84			13,914		13,998
Västerås	Vapenrocken 1	Regementsgatan 62	1963	Residential		441		114			19,194	2	19,751
● Fi, Sato	Several properties			Residential							392,044		392,044
Total East						10,831	84,992	1,561		8,317	657,379	24,595	787,675

Lettable area, sq.m.

			Year of construction	Property category	Site leasehold right	Industrial/							Tax assessment value, SEKm	
Municipality	Name of property	Address				Office	Retail	Ware-house	Education/Care	Hotel	Residential	Other	Total	
Region North														
Gävle	Holmsund 11:1 mfl	Korsnäsvägen 108 m fl	1958	Residential							1,200	260	1,460	3
Gävle	Holmsund 7:6	Holmsundsvägen 7, 17–29	1929	Residential							2,948		2,948	10
Gävle	Kastet 8:1, 12:1 m fl	Forskarvägen 27 m fl	1929	Residential		1,271	104				12,467	1,781	15,623	45
Gävle	Lillhagen 5:3	Torkarvägen 2–14	1958	Residential							2,871		2,871	10
Gävle	North 18:6	Nygatan 37–39 m fl	1985	Residential		42	408				2,641	385	3,476	30
Gävle	North 27:2	Stora Esplanadgatan 9 m fl	1920	Residential		127	480				2,185	40	2,832	23
Gävle	Söder 58:7	Södra Kungsgatan 44 m fl	1969	Residential		289	941	252			2,004		3,486	23
Gävle	Sörby 10:9	Falkvägen 5 A–B	1994	Residential							512		512	4
Gävle	Valbo-Backa 6:12	Johanneslövsvägen 6	1981	Other						7,382			7,382	31
Karlstad	Anden 9	Åttkantslunden 1 A–B, 3 A–B	1983	Residential							1,472	20	1,492	13
Karlstad	Braxen 34	Eastra Kanalgatan 8 m fl	1944	Residential			321				1,198	521	2,040	13
Karlstad	Druvan 1	Drottninggatan 22 m fl	1929	Residential			459				1,443	681	2,583	30
Karlstad	Ekorren 9	Sandbäcksgatan 5 m fl	1929	Residential		715	46				1,811		2,572	18
Karlstad	Furan 5	Gillbergsgatan 3 A–D	1951	Residential		,	119				1,710		1,829	16
Karlstad	Furan 7	Jössegatan 3 A–B	1968	Residential		,					925	97	1,022	9
Karlstad	Granatkastaren 4	Artillerigatan 1–5	1945	Residential		,					748		748	6
Karlstad	Gruvan 12	Västra Kanalgatan 3	1991	Residential			126				2,525		2,651	25
Karlstad	Gruvan 2	Eastra Kyrkogatan 4	1929	Residential		,					1,064	102	1,166	10
Karlstad	Grävlingen 3	Sundbergsgatan 20 m fl	1929	Residential		,	138				1,030		1,168	10
Karlstad	Höken 1	Hamngatan 16	1929	Other		,				5,890			5,890	52
Karlstad	Pilbågen 1	Sandelsgatan 2, 4, 6, 8	1942	Residential		,					2,184		2,184	16
Karlstad	Registratorn 1	Northa Allén 26 A–B	1949	Residential		,					502	56	558	4
Karlstad	Registratorn 8	Northa Allén 30 A–B	1948	Residential		,					456	61	517	4
Karlstad	Registratorn 9	Northa Allén 28	1946	Residential		100					466	29	595	4
Karlstad	Spiran 1-6	Lignellsgatan 1 m fl	1940	Residential		,	95				4,456	59	4,610	40
Karlstad	Trätälja 11	Drottninggatan 37 m fl	1959	Residential		,	259				4,567	35	4,861	42
Karlstad	Tusenskönan 1	Älvdalsgatan 8 A–C	1950	Residential	Yes	,	69				1,288		1,357	12
Karlstad	Väduren 3	Rudsvägen 1 A–D	1942	Residential		,					1,344	24	1,368	12
Sundsvall	Aeolus 1	Nybrogatan 19 m fl	1944	Residential		89	501				872		1,462	8
Sundsvall	Bredsand 1:13	Appelbergsvägen 3		Ground		,								
Sundsvall	Bredsand 1:14	Appelbergsvägen 4		Ground		,								
Sundsvall	Bredsand 1:3 mfl	Appelbergsvägen 1 A–B	1950	Residential		,					7,127	82	7,209	21
Sundsvall	Bredsand 1:4 mfl	Appelbergsvägen 14–18	1950	Residential		,					4,479		4,479	12
Sundsvall	Dingersjö 28:27 mfl	Appelbergsvägen 26–32 m fl	1989	Residential		,					9,464	50	9,514	27
Sundsvall	Dingersjö 3:131 m fl	Bergsvägen 3 A–J	1964	Residential		,					20,176	5,077	25,253	52
Sundsvall	Fliten 10	Skolhusallén 9	1990	Office		3,125						36	3,161	25
Sundsvall	Fliten 11	Rådhusgatan 39 A–B m fl	1992	Residential		272					3,371		3,643	29
Sundsvall	Kvissle 2:53 & 2:43	Affärsgatan 26 A–D	1962	Residential		,					1,468		1,468	3
Sundsvall	Kvissle 22:2 & 39:1	Affärsgatan 22–24 m fl	1968	Residential		192	137				6,311	45	6,685	15
Sundsvall	Lagmannen 10	Esplanaden 18–22 m fl	1962	Residential		757	240	70			3,980	1,099	6,146	32
Sundsvall	Nolby 1:48, 40:1, 1:108	Skolgatan 4	1983	Residential		1,070					4,079	766	5,915	15
Sundsvall	Nolby 3:268	Brovägen 9	1988	Residential		,					997		997	3
Sundsvall	Nolby 40:2	Affärsgatan 18 A–C	1964	Residential		,	866				2,166	207	3,239	8
Sundsvall	Nolby 41:3 & 37:1	Affärsgatan 14 A–H, 16 A–N	1974	Residential		,	1,006				5,328	43	6,377	16
Total North						7,957	6,351	1,083		13,873	126,947	9,139	165,349	783
Total Fastighets AB Balder						348,070	226,614	76,740	36,307	272,958	2,375,980	93,418	3,430,088	15,146

Fastighets AB Balder

Year-end report

January-December 2016

- Profit from property management before tax attributable to parent company shareholders amounted to SEK 2,265m (1,780), corresponding to an increase per ordinary share by 22 % to SEK 11.89 (9.71)
- Rental income amounted to SEK 5,373m (2,711)
- Profit after tax attributable to parent company shareholders amounted to SEK 5,474m (4,916) corresponding to SEK 30.38 per ordinary share (28.98)
- Net asset value amounted to SEK 198.49 per ordinary share (159.14) and shareholders' equity (including listed associated companies at market value) amounted to SEK 157.63 per ordinary share (128.03)

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 86.2 billion (68.5) as of 31 December 2016. The Balder share is listed on Nasdaq Stockholm, Large Cap



Hedin Bil, AMG Center, Gothenburg

The period in brief

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

October-December 2016

- Rental income amounted to SEK 1,427m (680).
- Net operating income amounted to SEK 1,002m (508).
- Profit from property management attributable to parent company shareholders increased by 35 % to SEK 650m (482), which corresponds to an increase by 28 % per ordinary share to SEK 3.39 (2.64).
- Changes in value in respect of investment properties amounted to SEK 2,211m (2,017). The average yield requirement amounted to 5.3 % (5.4).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK 312m (197).
- Net profit after tax for the period amounted to SEK 2,704m (2,506).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 2,536m (2,506) which corresponds to SEK 14.05 per ordinary share (14.99).
- 51 properties (712 refers to Sato Oyj) has been acquired at a property value of SEK 4,632m (26,477).
- 22 properties (1) were divested at a property value of SEK 681m (3).
- A set off issue of 4,602,515 ordinary shares at a value of SEK 1,099m after issue costs has been conducted.
- Balder has taken possession of all properties in the group I.A. Hedin Fastighet AB from Anders Hedin Invest AB. The possession took place on 30 November 2016. The number of acquired properties amounts to 43.
- Balder has received an investment grade rating from Moody's of Baa3 with a stable outlook.

January-December 2016

- Sato Oyj's income statement is consolidated for the first time from 1 January 2016.
- Rental income amounted to SEK 5,373m (2,711).
- Net operating income amounted to SEK 3,679m (1,944).
- Profit from property management attributable to parent company shareholders increased by 27 % to SEK 2,265m (1,780), which corresponds to an increase per ordinary share by 22 % to SEK 11.89 (9.71).
- Changes in value in respect of investment properties amounted to SEK 4,932m (3,388). The average yield requirement amounted to 5.3 % (5.4).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK -114m (227).
- Net profit after tax for the year amounted to SEK 6,093m (4,916).
- Net profit after tax for the year attributable to parent company shareholders amounted to SEK 5,474m (4,916) which corresponds to SEK 30.38 per ordinary share (28.98).
- 116 properties (723 including Sato Oyj) has been acquired at a property value of SEK 11,342m (28,660).
- 71 properties (23) were divested at a property value of SEK 1,990m (1,613).
- A directed new issue of 3,000,633 ordinary shares and a set off issue of 4,602,515 ordinary shares at a total value of SEK 1,780m after issue costs have been conducted.
- The associated company Brinova Fastigheter AB (publ) was listed on 30 September 2016.

	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2012 Jan-Dec	2011 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec
Rental income, SEKm	1,427	680	5,373	2,711	2,525	1,884	1,701	1,466	1,333	854
Profit from property management before tax, SEKm ¹⁾	650	482	2,265	1,780	1,275	854	691	516	417	315
Changes in value of properties, SEKm	2,211	2,017	4,932	3,388	3,050	854	812	990	1,047	4
Changes in value of derivatives, SEKm	312	197	-114	227	-624	433	-71	-520	148	-23
Profit after tax, SEKm ¹⁾	2,536	2,506	5,474	4,916	3,128	1,738	1,162	812	1,338	248
Carrying amount of properties, SEKm	86,177	68,456	86,177	68,456	37,382	27,532	22,278	17,556	14,389	12,669

Data per ordinary share including listed associated companies at market value ²⁾

Average number of shares, thousands	176,965	163,825	173,598	162,753	161,786	159,537	159,537	158,656	149,487	112,902
Profit after tax, SEK	14.05	14.99	30.38	28.98	18.10	10.11	6.69	4.87	8.95	2.20
Profit from property management before tax, SEK	3.39	2.64	11.89	9.71	6.64	4.57	3.73	3.00	2.79	2.79
Outstanding number of shares, thousands	180,000	172,397	180,000	172,397	162,397	159,537	159,537	159,537	149,487	149,487
Shareholders' equity, SEK	157.63	128.03	157.63	128.03	70.10	52.14	42.15	35.57	31.13	22.19
Long-term net asset value (EPRA NAV), SEK	198.49	159.14	198.49	159.14	86.33	60.50	50.37	41.83	32.89	22.16
Share price on the closing date, SEK	184.10	208.70	184.10	208.70	110.25	66.00	37.30	25.30	29.40	12.50

1) Attributable to parent company shareholders.

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

Comments by the CEO

Dear shareholders

Profit from property management per ordinary share increased by 22 % during the year and amounted to SEK 11.89. The equivalent result for Q4 was SEK 3.39 per ordinary share, an increase of 28 % compared to the same period last year.

Net asset value per ordinary share increased by 25 % during the year and amounted to SEK 198.49.

Current earning capacity per ordinary share increased by 27 % from SEK 10.64 to SEK 13.52.

In Collector, our largest associated company in terms of value, earnings per share increased by 34 % and equity per share increased by 41 %.

We can thus state that 2016 was a year of great improvements in key ratios per share in both Balder and Collector.

For the long-term shareholder, it is most important to have a belief about how future earnings will develop over time (obvious don't you think?) and after that an opinion about the present value of future earnings (so-called discounting factor). However, small changes in these two key ratios, have a large effect on the value and both Balder and Collector were examples of this during 2016.

Balder's share price fell by 12 % during the year even though key ratios per share improved by about 25 %, in other words, the share price should have been about 40 % higher on 31 December 2016 if the estimates relating to earnings and present value were equivalent to 31 December 2015.

In Collector, the value of the share was 19 % lower despite an improvement of almost 40 % in key ratios per share. Using the same estimates as the previous year-end, the share price should thus have been about 70 % higher.

The fact that stock market expectations can vary so much creates opportunities for both the short-term and long-term investor and I personally think it is fascinating, interesting and fun to follow the changes over the years.

Operationally

Apart from financial key ratios, 2016 was a year when we performed positively on many fronts. Balder invests in many countries, property categories and projects and also through complete- and part-ownership. I personally believe that all parts of the company improved and this is also generating more business opportunities.

It is a privilege for me to work with all of you!

2017 and beyond

My guess is that 2017 will also be a year with strong demand for both commercial premises and residential properties in our markets.

The financing opportunities also seem favourable and our financing base has been broadened further as we now have an official rating.

We have now supplemented our financial goals as follows – an equity/assets ratio (min. 35 %) and a net debt to assets ratio (max. 55 %). These key ratios are obviously much alike, but the net debt to assets key ratio is increasingly used, which means that it is good for us to clarify our goal in relation to this.

The future is bright and despite intense competition among investors, I feel optimistic as usual regarding the potential to find reasonably good investments over time.

Erik Selin
Chief Executive Officer

Current earning capacity

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

Balder's income statement is also impacted by the development in the value of the real estate portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the operating result are changes

in value of derivatives. None of the above has been considered in the current earning capacity.

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

Current earning capacity on a twelve-months basis

SEKm	2016 31 Dec	2016 30 Sep	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
Rental income	5,800	5,470	5,325	5,135	5,045	2,725	2,650	2,745	2,730	2,650	2,600
Property costs	-1,695	-1,690	-1,685	-1,670	-1,635	-775	-760	-800	-800	-795	-785
Net operating income	4,105	3,780	3,640	3,465	3,410	1,950	1,890	1,945	1,930	1,855	1,815
Management and administrative costs	-490	-490	-480	-440	-425	-175	-175	-170	-165	-165	-165
Profit from property management from associated companies	505	470	420	355	340	560	500	410	220	200	180
Operating profit	4,120	3,760	3,580	3,380	3,325	2,335	2,215	2,185	1,985	1,890	1,830
Net financial items	-1,040	-1,025	-1,010	-930	-880	-530	-575	-575	-585	-580	-580
Of which non-controlling interests	-445	-445	-380	-400	-410	-	-	-	-	-	-
Profit from property management	2,635	2,290	2,190	2,050	2,035	1,805	1,640	1,610	1,400	1,310	1,250
Taxes	-570	-490	-470	-440	-439	-397	-361	-354	-308	-288	-275
Profit after tax	2,065	1,800	1,720	1,610	1,596	1,408	1,279	1,256	1,092	1,021	975
Profit after tax attributable to											
Ordinary shareholders	1,865	1,600	1,520	1,410	1,396	1,208	1,079	1,056	892	821	775
Preference shareholders	200	200	200	200	200	200	200	200	200	200	200
Profit from property management before tax according to current earning capacity per ordinary share, SEK	13.52	11.92	11.55	10.73	10.64	9.88	8.87	8.68	7.39	6.83	6.47

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 December. Brinova Fastigheter AB (publ) is included from 30 September 2016, when the company was listed.

SEKm	2016 31 Dec	2015 31 Dec
Assets		
Investment properties	86,177	68,456
Other fixed assets	136	122
Participations in associated companies ^{1,2)}	6,673	6,549
Other receivables	1,357	1,497
Cash and cash equivalents and financial investments	1,592	1,025
Total assets	95,935	77,649
Shareholders' equity and liabilities		
Shareholders' equity ³⁾	36,791	29,325
Deferred tax liability	5,808	4,071
Interest-bearing liabilities	49,580	41,063
Derivatives	1,547	1,294
Other liabilities	2,209	1,896
Total equity and liabilities	95,935	77,649
1) Including Balder's market value of Collector AB (publ) Collector's share price (SEK)	4,661 103.00	5,224 127.00
2) Including Balder's market value of Brinova Fastigheter AB (publ) Brinova's share price (SEK)	282 15.30	— —
3) Of which non-controlling interests	5,540	4,377

Consolidated statement of changes in equity

SEKm	2016 31 Dec	2015 31 Dec
Opening equity	29,325	14,261
Total comprehensive income for the period/year	6,507	4,909
Dividend preference shares, approved and entered as a liability	-200	-200
Share issue, after issue costs	1,780	1,705
Transactions with non-controlling interests	-107	—
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 listed associated companies at market value	-962	4,273
Closing equity	36,791	29,325

Results, income and costs

Profit from property management

Profit from property management for the year amounted to SEK 2,653m (1,780). Profit from property management attributable to parent company shareholders increased by 27 % and amounted to SEK 2,265m (1,780), which corresponds to an increase per ordinary share by 22 % to SEK 11.89 (9.71). Profit from property management includes SEK 419m (457) in respect of associated companies.

Net profit after tax

Net profit after tax for the year amounted to SEK 6,093m (4,916). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 5,474m (4,916), corresponding to SEK 30.38 per ordinary share (28.98). Profit before tax was affected by changes in value in respect of properties of SEK 4,932m (3,388), changes in value of interest rate derivatives of SEK –114m (227) and profit from participations in associated companies of SEK 590m (831).

Rental income

Rental income increased by 98 % to SEK 5,373m (2,711). 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 31 December of SEK 6,089m (5,257). The average rental level for the entire real estate portfolio amounted to SEK 1,583/sq.m. (1,508) excl. project properties.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 95 % (96) on 31 December. The total rental value of unlet areas at the end of the year amounted to SEK 289m (182) on an annual basis.

Property costs

Property costs amounted to SEK 1,693m (767) during the year. The increase in property costs was mainly due to the consolidation of Sato Oyj.

Net operating income increased by 89 % to SEK 3,679m (1,944), which implies a surplus ratio of 68 % (72). Operating costs normally vary with the seasons. The first and fourth quarters have higher costs than the other quarters, while the third quarter usually has the lowest cost level.

Changes in value of investment properties

Balder carried out an individual valuation on 31 December of the entire real estate portfolio (see page 9). Unrealised changes in value during the year amounted to SEK 4,847m (3,323). Realised changes in value amounted to SEK 85m (65).

The average yield requirement as of 31 December amounted to 5.3 % (5.4). The change in value during the year was attributable to improved net operating income and a slightly reduced yield requirement.

Management and administrative costs

Management and administrative costs amounted to SEK 488m (185) during the year. The increase was mainly due to the consolidation of Sato Oyj.

Participations in the profits of associated companies

Balder owns property managing and project developing associated companies and 44.1 % in Collector AB (publ) which is listed. During September was Balders associated company Brinova Fastigheter AB (publ) listed, Balder's share amounts to 25.5 % as of 31 December.

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).

During the year 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 590m (831) and Balder's participation in the associated companies profit from property management amounted to SEK 419m (457).

Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 343m (410).

Net financial items and changes in value of derivatives

Net financial items amounted to SEK –973m (–437) and changes in value of interest rate derivatives amounted to SEK –114m (227). The negative change in value of derivatives during the year 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 % (1.8) during the year, including the effect of accrued interest from interest rate derivatives.

Taxes

Balder's tax cost for the year amounted to SEK –1,550m (–862) of which SEK –226m (4) is current tax for the year, mainly attributable to the consolidation of Sato Oyj, and also a deferred tax expense of SEK –1,325m (–866). Current tax attributable to parent company shareholders amounted to SEK –135m (4).

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 5,808m (4,071).

Fourth quarter 2016

Profit from property management for the fourth quarter of 2016 increased by 54 % and amounted to SEK 742m (482). Profit from property management attributable to parent company shareholders for the fourth quarter of 2016 increased by 35 % and amounted to SEK 650m (482) which corresponds to an increase per ordinary share of 28 % to SEK 3.39 (2.64).

Profit from property management included SEK 125m (128) in respect of associated companies. Rental income amounted to SEK 1,427m (680) and property costs amounted to SEK 425m (172), which meant that net operating income increased by 97 % to SEK 1,002m (508). The increase compared to the same period last year is mainly due to the consolidation of Sato Oyj from 1 January 2016. The surplus ratio amounted to 70 % (75). The decline in the surplus ratio is due to the consolidation of Sato Oyj, which primarily owns residential properties, with generally higher property costs compared to commercial properties.

Net profit after tax for the period amounted to SEK 2,704m (2,506). Profit after tax attributable to parent company shareholders amounted to SEK 2,536 (2,506) corresponding to SEK 14.05 per ordinary share (14.99). The result was affected by changes in value in respect of properties of SEK 2,211m (2,017), changes in value of interest rate derivatives of SEK 312m (197) and profit from participations in associated companies of SEK 236m (359). The average yield requirement on 31 December amounted to 5.3 % which is unchanged compared to September 2016.

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 2,119m (1,193). Investing activities have burdened the cash flow by SEK 8,385m (5,635).

During the year, acquisition of properties of SEK 7,648m (2,097), investments in existing properties and projects of SEK 1,843m (791), investments in property, plant and equipment, financial investments and associated companies and transactions with non-controlling interests SEK 770m (4,857), dividends paid preference shares of SEK 200m (200) and divi-

dends paid to non-controlling interests SEK 107m (–) adds up to SEK 10,568m (7,945).

These have been financed through cash flow from operating activities of SEK 2,876m (762), by property divestments of SEK 1,651m (1,606), financial investments of SEK 225m (504), new issue of SEK 1,780m (1,705), new issue in the subsidiary Sato Oyj of SEK 420m (–), and net borrowings of SEK 5,382m (3,788), which adds up to SEK 11,236m (8,365).

Total cash flow for the year amounted to SEK 667m (421). In addition to unutilised credit facilities of SEK 4,827m (4,545), the group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 1,942m (1,339) on 31 December.

Employees and organisation

The number of employees on 31 December amounted to 546 persons (522), of whom 255 were women (234). Balder is, after the acquisition of Sato Oyj, organised into six regions with 17 areas in total. The head office with group-wide functions is located in Gothenburg.

Parent Company

The parent company's operations mainly consist of performing group-wide services but an important part relates to sales of services, principally to associated companies. Sales in the parent company amounted to SEK 209m (147) during the year.

Net profit after tax amounted to SEK 1,311m (1,061). Dividend from subsidiary were included with SEK 1,430m (800), and unrealised changes in value of interest rate derivatives amounted to SEK –151m (199) and group contributions paid amounted to –568m (–340).

Proposed dividend

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

Annual Report and Annual General Meeting

The annual report for 2016 will be available on Balder's website, www.balder.se, from week 14, 2017.

Fastighets AB Balder's annual general meeting will take place on Thursday, 11 May 2017 at 4.00 p.m. at Radisson BLU Scandinavia Hotel, Södra Hamngatan 59, in Gothenburg.

Real estate holdings

On 31 December Balder owned 1,220 properties (1,177) with a lettable area of 3,806 sq.m. (3,430) and a value of SEK 86,177m (68,456), including project properties. Balder's total rental value excluding project properties amounted to SEK 6,025m (5,173). Balder's commercial properties are

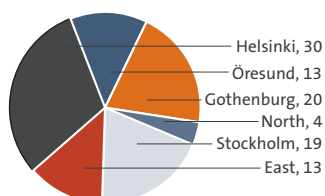
mainly located in the central parts of large cities. Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

Balder's real estate holdings on 2016-12-31¹⁾

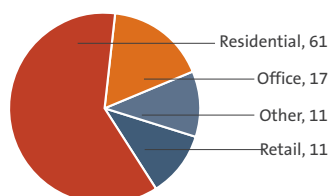
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Helsinki	501	1,010,505	2,122	2,100	2,025	95	24,393	28
Stockholm	61	533,904	927	1,736	867	94	15,797	18
Gothenburg	194	903,206	1,150	1,274	1,108	96	17,053	20
Öresund	71	418,022	624	1,493	580	93	10,368	12
East	314	758,121	992	1,309	949	96	11,021	13
North	79	181,755	209	1,150	206	99	3,086	4
Total	1,220	3,805,512	6,025	1,583	5,736	95	81,718	95
Project			64		64		4,459	5
Total	1,220	3,805,512	6,089	1,583	5,800	95	86,177	100
Distributed by property category								
Residential	1,020	2,531,547	3,973	1,569	3,819	96	48,775	57
Office	68	432,228	865	2,002	783	90	14,139	16
Retail	89	499,778	598	1,197	569	95	9,154	11
Other	43	341,960	588	1,718	565	96	9,650	11
Total	1,220	3,805,512	6,025	1,583	5,736	95	81,718	95
Project			64		64		4,459	5
Total	1,220	3,805,512	6,089	1,583	5,800	95	86,177	100

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

Distributed by region including projects, %



Distributed by property category including projects, %



Changes in real estate portfolio

The value of Balder's real estate portfolio is based on internal valuations. The properties in Sweden, Denmark and Norway have been valued using the cash flow based method. In Finland, in addition to the cash flow based method, the sales comparison method and valuation at acquisition cost are used. On 31 December, Balder's average yield requirement amounted to 5.3 % (5.4) 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. During the year, Balder has externally valued approximately 40 % of the properties, including Sato's property portfolio. The external valuation was less than 1 per cent higher than Balder's internal valuation at year-end. Historically, deviations between external and internal valuations have been insignificant.

Project real estate

On 31 December, Balder had ongoing residential projects with an expected total investment of SEK 8,000m, 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 1,400 apartments under construction as well as about 1,300 apartments in Helsinki.

Unrealised changes in value

The overall carrying amount of Balder's properties amounted to SEK 86,177m (68,456) on 31 December. The unrealised change in value during the period amounted to SEK 4,847m (3,323) and was attributable to improved net operating income and slightly lower yield.

Investments, acquisitions and divestments

During the year, a total of SEK 13,185m (2,974) was invested, of which SEK 11,342m (28,660) related to acquisitions and SEK 1,843m (791) related to investments in existing properties and projects.

The majority of the acquisitions during the year refers to acquisitions in Sato Oyj and the acquired properties from the group I.A. Hedin Fastighet AB. Properties with a sales value of SEK 1,990m (1,613) were divested during the year. Profit from property sales amounted to SEK 85m (65). The change in the real estate portfolio during the period is presented in the table below.

Change in carrying amount of properties

	2016		2015	
	SEKm	Number ¹⁾	SEKm	Number ¹⁾
Real estate portfolio, 1 January	68,456	1,177	37,382	486
Investments in existing properties and projects	1,843		791	
Acquisitions	11,342	116	28,660	714
Sales/Reclassifications	-1,905	-73	-1,542	-23
Change in value of investment properties, unrealised	4,847		3,323	
Currency changes	1,593		-158	
Real estate portfolio, 31 December	86,177	1,220	68,456	1,177

1) Number of investment properties.

Property transactions 2016

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
Acquisitions					
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	Högskolan Hedmark, 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, Köpenhamn	Denmark	Hotel	6,325
Three	6	Sato Oyj	Finland	Residential	27,257
Four	8	Sato Oyj	Finland	Residential	17,249
Four	1	Plutonen 1	Borås	Retail	13,120
Four	1	Gothenburg Tuve 116:6	Gothenburg	Retail	3,213
Four	1	Högsbo 36:8	Gothenburg	Retail	2,448
Four	1	Visionen 4	Jönköping	Retail	22,833
Four	1	Hede 4:14	Kungsbacka	Retail	4,177
Four	1	Kärä 32:22	Gothenburg	Retail	2,800
Four	1	Leoparden 2	Mölnådal	Retail	22,640
Four	1	Pianot 5	Mölnådal	Retail	2,329
Four	1	Högsbo 36:2	Gothenburg	Retail	6,053
Four	1	Kardananen 4	Varberg	Retail	3,847
Four	1	Gaslyktan 2	Mölnådal	Retail	3,564
Four	1	Frölandsgården 2	Uddevalla	Retail	5,651
Four	1	Fullriggaren 1	Trollhättan	Retail	2,200
Four	1	Smedjan 3	Ålingsås	Retail	3,222
Four	1	Presenten 1	Mölnådal	Retail	13,577
Four	1	Kärä 95:3	Gothenburg	Retail	7,209
Four	1	Presenten 2	Mölnådal	Retail	2,325
Four	1	Kärä 73:1-2	Gothenburg	Retail	4,372
Four	1	Varmvattnet 3	Stockholm	Retail	33,009
Four	1	Fordonet 1	Karlskoga	Retail	1,660
Four	1	Alptanäs 1	Stockholm	Retail	9,794
Four	1	Paletten 2	Linköping	Retail	5,757
Four	1	Papegojan 1	Linköping	Retail	7,805
Four	1	Grävmaskinen 23	Södertälje	Retail	2,391
Four	1	Denmarks-Säby 11:1	Uppsala	Retail	21,439
Four	1	Stjärnregnet 1	Örebro	Retail	4,341
Four	1	Stenalyckan 2	Halmstad	Retail	3,750
Four	1	Eketånga 24:47	Halmstad	Retail	3,220
Four	1	Eketånga 24:20	Halmstad	Retail	5,836
Four	1	Hammar 9:184	Kristianstad	Retail	5,135
Four	1	Topplocket 1	Kristianstad	Retail	6,509
Four	1	Hästkälken 3	Malmö	Retail	2,290
Four	1	Sjötungan 1	Värnamo	Retail	5,349
Four	1	Linné 9	Ljungby	Retail	1,975
Four	1	Anderstorp 8:16	Gislaved	Retail	1,500
Four	1	Taktäckaren 6	Ängelholm	Retail	6,760
Four	1	Automobilen 1	Malmö	Retail	8,045

Cont. Property transactions 2016

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
Four	1	Kopparkisen 13	Lund	Retail	4,804
Four	1	Tågarp 16:12	Burlöv	Retail	3,360
Four	1	Huggjärnet 10	Helsingborg	Retail	11,110
Four	1	Skräddaren 5	Ängelholm	Retail	1,172
Four	1	Zirkonen 3	Helsingborg	Retail	5,500
Four	1	Verkstaden 11, Snickeriet 16-17	Trelleborg	Retail	1,820
Total	116				505,302
Divestments					
One	1	Miklaholt 2	Stockholm	Office	1,916
One	1	Backa 170:1	Gothenburg	Other	3,500
One	1	Advokaten 1	Töreboda	Retail	2,128
One	1	Rönnen 11	Töreboda	Residential	1,039
One	1	Sotaren 12	Töreboda	Residential	976
One	1	Byggmästaren 5	Töreboda	Residential	1,381
One	1	Plåtslagaren 9	Töreboda	Residential	1,849
One	1	Rådhuset 40	Skara	Residential	2,103
One	1	Tallen 7	Skara	Residential	852
One	1	Frigga 4	Skara	Residential	824
One	1	Frigga 5	Skara	Residential	828
One	1	Fjärilen 6	Skara	Residential	350
One	1	Svärdet 11	Skara	Residential	412
One	1	Bromsen 5	Skara	Residential	534
One	1	Bisittaren 6	Skara	Residential	300
One	1	Bisittaren 2	Skara	Residential	354
One	1	Smörberget 2	Skara	Residential	410
One	1	Almen 4	Skara	Residential	709
One	1	Sländan 1	Skara	Residential	1,434
One	1	Plymen 4, 5	Skara	Residential	705
One	1	Tor 6	Skara	Residential	1,141
One	1	Heimdal 1	Skara	Residential	682
One	1	Heimdal 4	Skara	Residential	672
One	1	Tyr 1	Skara	Residential	680
One	1	Boken 38	Skara	Residential	967
One	1	Aspen 1	Skara	Residential	1,465
One	1	Tor 10	Skara	Residential	689
One	6	Sato Oyj	Finland	Residential	2,946
Two	4	Sato Oyj	Finland	Residential	2,169
Three	1	Mjälaryd 3:300	Jönköping	Residential	2,948
Three	1	Hålan 6:2	Jönköping	Residential	10,280
Three	1	Lejoninnan 10	Jönköping	Residential	11,161
Three	1	Björnen 6	Jönköping	Office	949
Three	1	Tigern 7	Jönköping	Residential	6,001
Three	7	Sato Oyj	Finland	Residential	28,458
Four	1	Resedan 15	Vänersborg	Residential	2,406
Four	21	Sato Oyj	Finland	Residential	36,004
Total	71				132,222

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. In addition during the year, Trenum AB has become an associated company. In Trenum AB Balder is a 50 %-owner together with the Third Swedish National Pension Fund. 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, 25.5 % (35) of Brinova Fastigheter AB (publ) 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 Sjaelsömanagement.dk.

Balder's participation in the 50 %-owned associated companies' real estate holdings on 2016-12-31¹⁾

	Number of properties ²⁾	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	45	108,794	164	1,508	160	98	2,649	44
Gothenburg	11	47,506	58	1,213	54	93	892	15
Öresund	25	62,536	91	1,455	89	98	1,344	22
Total	81	218,836	313	1,429	303	97	4,885	82
Project			21		21		1,106	18
Total	81	218,836	333	1,429	324	97	5,991	100

Distributed by property category

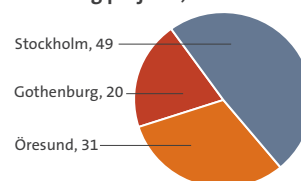
Residential	27	45,453	69	1,524	68	98	1,329	22
Office	11	29,315	55	1,871	50	91	900	15
Retail	34	94,964	105	1,111	103	98	1,512	25
Other	9	49,104	83	1,692	83	99	1,145	19
Total	81	218,836	313	1,429	303	97	4,885	82
Project			21		21		1,106	18
Total	81	218,836	333	1,429	324	97	5,991	100

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

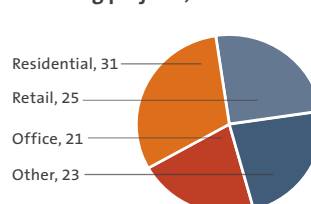
Balder's participation in the balance sheets of 50 %-owned associated companies

SEKm	2016 31 Dec	2015 31 Dec
Assets		
Properties	5,991	4,414
Other assets	54	247
Cash and cash equivalents	203	61
Total assets	6,248	4,723
Shareholders' equity and liabilities		
Equity/shareholder loan	2,549	1,726
Interest-bearing liabilities	3,319	2,501
Other liabilities	379	496
Total equity and liabilities	6,248	4,723

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

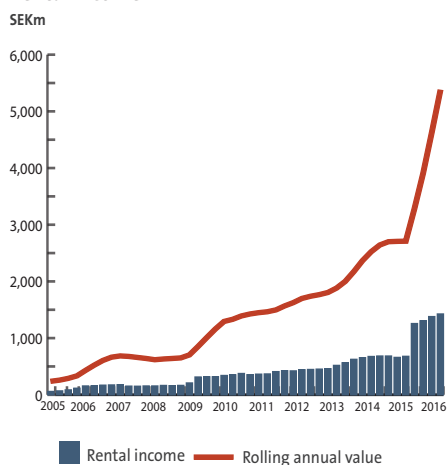
steady and satisfactory occupancy rate. Balder's commercial leases have an average lease term of 7.1 years (6.3). Balder's 10 largest leases represent 5.6 % (6.1) of total rental income and the average lease term amounts to 11.8 years (11.1). No individual lease accounts for more than 0.8 % (0.9) of Balder's total rental income and no individual customer accounts for more than 4.0 % (2.7) of total rental income.

Lease maturity structure 2016-12-31

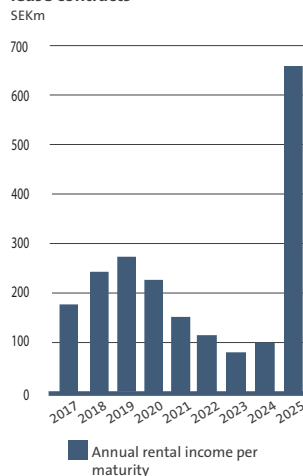
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2017	1,071	37	176	3
2018	694	24	237	4
2019	491	17	270	5
2020	329	11	222	4
2021–	329	11	1,095	19
Total	2,914	100	2,000	34
Residential ¹⁾	38,000		3,740	64
Car park ¹⁾	5,879		17	0
Garage ¹⁾	4,529		43	1
Total	51,322		5,800	100

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

Rental income



Maturity structure of commercial lease contracts



Balder's 10 largest customers

per 2016-12-31

- I. A. Hedin Bil AB
- ICA Sverige AB
- Kopparbergs Bryggerier
- Norwegian State
- Profihotels
- Scandic Hotels AB
- SCA Hygiene Products AB
- City of Stockholm
- Stureplansgruppen
- Winn Hotel Group

Financing

Equity

Consolidated equity, including listed associated companies at market value, amounted to SEK 36,791m (29,325) on 31 December and the equity/assets ratio amounted to 38.3 % (37.8).

During the year, equity increased by comprehensive income for the period of SEK 6,507m (4,909), new issue after issue costs of SEK 1,780m (1,705) and the minoritys part of the new issue in Sato Oyj of SEK 554m (–). Equity 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) and Brinova Fastigheter AB (publ) SEK –962m (4,273) 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 10,972m (7,865) and outstanding certificates of SEK 3,002m (2,680). The secured liabilities in relation to total assets amounted to 39.6 % (42.2) on 31 December.

Financial targets

		Target	Outcome ¹⁾
Equity/assets ratio, %	min.	35.0	38.3
Net debt to assets, %	max.	55.0	50.0
Interest coverage ratio, times	min.	2.0	3.7

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

Interest maturity structure on 2016-12-31

Year	Fixed interest term		
	SEKm	Interest, %	Proportion, %
Within one year	25,975	1.0	52
1–2 years	4,742	4.6	10
2–3 years	1,959	3.3	4
3–4 years	4,416	2.7	9
4–5 years	7,736	3.0	16
> 5 years	4,752	3.0	10
Total	49,580	2.1	100

Fixed credit term on 2016-12-31

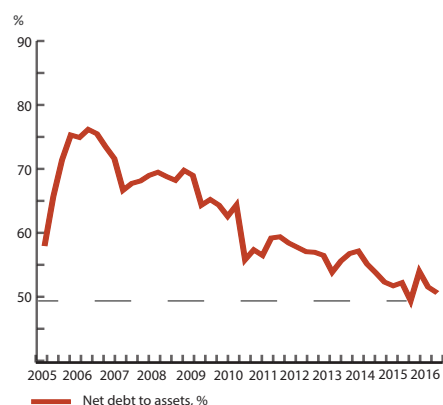
Year	Fixed credit term	
	SEKm	Proportion, %
Within one year	16,174	33
1–2 years	5,115	10
2–3 years	8,677	18
3–4 years	6,199	13
4–5 years	5,268	11
> 5 years	8,147	16
Total	49,580	100

On 31 December, Balder had credit facilities of SEK 4,827m (4,745) of which SEK 4,827m (4,545) were unutilised. Apart from these facilities, Balder had cash and cash equivalents, unutilised overdrafts and financial investments of SEK 1,942m (1,339). Balder also has credit facilities that fully covers future payments for ongoing construction projects. The interest rate refixing period and fixed credit term amounted to 2.4 years (2.9) and 4.2 years (4.4). During December Balder obtained a credit rating of 'Baa3' from Moody's with a stable outlook. The rating primarily reflects the Company's focus on stable rental housing properties in Sweden and Finland as well as the prime locations of its commercial properties in Sweden's largest cities and the company's conservative dividend policy.

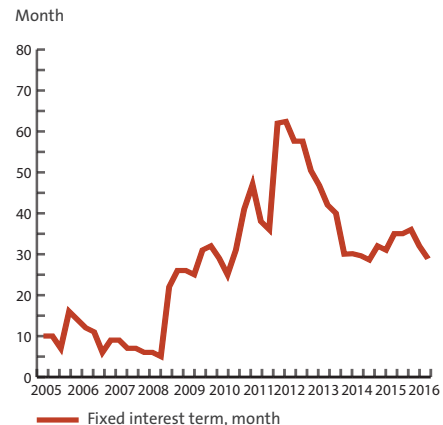
Financial goals

Balder's financial goals are an equity/assets ratio not less than 35 %, an interest coverage ratio not less than 2.0 times and a net debt to assets ratio of not higher than 55 %. The net debt to assets ratio is calculated as net interest-bearing liabilities divided by total assets including listed associated companies at market value. As of 31 December, the equity/assets ratio was 38.3 % (37.8), the interest coverage ratio was 3.7 times (5.1) and the net debt to assets ratio was 50.0 % (51.6).

Net debt to assets



Fixed interest term



Other disclosures

Events after the end of the year

Fastighets AB Balder has, in two different transactions, sold all properties in Tranås, Falköping, Arboga and Köping. The lettable area amounts to 221,000 square meters and it has been assigned a property value of just over SEK 2 billion. Balder's sales exceed book values by approximately SEK 130 million, corresponding to 7% and will be recorded in the second quarter 2017. 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 34m (29) during the year 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. 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 25.

The Board's proposal to the Annual General Meeting 2017

Ahead of the annual general meeting on 11 May 2017, the board intends to propose that the meeting should pass resolutions regarding the following matters:

- That no dividend shall be declared for the ordinary share.
- Dividend of SEK 20.00 shall be declared per preference share.
- Authorise the board until the next annual general meeting, to repurchase and transfer B shares and preference shares in Balder equivalent to not more than 10 % of all shares in the company.
- Authorise the board until the next annual general meeting, on one or more occasions, to resolve on new issue of preference- and/or ordinary shares of Class B, corresponding to not more than 10 % of the existing share capital. It shall be possible to subscribe for the shares in cash, in kind or through right of set-off.

This interim report has been subject to review by the company's auditors.

Gothenburg 22 February 2017

Erik Selin
Chief Executive Officer

Review report of condensed interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed the condensed interim financial information (interim report) for Fastighets AB Balder (publ), corp. id. no. 556525-6905 as of 31 December 2016 and for the twelve-month period that ended on this date. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

The focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an

audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that give us reason to believe that the interim report, in all material respects, is not prepared for the Group in compliance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in compliance with the Swedish Annual Accounts Act.

Gothenburg, 22 February 2017
Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdröm
Authorised Public Accountant

Consolidated statement of comprehensive income

SEKm	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Rental income	1,427	680	5,373	2,711
Property costs	-425	-172	-1,693	-767
Net operating income	1,002	508	3,679	1,944
Changes in value of properties, realised	23	1	85	65
Changes in value of properties, unrealised	2,188	2,016	4,847	3,323
Other income/costs	10	1	17	2
Non-recurring items	-	9	-	9
Management and administrative costs	-130	-50	-488	-185
Participations in the profits of associated companies	236	359	590	831
Operating profit	3,328	2,844	8,730	5,988
Net financial items	-264	-105	-973	-437
Changes in value of derivatives	312	197	-114	227
Profit before tax	3,376	2,936	7,643	5,778
Tax	-672	-431	-1,550	-862
Net profit for the period/year	2,704	2,506	6,093	4,916
<i>Net profit after tax for the period/year attributable to:</i>				
Parent company shareholders	2,536	2,506	5,474	4,916
Non-controlling interests	168	-	619	-
	2,704	2,506	6,093	4,916
Other comprehensive income - Items that may be subsequently reclassified to profit or loss				
Translation difference relating to foreign operations	-75	-18	438	3
Cash flow hedges after tax	87	-	-26	-
Participation in other comprehensive income of associated companies	0	-7	2	-10
Total comprehensive income for the period/year	2,716	2,482	6,507	4,909
<i>Total comprehensive income for the period/year attributable to:</i>				
Parent company shareholders	2,549	2,482	5,685	4,909
Non-controlling interests	167	-	823	-
	2,716	2,482	6,507	4,909
Profit from property management before tax, SEKm ¹⁾	742	482	2,653	1,780
Profit from property management before tax, attributable to parent company shareholders, SEKm ¹⁾	650	482	2,265	1,780
Profit from property management before tax per ordinary share, SEK ²⁾	3.39	2.64	11.89	9.71
Profit after tax per ordinary share, SEK ²⁾	14.05	14.99	30.38	28.98
1) Including profit from property management from Balder's participation in associated companies.	125	128	419	457

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

There is no dilutive effect as no potential shares arise.

Consolidated statement of financial position

SEKm	2016 31 Dec	2015 31 Dec
Assets		
Investment properties	86,177	68,456
Other fixed assets	136	122
Participations in associated companies	3,362	2,276
Other receivables	1,357	1,497
Cash and cash equivalents and financial investments	1,592	1,025
Total assets	92,623	73,376
Shareholders' equity and liabilities		
Shareholders' equity ¹⁾	33,479	25,052
Deferred tax liability	5,808	4,071
Interest-bearing liabilities	49,580	41,063
Derivatives	1,547	1,294
Other liabilities	2,209	1,896
Total equity and liabilities	92,623	73,376
1) Of which non-controlling interests.	5,540	4,377

Consolidated statement of changes in equity

SEKm	2016 31 Dec	2015 31 Dec
Opening equity	25,052	14,261
Total comprehensive income for the period/year	6,507	4,909
Dividend preference shares, approved and entered as a liability	-200	-200
Share issue, after issue costs	1,780	1,705
Transactions with non-controlling interests	-107	-
Dividend to non-controlling interests	-107	-
Non-controlling interests arising on the acquisition of subsidiary	-	4,377
Non-controlling interests arising on share issue in subsidiary	554	-
Closing equity	33,479	25,052

Consolidated statement of cash flows

SEKm	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Net operating income	1,002	508	3,679	1,944
Other income/costs	10	1	17	2
Management and administrative costs	-130	-50	-488	-185
Reversal of depreciation	0	4	11	15
Adjustment item	-	4	-	0
Net financial items paid	-258	-154	-939	-586
Taxes paid	-21	6	-160	4
Cash flow from operating activities before change in working capital	603	319	2,119	1,193
Change in operating receivables	161	-126	176	-660
Change in operating liabilities	141	-87	580	228
Cash flow from operating activities	904	107	2,876	762
Acquisition of properties	-3,233	-2	-7,648	-2,097
Acquisition/Divestment of property, plant and equipment	-7	2	-25	-4
Purchase of financial investments	-102	-19	-145	-542
Acquisition of shares in associated companies	-51	-4	-493	-92
Investment in existing properties and projects	-311	-191	-1,843	-791
Acquisition of subsidiary ¹⁾	-	-1,676	-	-4,219
Transactions with non-controlling interests	-	-	-107	-
Sale of properties	650	3	1,651	1,606
Sale of financial investments	-	11	225	504
Cash flow from investing activities	-3,054	-1,875	-8,385	-5,635
Share issue, after issue costs	-	1,705	682	1,705
Share issue in subsidiary, non-controlling interest's part of the share issue in Sato Oyj	-	-	420	-
Dividend paid for preference shares	-50	-50	-200	-200
Dividend paid to non-controlling interests	-	-	-107	-
Loans raised	3,262	615	10,783	5,209
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-1,403	-446	-5,401	-1,421
Cash flow from financing activities	1,808	1,824	6,177	5,293
Cash flow for the period/year	-341	55	667	421
Cash and cash equivalents at the start of the period/year	1,628	565	620	199
Cash and cash equivalents at the end of the period/year	1,287	620	1,287	620
Unutilised credit facilities	350	314	350	314
Financial investments	305	405	305	405

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

Segment information

SEKm	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Rental income				
Helsinki	506	—	1,901	—
Stockholm	221	202	819	843
Gothenburg	280	241	1,030	938
Öresund	131	108	496	414
East	236	88	933	352
North	52	41	193	164
Total	1,427	680	5,373	2,711
Net operating income				
Helsinki	302	—	1,224	—
Stockholm	167	157	610	643
Gothenburg	223	171	743	650
Öresund	105	88	405	315
East	167	64	566	233
North	37	28	130	103
Total	1,002	508	3,679	1,944

The group's internal reporting of operations is divided into the above segments. Total net operating income corresponds with reported net operating income in the income statement. The difference between net operating income of SEK 3,679m (1,944) and profit before tax of SEK 7,643m (5,778) consists of changes in value of properties of SEK 4,932m (3,388), other income/costs SEK 17m (2), non-recurring items SEK 0m (9), management and administrative costs of SEK -488m (-185), participations in profits of associated companies of SEK 590m (831), net financial items of SEK -973m (-437) and changes in value of derivatives of SEK -114m (227).

SEKm	2016 31 Dec	2015 31 Dec
Investment properties		
Helsinki	24,393	19,595
Stockholm	15,797	13,550
Gothenburg	17,053	12,887
Öresund	10,368	6,581
East	11,021	9,085
North	3,086	2,178
Total carrying amount excluding project	81,718	63,876
Project	4,459	4,581
Total carrying amount including project	86,177	68,456

The carrying amounts of properties has during the year changed by investments, acquisitions, divestments and unrealised changes in value, with SEK 4,798m in Helsinki region, SEK 2,247m in the Stockholm region, SEK 4,166m in the Gothenburg region, SEK 3,787m in the Öresund region, SEK 908m in the North region and by SEK 1,936m in the East region. The group's projects has decreased by SEK 122m. 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 listed associated companies at market value

	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Share-related, ordinary shares ¹⁾				
Average number of shares, thousands	176,965	163,825	173,598	162,753
Profit after tax, SEK	14.05	14.99	30.38	28.98
Profit after tax excluding unrealised changes in value, SEK	2.68	3.01	9.37	10.00
Profit from property management before tax, SEK	3.39	2.64	11.89	9.71
Net operating income, SEK	4.62	3.10	17.02	11.94
Outstanding number of shares, thousands	180,000	172,397	180,000	172,397
Shareholders' equity, SEK	157.63	128.03	157.63	128.03
Long-term net asset value (EPRA NAV), SEK	198.49	159.14	198.49	159.14
Share price on the closing date, SEK	184.10	208.70	184.10	208.70
Property-related				
Rental value full-year, SEK/sq.m.	1,583	1,508	1,583	1,508
Rental income full-year, SEK/sq.m.	1,507	1,455	1,507	1,455
Economic occupancy rate, %	95	96	95	96
Surplus ratio, %	70	75	68	72
Carrying amount, SEK/sq.m.	21,473	18,622	21,473	18,622
Number of properties	1,220	1,177	1,220	1,177
Lettable area, sq.m. thousands	3,806	3,430	3,806	3,430
Profit from property management before tax, attributable to parent company shareholders, SEKm	650	482	2,265	1,780
Financial				
Return on equity, ordinary share, %	14.4	20.8	20.9	28.2
Return on total assets, %	6.9	7.3	9.9	10.5
Interest coverage ratio, times	3.8	5.6	3.7	5.1
Equity/assets ratio, %	38.3	37.8	38.3	37.8
Debt/equity ratio, times	1.3	1.4	1.3	1.4
Net debt to assets, %	50.0	51.6	50.0	51.6

Key ratios excluding listed associated companies at market value

	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Share-related, ordinary shares ¹⁾				
Shareholders' equity, SEK	139.23	103.24	139.23	103.24
Financial				
Return on equity, ordinary share, %	16.8	25.1	24.6	32.3
Return on total assets, %	7.2	7.7	10.4	10.9
Equity/assets ratio, %	36.1	34.1	36.1	34.1
Debt/equity ratio, times	1.5	1.6	1.5	1.6
Net debt to assets, %	51.8	54.6	51.8	54.6

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

Condensed parent company income statement

SEKm	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
Net sales	66	45	209	147
Administrative expenses	-63	-51	-224	-167
Operating profit	3	-6	-14	-20
Profit from financial items				
Dividends from subsidiaries	-	-	1,430	800
Other net financial items	135	136	579	492
Changes in value of derivatives	299	185	-151	199
Profit before appropriations and taxes	437	316	1,843	1,470
Appropriations				
Group contributions paid	-568	-340	-568	-340
Profit before tax	-131	-24	1,275	1,130
Deferred tax	31	9	36	-69
Net profit for the period/year ¹⁾	-101	-16	1,311	1,061

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

Condensed parent company balance sheet

SEKm	2016 31 Dec	2015 31 Dec
Assets		
Property, plant and equipment	25	20
Financial non-current assets	5,087	3,537
Receivables from group companies	24,629	21,676
Current receivables	15	10
Cash and cash equivalents and financial investments	1,144	394
Total assets	30,900	25,637
Shareholders' equity and liabilities		
Shareholders' equity	11,953	9,063
Interest-bearing liabilities	13,170	10,968
Liabilities to group companies	4,440	4,507
Derivatives	888	737
Other liabilities	449	363
Total equity and liabilities	30,900	25,637

The share and owners

Balder's shares are listed on Nasdaq Stockholm, Large Cap segment. Balder has two listed classes of shares, an ordinary Class B share and a preference share, which pays a dividend of SEK 5 per quarter. The company's market capitalisation as of 31 December amounted to SEK 36,371m (39,099).

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 34.5 % (35.9) of the capital and 48.2 % (49.5) of the votes. Foreign ownership amounts to approximately 20 % (22) of outstanding shares.

Ordinary shares

At the end of the period, approximately 14,000 shareholders (9,300) held ordinary shares. During the period, 90.2 million shares were traded (67.7) which corresponds to an average of about 357,000 shares per trading day (270,000). The annual turnover rate amounted to 52 % (42). The price of the ordinary share was SEK 184.10 (208.70) on 31 December, corresponding to a decrease of 11.8 % since year-end.

Preference shares

At the end of the period, approximately 9,300 shareholders (8,700) held preference shares. During the year approximately 3.3 million shares were traded (3.3), which cor-

responds to an average of about 13,000 shares per trading day (13,000). The annual turnover rate amounted to 33 % (33). On 31 December, the share price of the preference share was SEK 323.30 (312.00), corresponding to a rise of 3.6 % since year-end and a total return of 10.0 % since year-end.

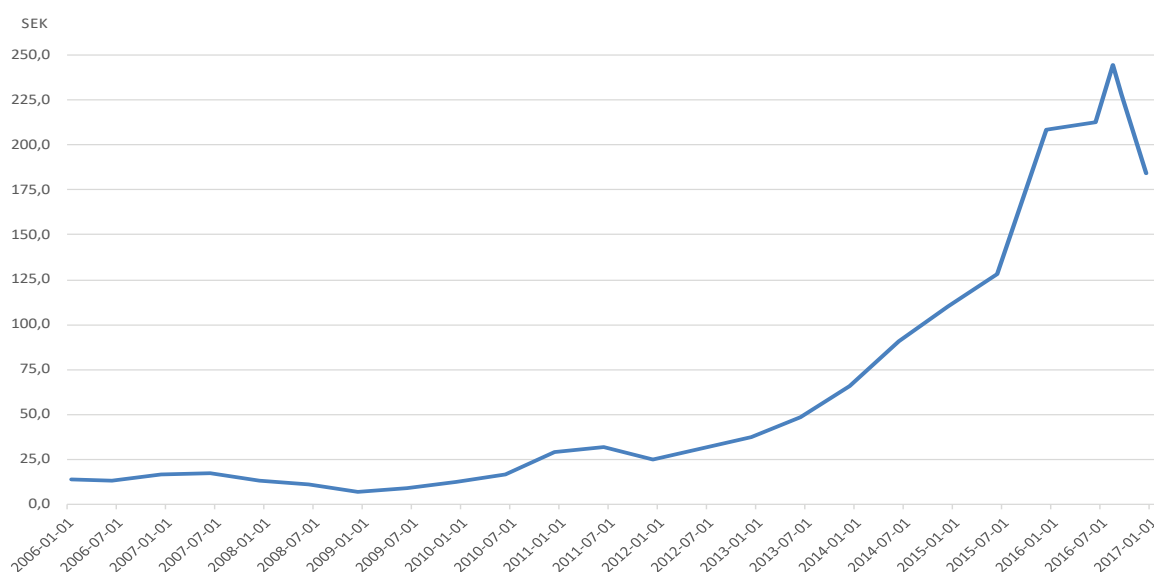
Share capital

During September, Balder carried out a directed new issue of 3,000,633 ordinary shares, which brought in SEK 681m after issue costs. For existing shareholders, the new issue meant a dilutive effect of 1.7 % of the capital. During December Balder carried out a set off issue of 4,602,515 ordinary shares, which brought in SEK 1,099m after issue costs. For existing shareholders, the new issue meant a dilutive effect of 2.6 % of the capital. After the issues and as of 31 December, the share capital in Balder amounted to SEK 190,000,000 distributed among 190,000,000 shares. Each share has a quota value of SEK 1.00, where of 11,229,432 shares are of Class A, 168,770,568 of Class B and 10,000,000 preference shares. The total number of outstanding shares amounts to 190,000,000. Each Class A share carries one vote and each Class B share and preference share carries one tenth of one vote.

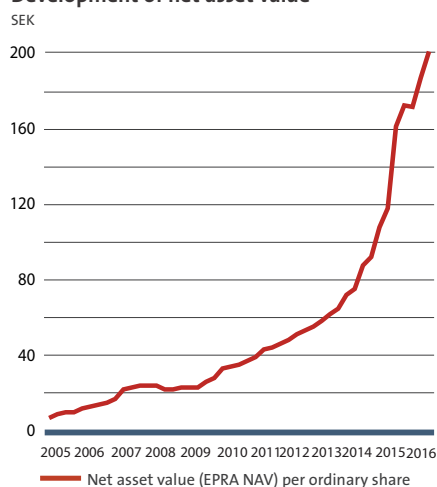
EPRA key ratios

	2016 Jan-Dec	2015 Jan-Dec
EPRA NAV (Long-term net asset value), SEKm	35,728	27,436
EPRA NAV, SEK per share	198.49	159.14
EPRA Vacancy rate	5	4

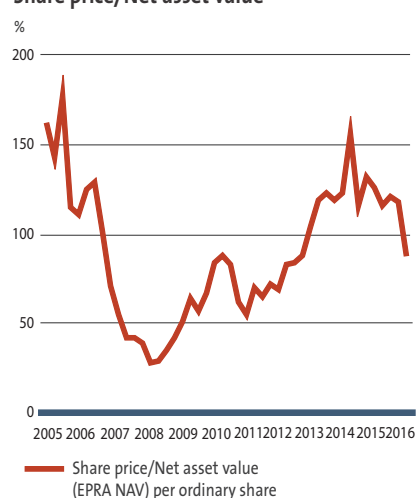
Share price



Development of net asset value



Share price/Net asset value



Ownership list as of 2016-12-31

Owner	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	500	65,520,728	34.5	48.2
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	8.7	14.7
Swedbank Robur fonder	—	11,707,995	—	11,707,995	6.2	4.0
Länsförsäkringar fondförvaltning AB	—	7,571,909	—	7,571,909	4.0	2.6
JPM Chase	—	6,671,346	80,781	6,752,127	3.6	2.3
Handelsbanken Fonder AB	—	6,343,346	—	6,343,346	3.3	2.2
Anders Hedin Invest AB	—	5,000,000	—	5,000,000	2.6	1.7
SEB Investment Management	—	3,304,313	—	3,304,313	1.7	1.1
Lannebo fonder	—	2,950,000	—	2,950,000	1.6	1.0
CBNY Norges Bank	—	2,614,143	—	2,614,143	1.4	0.9
Other	4,212	51,854,076	9,918,719	61,777,007	32.5	21.2
Total	11,229,432	168,770,568	10,000,000	190,000,000	100	100

Preference share calendar

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
Final day of trading incl. right to payment of dividend	6 July 2017
Record day for payment of dividend	10 July 2017
Expected day of payment from Euroclear	13 July 2017
Final day of trading incl. right to payment of dividend	6 October 2017
Record day for payment of dividend	10 October 2017
Expected day of payment from Euroclear	13 October 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 ²⁾

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, %

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

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 year.

Share related

Equity per ordinary share, SEK

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

Net operating income, SEKm

Rental income less property costs.

Economic occupancy rate, % ¹⁾

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 ¹⁾

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 February 22, 2017.

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

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Financial information

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

Calendar

Annual report 2016	Week 14, 2017
Annual General meeting	11 May 2017
Interim report Jan-Mar 2017	11 May 2017
Interim report Jan-June 2017	22 August 2017
Interim report Jan-Sep 2017	2 November 2017
Year-end report 2017	22 February 2018

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