

Fastighets AB Balder

Interim report

January-June 2019

- Profit from property management attributable to parent company shareholders amounted to SEK 1,911m (1,485), corresponding to an increase per share by 29 % to SEK 10.61 (8.25)
- Long term net asset value amounted to SEK 300.42 per share (246.51)
- Rental income amounted to SEK 3,663m (3,217)
- Profit after tax attributable to parent company shareholders amounted to SEK 2,621m (3,869) corresponding to SEK 14.56 per share (21.49)

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 129.2 billion (109.7) as of 30 June 2019. The Balder share is listed on Nasdaq Stockholm, Large Cap.



Anna Whitlock Gymnasium, Stockholm
Photographer: Lindman Photography

The period in brief

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

April-June 2019

- Rental income amounted to SEK 1,866m (1,644) of which effect of changes in exchange rates amounted to SEK 34m (47).
- Net operating income amounted to SEK 1,406m (1,209) of which effect of changes in exchange rates amounted to SEK 25m (34).
- Profit from property management attributable to parent company shareholders increased by 26 % to SEK 1,009m (802), which corresponds to SEK 5.61 per share (4.46).
- Changes in value in respect of investment properties amounted to SEK 895m (1,266). The average yield requirement amounted to 4.8 % (5.0) which is unchanged compared to the first quarter.
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –187m (–41).
- Net profit after tax for the period amounted to SEK 1,576m (2,169).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,433m (1,854) which corresponds to SEK 7.96 per share (10.30).
- 24 properties (17) have been acquired at a property value of SEK 2,303m (2,385).
- One property (–) were divested during the period as well as condominiums and land at a value of SEK 208m (86).
- The first green bond was issued in the amount of SEK 1,000m.
- During the quarter SATO Oyj issued EUR 350m in bonds and at the same time repurchased existing bonds with maturity 2020 and 2021. The repurchase resulted in a one-off cost of SEK –127m.

January-June 2019

- Rental income amounted to SEK 3,663m (3,217) of which effect of changes in exchange rates amounted to SEK 68m (94).
- Net operating income amounted to SEK 2,694m (2,302) of which effect of changes in exchange rates amounted to SEK 48m (65).
- Profit from property management attributable to parent company shareholders increased by 29 % to SEK 1,911m (1,485), which corresponds to SEK 10.61 per share (8.25).
- Changes in value in respect of investment properties amounted to SEK 1,603m (3,003). The average yield requirement amounted to 4.8 % (5.0) which is unchanged compared to year-end.
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –287m (–57).
- Net profit after tax for the period amounted to SEK 2,966m (4,355).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 2,621m (3,869) which corresponds to SEK 14.56 per share (21.49).
- 36 properties (23) have been acquired at a property value of SEK 4,428 m (2,839).
- One property (–) were divested during the period as well as divestment of condominiums and land at a value of SEK 290m (114).

	2019 Jan-June	2018 Jan-June	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2012 Jan-Dec
Rental income, SEKm	3,663	3,217	6,714	5,915	5,373	2,711	2,525	1,884	1,701
Profit from property management, SEKm ¹⁾	1,911	1,485	3,304	2,804	2,265	1,780	1,275	854	691
Changes in value of investment properties, SEKm	1,603	3,003	8,007	5,336	4,932	3,388	3,050	854	812
Changes in value of derivatives, SEKm	–287	–57	–34	144	–114	227	–624	433	–71
Profit after tax, SEKm ¹⁾	2,621	3,869	9,308	7,118	5,474	4,916	3,128	1,738	1,162
Investment properties, SEKm	126,770	109,740	116,542	98,360	86,177	68,456	37,382	27,532	22,278
Development properties, SEKm ²⁾	2,408	–	1,598	–	–	–	–	–	–

Data per share, including listed associated companies at market value³⁾

Average number of shares, thousands	180,000	180,000	180,000	180,000	173,598	162,753	161,786	159,537	159,537
Profit after tax, SEK	14.56	21.49	51.71	38.71	30.38	28.98	18.10	10.11	6.69
Profit from property management, SEK	10.61	8.25	18.35	14.74	11.89	9.71	6.64	4.57	3.73
Outstanding number of shares, thousands	180,000	180,000	180,000	180,000	180,000	172,397	162,397	159,537	159,537
Shareholders' equity, SEK	240.09	199.14	225.60	185.02	157.63	128.03	70.10	52.14	42.15
Long-term net asset value (NAV), SEK	300.42	246.51	280.17	229.25	198.49	159.14	86.33	60.50	50.37
Share price on the closing date, SEK	311.00	233.80	252.00	219.40	184.10	208.70	110.25	66.00	37.30

1) Attributable to parent company shareholders.

2) On 31 December 2018 ongoing projects in the form of development properties have been reclassified and thus separated from investment properties.

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

Comments by the CEO

Dear shareholder,

First half of 2019

Profit from property management attributable to the parent company's shareholders increased by 29 % to SEK 10.61 per share (8.25), and in the second quarter the increase was 26 % to SEK 5.61 per share (4.46). Net profit for the period after tax was lower than the previous year due to smaller changes in value compared to the previous year. The net asset value amounted to SEK 300.42 per share compared to SEK 246.51 per share one year ago, in other words an increase of 22 %.

Investments and financing

During the first half of 2019 we made a number of investments in investment properties, projects for our own management and development properties. The development in our existing portfolio and in our projects still feels positive overall and I think that Balder has many opportunities and excellent potential going forward.

Access to financing remains good and during the second quarter we listed a green bond on Nasdaq, among other things.

Associated companies

These continued to work diligently and as a group also improved their profit from property management during the first half of 2019 and in the second quarter. As usual, I remain positive about the Group's opportunities and earnings trend going forward.

Balder 14

With this interim report, Balder has been established in its present form for 14 years. The net asset value and subscription/share price development has been as follows as of 30 June each year:

Year	Net asset value	Share price (2005 refers to subscription price)
2005	6.59	7.075
2006	11.08	13.33
2007	16.46	17.50
2008	23.44	11.15
2009	22.39	9.00
2010	26.57	16.47
2011	36.04	31.70
2012	44.85	31.30
2013	54.41	48.50
2014	70.82	90.50
2015	106.16	127.90
2016	169.39	212.90
2017	215.59	204.00
2018	246.51	233.80
2019	300.42	311.00

Average increase per year: net asset value: 31 %
share price: 31 %

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

Erik Selin
Chief Executive Officer

Current earning capacity

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

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

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

Current earning capacity on a twelve-months basis

SEKm	2019 30 June	2019 31 March	2018 31 Dec	2018 30 Sep	2018 30 June	2018 31 March	2017 31 Dec	2017 30 Sep	2017 30 June	2017 31 March	2016 31 Dec
Rental income	7,435	7,175	7,000	6,800	6,665	6,430	6,240	5,920	5,860	5,700	5,800
Property costs	-1,940	-1,875	-1,885	-1,845	-1,815	-1,760	-1,720	-1,655	-1,690	-1,660	-1,695
Net operating income	5,495	5,300	5,115	4,955	4,850	4,670	4,520	4,265	4,170	4,040	4,105
Management and administrative costs	-640	-620	-595	-590	-590	-565	-550	-510	-490	-490	-490
Profit from property management from associated companies	750	775	735	660	650	650	640	600	530	530	505
Operating profit	5,605	5,455	5,255	5,025	4,910	4,755	4,610	4,355	4,210	4,080	4,120
Net financial items, including ground rent	-1,270	-1,250	-1,125	-1,100	-1,120	-1,120	-1,060	-1,050	-950	-950	-1,040
Of which non-controlling interests	-620	-580	-565	-555	-555	-550	-525	-475	-455	-450	-445
Profit from property management¹⁾	3,715	3,625	3,565	3,370	3,235	3,085	3,025	2,830	2,805	2,680	2,635
Tax	-775	-765	-750	-730	-700	-665	-650	-610	-605	-580	-570
Profit after tax	2,940	2,860	2,815	2,640	2,535	2,420	2,375	2,220	2,200	2,100	2,065
Profit from property management per share, SEK	20.64	20.14	19.81	18.72	17.97	17.14	16.81	15.72	14.47	13.78	13.52

1) Attributable to parent company shareholders.

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

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

Under IFRS, Collector AB (publ) and Brinova Fastigheter AB (publ) should not be recognised at market value when Balder reports its participation in the profit from associated companies from these companies. In order to clarify the listed associated companies at market value, Collector and Brinova is reported below at the share price as of 30 June.

SEKm	2019 30 June	2018 30 June	2018 31 Dec
Assets			
Investment properties	126,770	109,740	116,542
Development properties	2,408	–	1,598
Lease contract; Right-of-use assets	1,538	–	–
Other fixed assets	154	113	123
Participations in associated companies ^{1,2)}	6,990	6,350	6,682
Other receivables	2,699	1,643	2,198
Cash and cash equivalents and financial investments	1,624	1,133	1,328
Total assets	142,184	118,978	128,471
Shareholders' equity and liabilities			
Shareholders' equity ³⁾	50,835	43,015	47,871
Deferred tax liability	9,389	7,474	8,857
Interest-bearing liabilities	75,003	64,717	67,205
–of which Hybrid capital ⁴⁾	3,695	3,647	3,596
Derivatives	1,472	1,052	965
Lease contract	1,538	–	–
Other liabilities	3,947	2,721	3,573
Total equity and liabilities	142,184	118,978	128,471
1) Including Balder's market value of Collector AB (publ) Collector's share price (SEK)	2,403 53.10	2,742 60.60	2,240 49.50
2) Including Balder's market value of Brinova Fastigheter AB (publ) Brinova's share price (SEK)	403 21.90	274 14.85	319 17.30
3) Of which non-controlling interests	7,619	7,170	7,262
4) 50 % of Hybrid capital is treated as equity by the rating agencies and thus decreases the interest-bearing liabilities when calculating the debt/equity ratio and the net debt to total assets ratio	1,848	1,824	1,798

Consolidated statement of changes in equity

SEKm	2019 30 June	2018 30 June	2018 31 Dec
Opening equity	47,871	39,725	39,725
Transition effect IFRS 9	–	–92	–92
Changed accounting principles in SATO Oyj (IAS 12)	–	–	–124
Total comprehensive income for the period/year	3,003	4,431	10,143
Transactions with non-controlling interests	–3	–17	–111
Dividend to non-controlling interests	–135	–135	–135
Non-controlling interests, arising on the acquisitions of subsidiary	3	32	8
The change during the period/year of listed associated companies at market value	96	–930	–1,545
Closing equity	50,835	43,015	47,871

Income, costs and results

Profit from property management

Profit from property management for the period amounted to SEK 2,159m (1,763), of which effect of changes in exchange rates amounted to SEK 28m (35). Profit from property management attributable to parent company shareholders increased by 29 % and amounted to SEK 1,911m (1,485), which corresponds to SEK 10.61 per share (8.25). Profit from property management includes SEK 401m (311) in respect of associated companies.

Net profit after tax

Net profit after tax for the period amounted to SEK 2,966m (4,355). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 2,621m (3,869), corresponding to SEK 14.56 per share (21.49). Profit before tax was affected by changes in value in respect of investment properties of SEK 1,603m (3,003), changes in value of interest rate derivatives of SEK –287m (–57) and profit from participations in associated companies of SEK 462m (406).

Rental income

Rental income increased by 14 % to SEK 3,663m (3,217), of which the effect of changes in exchange rates was SEK 68m (94). The increase was primarily due to acquisitions, new leases and completed projects for own management. The leasing portfolio was estimated to have a rental value on 30 June of SEK 7,721m (6,929). The average rental level for the entire real estate portfolio amounted to SEK 1,838/sq.m. (1,758) excluding project properties.

The like for like rental income has increased with 2.9 % after adjustments for currency changes.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 96 % (96) on 30 June. The total rental value of unlet areas at the end of the period amounted to SEK 286m (264) on an annual basis.

Property costs

Property costs amounted to SEK –969m (–915) during the period, of which the effect of changes in exchange rates was SEK –20m (–28).

Net operating income increased by 17 % to SEK 2,694m (2,302), which implies a surplus ratio of 74 % (72).

As a consequence of new accounting rules, from 1 January 2019, ground rents are recognised within net financial items, which had a positive impact on property costs of about SEK 31m.

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

Changes in value of investment properties

Balder carried out an individual internal valuation on

30 June of the entire real estate portfolio, see page 9. Unrealised changes in value during the period amounted to SEK 1,589m (2,967). Realised changes in value amounted to SEK 14m (35). The average yield requirement as of 30 June amounted to 4.8 % (5.0), which is unchanged compared to year-end. The change in value during the period is mainly attributable to improved net operating income.

Management and administrative costs

Management and administrative costs amounted to SEK –324m (–293) during the period, of which the effect of changes in exchange rates was SEK –7m (–10).

Participations in the profits of associated companies

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

During the second quarter, Balder acquired the remaining shares in Första Långgatan Fastigheter i GBG HB, in addition, the associated company Balder Skåne AB has distributed all assets to its owners. The former associated companies are now subsidiaries.

Profit from participations in associated companies amounted to SEK 462m (406) and Balder's participation in the associated companies profit from property management amounted to SEK 401m (311).

Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 173m (161). The tax expense for the period amounted to SEK –112m (–66).

Net financial items and changes in value of derivatives

Net financial items amounted to SEK –606m (–554), of which the effect of changes in exchange rates was SEK –14m (–21).

Due to new accounting rules, from January 1, 2019, ground rents are reported in net financial items, which negatively impacted net financial items by approximately SEK –31m. During the second quarter the subsidiary SATO conducted early redemption of a bond loan, which resulted in a one-off cost of SEK –127m, the effect has being partly offset by the fact that financial investments made a positive result during the period.

Changes in value of interest rate derivatives amounted to SEK –287m (–57). The negative change in value of derivatives during the period is due to the fact that the interest rates have fallen during the period. Unrealised changes in value do not affect the cash flow.

The average interest rate was 1.6 % (1.7) on the closing date and 1.7 % (1.9) for the period.

Taxes

The group's tax cost amounted to SEK –570m (–448), of which effect of changes in exchange rates amounted to SEK –9m (–23). Current tax for the period amounts to SEK –116m (–137), mainly attributable to SATO Oyj, and also a deferred tax expense of SEK –454m (–311). Current tax attributable to parent company shareholders amounted to SEK –83m (–87).

Tax was calculated based on the applicable tax rate in each country. In Sweden, tax was calculated at 21.4 % based on current taxable income. Deferred tax liabilities and tax receivables were calculated at the lower tax rate of 20.6 %, which applies starting from 2021.

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

The group's deferred tax liability has been calculated as the value of the net of fiscal deficits and the temporary differences between the carrying amounts and values for tax purposes of properties and interest rate derivatives. Deferred tax liabilities amounted to SEK 9,389m (7,474).

Second quarter 2019

Profit from property management for the second quarter of 2019 increased by 17 % and amounted to SEK 1,113m (948). Profit from property management attributable to parent company shareholders for the second quarter of 2019 increased by 26 % and amounted to SEK 1,009m (802) which corresponds to SEK 5.61 per share (4.46). Profit from property management included SEK 206m (161) in respect of associated companies. Rental income amounted to SEK 1,866m (1,644) and property costs amounted to SEK –460m (–435), which meant that net operating income increased by 16 % to SEK 1,406m (1,209), of which the effect of changes in exchange rates was SEK 25m (34). The surplus ratio amounted to 75 % (74).

Due to new accounting rules, from January 1, 2019, ground rents are reported in net financial items, which positively impact property costs with SEK 16m and negatively impact net financial items by approximately SEK –16m during the quarter.

Net profit after tax for the period amounted to SEK 1,576m (2,169). Profit after tax attributable to parent company shareholders amounted to SEK 1,433m (1,854) corresponding to SEK 7.96 per share (10.30). The result was affected by changes in value in respect of properties of SEK 895m (1,266), changes

in value of interest rate derivatives of SEK –187m (–41) and profit from participations in associated companies of SEK 284m (236).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 1,367m (1,222). Investing activities have burdened the cash flow by SEK –7,837m (–6,066).

During the period, acquisition of investment properties of SEK –4,064m (–2,839), investments in existing properties and projects of SEK –3,690m (–2,868), investments in property, plant and equipment, financial investments, associated companies and transactions with non-controlling interests SEK –563m (–503) and dividends to non-controlling interests of SEK –135m (–135) adds up to SEK –8,452m (–6,345).

These have been financed through cash flow from operating activities of SEK 1,486m (1,561), by property divestments of SEK 290m (114), financial investments of SEK 31m (6), dividends from associated companies SEK 144m (24), sale of shares in associated companies SEK 15m (–) and net borrowings of SEK 6,613m (3,967), which adds up to SEK 8,580m (5,672).

Total cash flow for the period amounted to SEK 128m (–673). In addition to unutilised credit facilities of SEK 8,723m (7,211), the group's cash and cash equivalents, financial investments and unutilised overdraft facilities amounted to SEK 1,974m (1,483) on 30 June.

Employees and organisation

The number of employees on 30 June amounted to 732 persons (634), of whom 303 were women (286). Balder is organised into seven regions. The head office with group-wide functions is located in Gothenburg.

Parent Company

The parent company's operations mainly consist of performing group-wide services but an important part relates to sales of services, principally to associated companies. Sales in the parent company amounted to SEK 169m (141) during the period.

Net profit after tax amounted to SEK 364m (1,146). Dividends from subsidiaries was included with SEK 800m (1,608), other net financial items amounted to SEK –245m (–528) of which exchange rates differences amounted to SEK –466m (–969), changes in value of interest rate derivatives amounted to SEK –287m (–57).

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

Real estate portfolio

On 30 June Balder owned 1,275 investment properties (1,173) with a lettable area of 4,181 thousand sq.m. (3,919) and a value of SEK 126,770m (109,740). Balder's total rental value excluding projects amounted to SEK 7,684m (6,891).

In addition to investment properties Balder owns development properties with a value of SEK 2,408m (-). The value of the total property portfolio amounted to SEK 129,179m (109,740).

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

Balder's real estate portfolio on 30/06/2019¹⁾

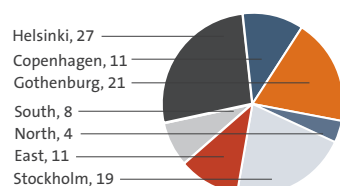
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Helsinki	550	1,053,282	2,531	2,403	2,482	98	31,827	25
Stockholm	81	668,854	1,262	1,887	1,199	95	24,344	19
Gothenburg	177	1,023,808	1,464	1,429	1,390	95	25,308	20
Copenhagen	15	192,720	520	2,696	501	96	11,468	9
South	80	404,238	593	1,467	555	94	9,709	8
East	288	636,900	1,042	1,636	1,004	96	13,388	10
North	84	200,765	273	1,358	267	98	4,579	4
Total excluding projects	1,275	4,180,567	7,684	1,838	7,398	96	120,624	93
Projects for own management			37		37		6,146	5
Total investment properties	1,275	4,180,567	7,721	1,838	7,435	96	126,770	98
Development properties							2,408	2
Total real estate portfolio	1,275	4,180,567	7,721	1,838	7,435	96	129,179	100

Distributed by property category

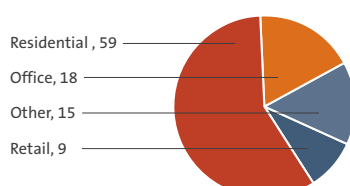
Residential	1,006	2,502,429	4,710	1,882	4,593	98	68,157	53
Office	94	570,043	1,228	2,154	1,132	92	22,663	18
Retail	100	574,571	715	1,244	668	93	10,631	8
Other	75	533,524	1,031	1,932	1,006	98	19,174	15
Total excluding projects	1,275	4,180,567	7,684	1,838	7,398	96	120,624	93
Projects for own management			37		37		6,146	5
Total investment properties	1,275	4,180,567	7,721	1,838	7,435	96	126,770	98
Development properties							2,408	2
Total real estate portfolio	1,275	4,180,567	7,721	1,838	7,435	96	129,179	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, care, industrial and mixed-use properties.

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



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



Changes in real estate portfolio

Investment properties

Balder's investment properties are reported on the basis of internal valuations. The properties in Sweden, Denmark, Norway, Germany and United Kingdom are valued using the cash flow based method. In Finland and Russia, in addition to the cash flow based method, the sales comparison method and valuation at acquisition cost are used. Properties under construction and project properties for own management are valued at market value reduced by estimated building expenditure and project risk, which usually results in valuation at cost. On 30 June, Balder's average yield requirement amounted to 4.8 % (5.0) excluding project properties for own management, which is unchanged compared to year-end.

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

Unrealised changes in value investment properties

The overall carrying amount of Balder's investment properties amounted to SEK 126,770m (109,740) on 30 June. The unrealised change in value during the period amounted to SEK 1,589m (2,967) and is mainly attributable to improved net operating income.

Investments, acquisitions and divestments

During the period, a total of SEK 7,308m (5,708) was invested relating to investment properties, of which SEK 4,428m (2,839) related to acquisitions and SEK 2,880m (2,868) related to investments in existing properties and projects for own management. During the period one property as well as condominiums and land have been divested at a sales value

of SEK 290m (114). Profit from property sales amounted to SEK 14m (35). The change in the real estate portfolio during the period is presented in the table below.

Project properties for own management

On 30 June, Balder has project properties for own management amounting to SEK 6.1 billion. Projects with ongoing construction are included with SEK 5.6 billion and projects where construction has not yet started amounts to SEK 0.5 billion. The ongoing construction work has an estimated total investment of approximately SEK 8.1 billion, which means that SEK 2.5 billion remains to be invested. Most of the ongoing projects relate to residential projects. The projects mainly comprise about 1,200 apartments in Copenhagen and about 1,200 apartments in Helsinki. The investments relate to owner apartments for rental use.

Development properties

On 30 June, Balder has development properties amounting to SEK 2.4 billion. Projects with ongoing construction are included with SEK 1.4 billion and projects where construction has not begun amounts to SEK 1.0 billion. The projects with ongoing construction has an estimated total investment of approximately SEK 2.3 billion, which means that SEK 0.9 billion remains to invest. The majority of the development projects in progress refer to tenant-owner's apartments and primarily involve approx. 800 tenant-owner's apartments in Sweden.

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

Change in carrying amount of properties

	2019		2018	
	SEKm	Number ¹⁾	SEKm	Number ¹⁾
Investment properties, 1 January	116,542	1,185	98,360	1,148
Investments in existing properties and projects	2,880		2,868	
Acquisitions	4,428	36	2,839	23
Sales/Reclassifications	-276	54 ³⁾	-79	2 ³⁾
Change in value of investment properties, unrealised	1,589		2,967	
Currency changes	1,607		2,783	
Investment properties, 30 June	126,770	1,275	109,740	1,173
Development properties, 1 January ²⁾	1,598		-	
Investments in projects	810		-	
Development properties, 30 June	2,408		-	
Total real estate portfolio, 30 June	129,179		-	

1) Number of investment properties.

2) On 31 December 2018 ongoing projects in the form of development properties have been reclassified and thus separated from investment properties.

3) Refers to no (-) divestments of investment properties and 54 (2) reclassifications.

Property transactions 2019

Quarter	Number	Name of property		Property category	Lettable area, sq. m.
Acquisitions					
One	1	Hans Michelsen 10	Malmö	Hotel	4,168
One	1	Stampen 7:12	Gothenburg	Hotel	3,533
One	1	Lejonet 1	Malmö	Hotel	3,849
One	1	Bulten 1	Borås	Retail	1,815
One	1	Skorpionen 9	Luleå	Retail	1,800
One	1	Traktorn 5	Östersund	Retail	3,216
One	1	Basaren 1	Sundbyberg	Residential	10,272
One	1	Muraren 9	Sundbyberg	Residential	8,275
One	1	Kvillebäcken 61:5	Gothenburg	Office	3,564
One	1	Kvillebäcken 61:8	Gothenburg	Project	–
One	1	Aagaards plass 5	Sandefjord, Norway	Project	–
One	1	8 Fenchurch Place	London, United Kingdom	Office	9,161
Two	1	Ribby 1:531	Haninge	Residential	3,140
Two	1	Loket 5 & 6	Nynäshamn	Residential	6,305
Two	1	Masthugget 11:13	Gothenburg	Office	32,528
Two	1	Lorensberg 49:2	Gothenburg	Hotel	1,500
Two	1	Kobbegården 6:170	Gothenburg	Office	1,574
Two	1	Skyffeln 2	Alingsås	Office	6,076
Two	1	Safiren 1	Alingsås	Residential	4,342
Two	1	Skatan 1	Alingsås	Office	1,489
Two	1	Uggledal 408:1	Gothenburg	Office	3,199
Two	1	Kobbegården 6:259	Gothenburg	Office	–
Two	1	Kobbegården 6:261	Gothenburg	Office	8,952
Two	1	Lorensberg 55:4	Gothenburg	Office	3,376
Two	1	Lorensberg 55:8	Gothenburg	Office	–
Two	1	Gårda 70:9	Gothenburg	Residential	1,520
Two	1	Lunden 45:2	Gothenburg	Residential	625
Two	1	Kobbegården 6:56	Gothenburg	Office	2,891
Two	1	Kobbegården 6:169	Gothenburg	Office	1,555
Two	1	Bolsheden 1:18	Kungsbacka	Office	4,568
Two	1	Bolsheden 1:48	Kungsbacka	Office	4,909
Two	1	Fallström 14	Mölnadal	Office	1,389
Two	1	Gaslyktan 8	Mölnadal	Office	6,386
Two	1	Ironmonger Lane	London, United Kingdom	Office	1,800
Two	1	Gnr: 102, bnr 4 (Øvre Eikervei 126)	Drammen, Norway	Project	–
Two	1	Gnr: 102, bnr 80 og bnr 90 (Øvre Eikervei 122)	Drammen, Norway	Project	–
Total	36				147,777
Divestments					
Two	–	Årstaäng 7	Stockholm	Office	10,187
Total	–				10,187

Associated companies

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

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

Balder's participation in the 50 %-owned associated companies' real estate portfolio on 30/06/2019 ¹⁾

	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	77	189,333	268	1,415	254	95	4,640	42
Gothenburg	37	145,019	153	1,054	146	96	1,941	18
Öresund	20	60,015	89	1,489	78	88	1,393	13
East	25	97,052	117	1,205	113	97	1,689	15
Total excluding projects	159	491,419	627	1,276	592	94	9,663	88
Projects for own management			15		15		1,269	12
Total real estate portfolio	159	491,419	642	1,276	607	94	10,932	100
Distributed by property category								
Residential	33	53,285	96	1,801	95	99	2,063	19
Office	27	67,511	99	1,462	90	91	1,465	13
Retail	60	232,376	278	1,195	265	96	3,663	34
Other	39	138,247	155	1,120	141	91	2,472	23
Total excluding projects	159	491,419	627	1,276	592	94	9,663	88
Projects for own management			15		15		1,269	12
Total real estate portfolio	159	491,419	642	1,276	607	94	10,932	100

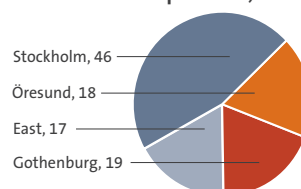
1) The above table refers to the properties owned by the associated companies at the end of the period. Sold properties have been excluded and acquired properties have been estimated using full-year values. Other properties include hotel, educational, care, industrial and mixed-use properties.

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

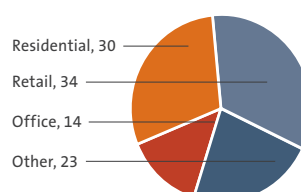
Balder's participation in the balance sheets of 50 %-owned associated companies

SEKm	2019 30 June	2018 30 June	2018 31 Dec
Assets			
Properties	10,932	8,912	10,356
Other assets	72	85	50
Cash and cash equivalents	245	186	111
Total assets	11,249	9,184	10,517
Shareholders' equity and liabilities			
Equity/interest-bearing shareholder loan	5,063	4,181	4,499
Deferred tax liability	558	467	529
Interest-bearing liabilities	5,333	4,351	5,199
Other liabilities	295	185	290
Total equity and liabilities	11,249	9,184	10,517

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



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



Customers

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

steady and satisfactory occupancy rate. Balder's commercial leases have an average lease term of 7.5 years (7.7). Balder's 10 largest leases represent 4.7 % (5.0) of total rental income and the average lease term amounts to 12.7 years (10.8).

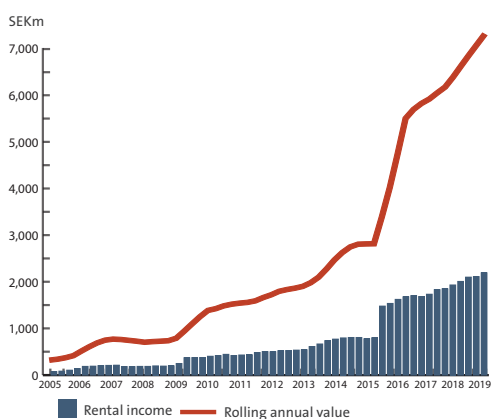
No individual lease accounts for more than 0.7 % (0.7) of Balder's total rental income and no individual customer accounts for more than 3.8 % (4.0) of total rental income.

Lease maturity structure 30/06/2019

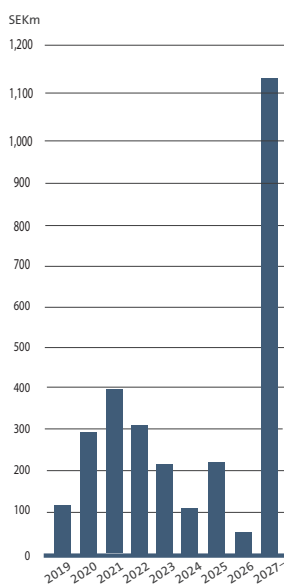
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2019	604	19	110	1
2020	943	30	292	4
2021	655	21	391	5
2022	455	14	316	4
2023–	495	16	1,751	24
Total	3,152	100	2,860	38
Residential ¹⁾	38,526		4,507	61
Car park ¹⁾	4,905		17	0
Garage ¹⁾	4,504		50	1
Total	51,087		7,435	100

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

as of 30/06/2019

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

Financing

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

these financing sources, Balder also has issued Hybrid capital which has a maturity of 60 years and is considered as 50 % equity by the credit rating agency S&P.

Balder has green loans with both banks and the European Investment Bank, and during the quarter a green bond framework has been published and SEK 1,000 million in green bonds have been issued. During the quarter Balder also established a EUR 2,000 million EMTN programme.

Financial Key ratios

	2019 30 June	2018 30 June	2018 31 Dec
Interest-bearing liabilities excl. Hybrid capital, SEKm	71,308	61,069	63,609
Hybrid capital, SEKm	3,695	3,647	3,596
Available liquidity including confirmed loan commitments, SEKm	10,697	8,647	10,148
Average fixed credit term, years	5.5	5.0	5.6
Average interest rate refixing period, years	3.0	3.5	3.1
Net debt to total assets (financial covenant ¹⁾ < 65), %	50.3	51.9	49.9
Interest coverage ratio (financial covenant ¹⁾ > 1.8), times	4.8	4.2	4.6
Secured debt/Total assets (financial covenant ¹⁾ < 45), %	19.1	20.6	20.0
Credit rating S&P	BBB Stable outlook	BBB Stable outlook	BBB Stable outlook
Calculation of net debt			
Interest-bearing liabilities excl. Hybrid capital, SEKm	71,308	61,069	63,609
Hybrid capital (50 % is treated as equity by rating agencies), SEKm	1,848	1,824	1,798
Cash and cash equivalents and financial investments, SEKm	-1,624	-1,133	-1,328
Net debt	71,532	61,760	64,079

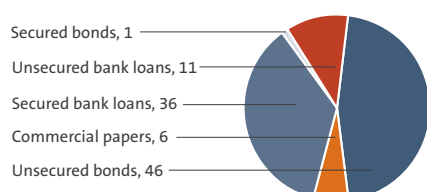
1) Financial covenants refers to obligations that Balder has to its financiers in the form of financial key ratios.

Financial targets

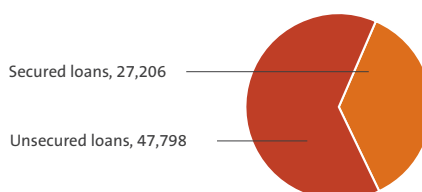
	Target	Outcome ²⁾
Equity/assets ratio, %	min. 40.0	35.8
Net debt to total assets, %	max. 50.0	50.3
Interest coverage ratio, times	min. 2.0	4.8

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

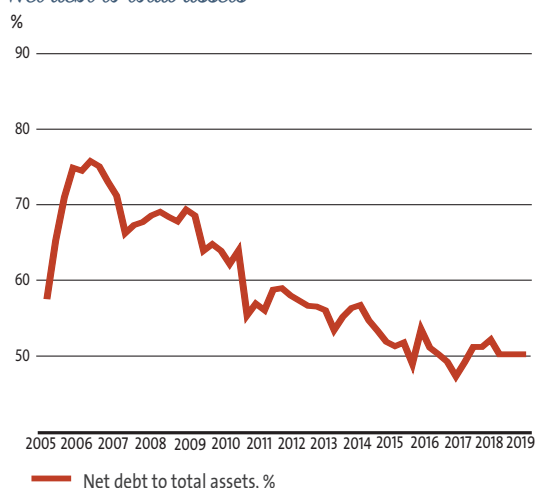
Financing sources, %



Distribution secured and unsecured loans, SEKm



Net debt to total assets



Fixed interest term



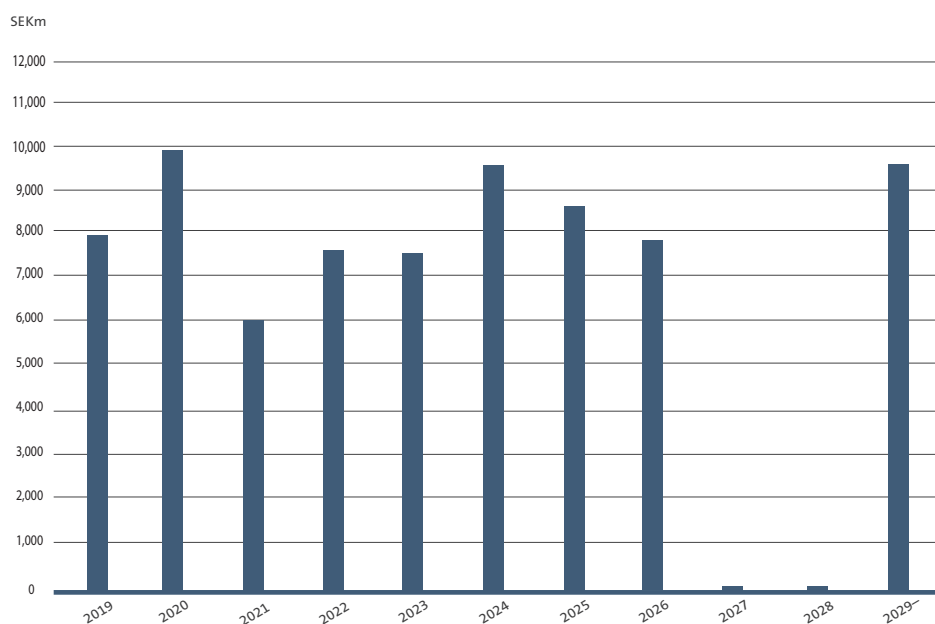
Interest maturity structure on 30/06/2019

Year	Fixed interest term		
	SEKm	Interest, %	Proportion, %
Within one year	34,872	1.0	46
1-2 years	5,599	2.3	7
2-3 years	7,121	1.6	9
3-4 years	5,111	3.0	7
4-5 years	4,402	1.7	6
5-6 years	6,283	2.1	8
6-7 years	8,108	2.3	11
7-8 years	–	–	–
8-9 years	–	–	–
9-10 years	2,000	2.0	3
> 10 years	1,507	3.2	2
Total	75,003	1.6	100

Fixed credit term on 30/06/2019

Year	Fixed credit term	
	SEKm	Proportion, %
Within one year	12,068	16
1-2 years	10,153	14
2-3 years	7,577	10
3-4 years	7,301	10
4-5 years	11,147	15
5-6 years	7,892	11
6-7 years	8,504	11
7-8 years	627	1
8-9 years	158	0
9-10 years	146	0
> 10 years	9,430	13
Total	75,003	100

Debt maturities on 30/06/2019



Other disclosures

Events after the end of the period

Balder has agreed to acquire three properties in Stockholm and Helsinki with a total lettable area of about 26,200 sq.m. The properties in Stockholm mainly consist of offices and educational premises and the property in Helsinki is a hotel. The property in Finland will be taken into possession during the third quarter and the Stockholm properties will be taken into possession during the fourth quarter. The largest tenants are Stockholm University of the Arts, A house, Scandic, the German-Swedish Chamber of Commerce and Spendrups.

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 37m (25) during the period and are reported in management and administrative costs. In addition, services are bought from Collector AB (publ). All transactions have been priced on market terms.

Risks and uncertainties

Balder's operations, financial position and results may be affected by a number of risks and uncertainty factors. These are described in the Annual Report for 2018, on pages 65-68. Otherwise, no significant changes has been noted.

Accounting policies

Balder applies IFRS (International Financial Reporting Standards) as adopted by the European Union in its consolidated accounts and the interpretations of these (IFRIC). This interim report is prepared in accordance with IAS 34, Interim Financial Reporting. In addition, relevant provisions of the Swedish Annual Accounts Act and the Swedish Securities Markets Act have also been applied. The parent company has prepared its financial statements in accordance with the Annual Accounts Act, the Securities Markets Act and RFR 2, Accounting for Legal Entities. The accounting principles follow those reported in the Annual Report 2018, with addition for application of IFRS 16 as below.

New accounting policies from and including 1 January 2019

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

IFRS 16 Leases - Effect of introduction of the standard

The Group applies IFRS 16 Leases from 1 January 2019. No distinction is made between operating and finance leases any more. As a lessor/landlord, the change does not affect Balder's accounting. According to the new standard, a non-current asset (the right to use a leased asset) and a financial liability relating to the liability to pay lease payments shall

be recognised in the balance sheet. Balder carried out a detailed review of all leases where the Group is a lessee. During the review, site leasehold agreements were identified as the single most significant leases, together with a number of leases in SATO Oyj. On 30 June 2019, the lease liability for ground rents and leases amounted to SEK 1,538m, the liability is recognised as a separate line item in the balance sheet, Lease contract. The corresponding right-of-use assets are recognised in the balance sheet in the line item, Lease contract; Right-of-use assets.

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

The expense for ground rents of SEK -31m, as an effect of the transition to IFRS 16, is recognised in its entirety, as a financial expense as these are considered to be interest according to IFRS 16, which is a difference compared to the earlier principle when this was recognised as part of the property costs and was charged to net operating income. Profit from property management is not affected.

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

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

Signature and verification

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

Gothenburg 17 July 2019

Christina Rogestam
Chairman of the board

Fredrik Svensson
Board member

Sten Dunér
Board member

Anders Wennergren
Board member

Erik Selin
Board member and
CEO

Consolidated statement of comprehensive income

SEKm	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June	2018/2019 July-June	2018 Jan-Dec
Rental income	1,866	1,644	3,663	3,217	7,159	6,714
Property costs	-460	-435	-969	-915	-1,878	-1,824
Net operating income	1,406	1,209	2,694	2,302	5,281	4,890
Management and administrative costs	-168	-152	-324	-293	-623	-592
Participations in the profits of associated companies	284	236	462	406	937	881
– of which profit from property management	206	161	401	311	748	658
– of which changes in value	141	95	173	161	419	407
– of which tax	-63	-20	-112	-66	-230	-184
Other income/costs	-3	-2	-5	-4	-4	-3
Net financial items	-328	-267	-606	-554	-1,128	-1,076
– of which cost of leases/ground rent	-16	–	-31	–	-31	–
Profit including changes in value and tax in associated companies	1,192	1,023	2,220	1,857	4,462	4,100
– of which Profit from property management	1,113	948	2,159	1,763	4,273	3,877
<i>Changes in value</i>						
Changes in value investment properties, realised	23	21	14	35	64	86
Changes in value investment properties, unrealised	872	1,245	1,589	2,967	6,536	7,914
Changes in value derivatives	-187	-41	-287	-57	-264	-34
Changes in value total	707	1,225	1,316	2,946	6,335	7,965
Profit before tax	1,899	2,248	3,536	4,803	10,798	12,065
Income tax	-323	-79	-570	-448	-2,018	-1,897
Net profit for the period/year	1,576	2,169	2,966	4,355	8,779	10,169
<i>Net profit for the period/year attributable to:</i>						
Parent company shareholders	1,433	1,854	2,621	3,869	8,060	9,308
Non-controlling interests	142	315	345	486	719	861
	1,576	2,169	2,966	4,355	8,779	10,169
Other comprehensive income – items that may be subsequently reclassified to profit or loss						
Translation difference relating to foreign operations (net after hedge accounting)	47	21	146	52	49	-45
Cash flow hedges after tax	-54	-17	-117	10	-117	9
Participation in other comprehensive income of associated companies	3	3	8	15	3	10
Total comprehensive income for the period/year	1,571	2,175	3,003	4,431	8,714	10,143
<i>Total comprehensive income for the period/year attributable to:</i>						
Parent company shareholders	1,357	1,780	2,511	3,558	7,957	9,003
Non-controlling interests	214	396	492	874	758	1,140
	1,571	2,175	3,003	4,431	8,714	10,143
Profit from property management	1,113	948	2,159	1,763	4,273	3,877
Of which non-controlling interests part of Profit from property management	-104	-146	-249	-278	-544	-573
Profit from property management attributable to parent company shareholder	1,009	802	1,911	1,485	3,729	3,304
Profit from property management per share, SEK	5.61	4.46	10.61	8.25	20.72	18.35
Profit after tax per share, SEK	7.96	10.30	14.56	21.49	44.78	51.71

There is no dilutive effect as no potential shares arise.

Consolidated statement of financial position

SEKm	2019 30 June	2018 30 June	2018 31 Dec
Assets			
Investment properties	126,770	109,740	116,542
Development properties	2,408	–	1,598
Lease contract; Right-of-use assets	1,538	–	–
Other fixed assets	154	113	123
Participations in associated companies	6,431	5,273	6,219
Other receivables	2,699	1,643	2,198
Cash and cash equivalents and financial investments	1,624	1,133	1,328
Total assets	141,625	117,902	128,008
Shareholders' equity and liabilities			
Shareholders' equity ¹⁾	50,276	41,938	47,408
Deferred tax liability	9,389	7,474	8,857
Interest-bearing liabilities	75,003	64,717	67,205
–of which Hybrid capital ²⁾	3,695	3,647	3,596
Derivatives	1,472	1,052	965
Lease contract	1,538	–	–
Other liabilities	3,947	2,721	3,573
Total equity and liabilities	141,625	117,902	128,008
1) Of which non-controlling interests	7,619	7,170	7,262
2) 50 % of Hybrid capital is treated as equity by the rating agencies and thus decreases interest-bearing liabilities when calculating the debt/equity ratio and net debt to total assets ratio	1,848	1,824	1,798

Consolidated statement of changes in equity

SEKm	2019 30 June	2018 30 June	2018 31 Dec
Opening equity	47,408	37,718	37,718
Transition effect IFRS 9	–	–92	–92
Changed accounting principles in Sato Oyj (IAS 12)	–	–	–124
Total comprehensive income for the period/year	3,003	4,431	10,143
Transactions with non-controlling interests	–3	–17	–111
Dividend to non-controlling interests	–135	–135	–135
Non-controlling interests arising on the acquisition of subsidiary	3	32	8
Closing equity	50,276	41,938	47,408

Consolidated statement of cash flows

SEKm	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June	2018 Jan-Dec
Net operating income	1,406	1,209	2,694	2,302	4,890
Other income/costs	-3	-2	-5	-4	-3
Management and administrative costs	-168	-152	-324	-293	-592
Reversal of depreciation	12	5	21	9	20
Net financial items paid	-488	-261	-825	-602	-1,099
Taxes paid	-92	-50	-193	-191	-345
Cash flow from operating activities before change in working capital	667	748	1,367	1,222	2,871
Change in operating receivables	43	281	-255	-91	-394
Change in operating liabilities	256	172	374	430	1,189
Cash flow from operating activities	966	1,202	1,486	1,561	3,667
Acquisition of properties	-1,939	-2,385	-4,064	-2,839	-3,861
Acquisition/Divestment of property, plant and equipment	-27	-9	-51	-15	-44
Purchase of financial investments	-	-196	-50	-222	-593
Acquisition of shares in associated companies/Capital contribution to associated companies/Loans to associated companies	-271	-235	-459	-250	-1,085
Investment in existing properties and projects	-2,210	-1,402	-3,690	-2,868	-6,210
Transactions with non-controlling interests	-	-17	-3	-17	-111
Sale of properties	208	86	290	114	311
Sale of financial investments	2	4	31	6	133
Sale of shares in associated companies	15	-	15	-	-
Dividend paid from associated companies	144	24	144	24	24
Cash flow from investing activities	-4,078	-4,131	-7,837	-6,066	-11,435
Dividend paid to non-controlling interests	-135	-135	-135	-135	-135
Loans raised	8,915	4,316	13,576	7,361	12,148
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-6,056	-1,837	-6,963	-3,393	-4,967
Cash flow from financing activities	2,724	2,345	6,479	3,833	7,046
Cash flow for the period/year	-388	-584	128	-673	-723
Cash and cash equivalents at the start of the period/year	1,073	1,193	558	1,281	1,281
Cash and cash equivalents at the end of the period/year	686	608	686	608	558
Cash and cash equivalents	686	608	686	608	558
Unutilised overdraft facilities	350	350	350	350	350
Unutilised credit facilities	8,723	7,211	8,723	7,211	8,470
Financial investments	938	525	938	525	770
Available liquidity including confirmed credit commitments	10,697	8,694	10,697	8,694	10,148

Segment information

SEKm	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June	2018/2019 July-June	2018 Jan-Dec
Rental income						
Helsinki	608	578	1,197	1,129	2,370	2,302
Stockholm	304	258	600	497	1,161	1,057
Gothenburg	343	307	666	612	1,309	1,255
Copenhagen	135	113	272	214	533	475
South	147	101	282	196	530	444
East	258	230	512	457	994	940
North	71	56	133	111	261	240
Total	1,866	1,644	3,663	3,217	7,159	6,714
Net operating income						
Helsinki	443	402	845	767	1,661	1,583
Stockholm	248	206	476	382	916	821
Gothenburg	272	234	510	453	1,009	951
Copenhagen	105	88	214	169	423	378
South	118	76	225	143	424	343
East	168	165	333	317	661	645
North	52	38	92	72	187	168
Total	1,406	1,209	2,694	2,302	5,281	4,890

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 2,694m (2,302) and profit before tax of SEK 3,536m (4,803) consists of changes in value of investment properties of SEK 1,603m (3,003), other income/costs SEK -5m (-4), management and administrative costs of SEK -324m (-293), participations in profits of associated companies of SEK 462m (406), net financial items of SEK -606m (-554) and changes in value of derivatives of SEK -287m (-57).

SEKm	2019 30 June	2018 30 June	2018 31 Dec
Real estate portfolio			
Helsinki	31,827	29,900	30,881
Stockholm	24,344	20,043	23,523
Gothenburg	25,308	20,184	22,448
Copenhagen	11,468	10,168	11,033
South	9,709	7,424	8,151
East	13,388	12,173	12,436
North	4,579	4,016	4,271
Total excluding projects	120,624	103,908	112,742
Projects for own management	6,146	5,832	3,799
Total investment properties	126,770	109,740	116,542
Development properties	2,408	-	1,598
Total real estate portfolio	129,179	109,740	118,140

The carrying amounts of properties have during the period changed by investments, acquisitions, divestments, unrealised changes in value and currency changes, with SEK 946m in Helsinki region, SEK 821m in the Stockholm region, SEK 2,860m in the Gothenburg region, SEK 435m in Copenhagen region, SEK 1,558m in South region, SEK 308m in the North region and by SEK 952m in the East region. The group's projects for own management has increased by SEK 2,347m and the group's development properties has increased by SEK 810m. SATO's property portfolio is divided between the regions Helsinki and East. The real estate holdings in Norway is classified in the North region, the real estate holdings in Denmark in the Copenhagen region and the properties in Germany and United Kingdom in the South region.

Key ratios including listed associated companies at market value

	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June	2018/2019 July-June	2018 Jan-Dec
Share-related ¹⁾						
Average number of shares, thousands	180,000	180,000	180,000	180,000	180,000	180,000
Profit after tax, SEK	7.96	10.30	14.56	21.49	44.78	51.71
Profit after tax excluding unrealised changes in value, SEK	4.67	5.69	8.88	9.55	16.80	17.25
Profit from property management, SEK	5.61	4.46	10.61	8.25	20.72	18.35
Net operating income, SEK	6.40	5.38	12.24	10.24	24.00	22.00
Outstanding number of shares, thousands	180,000	180,000	180,000	180,000	180,000	180,000
Shareholders' equity, SEK	240.09	199.14	240.09	199.14	240.09	225.60
Long-term net asset value (NAV), SEK	300.42	246.51	300.42	246.51	300.42	280.17
Share price on the closing date, SEK	311.00	233.80	311.00	233.80	311.00	252.00
Property-related						
Rental value full-year, SEK/sq.m.	1,838	1,758	1,838	1,758	1,838	1,802
Rental income full-year, SEK/sq.m.	1,770	1,691	1,770	1,691	1,770	1,737
Economic occupancy rate, %	96	96	96	96	96	96
Vacancy rate, %	4	4	4	4	4	4
Surplus ratio, %	75	74	74	72	74	73
Carrying amount, SEK/sq.m.	28,854	26,512	28,854	26,512	28,854	28,013
Number of properties	1,275	1,173	1,275	1,173	1,275	1,185
Lettable area, sq.m. thousands	4,181	3,919	4,181	3,919	4,181	4,025
Profit from property management, attributable to parent company shareholders, SEKm	1,009	802	1,911	1,485	3,729	3,304
Financial						
Return on equity, %	9.2	14.0	10.0	16.1	20.4	25.2
Return on total assets, %	4.6	5.2	5.0	6.7	9.1	11.1
Interest coverage ratio, times	4.6	4.5	4.8	4.2	4.9	4.6
Equity/assets ratio, %	35.8	36.2	35.8	36.2	35.8	37.3
Debt/equity ratio, times	1.4	1.5	1.4	1.5	1.4	1.4
Net debt to total assets, %	50.3	51.9	50.3	51.9	50.3	49.9

Key ratios excluding listed associated companies at market value

	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June	2018/2019 July-June	2018 Jan-Dec
Share-related ¹⁾						
Shareholders' equity, SEK	236.99	193.16	236.99	193.16	236.99	223.03
Financial						
Return on equity, %	9.4	14.5	10.2	16.9	20.8	26.1
Return on total assets, %	4.6	5.3	5.0	6.8	9.2	11.2
Equity/assets ratio, %	35.5	35.6	35.5	35.6	35.5	37.0
Debt/equity ratio, times	1.5	1.5	1.5	1.5	1.5	1.4
Net debt to total assets, %	50.5	52.4	50.5	52.4	50.5	50.1

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

Condensed parent company income statement

SEKm	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June	2018/2019 July-June	2018 Jan-Dec
Net sales	82	75	169	141	316	289
Administrative costs	-91	-67	-178	-133	-338	-292
Operating profit	-9	8	-10	9	-22	-4
Profit from financial items						
Dividends from subsidiaries	800	1,608	800	1,608	800	1,608
Other net financial items	-115	19	-245	-528	393	110
– of which exchange rate differences	-213	-211	-466	-969	-226	-729
Changes in value of derivatives	-187	-41	-287	-57	-264	-34
Profit before appropriations and taxes	489	1,595	259	1,033	906	1,680
Appropriations						
Group contributions paid	–	–	–	–	-87	-87
Profit before tax	489	1,595	259	1,033	820	1,594
Deferred tax	57	-11	105	113	-11	-3
Net profit for the period/year ¹⁾	546	1,584	364	1,146	809	1,590

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

Condensed parent company balance sheet

SEKm	2019 30 June	2018 30 June	2018 31 Dec
Assets			
Property, plant and equipment	22	10	18
Financial non-current assets	11,728	6,865	11,319
Receivables from group companies	45,058	40,491	38,337
Current receivables	205	162	197
Cash and cash equivalents and financial investments	1,176	879	1,000
Total assets	58,190	48,407	50,870
Shareholders' equity and liabilities			
Shareholders' equity	11,592	10,783	11,227
Interest-bearing liabilities	38,417	31,474	33,275
– of which Hybrid capital	3,695	3,647	3,596
Liabilities to group companies	7,100	5,326	5,282
Derivatives	733	468	446
Other liabilities	349	356	640
Total equity and liabilities	58,190	48,407	50,870

The share and owners

Balder's share is listed on Nasdaq Stockholm, Large Cap segment. The company's market capitalisation as of 30 June amounted to SEK 55,980m (42,084).

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

The share

At the end of the period, approximately 14,000 shareholders (13,000) held shares. During the period, approximately 34.7 million shares were traded (36.6) which corresponds to an average of about 302,000 shares per trading day (305,000). The annual turnover rate amounted to 39 % (41). The price of the share was SEK 311.00 (233.80) on 30 June, corresponding to an increase of 23 % since year-end.

Share capital

On 30 June, the share capital in Balder amounted to SEK 180,000,000 distributed among 180,000,000 shares. Each share has a quota value of SEK 1, where of 11,229,432 shares are of Class A and 168,770,568 of Class B. The total number of outstanding shares as of 30 June amounts to 180,000,000. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

Annual General Meeting

The Annual General Meeting (AGM) of Fastighets AB Balder on 8 May 2019, resolved on the following matters, among others:

The AGM adopted the annual accounts for 2018 and resolved that no dividend shall be declared.

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

The meeting resolved to authorise the Board, during the period until the next Annual General Meeting, on one or more occasion, to be able to decide on new issue of shares of Class B corresponding to not more than 20,000,000 shares.

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

Ownership list as of 30/06/2019

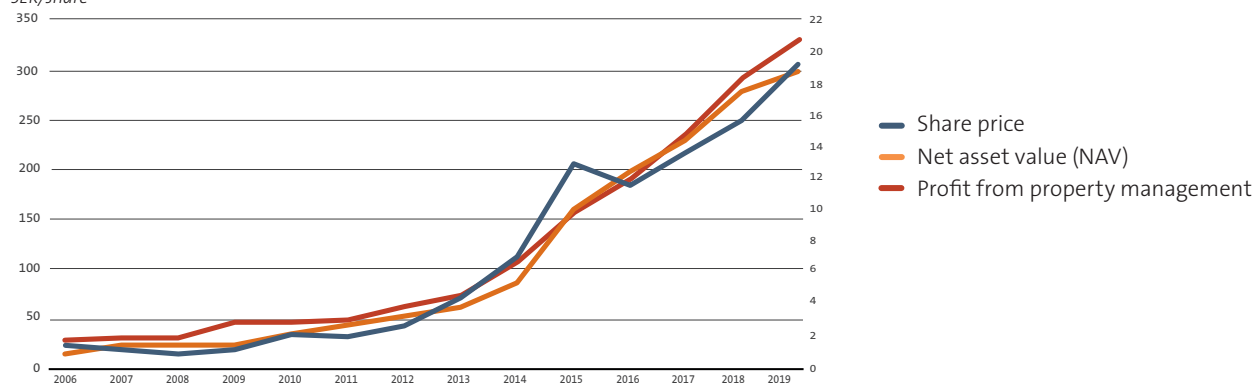
Owner	A shares	B shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	65,520,228	36.4	49.9
Arvid Svensson Invest AB	2,915,892	13,542,540	16,458,432	9.1	15.2
Swedbank Robur fonder	–	7,929,480	7,929,480	4.4	2.8
SEB Investment Management	–	7,641,157	7,641,157	4.2	2.7
Länsförsäkringar fondförvaltning AB	–	7,383,011	7,383,011	4.1	2.6
Handelsbanken Fonder AB	–	5,201,982	5,201,982	2.9	1.9
Vanguard	–	3,396,706	3,396,706	1.9	1.2
Second Swedish National Pension Fund	–	3,097,772	3,097,772	1.7	1.1
CBNY - Norges Bank	–	2,448,697	2,448,697	1.4	0.9
Livförsäkringsbolaget Skandia	–	2,122,885	2,122,885	1.2	0.8
Other	4,212	58,795,438	58,799,650	32.7	20.9
Total	11,229,432	168,770,568	180,000,000	100	100

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

Share price, Net asset value (NAV)

Profit from property management

SEK/share



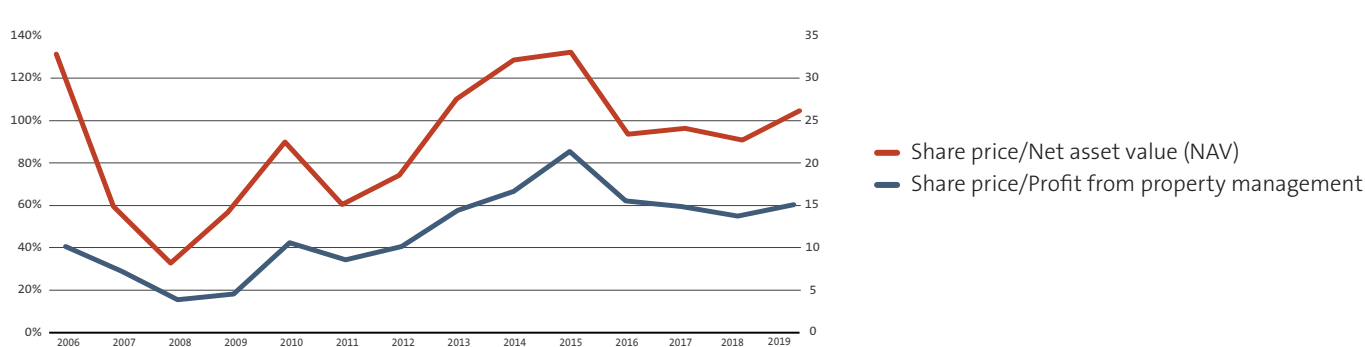
Share price/Net asset value and Share price/profit from property management

Share price/Net asset value (NAV)

Share price/Profit from property management

%

times



Definitions

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

Financial

Return on equity, %

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

Return on total assets, %

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

Net debt to total assets, %

Net debt in relation to total assets.

Profit from property management, SEKm

Profit including changes in value and tax in associated companies with reversal of changes in value and tax as regards participation in profits of associated companies. When calculating profit from property management before tax attributable to parent company shareholders, the profit from property management is also reduced with the non-controlling interests' share.

Average interest, %

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

Net debt, SEKm

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

Interest coverage ratio, times

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

Debt/equity ratio, times

Interest-bearing liabilities decreased by 50 % of Hybrid capital in relation to shareholders' equity.

Equity/assets ratio, %

Shareholders' equity including non-controlling interests in relation to the balance sheet total at the end of the period.

Share related

Equity per share, SEK

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

Profit from property management per share, SEK

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

Average number of shares

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

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

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

Profit after tax per share, SEK

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

Property related

Yield, %

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

Net operating income, SEKm

Rental income less property costs.

Economic occupancy rate, % ¹⁾

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

Development properties

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

Real estate portfolio

Refers to both investment properties and development properties.

Property category

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

Property costs, SEKm

This item includes direct property costs, such as operating expenses, utility expenses, maintenance and property tax.

Investment properties

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

Rental value, SEKm 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.

The information in this report is such that Fastighets AB Balder (publ) is obliged to disclose according to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. This information has been published at 08.00 a.m. on July 17, 2019.

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

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Financial information

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

Calendar

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

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