

Balder Finland Oyj

Business ID 2667238-2

Domicile Helsinki

FINANCIAL STATEMENTS AND REPORT OF BOARD OF DIRECTORS 1 January - 31 December 2021

This is a translation of the Official Financial Statements in Finnish

FINANCIAL STATEMENTS 1 Jan - 31 Dec 2021

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The company 's Board of Directors adopted the financial statements for publication in spring 2022.
The Board of Directors has the right to make changes to the financial statements and republish them.

The financial statements must be stored for at least ten (10) years from the end of the financial year (Finnish Accounting Act, Section 2:10).

Report of Board of Directors, 31 December 2021

Board of Directors' report

The loss for the financial year was EUR 359,617.86, of which EUR 10,232,186 consisted of interest income on intra-Group loans.

Balder Finland Oyj was founded in January 2015.

Events during the financial year

In January 2021, Balder Finland Oyj issued a EUR 600 million bond, which is guaranteed by Fastighets AB Balder. The term of the bond is eight years and it has a fixed coupon of 1.00 percent. The bond, which is listed on Euronext Dublin, was issued in three tranches - EUR 500 million in January, EUR 50 million in April and EUR 50 million in May.

In May 2021, Balder Finland Oyj issued a EUR 500 million bond, which is guaranteed by Fastighets AB Balder. The term of the bond is nine years and it has a fixed coupon of 1.375 percent. The bond is listed on Euronext Dublin.

In June 2021, Balder Finland Oyj issued a EUR 500 million bond, which is guaranteed by Fastighets AB Balder. The term of the bond is two years and it has a floating rate. The bond is listed on Euronext Dublin.

Material events after the financial year

In January 2022, Balder Finland Oyj issued a EUR 1 billion bond, which is guaranteed by Fastighets AB Balder. The bond has a term of five years and a fixed coupon of 1.00 percent. The bond is listed on Euronext Dublin.

Related party transactions

In 2021, the company issued bonds with a total nominal value of EUR 1,600 million. The related financial transactions were conducted using the parent company's bank account. As a result, the company had a long-term receivable and related interest receivables from the parent company at the end of 2021.

According to the Balder Group's internal loan agreement, the debtor (parent company Fastighets AB Balder (publ)) is, at the request of the creditor (Balder Finland Oyj) required to repay the loan in full, together with the accumulated loan fees, seven years after the issue of the bond. However, the debtor may repay the loan early in full or in part, including any accumulated loan fees, without any sanctions.

The company's intra-group loan receivables involve a credit loss risk. The company has no other activities than a loan receivable from the parent company Fastighets AB Balder. Fastighets AB Balder is dependent on its lease contracts and on payments it receives from tenants, among other things.

Failure by tenants to make payments or otherwise meet their obligations, or early termination of lease contracts for whatever reason may have a negative impact on the parent company's financial result and cash flow. In this case, Balder Finland Oyj might be forced to record receivables from the parent company as credit losses, making it unable to repay the bond loan as agreed.

Receivables and liabilities are subject to the risk of changes in fair value for reasons such as fluctuating interest rates. Both the bond issued during the financial year and the long-term loan given to the parent company constitute fixed borrowing costs and are unsecured. In addition, both receivables and liabilities are denominated in euros and are not affected by currency fluctuations. No impact on profit or loss is expected in 2022, since the borrowing costs for both liabilities and receivables are fixed.

Balder Finland Oyj's parent company is Fastighets AB Balder (publ). It is domiciled in Gothenburg and owns 100% of the company's shares.

Board of Directors

Chairman of the Board

Erik Selin

Ordinary member

Malin Johannesson

Peter Osberg

The company auditor is PricewaterhouseCoopers Oy

Chief auditor:

Panu Vänskä

Shares

The company's share capital is EUR 80,000 and the number of shares is 1,000.

The share capital is divided into 1,000 shares, each with a nominal value of EUR 80.

Board's proposal on the disposal of retained earnings

The Board proposes that the financial year's loss be transferred to the profit and loss account and that no dividend be distributed.

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STATEMENT OF COMPREHENSIVE INCOME

EUR thousands	<i>Note</i>	1/1/2021- 12/31/2021	1/1/2020- 12/31/2020
Financial income and expenses			
Interest income	8,19	10 427,0	0,0
Interest expenses	7	-10 715,1	0,0
Financial income and expenses total		-288,1	0,0
<hr/>			
Administrative expenses	9	-71,5	-45,2
Profit / loss before taxes		-359,6	-45,2
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PROFIT OR LOSS FOR THE FINANCIAL YEAR		-359,6	-45,2
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COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		-359,6	-45,2
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Breakdown of profit or loss for the financial year			
To parent company shareholders	11	-359,6	-45,2
To minority shareholders		0,0	0,0
Total		-359,6	-45,2
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Average number of shares adjusted for share issue	11	1 000,0	1 000,0
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Earnings per share calculated on the basis of the profit/loss attributable to parent company shareholders basic and diluted, EUR	11	-0,4	0,0

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BALANCE SHEET

EUR thousands	<i>Note</i>	12/31/2021
ASSETS		
CURRENT ASSETS		
Long-term receivables		
Receivables from Group companies	12	1 606 956,3
Long-term receivables, total		1 606 956,3
Short-term receivables		
Receivables from Group companies	12	3 508,5
Cash and cash equivalents		4,0
Short-term receivables, total		3 512,5
Total receivables		1 610 468,8
TOTAL CURRENT ASSETS		1 610 468,8
TOTAL ASSETS		1 610 468,8
LIABILITIES		
Shareholders' equity		
Equity attributable to parent company shareholders		
Share capital	16	80,0
Reserve for invested unrestricted equity	16	405,0
Retained earnings	16	-46,7
Profit for the financial year	16	-359,6
Total shareholders' equity		78,7
Liabilities		
Long-term		
Bonds	12	1 600 516,2
Long-term liabilities, total		1 600 516,2
Short-term		
Accounts payable	18	1,7
Accruals and deferred income	18	9 872,2
Total short-term liabilities		9 873,9
Total liabilities		1 610 390,1
TOTAL LIABILITIES		1 610 468,8

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Statement of changes in equity

Equity attributable to parent company shareholders

<i>EUR thousands</i>	Note	Share capital	Other increase in capital	Retained earnings	Total	Total shareholders' equity
Shareholders' equity 1 Jan 2020	16	2,5	0,0	-1,5	1,0	1,0
Shareholders' equity 31 Dec 2020	16	80,0	5,0	-46,7	38,3	38,3
Shareholders' equity 1 Jan 2021		80,0	5,0	-46,7	38,3	38,3
Total profit or loss for the financial year						
Profit or loss for the financial year	16			-359,6	-359,6	-359,6
<i>Total profit or loss for the financial year</i>				-359,6	-359,6	-359,6
Increases and changes in value to owners						
Invested unrestricted equity*	16		400,0		400,0	400,0
<i>Total increases and changes in value to owners</i>						
Total equity on 31 December 2021		80,0	405,0	-406,3	78,7	78,7

* Investment in the reserve for invested unrestricted equity was made to adjust negative shareholders' equity.

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Cash flow statement

EUR thousands	Note	1/1/2021- 12/31/2021	1/1/2020- 12/31/2020
Cash flows from operating activities			
Profit or loss for the financial year	16	-359,6	-45,2
Change in working capital	12, 18	-74,7	-1,5
Net cash flow from operating activities		-434,3	-46,7
Cash flows from investing activities			
Net cash flow from investing activities		0,0	0,0
Cash flows from financing activities			
Share issue	16	0,0	80,0
Invested unrestricted equity	19	400,0	5,0
Net cash flow from financing activities		400,0	85,0
Change in cash and cash equivalents		-34,3	38,3
Cash and cash equivalents at the beginning of the financial year		38,3	0,0
Cash and cash equivalents at the end of the financial year		4,0	38,3

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NOTES TO THE FINANCIAL STATEMENTS 31 December 2021

1. BASIC COMPANY INFORMATION

The financial statements include information for Balder Finland Oyj (business ID 2667238-2). The company is domiciled in Helsinki.

The company was founded in January 2015. The company's line of business is, both directly and indirectly, and through wholly or partly owned companies, to acquire, invest in, develop, sell and lease real property, housing companies and related assets. The company may participate in the financing of direct and indirect property investments. The company may also participate in the financing activities of the Group companies by borrowing and lending, and by offering guarantees and collateral for the Group companies' investments. In addition, the company may issue bonds and accept financing.

The Board approved these financial statements in the spring of 2022. The financial statements will be presented for adoption at the Annual General Meeting 2022. A copy of the financial statements is available at Erottajankatu 11 A 20, 00130 Helsinki.

The company is a wholly owned subsidiary of Balder Otas Holding AB (domiciled in Gothenburg). The parent company of Balder Otas Holding AB is Fastighets AB Balder.

The company has no subsidiaries. Subsidiaries refer to companies over which the parent company exercises direct or indirect control.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). In the Finnish Accounting Act and regulations issued thereunder, the International Financial Reporting Standards refer to the standards and interpretations adopted for application in the EU in line with the procedure laid down in the EU Regulation (EC 1606/2002).

Assets and liabilities are measured at their original acquisition cost; some items are measured at fair value. Interest receivables and interest liabilities have been calculated using the effective interest method. Effective interest refers to the current value of all future deposits, and payments under the fixed interest rate term equal the amounts of receivables and liabilities. Financial income and expenses are recorded for the relevant period.

Income tax for the financial year is calculated based on the applicable tax rate in effect or decided on the balance sheet date; in this case 20.0%. The tax reported and the tax payable may differ due to non-deductible expenses and tax-free income. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Receivables with a maturity of more than 12 months after the balance sheet date are reported as long-term receivables, others as current assets. Receivables are recognised at the amount expected to be paid after individual assessment. Cash and cash equivalents include cash, bank accounts and short-term investments.

Financial liabilities are measured at accumulated cost. Expenses directly attributable to borrowing adjust the cost of the loan and accumulate in line with the effective interest method. Expenses related to bonds are capitalised in the balance sheet and depreciated on a straight-line basis over the term of the agreement. Bonds are classified as liabilities or equity depending on whether they involve a contractual obligation to repay the contract in cash or otherwise.

Cash flow statement has been prepared in accordance with the indirect method. All amounts are in Euros unless otherwise noted. The financial statements have been prepared using the going concern basis of accounting.

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3. CLASSIFICATION OF CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

Assets and liabilities are classified in the balance sheet as current or non-current on the following basis:

An asset is classified as current if it meets the following criteria:

- Expected to be sold or consumed during a normal operating cycle
- Held primarily for trading purposes
- Realised within 12 months from the balance sheet date
- Cash or deposit, unless restricted to exchange or use at least for debt repayment within 12 months of the balance sheet date

All other assets are classified as non-current.

A liability is classified as current if it:

- is realised during a normal operating cycle
- is held primarily for trading purposes
- is intended to be paid within 12 months of the balance sheet date

Or

- The company has no absolute right to defer payment of liability within at least 12 months from the balance sheet date.

The terms of debt agreements that the counterparty believes could be equity instruments do not affect its classification.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Determination of fair value

The company's financial assets and liabilities are measured at amortised cost. The company has not measured any balance sheet item at fair value in the financial statements. Fair value is the price that would be obtained for the sale of the asset or paid for the transfer of the liability between market participants on the measurement date in organised trading. The determination of fair value is based on the assumption that the sale of an asset or the transfer of a liability will take place either:

- on the primary market for the asset or liability
- or
- in the absence of a primary market, the company must be available in the most favourable market for the asset or liability for both markets.

The fair value of an asset or liability is measured using assumptions the market participants would use in pricing the asset or liability, assuming that market participants act in line with economic interest.

The method used to determine the fair value of non-financial assets takes into account the ability of a market participant to generate an economic benefit by using the asset for its highest and best use, or by selling it to another market participant that would use the asset for its highest and best use.

The company uses valuation techniques which are appropriate in the circumstances and provide sufficient information to determine the fair value by maximising the use of significant observable inputs and minimising the use of unobservable inputs.

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All assets and liabilities whose fair value is determined or presented in the financial statements are classified in a fair value hierarchy as described below, based on the lowest level input that is significant for fair value determination:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Valuation techniques in which the most significant input for fair value determination is the lowest measurement is directly or indirectly observable
- Level 3 - Valuation techniques in which the most significant input for fair value determination is unobservable

External valuation specialists are involved in the valuation of significant assets such as investment property and unquoted financial assets, and significant liabilities, such as contingent considerations. The Valuation Committee decides on the participation of external valuation specialists annually after discussion and approval by the company's Audit Committee. Selection criteria include market knowledge, reputation, independence and the adherence to professional standards. Valuation specialists are usually changed every three years. After consulting the external valuation specialists, the Valuation Committee decides which valuation techniques and inputs will be used in in each case.

On each reporting day, the Valuation Committee analyses changes in the values of assets and liabilities that need to be revaluated, or revaluated in accordance with the company's financial statements. For the purpose of this analysis, the Valuation Committee will review the key inputs used in the most recent valuation by matching the data used in valuation with contracts and other relevant documents. The Valuation Committee also compares the change in the fair value of each asset and liability against relevant external sources to determine whether the change is reasonable.

The Valuation Committee presents the results of its valuation to the Audit Committee and to the company's independent auditors. This includes a discussion of the key assumptions used. For fair value presentation, the company has defined categories of assets and liabilities based on their nature, characteristics and risks, and their level in the fair value hierarchy described above.

Taxes

Income taxes and tax liabilities are measured at the amount expected to be received from or paid to the tax authorities. Tax rates and tax laws enacted or substantively enacted by the balance sheet date are used to calculate the amount in the countries where the company operates and generates taxable income.

Income tax related to equity items is recognised in equity and not in the income statement. Management regularly assesses the positions taken with regard to tax returns against the specific situations where the applicable tax provisions are interpreted, and adopts provisions, if necessary.

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Currency

The company's financial statements are presented in euros, which is also its functional currency. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Foreign currency denominated receivables and liabilities in the balance sheet are valued at the exchange rate on the balance sheet date. Exchange rate differences have been recognized in the financial statements through profit or loss.

Hedging instruments

The bonds have interest rates of 1%, 1.375% and floating rates. The company has no derivative contracts. Hedge accounting is not applied.

Changes in accounting principles

Amendments to IFRS do not have a material effect on the company's financial statements.

4. SIGNIFICANT ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, the Board of Directors is required to make certain estimates and assumptions that affect the reported assets and liabilities, income and expense items, and other disclosures. Estimates are based on experience and assumptions that the Board deems reasonable in the circumstances. In the event of different circumstances, the actual outcome may differ from the estimates. Estimates of critical importance for the preparation of the company's financial statements are described below.

Assessing the correlation between historical default rates, projected economic conditions and expected credit losses is very important. Credit loss estimates are sensitive to changes in circumstances and economic forecasts. The company's historical credit loss risk experience and economic forecasts are no guarantee of customers' actual solvency in the future.

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5. CAPITAL MANAGEMENT

The company's capital consists of a share capital of EUR 80,000 and a loss of EUR 359,617.86 for the financial year. The Balder Group manages the capital structure of its subsidiary by monitoring the net debt-equity ratio (gearing) and adjusting the amount of equity so that it would not be lost through invested unrestricted equity or similar.

The company issued three bonds in 2021. The first bond, EUR 600 million, will mature in 2029. The interest rate is fixed at 1.00%. The second bond, EUR 500 million, will mature in 2030. The fixed interest rate is 1.375%. The third, floating rate bond of EUR 500 million, will mature in 2023. All loans were paid into the account of the parent company Fastighets AB Balder and are presented as a long-term receivable in Balder Finland Oyj's balance sheet.

Net debt-equity ratio

EUR thousands	12/31/2021
Interest-bearing liabilities	1 600 516
Net debt	<u>1 600 516</u>

Shareholders' equity	79
Total equity and net debt	1 600 595
Net debt-equity ratio %	<u>100,00</u>

The bond involves covenants that are binding on the Balder Group. The terms of the covenants have been met, and there were no violations during the financial year.

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6. DETERMINATION OF FAIR VALUE

Fair value hierarchy on 31 December, 2021:

EUR thousands	Valuation date	Total	Level 1	Level 2	Level 3
Assets					
Receivables from Group companies	12/31/2021	1 610 465		1 610 465	
Other	12/31/2021	0		0	
Total		1 610 465		1 610 465	
Liabilities					
Fixed-rate long-term liabilities	12/31/2021	1 600 516	1 600 516		
Other	12/31/2021	9 872		9 872	
Total		1 610 388	1 600 516	9 872	

At Level 1, the valuation of the instrument is based on quoted price in active markets, which is used for identical financial assets and liabilities.

At Level 2, input used in the valuation of the instrument includes verifiable prices other than those quoted in an active market, either directly or derived from them using valuation techniques.

At level 3, valuation is based on prices other than verifiable market prices.

7. FINANCIAL EXPENSES

EUR thousands	1/1/2021- 12/31/2021	1/1/2020- 12/31/2020
Interest and other financial expenses		
Interest expenses, bonds	-9 706,8	0,00
Expenses related to bonds	-592,5	0,00
Other interest and financial expenses	-415,8	0,00
Total interest and other financial expenses	-10 715,1	

8. FINANCIAL INCOME

EUR thousands	1/1/2021- 12/31/2021	1/1/2020- 12/31/2020
Other interest and financial income		
Interest income from Group companies	10 232,2	0,00
Other	194,8	0,00
Total interest income	10 427,0	0,00
Total financial income	10 427,0	0,00

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9. ADMINISTRATIVE EXPENSES

EUR thousands	1/1/2021- 12/31/2021	1/1/2020- 12/31/2020
Administrative expenses		
Audit fees	-46,5	-2,7
Banking and cash transaction expenses	-0,6	-0,6
Other office and administrative expenses	-24,4	-41,8
Total administrative expenses	-71,5	-45,1

10. INCOME TAXES

The company had no deferred tax liabilities or receivables during the financial year. During the financial year, the corporate tax rate in Finland was 20.0 percent. The company is not registered for VAT.

At the end of the financial year, the company's losses amounted to EUR 422,000 for which no deferred tax assets have been recognised.

EUR thousands	1/1/2021- 12/31/2021	1/1/2020- 12/31/2020
Reconciliation of the effective tax rate		
Profit before taxes	-359,6	-45,2
Tax at the company's tax rate	-71,9	-9,0
Unrecognized deferred tax assets	71,9	9,0
Taxes recorded for the financial year	0,0	0,0

11. EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit or loss for the financial year by the number of shares.

During the financial year, the company's sole shareholder was Balder AB (publ). The number of shares has not changed during the financial year at 1,000. There have been no changes in the share capital. No dividend will be paid for the financial year.

EUR thousands	12/31/2021	12/31/2020
Earnings per share		
Profit or loss for the financial year	-359,6	-45,2
Number of shares	1 000,0	1 000,0
Earnings per share (basic and diluted)	-0,4	0,0

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12. FINANCIAL ASSETS AND LIABILITIES

EUR thousands	12/31/2021	12/31/2020
Financial assets		
Long-term interest-bearing loan, Fastighets AB Balder	1 606 956	0
Short-term interest receivable, Fastighets AB Balder	3 508	0
Total	1 610 465	0

Financial liabilities

Transaction costs are included in the original carrying amount of financial liabilities measured at amortised cost. Subsequently, all financial liabilities are measured at amortised cost using the effective interest method.

In January 2021, the company set up an EUR 4,000 million Euro Medium Term Note programme that will allow the company to issue bonds. All bonds issued by Balder Finland Oyj are backed up by a full guarantee of Fastighets AB Balder. The arranger was Deutsche Bank. The programme is listed on the Euronext Dublin.

The following banks act as dealers:

Barclays
NatWest Markets
Deutsche Bank Aktiengesellschaft
Skandinaviska Enskilda Banken AB (publ)
Handelsbanken Capital Markets
Nordea
Swedbank
Danske Bank

In January 2021, the company issued an EUR 600 million bond, the terms of which are set out below. The bond was issued in three tranches of EUR 500 million, EUR 50 million and EUR 50 million, with the parent company Fastighets AB Balder acting as guarantor.

Tranche 1:	
Issuer	Balder Finland Oyj
Guarantee	Fastighets AB Balder
ISIN	XS2288925568 / 228892556
LEI	549300GHKJCEZOEUEU82 (Guarantor) / 5493007P4MCJM211B748 (Issuer)
Classification	BBB stable (S&P)
Dealers	Deutsche Bank Aktiengesellschaft, Nordea
Currency	EUR
Type	Fixed rate
Nominal value of debt	500 000 000
Start date	20 January 2021 (T + 5)
Maturity	20 January 2029
Coupon rate	1,00 %
Interest payment dates	20 January annually, starting 20 January 2022 until maturity.

Tranche 2:	
Issuer	Balder Finland Oyj
Guarantee	Fastighets AB Balder
ISIN	XS2333319296 / 233331929
LEI	549300GHKJCEZOEUEU82 (Guarantor) / 5493007P4MCJM211B748 (Issuer)
Classification	BBB stable (S&P)
Dealers	Deutsche Bank Aktiengesellschaft, Nordea
Currency	EUR
Type	Fixed rate
Nominal value of debt	50 000 000
Start date	21 April 2021 (T + 5)
Maturity	20 January 2029
Coupon rate	1,00 %
Interest payment dates	20 January annually, starting 20 January 2022 until maturity.

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Note 12 continued

Tranche 3:	
Issuer	Balder Finland Oyj
Guarantee	Fastighets AB Balder
ISIN	XS2288925568 / 228892556
LEI	549300GHKJCEZOEUU82 (Guarantor) / 5493007P4MCJM21B748 (Issuer)
Classification	BBB stable (S&P)
Dealers	Deutsche Bank Aktiengesellschaft, Nordea
Currency	EUR
Type	Fixed rate
Nominal value of debt	50 000 000
Start date	6 May 2021 (T + 5)
Maturity	20 January 2029
Coupon rate	1,00 %
Interest payment dates	20 January annually, starting 20 January 2022 until maturity.

In May 2021, the company issued an EUR 500 million bond, the terms of which are set out below.
The parent company Fastigets AB Balder acts as guarantor.

Issuer	Balder Finland Oyj
Guarantee	Fastighets AB Balder
ISIN	XS2345315142 / 234531514
LEI	549300GHKJCEZOEUU82 (Guarantor) / 5493007P4MCJM21B748 (Issuer)
Classification	BBB stable (S&P)
Dealers	Deutsche Bank Aktiengesellschaft, Nordea
Currency	EUR
Type	Fixed rate
Nominal value of debt	500 000 000
Start date	24 May 2021 (T + 5)
Maturity	24 May 2030
Coupon rate	1,375 %
Interest payment dates	24 May annually, starting 24 May 2022 until maturity

In June 2021, the company issued an EUR 500 million bond, the terms of which are set out below.
The parent company Fastigets AB Balder acts as guarantor.

Issuer	Balder Finland Oyj
Guarantee	Fastighets AB Balder
ISIN	XS2353018141 / 235301814
LEI	549300GHKJCEZOEUU82 (Guarantor) / 5493007P4MCJM21B748 (Issuer)
Classification	BBB stable (S&P)
Dealers	Deutsche Bank Aktiengesellschaft, Nordea
Currency	EUR
Type	Floating rate
Nominal value of debt	500 000 000
Start date	14 June 2021 (T + 5)
Maturity	14 June 2023
Coupon rate	3-month Euribor+60bps%
Interest payment dates	Quarterly each year on 14 June, 14 September, 14 December, 14 March, starting 14 September 2021 until maturity

Long-term interest-bearing financial liabilities	Rate	Maturity	2021
Balance sheet value 31 December 2021	1,00 %	01/20/2029	600 000
	1,375 %	05/24/2030	500 000
	float	06/14'2023	500 000

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Note 12 continued

Financial assets and liabilities

EUR thousands	Carrying amount	Fair value
Financial assets		
Long-term receivables from Group companies, interest-bearing	1 606 956	1 606 956
Short-term interest receivables from Group companies	3 508	3 508
Total	1 610 465	1 610 465

EUR thousands	Carrying amount	Fair value
Financial liabilities		
Long-term interest-bearing liabilities, fixed interest rate	1 600 516	1 600 516
Short-term accruals and deferred income	9 872	9 872
Total	1 610 388	1 610 388

13. RISK MANAGEMENT

Interest rate risk

Receivables and liabilities are exposed to the risk that their fair values will change due to fluctuating interest rates. Bond loans taken out during the financial year and long-term loans offered to the parent company have both fixed and variable interest rates. Receivables and liabilities are euro-denominated, therefore currency fluctuations will not affect them. There are three bonds. The duration of the first bond is 8 years. Interest is paid once a year on 20 January, the first payment date being 20 January 2022. The duration of the second bond is 9 years. Interest is paid once a year on 24 May, the first payment date being 24 May 2022. The duration of the third bond is 2 years. Interest is paid quarterly on the 14th day, the first payment date being 14 September 2021.

Credit risk

Failure by the other party to meet obligations related to a financial instrument or customer relationship results in a financial loss, i.e. the realisation of credit risk. In operating activities, trade receivables involve a credit risk, as do deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial receivables involve a risk of the borrower not being able to meet their obligations, as a result of which the company would suffer credit losses. The company has a mutual long-term receivable from the parent company Fastighets AB Balder (publ). No credit losses on this loan have been recorded during the financial year.

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Note 13 continued

Liquidity risk

The company's income is generated from transactions with the parent company and thus the company's liquidity depends on the parent company's ability to meet its obligations to the company. Liquidity risk involves a company's inability to meet its financial payment obligations. If the company's sources of liquidity prove insufficient, it could have a material adverse impact on the company's operations, financial performance and financial position. It also entails a risk of a significant increase in the cost of raising cash to meet the company's payment obligations. Balder Finland Oyj is also exposed to risks arising from the potential illiquidity of the entire Balder Group portfolio. Property types owned or potentially acquired in the future by the entire Balder Group may be illiquid. In case of a sudden sale, there may be a significant difference between the fair value of the property and its acquisition price. An illiquid market may result in a lower than expected selling price, or delay sales. Any such factors could have a material adverse impact on the business, financial performance or financial position of both the Balder Group and Balder Finland. In addition, restrictions may be imposed on the Balder Group's ability to sell properties under covenants and commitments that restrict the sale of assets. Refinancing may prove impossible or involve a significant cost increase. Refinancing risk is the risk of financing costs being higher and / or refinancing opportunities being limited or non-existent upon the maturity of a debt of Balder Finland or another Balder Group company. The Balder Group's business is partly financed by external capital. Buying and developing properties requires large amounts of capital, which is usually provided by banks, credit institutions or other lenders. There is a risk that lenders will not offer credit to the Balder Group or that credit will be offered at significantly higher costs than planned. In addition, certain loan agreements and the terms of the debt instruments contain terms that may limit the Balder Group's eligibility for new loans.

Maturities

	on demand	< 3 months	3-12 months	1-5 years	> 5 years	Total
Long-term interest-bearing liabilities				500 516	1 100 000	1 600 516
Liabilities to Group companies						0
Other short-term liabilities		1.7	9 872			9 873,9
			9 872		1 100 000	1 610 390

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14. CHANGES IN DEBTS DUE TO FINANCING ACTIVITIES

EUR thousands	2.10.2020	Changes in cash flow	Currency fluctuations	Other	12/31/2021
Bonds				1 600 516	1 600 516
Total					1 600 516

The cash transfers related to the bond were conducted using the parent company's account. Therefore this debt is not shown in the cash flow statement.

15. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

Short-term receivables include fixed costs arising from the bond issue, which are amortised on a day basis until the repayment of the bond.

EUR thousands	12/31/2021
Short-term receivables	
Bank account Nordea	4,0
Bonds	3 508,5
Total	3 512,5

16. SHAREHOLDERS' EQUITY

Share capital

The company's share capital is EUR 80,000 and the number of shares is 1,000.
The share capital is divided into 1000 shares, each with a nominal value of EUR 80.

	12/31/2021
Share capital	
Share capital at the beginning of the financial year	80,0
Share capital on 31 December equity	80,0
Profit / loss for the previous financial years 0	405,0
Profit / loss for the financial year	-46,7
Total shareholders' equity	-359,6
	78,7

The company has not paid any dividends during the financial year.
There were no translation or other currency related differences during the financial year.

17. PROPOSAL FOR THE DISTRIBUTION OF DIVIDEND AND DISPOSAL OF RETAINED EARNINGS

	12/31/2021
Breakdown of distributable funds	
Profit or loss for previous financial years	-46,7
Profit or loss for the financial year	-359,6
Reserve for invested unrestricted equity	405,0
Total distributable unrestricted equity	-1,3

The Board of Directors proposes that the loss for the financial year be transferred to the profit and loss account and that no dividend be distributed.

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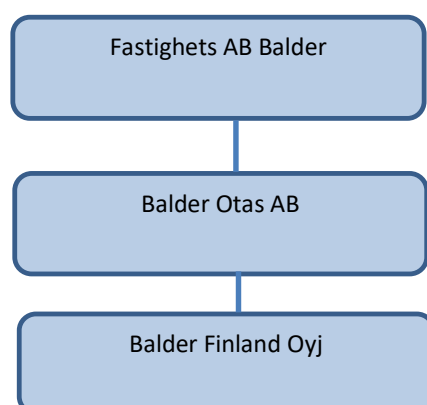
18. INTEREST AND OTHER LIABILITIES

Interest expenses on bonds are amortised monthly but paid only once a year. The loans have different coupon rates, 1% to 1.375%, and a floating rate loan. Arrangement costs are accrued over the term of the loan using the effective interest method.

EUR thousands	12/31/2021	12/31/2020
Interest and other short-term liabilities		
Accounts payable	1,7	0,0
Other accrued liabilities	9 872	0,0
Total	9 873,9	0,0

19. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

Balder Finland Oyj's related parties include its parent company Balder Otas AB (publ, domiciled in Gothenburg), which owns 100% of the company's shares. Other Group companies are Fastighets AB Balder.



Related party transactions

In 2021, the company issued bonds with a total nominal value of EUR 1,600 million. The related financial transactions were conducted using the parent company's bank account. As a result, the company had a long-term receivable and related interest receivables from the parent company at the end of 2021.

Interest income from Group companies

EUR thousands	12/31/2021	12/31/2020
Fastighets AB Balder	10 232	0,0
Total	10 232	0,0

Receivables from Group companies

EUR thousands	12/31/2021	12/31/2020
Long-term, Fastighets AB Balder (publ)	1 606 956	0,0
Short-term, Fastighets AB Balder (publ)	3 508	0,0
Total	1 610 465	0,0

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20. AMENDMENTS TO STANDARDS

Amendments to the standards that came into force at the beginning of 2021 have no material effect on Balder Finland Oyj's financial statements.

21. EVENTS AFTER THE BALANCE SHEET DATE

In 2021, Covid-19 was one of the biggest factors shaping the global economy. Companies have suffered from business fluctuations, and the global economy has shrunk. The pandemic has had a limited impact on Balder Finland Oyj's separate financial statements for the year ended on 31 December 2021.

Covid-19 had very little impact on the cash flows of the entire Balder Group, as its cash flows are primarily generated by tenants who are tax-subsidised by the government, or by rent-controlled housing. Widespread demand and interest in public service properties is likely to continue in the Nordic countries in the future.

Balder Finland Oyj monitors the changed geopolitical situation in Europe, which may have a significant impact on the performance of long-term investments.

In January 2022, Balder Finland Oyj issued a EUR 1 billion bond, which is guaranteed by Fastighets AB Balder. The bond has a term of five years and a fixed coupon of 1.00 percent. The bond is listed on Euronext Dublin.

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SIGNATURES

Helsinki, May 30, 2022

Erik Selin
Chairman of the Board

Malin Johannesson
Ordinary member

Kristofer Osberg
Ordinary member

AUDITOR'S NOTE

A report on the audit has been issued today.

In Helsinki

PricewaterhouseCoopers Oy
Authorised Public Accountants

Panu Vänskä
Authorised Public Accountant