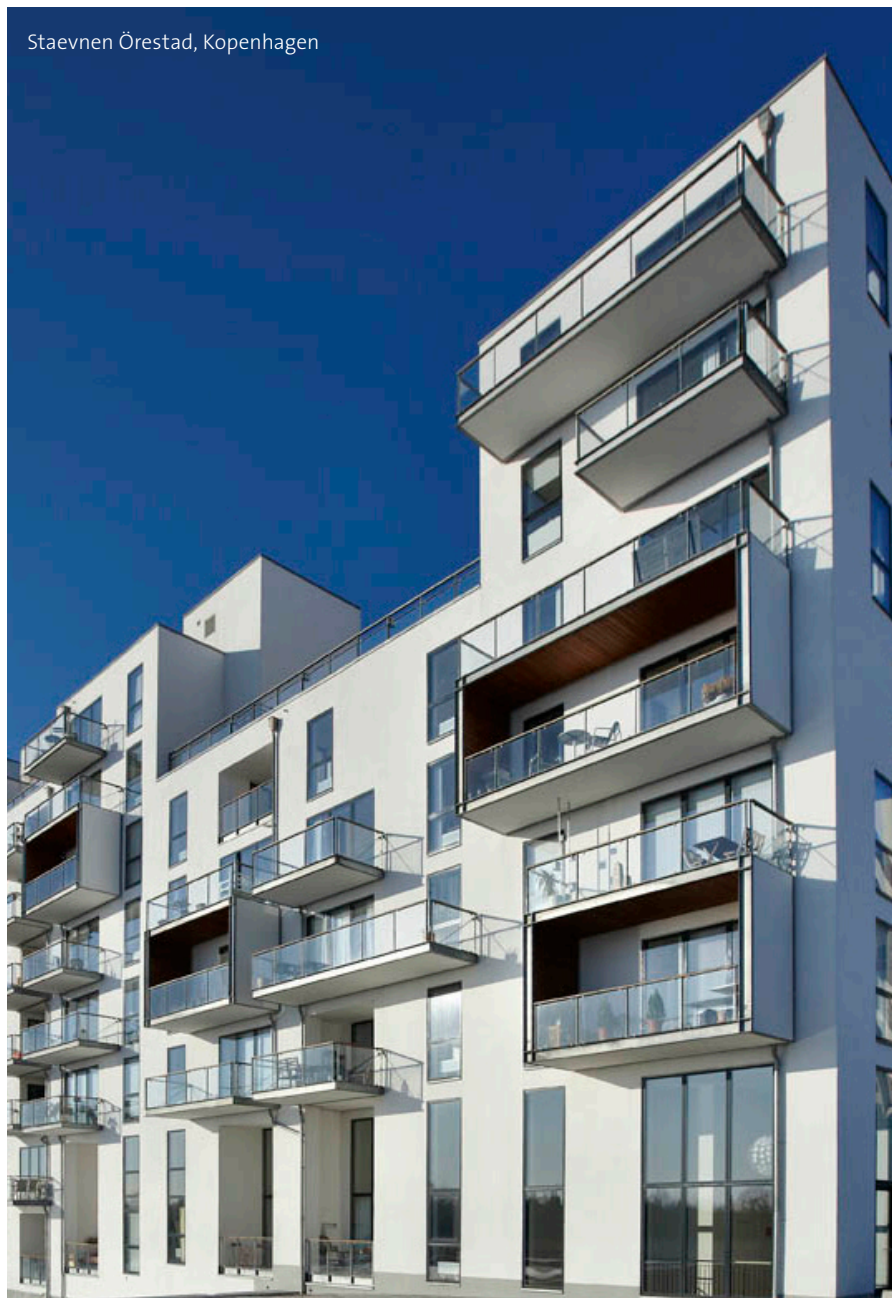


## Fastighets AB Balder Interim report January–March 2012

- Profit from property management before tax amounted to SEK 131m (85) corresponding to SEK 0.69 per ordinary share (0.55)
- Rental income amounted to SEK 410m (377)
- Profit after tax amounted to SEK 379m (266), corresponding to SEK 2.25 per ordinary share (1.70)
- Shareholders' equity amounted to SEK 37.81 per ordinary share (32.58)

Fastighets AB Balder is a listed property company which shall meet the needs of different customer groups for premises and housing through local support. Balder's real estate portfolio had a value of SEK 20.0 billion (16.8) as of 31 March 2011. The Balder share is listed on Nasdaq OMX Stockholm, Mid Cap.

Stævnens Örestad, Kopenhagen



# Net profit for the period in brief

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

## Rental income

Rental income increased to SEK 410m (377).

## Property costs

Property costs amounted to SEK 158m (151).

## Profit from property management

The profit from property management amounted to SEK 131m (85), which corresponds to SEK 0.69 per ordinary share (0.55).

## Changes in value of investment properties

The carrying amount of the properties amounted to SEK 19,953m (16,821). The profit was impacted by positive

unrealised changes in value of SEK 153m (156) and realised changes in value of SEK —m (1). The average yield requirement amounted to 6.x per cent (6.3).

## Changes in value of financial investments

Changes in value of financial investments amounted to SEK —m (–4).

## Changes in value of derivatives

Unrealised changes in value of interest rate derivatives have impacted the result by SEK 233m (123).

## Profit after tax

Profit after tax for the period amounted to SEK 379m (266) which corresponds to SEK 2.25m per ordinary share (1.70).

	Jan–Mar 2012	Jan–Mar 2012	Jan–Dec 2011	Jan–Dec 2010	Jan–Dec 2009	Jan–Dec 2008	Jan–Dec 2007	Jan–Dec 2006
Rental income, SEKm	410	377	1,466	1,333	854	633	678	524
Profit from property management before tax, SEKm	131	85	516	417	315	174	179	160
Changes in value of properties, SEKm	153	157	990	1,047	4	–201	642	212
Changes in value of derivatives, SEKm	233	123	–520	148	–23	–333	7	—
Changes in value of financial investments, SEKm	—	–4	–7	90	—	—	—	—
Profit after tax, SEKm	379	266	812	1 338	248	–388	785	441
Carrying amount of properties, SEKm	19,953	16,821	17,556	14,389	12,669	7,086	6,758	6,997
<b>Data per ordinary share</b>								
Profit after tax, SEK	2.25	1.70	4.87	8.95	2.20	–4.04	8.07	4.69
Profit from property management before tax, SEK	0.69	0.55	3.00	2.79	2.79	1.81	1.84	1.70
Carrying amount of properties, SEK	125.07	105.44	110.04	96.25	84.75	75.02	69.44	71.90
Shareholders' equity, SEK	37.81	32.58	35.57	31.13	22.19	19.63	23.49	15.42
Long-term net asset value (EPRA NAV), SEK	43.42	34.03	41.84	32.89	22.16	20.95	22.33	13.06
Share price on closing date, SEK	32.50	31.67	25.30	29.40	12.50	7.00	13.33	17.00

# CEO's comments

## Profit from property management

We have had a good start to the new year. Net operating income increased by 12 per cent to SEK 252m and our profit from property management increased by 54 per cent to SEK 131m compared with the same period of the preceding year. The increase in earnings was mainly due to a larger property portfolio but also to a less snowy and milder winter. The surplus ratio is somewhat better than the preceding year despite an increased residential portion as well as the fact that the "Catena properties", with a high surplus ratio, were included during the first quarter of the preceding year.

## Compulsory redemption

The Din Bostad transaction has finally been completed. Our acquisition took place during the autumn of 2009. For shareholders who did not accept the terms and conditions, a compulsory redemption procedure was initiated in November 2009. An arbitration board decision regarding the redemption price gained legal force at the end of March 2012. The set redemption price amounted to SEK 29 per share, which is just marginally higher than the price set in the transaction of SEK 28.10 per share.

## EPRA Index

In early March, we received information that we will be part of the European Public Real estate index (EPRA), which is an index that includes the largest property companies in Europe. EPRA is regarded as the most important index for international investors and is widely used as a comparative index for these investors. We hope that our inclusion will continue to benefit trading in the share and also increase awareness of Balder among international investors.

## Property transactions

Acquisition activity was high at year-end which has meant that we have taken possession of nine properties with a total just over 100,000 sq.m. and a total purchase price of about SEK 2.2 billion. The acquisitions mainly consist of residential properties, of which about 50,000 sq.m. relate to residential properties in central Copenhagen. After the acquisitions, almost exactly half of our rental income will come from residential. In May, we acquired another centrally located office property in Stockholm. We will continue to be active and try to find new investments, particularly in the Stockholm, Gothenburg and Öresund regions.

## Outlook 2012

The year has started well and we have still not seen any slowdown in demand in our rental market and the interest rate level continues to be attractive.

We have a strong equity/assets ratio, amounting to 34 per cent, which makes it possible for us to continue to invest when the right properties appear.

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 or interest rate developments.

Balder's income statement is also impacted by the development in the value of the real estate portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the operating result are changes

in value of financial investments and derivatives. None of the above has been considered in the current earning capacity.

The earning capacity is based on the real estate portfolio's contracted rental income, estimated property costs during a normal year as well as administrative costs. The costs of the interest-bearing liabilities are based on the group's average interest rate level including effect of derivative instruments. The tax is calculated using a standard tax rate of 26.3 per cent, which largely consists of deferred tax and therefore does not affect the cash flow.

## Current earning capacity on a twelve-month basis

SEKm	31 Mar 2012	31 Dec 2011	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010	30 Sep 2010	30 Jun 2010
Rental income	1,685	1,530	1,480	1,450	1,405	1,405	1,345	1,335
Property costs	-525	-465	-455	-445	-430	-430	-420	-420
<b>Net operating income</b>	<b>1,160</b>	<b>1,065</b>	<b>1,025</b>	<b>1,005</b>	<b>975</b>	<b>975</b>	<b>925</b>	<b>915</b>
Property and administrative expenses	-110	-105	-100	-100	-105	-105	-100	-100
Profit from property management from associated companies	95	90	85	85	30	20	20	15
<b>Operating profit</b>	<b>1,145</b>	<b>1,050</b>	<b>1,010</b>	<b>990</b>	<b>900</b>	<b>890</b>	<b>845</b>	<b>830</b>
Net financial items	-505	-445	-420	-410	-425	-440	-395	-365
<b>Profit from property management</b>	<b>640</b>	<b>605</b>	<b>590</b>	<b>580</b>	<b>475</b>	<b>450</b>	<b>450</b>	<b>465</b>
Taxes	-168	-159	-155	-153	-125	-118	-118	-122
<b>Profit after tax</b>	<b>471</b>	<b>446</b>	<b>435</b>	<b>427</b>	<b>350</b>	<b>332</b>	<b>332</b>	<b>343</b>
<b>Profit after tax attributable to</b>								
Ordinary shareholders	371	366	355	347	350	332	332	343
Preference shareholders	100	80	80	80	—	—	—	—
<b>Profit from property management before tax according to current ear- nings capacity per ordinary share, SEK</b>	<b>3.38</b>	<b>3.29</b>	<b>3.20</b>	<b>3.13</b>	<b>2.98</b>	<b>3.01</b>	<b>3.01</b>	<b>3.11</b>

# Results, income and costs

## Earnings

Profit from property management for the period amounted to SEK 131m (85), which corresponds to SEK 0.69 per ordinary share (0.55). Profit from property management includes SEK 22m (3) in respect of associated companies.

Net profit after tax for the period amounted to SEK 379m (266), corresponding to SEK 2.25 per ordinary share (1.70). Profit before tax was affected by changes in value in respect of properties of SEK 153m (157), changes in value of financial investments of SEK –m (–4), unrealised changes in value in respect of interest rate derivatives of SEK 233m (123) and profit from participations in associated companies of SEK 17m (3).

## Rental income

Rental income increased to SEK 410m (377). The increase was primarily due to a larger real estate portfolio. The leasing portfolio was estimated to have a rental value on 31 March of SEK 1,798m (1,639). The average rental level for the entire real estate portfolio amounted to SEK 1,185/sq.m. (1,088).

The rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 94 per cent (94) on 31 March. On 31 March, the total rental value for unlet areas amounted to SEK 114m (98) on an annual basis.

## Property costs

Property costs amounted to SEK 158m (151) during the period. The increase in property costs was due to changes in the real estate portfolio.

Net operating income increased by 12 per cent to SEK 252m (226), which implies a surplus ratio of 61 per cent (60). Operating costs normally vary with the seasons. The first and fourth quarters have higher costs compared to the other quarters, while the third quarter usually has the lowest cost level.

## Changes in value of investment properties

Balder carried out an individual internal valuation on 31 March, based on a ten-year cash flow model, of the entire real estate portfolio. Unrealised changes in value for the period amounted to SEK 153m (156). Realised changes in value amounted to SEK –m (1).

The average yield requirement as of 31 March amounted to 6.0 per cent (6.3). The change in value during the period of SEK 153m is attributable to improved net operating income due to increased rental income.

## Changes in value of financial investments

All preference shares in Corem Property Group were sold during the period. The company's financial investments are measured at market value at each end of quarter. Starting from the first quarter 2012, changes in value are not specially recognised in the operating profit but they are included in net financial items since the market value no longer has a significant value.

## Property and administrative costs

Property and administrative costs amounted to SEK 32m (29) during the period.

## Participations in the profit of associated companies

Balder has associated companies with property holdings which are 50 per cent-owned and shares in Collector, where the participating interest amounts to 37 per cent. Profit from participations in associated companies amounted to SEK 17m (3) during the period and Balder's participation in the associated companies' profit from property management amounted to SEK 22m (3). The profit was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 2m (2). The increased profit was due to the acquisitions of Fastighets AB Centur and Collector AB.

## Net financial items and unrealised changes in value of derivatives

Net financial items amounted to SEK –111m (–116) and unrealised changes in value of interest rate derivatives amounted to SEK 233m (123). The positive change in value during the period was due a sharp increase in the level of interest rates. The change in value has not affected the cash flow.

Net financial items are equivalent to borrowing at an average interest rate of 3.8 per cent (4.4) including the effect of accrued interest from interest rate derivatives.

## Taxes

Balder did not report current tax (–) for the period. The deferred tax expense amounted to SEK 128m (91).

Current tax only arises in exceptional cases due to the possibilities of making tax write-offs, tax deductions for certain investments in properties and use of existing loss carry-forwards. Current tax arises for subsidiaries where no group contributions for tax purposes exist.

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 331m (77).

**Cash flow**

The cash flow from operating activities before changes in working capital amounted to SEK 101m (78). Investing activities have burdened the cash flow by SEK 2,130m (2,403).

During the period, acquisition of properties of SEK 2,186m (2,297), investments in existing properties of SEK 59m (59), investments in wind turbines of SEK –m (121) and financial investments, associated companies and non-controlling interests of SEK 22m (7) have been financed through cash flow from operating activities of SEK 125m (156), by sales of financial investments of SEK 138m (—), a new issue of SEK 265m (278) and net borrowings of SEK 1,766m (1,960).

The cash flow for the period amounted to SEK 25m (–10). The group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 277m (426) on 31 March.

**Employees and organisation**

The number of employees on 31 March amounted to 210 persons (194), of which 73 (67) were women. Balder is organised into five regions with 13 areas in total. The head office with group-wide functions is located in Gothenburg.

**Parent Company**

The parent company's operations mainly consist of performing group-wide services but an important part also relates to sales of services, principally to associated companies. Sales in the parent company amounted to SEK 24m (19) during the period.

Net profit after tax for the period amounted to SEK 177m (48). The result was positively affected by the sale of all preference shares in Corem Property Group. Changes in value in respect of interest rate derivatives amounted to SEK 196m (78).

# Real estate holdings

On 31 March, Balder owned 442 properties (454) with a lettable area of about 1,517,000 sq.m. (1,506,000) and a value of SEK 19,953m (16,821). Balder's total rental value amounted to SEK 1,798m (1,639) on 31 March.

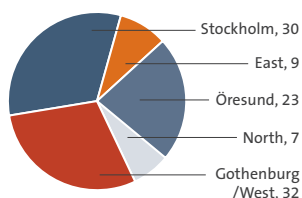
Balder's commercial properties are located in the centre and immediate suburbs of big cities and surrounding municipal areas. Balder's residential properties are located in places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

## Balder's real estate holdings on 31 March 2012 <sup>1)</sup>

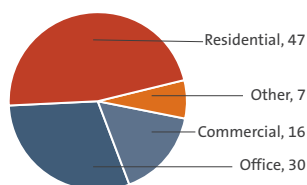
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	55	376,914	522	1,384	476	91	5,927	30
Gothenburg/								
West	189	529,402	595	1,124	568	95	6,287	32
Öresund	57	258,197	360	1,395	337	93	4,685	23
East	58	197,582	178	899	166	94	1,706	9
North	83	154,491	143	925	137	96	1,347	7
<b>Total</b>	<b>442</b>	<b>1,516,586</b>	<b>1,798</b>	<b>1,185</b>	<b>1,684</b>	<b>94</b>	<b>19,953</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	306	883,709	862	975	830	96	9,460	47
Office	65	378,001	558	1,477	489	88	5,966	30
Commercial	34	148,732	250	1,684	240	96	3,096	16
Other	37	106,144	127	1,197	125	98	1,430	7
<b>Total</b>	<b>442</b>	<b>1,516,586</b>	<b>1,798</b>	<b>1,185</b>	<b>1,684</b>	<b>94</b>	<b>19,953</b>	<b>100</b>

<sup>1)</sup> The table above shows the properties owned by Balder at the end of the period. Sold properties have been excluded and acquired properties have been estimated at full-year values. Other properties include hotel, educational, care, industrial and mixed-use properties.

Distributed by region, %



Distributed by property category, %





# Change in real estate portfolio

The value of Balder's real estate portfolio is based on internal valuations. All properties have been valued using the yield method, which means that each property is valued by discounting the estimated future cash flows. An estimate is also made of the future development of the immediate surroundings and the position of the property within its market segment. On 31 March, Balder's average yield requirement amounted to 6.0 per cent, which is 0.2 per cent lower than at the start of the year. The decrease in the yield is attributable to the major acquisitions of residential properties that were carried out at a lower yield compared to the portfolio's previous average yield. The comparable property portfolio has an unchanged yield.

In order to quality-assure Balder's internal valuations, Balder allows external valuation of portions of its portfolio regularly during the year and at each year-end. Historically, deviations between external and internal valuations have been insignificant.

## Unrealised changes in value

The overall carrying amount of Balder's 442 properties amounted to SEK 19,953m (16,821) on 31 March. The unrealised change in value during the period amounted to SEK 153m (156). The change is a result of higher net operating income mainly due to increased rental income.

## Investments, acquisitions and sales

During the period, a total of SEK 2,245m (2,356) was invested, of which SEK 2,186m (2,297) relates to acquisitions and SEK 59m (59) relates to investments in existing properties. About 80 per cent of acquisitions during the period related to acquisitions of residential properties in Copenhagen. No properties were sold during the period (SEK 80m).

The change in the real estate portfolio during the year may be seen in the following table.

### Change in carrying amount of properties

	2012		2011	
	SEKm	Number	SEKm	Number
<b>Real estate portfolio, 1 January</b>	<b>17,556</b>	<b>433</b>	<b>14,389</b>	<b>432</b>
Investments in existing properties	59	—	59	—
Acquisitions	2,186	9	2,297	34
Sales	—	—	—80	—12
Change in value of investment properties, unrealised	153	—	156	—
Change in value of investment properties, realised	—	—	1	—
Currency changes	—2	—	—	—
<b>Real estate portfolio, 31 March</b>	<b>19,953</b>	<b>442</b>	<b>16,821</b>	<b>454</b>

### Property transactions 2012

Quarter	Number	Name of property	Municipality	Property category	Lettable area, sq. m.
<b>Acquisitions</b>					
One	1	Rosen 9	Malmö	Other	11,207
One	6	Biskopsgården 7:1–7:3 m fl	Gothenburg	Residential	45,107
One	1	Österfaelled Torv	Copenhagen	Residential	43,500
One	1	Stævnø Ørestad	Copenhagen	Residential	6,830
<b>Total</b>	<b>9</b>				<b>106,644</b>

### Divestments

No properties were sold during the first quarter of 2012.



# Associated companies

Balder has associated companies with property holdings which are 50 per cent-owned and shares in Collector, where the participating interest amounts to 37 per cent.

In order to illustrate Balder's holdings in associated companies, Balder's participations in the balances sheets and real estate holdings of associated companies with property holdings are reported below.

The associated companies own 41 properties in total. Balder's participation in the lettable area of the real estate holdings amounts to approximately 125,000 sq.m. with a rental value of SEK 157m. The economic occupancy rate amounted to 97 per cent.

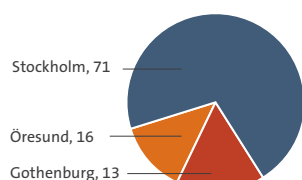
## Balder's participation in the real estate portfolio of associated companies on 31 March 2012

	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	24	71,681	108	1,498	103	96	1,434	71
Gothenburg	10	29,092	26	891	26	99	326	16
Öresund	7	24,282	23	951	23	100	265	13
<b>Total</b>	<b>41</b>	<b>125,054</b>	<b>157</b>	<b>1,251</b>	<b>152</b>	<b>97</b>	<b>2,025</b>	<b>100</b>

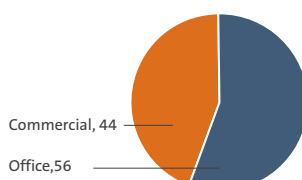
## Distributed by property category

	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, %
Office	14	44,907	82	1,819	78	95	1,139	56
Commercial	27	80,148	75	933	74	99	887	44
<b>Total</b>	<b>41</b>	<b>125,054</b>	<b>157</b>	<b>1,251</b>	<b>152</b>	<b>97</b>	<b>2,025</b>	<b>100</b>

Distributed by region, %



Distributed by property category, %



## Balder's participation in the balance sheets of property-owning associated companies

SEKm	31 Mar 2012	31 Mar 2011
<b>Assets</b>		
Properties	2,026	1,678
Other assets	15	17
Cash and cash equivalents	14	5
<b>Total assets</b>	<b>2,055</b>	<b>1,700</b>
<b>Shareholders' equity and liabilities</b>		
Equity/shareholder loan	650	515
Interest-bearing liabilities	1,292	1,117
Other liabilities	113	68
<b>Total equity and liabilities</b>	<b>2,055</b>	<b>1,700</b>

# 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 satisfactory occupancy rate.

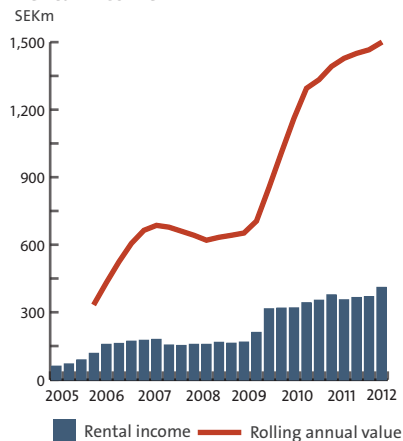
Balder's commercial leases have an average lease term of 4.6 years (4.2). Balder's 10 largest leases represent 8.2 per cent (6.2) of the total rental income, while the average lease term amounts to 12.4 years (6.8). No individual lease accounts for more than 1.7 per cent (0.9) of Balder's total rental income and no individual customer accounts for more than 3.0 per cent (1.2) of the total rental income.

## Lease maturity structure 31 March 2012

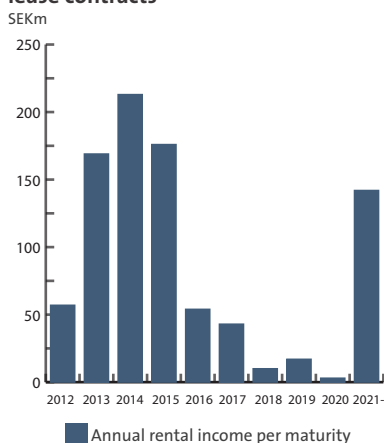
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2012	417	20	57	3
2013	648	30	169	10
2014	480	23	213	13
2015	396	19	176	10
2016–	184	9	267	16
<b>Total</b>	<b>2,125</b>	<b>100</b>	<b>883</b>	<b>52</b>
Residential 1)	10,967		757	45
Car park 1)	3,414		11	1
Garage 1)	3,080		32	2
<b>Total</b>	<b>19,586</b>		<b>1,684</b>	<b>100</b>

1) Normally runs subject to a period of notice of three months.

## Rental income



## Maturity structure of commercial lease contracts



## Balder's ten largest customers

per 31-03-2012

- The Swedish National Courts Administration
- ICA Sverige
- Järfälla Municipality
- Nokas Värdehantering
- Proximion Fiber Systems
- Rasta Group
- SHG Rosen R Hotel
- Stureplansgruppen
- Veidekke Bostad
- Västra Götalands country council

# Financing

## Shareholders' equity

Consolidated equity amounted to SEK 7,297m (5,197) on 31 March and the equity/assets ratio amounted to 34.3 per cent (29.6). Shareholders' equity increased during the period by SEK 265m through a directed issue of preference shares to the seller of the property Malmö Rosen 9, which Balder acquired in January and through comprehensive income for the period of SEK 377m. During the period, shareholders' equity decreased by SEK 20m on account of dividend to the preference shareholders, which occurs quarterly.

## Interest-bearing liabilities

The group's interest-bearing liabilities in respect of properties amounted to SEK 12,501m (11,185) on 31 March, corresponding to a loan-to-value ratio of 62.7 per cent (66.5). Balder's certificate programme has a framework amount of SEK 1 000m and had an outstanding volume of SEK 650m on 31 March. The certificate programme is secured with revolving back-up facilities corresponding to the entire framework amount. The average interest rate refixing period amounted to 3.2 years (2.1) on 31 March and the average fixed credit term amounted to 6.7 years (5.5). The average interest rate amounted to 4.0 per cent (4.2) including the effect of accrued interest from Balder's interest rate derivative instruments which are recognised as fixed interest borrowing in the table.

Interest rate derivative instruments are deployed in order to obtain preferred interest rate refixing targets. Derivatives are continually recognised at fair value in the balance sheet with changes in value recognised in the income statement without using hedge accounting. Unrealised changes in value during the period amounted to SEK 233m (123). The deficit on derivatives, SEK 564m (154), will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 564m which will be reversed in its entirety to equity, adjusted by deferred tax, concurrently with the expiry of interest rate derivatives.

## Liquidity

The group's financial investments, cash and cash equivalents and unutilised credit facilities amounted to SEK 277m (426) at the end of the accounting period.

## Financial goals

The proportion of equity is impacted by the chosen level of financial risk which in turn is impacted by lenders' equity requirements for offering market-based financing. Balder's financial goals are that the equity/assets ratio shall not be less than 30 per cent over time and that the interest coverage ratio should not be less than 1.5 times. As of 31 March, the equity/assets ratio was 34.3 per cent (29.6) and the interest coverage ratio was 2.1 times (1.7).

## Financial goals

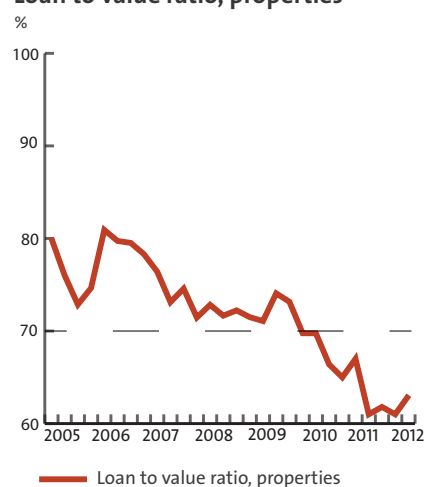
	Goal	Outcome
Equity/assets ratio, %	30.0	34.3
Interest coverage ratio, times	1.5	2.1
Return on equity, % <sup>1)</sup>		9.4

1) The goal for return on equity is that it should exceed the risk-free rate of interest by a good margin over time. The risk-free rate of interest, the yearly average of a five-year government bond, amounted to 1.60 per cent on 31 March 2012.

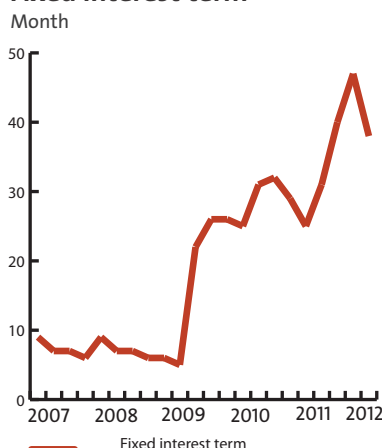
## Interest maturity structure on 31 March 2012

Year	Interest refixing period		Proportion, %
	SEKm	Interest, %	
Within one year	7,286	3.7	57.9
1–2 years	20	4.3	0.2
2–3 years	5	4.1	0.0
3–4 years	274	4.3	2.2
4–5 years	500	4.4	4.0
> 5 years	4,500	4.5	35.8
<b>Total</b>	<b>12,585</b>	<b>4.0</b>	<b>100.0</b>

## Loan to value ratio, properties



## Fixed interest term



# Other information

## Events after the end of the period

The office property Granen 21 in central Stockholm was acquired via a corporate transaction in early May. The lettable area of the property amounts to 4,300 sq.m. and the property was assigned a value SEK 215m in the transaction.

## Related party transactions

Balder receives fees from associated companies and Erik Selin Fastigheter AB for property and company management. These fees amounted to SEK 4m (—) during the period and are recognised in management and administrative costs.

## Risks and uncertainty factors

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 2011, on pages 42–45. Acquisitions have been carried out in Denmark since year-end which means that a limited currency position has arisen. No material changes have been noted in other respects.

## 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, and relevant provisions of the Swedish Annual Accounts Act and the Swedish Securities Markets Act have also been applied. The parent company has prepared its financial statements in accordance with the Annual Accounts Act, the Securities Markets Act and RFR 2, Accounting for Legal Entities.

The accounting policies and calculation methods applied are unchanged compared with the annual report for 2011.

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

Gothenburg, 9 May 2012

Erik Selin  
Chief Executive Officer

# Consolidated statement of comprehensive income

SEKm	Jan–Mar 2012	Jan–Mar 2011	Apr–Mar 2011/2012	Jan–Dec 2011
Rental income	410	377	1,499	1,466
Property costs	–158	–151	–478	–471
<b>Net operating income</b>	<b>252</b>	<b>226</b>	<b>1,021</b>	<b>996</b>
Changes in value of properties, realised	—	1	11	12
Changes in value of properties, unrealised	153	156	975	978
Changes in value of financial investments	—	–4	–2	–7
Other income/costs	–5	–4	–14	–13
Property and administrative costs	–32	–29	–106	–103
Participations in the profits of associated companies	17	3	147	133
<b>Operating profit</b>	<b>385</b>	<b>350</b>	<b>2,031</b>	<b>1,995</b>
Net financial items	–111	–116	–434	–438
Changes in value of derivatives, unrealised	233	123	–410	–520
<b>Profit before tax</b>	<b>507</b>	<b>357</b>	<b>1,187</b>	<b>1,037</b>
Current taxes	—	—	–10	–10
Deferred tax	–128	–91	–252	–215
<b>Net profit for the period/year</b>	<b>379</b>	<b>266</b>	<b>925</b>	<b>812</b>
<b>Other comprehensive income</b>				
Translation difference	–1	0	–3	–2
Participation in other comprehensive income of associated companies	—	—	0	—
<b>Total comprehensive income for the period/year</b>	<b>377</b>	<b>265</b>	<b>922</b>	<b>810</b>
Profit from property management before tax, SEKm	131	85	561	516
Profit from property management before tax per ordinary share, SEK	0.69	0.55	3.14	3.00
Profit after tax per ordinary share, SEK	2.25	1.70	5.59	4.87

All of the comprehensive income for the period/year accrues to the parent company's shareholders.  
There is no dilutive effect as no potential shares arise.

## Consolidated statement of financial position

SEKm	31 Mar 2012	31 Mar 2011	31 Dec 2011
<b>Assets</b>			
Investment properties	19,953	16,821	17,556
Other property, plant and equipment	146	160	148
Participations in associated companies etc.	686	205	654
Other receivables	454	159	455
Cash and cash equivalents and financial investments	55	245	165
<b>Total assets</b>	<b>21,294</b>	<b>17,590</b>	<b>18,978</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	7,297	5,197	6,675
Non-controlling interests	0	4	4
Deferred tax liability	331	77	202
Interest-bearing liabilities <sup>1)</sup>	12,585	11,528	10,801
Derivatives	564	154	797
Other liabilities	516	630	499
<b>Total equity and liabilities</b>	<b>21,294</b>	<b>17,590</b>	<b>18,978</b>
1) Of which interest-bearing liabilities in respect of properties	12,501	11,185	10,635

## Consolidated statement of changes in equity

Attributable to the Parent Company's shareholders, SEKm	Jan–Mar 2012	Jan–Mar 2011	Jan–Dec 2011
<b>Opening equity</b>	<b>6,675</b>	<b>4,654</b>	<b>4,654</b>
New issue	265	278	1,251
Dividend paid for preference shares	–20	—	–40
Comprehensive income for the period/year	377	265	810
<b>Closing equity</b>	<b>7,297</b>	<b>5,197</b>	<b>6,675</b>

# Consolidated statement of cash flows

SEKm	Jan–Mar 2012	Jan–Mar 2011	Jan–Dec 2011
Net operating income	252	226	996
Other operating income/expenses	–5	–4	–13
Management and administrative expenses	–32	–29	–103
Reversal of depreciation and amortisation	3	2	15
Adjustment item	—	—	–2
Net financial items paid	–117	–118	–457
Taxes paid	—	—	–10
<b>Cash flow from operating activities before change in working capital</b>	<b>101</b>	<b>78</b>	<b>426</b>
Change in operating receivables	6	7	–65
Change in operating liabilities	18	71	52
<b>Cash flow from operating activities</b>	<b>125</b>	<b>156</b>	<b>414</b>
Acquisition of properties	–2,186	–2,297	–3,640
Acquisition of property, plant and equipment	—	–121	–122
Purchase of financial investments	–3	–7	–12
Investment in existing properties	–59	–59	–219
Sale of properties	—	80	1,683
Sale of financial investments	138	—	52
Acquisition of shares in associated companies etc.	–15	—	–320
Acquisition of non-controlling interests	–4	—	—
<b>Cash flow from investing activities</b>	<b>–2,130</b>	<b>–2,403</b>	<b>–2,579</b>
New issue	265	278	1,251
Dividend paid for preference shares	–20	—	–40
Loans raised	1,902	1,931	4,189
Amortisation/redemption of loans sold properties/change in credit facilities	–116	29	–3,277
<b>Cash flow from financing activities</b>	<b>2,030</b>	<b>2,237</b>	<b>2,124</b>
<b>Cash flow for the period/year</b>	<b>25</b>	<b>–10</b>	<b>–41</b>
Cash and cash equivalents at the start of the period/year	8	48	48
<b>Cash and cash equivalents at the end of the period/year</b>	<b>33</b>	<b>38</b>	<b>8</b>
Unutilised credit facilities	222	181	133
Financial investments	22	207	157



## Segment information

SEKm	Jan–Mar 2012	Jan–Mar 2011	Apr–Mar 2011/2012	Jan–Dec 2011
<b>Rental income</b>				
Stockholm	118	115	463	460
Gothenburg/West	141	130	514	504
Öresund	77	60	228	210
East	41	40	163	161
North	33	32	131	130
<b>Total</b>	<b>410</b>	<b>377</b>	<b>1,499</b>	<b>1,466</b>
<b>Net operating income</b>				
Stockholm	75	70	330	325
Gothenburg/West	90	81	356	348
Öresund	46	39	149	141
East	21	21	102	102
North	20	15	84	80
<b>Total</b>	<b>252</b>	<b>226</b>	<b>1,021</b>	<b>996</b>

The group's internal reporting of operations is divided into the above segments. Total net operating income corresponds with the net operating income reported in the income statement. The difference between net operating income of SEK 252m (226) and profit before tax of SEK 507m (357) consists of changes in value of properties of SEK 153m (157), change in value of financial investments of SEK —m (–4), management and administrative expenses of SEK –32m (–29), other income/expenses of SEK –5m (–4), participations in profits of associated companies of SEK 17m (3), net financial items of SEK –111m (–116) and changes in value of derivatives of SEK 233m (123).

During the period, the carrying amount in respect of properties of the Stockholm, Gothenburg/West and Öresund regions increased by SEK 61m, SEK 374m, and SEK 1,893m respectively.

# Key ratios

SEKm	Jan–Mar 2012	Jan–Mar 2011	Apr–Mar 2011/2012	Jan–Dec 2011
<b>Share-related, ordinary shares <sup>1)</sup></b>				
<i>Average number of shares, thousands</i>	159,537	155,964	159,537	158,656
Profit after tax, SEK	2.25	1.70	5.42	4.87
Profit after tax excluding unrealised changes in value, SEK	0.45	0.40	2.28	2.27
Profit from property management before tax, SEK	0.69	0.55	3.14	3.00
Net operating income, SEK	1.58	1.45	6.40	6.27
<i>Outstanding number of shares, thousands</i>	159,537	159,537	159,537	159,537
Carrying amount of properties, SEK	125.07	105.44	125.07	110.04
Shareholders' equity, SEK	37.81	32.58	37.81	35.57
Long-term net asset value (EPRA NAV), SEK	43.42	34.03	43.42	41.83
Share price on the closing date, SEK	32.50	31.67	32.50	25.30
1) There is no dilutive effect as no potential shares arise.				
<b>Property-related</b>				
Rental value full-year, SEK/sq.m.	1,185	1,094	1,185	1,163
Rental income full-year, SEK/sq.m.	1,110	1,027	1,110	1,088
Economic occupancy rate, %	94	94	94	94
Surplus ratio, %	61	60	68	68
Carrying amount, SEK/sq.m.	13,156	11,170	13,156	12,467
Number of properties	442	454	442	433
Lettable area, sq.m. thousands	1,517	1,506	1,517	1,408
Profit from property management before tax, SEKm	131	85	561	516
<b>Financial</b>				
Return on equity, %	9.4	9.1	14.8	14.3
Return on total assets, %	6.5	6.5	8.3	8.7
Interest coverage ratio, times	2.1	1.7	2.3	2.1
Equity/assets ratio, %	34.3	29.6	34.3	35.2
Debt/equity ratio, times	1.7	2.2	1.7	1.6
Loan-to-value ratio, %	59.1	65.5	59.1	56.9
Loan-to-value ratio properties, %	62.7	66.5	62.7	60.6

## Condensed parent company income statement

SEKm	Jan–Mar 2012	Jan–Mar 2011	Apr–Mar 2011/2012	Jan–Dec 2011
Net sales	24	19	88	82
Administrative expenses	–30	–24	–104	–98
Change in value of financial investments	—	–4	–2	–7
<b>Operating profit</b>	<b>–6</b>	<b>–9</b>	<b>–19</b>	–22
<b>Profit from financial items</b>				
Net financial items	48	–2	262	212
Changes in value of derivatives, unrealised	196	78	–356	–474
<b>Profit before tax</b>	<b>238</b>	<b>66</b>	<b>–113</b>	<b>–285</b>
Deferred tax	–61	–18	75	118
<b>Net profit for the period/year</b>	<b>177</b>	<b>48</b>	<b>–38</b>	–167

## Condensed parent company balance sheet

SEKm	31 Mar 2012	31 Mar 2011	31 Dec 2011
<b>Assets</b>			
Property, plant and equipment	29	30	30
Financial non-current assets	2,859	2,099	2,820
Receivables from group companies <sup>1)</sup>	8,907	7,177	8,507
Current receivables	25	11	46
Cash and cash equivalents and financial investments	41	225	159
<b>Total assets</b>	<b>11,862</b>	<b>9,552</b>	<b>11,562</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	4,312	3,172	3,891
Interest-bearing liabilities	4,600	3,929	4,654
Liabilities to group companies	2,381	2,260	2,310
Derivatives	405	50	601
Other liabilities	163	142	106
<b>Total equity and liabilities</b>	<b>11,862</b>	<b>9,552</b>	<b>11,562</b>

1) The increase mainly relates to financing of acquisitions during the year.

# The share and owners

## The Share and Owners

Balder's shares are listed on Nasdaq OMX Stockholm, Mid Cap. Since 20 June, when the preference share was listed, Balder has two listed classes of shares, an ordinary class B share and a preference share which pays a dividend of SEK 5 per quarter. The company's market capitalisation as of 31 March amounted to SEK 6,632m (5,052). The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB which owns 39.1 per cent of the capital and 52.2 per cent of the votes.

## Compulsory redemption of shares in Din Bostad Sverige AB

A compulsory redemption procedure concerning remaining shareholders of Din Bostad Sverige has been underway since November 2009 and an arbitration board has determined the redemption amount. Balder has redeemed all outstanding shares for the redemption amount of SEK 29 per share.

## Ordinary shares

At the end of the period, the ordinary share had 7,739 shareholders (5,905). During the period, 28.4 million shares were traded, which is equal to an average of 437,000 shares (176,000) per trading day. The annual turnover rate amounted to 71 per cent during the period. On 31 March, the market price of the share was SEK 32.50 (31.67).

## Preference shares

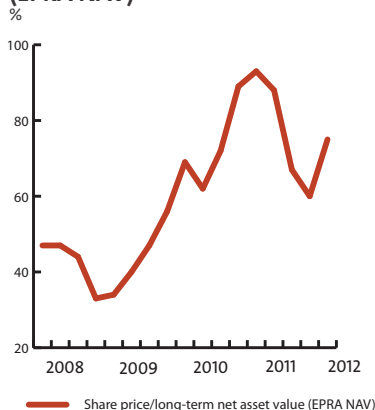
At the end of the period, the preference share had 4,869 shareholders (—). During the period, 1.1 million shares were traded, which is equal to an average of 16,500 shares per trading day. The annual turnover rate amounted to 86 per cent. On 31 March, the market price of the preference share was SEK 289.50.

## Share capital

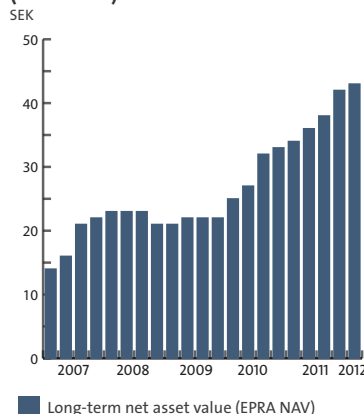
During the period, 1,000,000 preference shares were issued at SEK 265.00 per share, which provided the company with SEK 265m.

On 31 March, the share capital in Balder amounted to SEK 167,396,852 distributed among 167,396,852 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 shares are of Class A, 151,167,420 are of Class B and 5,000,000 are preference shares. Of the B shares, 2,859,600 were repurchased as of 31 March, which means that the total number of outstanding shares amounts to 163,537,252. Each Class A share carries one vote and each Class B share and preference share carries one tenth of one vote.

Share price/long-term net asset value (EPRA NAV)



Development of long-term net asset value (EPRA NAV)



### Ownership list as of 31 March 2012

Owner	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Erik Selin Fastigheter AB	8,298,594	57,207,798	—	65,506,392	39.1	52.2
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	9.8	15.9
Länsförsäkringar fondförvaltning AB	—	12,674,454	—	12,674,454	7.6	4.7
Swedbank Robur fonder	—	6,985,829	121,250	7,107,079	4.3	2.7
Lannebo fonder	—	5,200,000	—	5,200,000	3.1	1.9
Handelsbanken fonder	—	4,296,928	—	4,296,928	2.6	1.6
Andra AP-fonden	—	4,147,098	—	4,147,098	2.5	1.5
Livförsäkrings AB Skandia	7,398	1,931,126	—	1,938,524	1.2	0.8
Kjellberg, Göran	—	1,875,000	—	1,875,000	1.1	0.7
Rahi, Sharam via company	—	1,660,222	20,000	1,680,222	1.0	0.6
Other	7,548	38,786,825	4,858,750	43,653,123	26.0	16.3
<b>Total outstanding shares</b>	<b>11,229,432</b>	<b>148,307,820</b>	<b>5,000,000</b>	<b>164,537,252</b>	<b>98.3</b>	<b>98.9</b>
Repurchased own shares	—	2,859,600	—	2,859,600	1.7	1.1
<b>Total registered shares</b>	<b>11,229,432</b>	<b>151,167,420</b>	<b>5,000,000</b>	<b>167,396,852</b>	<b>100.0</b>	<b>100.0</b>

# Definitions

## FINANCIAL

### Return on equity, %

Profit after tax in relation to average shareholders' 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 with the exception of changes in value.

### Return on total assets, %

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

### Loan-to value ratio, %

Interest-bearing liabilities at the end of the period in relation to total assets at the end of the period.

### Loan-to-value ratio properties, %

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

### Profit from property management before tax, SEKm

Resultat före skatt med återläggning av värdeförändringar. Återläggning sker även av värdeförändringar och skatt i andel i resultat från intressebolag.

### Risk-free interest

Annual average of a five-year government bond.

### Interest coverage ratio, times

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

### Debt/equity ratio, times

Interest-bearing liabilities in relation to shareholders' equity.

### Equity/assets ratio, %

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

## PROPERTY RELATED

### Yield, %

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

### Net operating income, SEKm

Rental income less property costs.

### Economic occupancy rate, %

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

### Property category

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

### Property costs, SEKm

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

### Rental value, SEKm

Contracted rent and estimated market rent for vacant premises and residential properties.

### Surplus ratio, %

Net operating income in relation to rental income.

## SHARE RELATED

### Equity per ordinary share, SEK

Shareholders' equity in relation to the number of outstanding ordinary shares at the end of the period after deduction of the preference capital.

### Equity per preference share, SEK

Equity per preference share is equivalent to the subscription price of the preference share of SEK 253 per share.

### Profit from property management per ordinary share, SEK

Profit from property management reduced by preference share dividend for the period divided by the average number of outstanding ordinary shares.

### Average number of shares

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

### Preference capital, SEK

Preference capital amounts to an average issue price of SEK 253 per preference share.

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

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

### Profit after tax per ordinary share, SEK

Profit attributable to the average number of ordinary shares after consideration of the preference shares' portion of the profit for the period.

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. The information has been published at 2.00 p.m. on 9 May 2012.

This report is a translation of the Swedish Interim report January–March 2012. In the event of any disparities between this report and the Swedish version, the latter will have priority.

#### **Contact**

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#### **Financial information**

Overall information may be found on Balder's home page, [www.balder.se](http://www.balder.se), about the company's operations, board of directors and management, financial reporting and also press releases.

#### **Calendar**

Interim report January–June 2012                      27 August 2012  
Interim report January–September 2012 8 November 2012

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