

Fastighets AB Balder Interim report January–June 2013

- Profit from property management before tax amounted to SEK 378m (303), corresponding to SEK 2.00 per ordinary share (1.61)
- Rental income amounted to SEK 902m (835)
- Profit after tax amounted to SEK 851m (514), corresponding to SEK 4.96 per ordinary share (2.94)
- Shareholders' equity amounted to SEK 47.11 per ordinary share (38.50) and the net asset value amounted to SEK 54.40 per ordinary share (44.85)

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 23.6 billion (20.5) as of 30 June 2013. The Balder share is listed on NASDAQ OMX Stockholm, Mid Cap segment.



Lindholm 39:2, Gothenburg



The period in brief

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

April–June 2013

- Rental income amounted to SEK 454m (426).
- Net operating income increased by 7 per cent to SEK 322m (302).
- Profit from property management amounted to SEK 217m (172), which corresponds to SEK 1.18 per ordinary share (0.92).
- Changes in value in respect of investment properties amounted to SEK 166m (93). The average yield requirement amounted to 5.9 per cent (6.0).
- Unrealised changes in the value of interest rate derivatives have impacted the result by SEK 184m (–83).
- Net profit after tax for the period amounted to SEK 445m (135), which corresponds to SEK 2.60 per ordinary share (0.69).
- Four properties were acquired and three were sold.
- A new issue of 500,000 preference shares has been carried out, which has increased shareholders' equity by SEK 160m.
- An unsecured bond loan has been issued to a value of SEK 500m, which will be quoted on NASDAQ OMX Stockholm.

January–June 2013

- Rental income amounted to SEK 902m (835).
- Net operating income increased by 7 per cent to SEK 594m (553).
- Profit from property management amounted to SEK 378m (303), which corresponds to SEK 2.00 per ordinary share (1.61).
- Changes in value in respect of investment properties amounted to SEK 337m (246). The average yield requirement amounted to 5.9 per cent (6.0).
- Unrealised changes in the value of interest rate derivatives have impacted the result by SEK 373m (149).
- Net profit after tax for the period amounted to SEK 851m (514), which corresponds to SEK 4.96 per ordinary share (2.94).
- Four properties were acquired and five were sold.
- Shareholders' equity amounted to SEK 47.11 per ordinary share (38.50).
- The net asset value amounted to SEK 54.40 per ordinary share (44.85).

	Jan–June 2013	Jan–June 2012	Jan–Dec 2012	Jan–Dec 2011	Jan–Dec 2010	Jan–Dec 2009	Jan–Dec 2008	Jan–Dec 2007	Jan–Dec 2006
Rental income, SEKm	902	835	1,701	1,466	1,333	854	633	678	524
Profit from property management before tax, SEKm	378	303	691	516	417	315	174	179	160
Changes in value of properties, SEKm	337	246	812	990	1,047	4	–201	642	212
Changes in value of derivatives, SEKm	373	149	–71	–520	148	–23	–333	7	–
Profit after tax, SEKm	851	514	1,162	812	1,338	248	–388	785	441
Carrying amount of properties, SEKm	23,611	20,481	22,278	17,556	14,389	12,669	7,086	6,758	6,997
Data per ordinary share									
Average number of shares, thousands	159,537	159,537	159,537	158,656	149,487	112,902	95,910	97,318	94,050
Profit after tax, SEK	4.96	2.94	6.69	4.87	8.95	2.20	–4.04	8.07	4.69
Profit from property management before tax, SEK	2.00	1.61	3.73	3.00	2.79	2.79	1.81	1.84	1.70
Outstanding number of shares, thousands	159,537	159,537	159,537	159,537	149,487	149,487	94,458	97,318	97,318
Carrying amount of properties, SEK	148.00	128.38	139.64	110.04	96.25	84.75	75.02	69.44	71.90
Shareholders' equity, SEK	47.11	38.50	42.15	35.57	31.13	22.19	19.63	23.49	15.42
Long-term net asset value (EPRA NAV), SEK	54.40	44.85	50.37	41.83	32.89	22.16	20.95	22.33	13.06
Share price on closing date, SEK	48.50	31.30	37.30	25.30	29.40	12.50	7.00	13.33	17.00

CEO's comments

Profit from property management

Our good start during the first quarter was also followed by a really strong profit from property management during the second quarter. The increase per ordinary share amounted to 24 per cent during the first half-year and to 27 per cent during the second quarter.

Properties acquired in the past year and the existing property portfolio have performed well. We also benefitted from a favourable interest rate level. Despite the global turbulence, our market still feels stable in Sweden.

Real estate transactions

During the second quarter, we acquired four properties in the Stockholm and Gothenburg regions to a value of just over SEK 800m and we sold three properties in smaller towns to a value of SEK 58m. The work on increasing our holdings in metropolitan regions and reducing our presence in areas where we lack critical mass is thus proceeding as planned.

Project real estate and property development

For Balder, project real estate is a relatively new phenomenon. Historically, new construction and project development have not been an important part of our operations. However, we currently have three real estate projects under development, which will be completed in 2014 and, which are essentially fully let. The overall investment volume will amount to approximately SEK 1.1 billion upon completion.

During the autumn, we will increase our focus on property development as we see opportunities both in our existing portfolio and in new transactions, primarily on the residential side. In the longer term, this area will gradually make a nice additional contribution to our existing operations.

By way of conclusion, I would like to single out our associated companies, which have developed very positively during the year. This is very satisfying for us and our partners and we expect this trend to continue.

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 and is estimated to largely consist of deferred tax, which does not affect the cash flow.

Current earning capacity on a twelve-month basis

SEKm	30 June 2013	31 Mar 2013	31 Dec 2012	30 Sep 2012	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Sep 2011	30 Jun 2011	31 Mar 2011	31 Dec 2010
Rental income	1,865	1,800	1,800	1,790	1,710	1,685	1,530	1,480	1,450	1,405	1,405
Property costs	-575	-560	-560	-560	-530	-525	-465	-455	-445	-430	-430
Net operating income	1,290	1,240	1,240	1,230	1,180	1,160	1,065	1,025	1,005	975	975
Property and administrative expenses	-120	-120	-120	-115	-115	-110	-105	-100	-100	-105	-105
Profit from property management from associated companies	130	130	120	110	95	95	90	85	85	30	20
Operating profit	1,300	1,250	1,240	1,225	1,160	1,145	1,050	1,010	990	900	890
Net financial items	-510	-495	-495	-505	-500	-505	-445	-420	-410	-425	-440
Profit from property management	790	755	745	720	660	640	605	590	580	475	450
Taxes	-174	-166	-164	-189	-174	-168	-159	-155	-153	-125	-118
Profit after tax	616	589	581	531	486	471	446	435	427	350	332
Profit after tax attributable to											
Ordinary shareholders	486	469	461	411	386	371	366	355	347	350	332
Preference shareholders	130	120	120	120	100	100	80	80	80	—	—
Profit from property management before tax according to current earnings capacity per ordinary share, SEK	4.14	3.98	3.92	3.76	3.51	3.38	3.29	3.20	3.13	2.98	3.01

Results, income and costs

Earnings

Profit from property management increased by 25 per cent during the period and amounted to SEK 378m (303), which corresponds to SEK 2.00 per ordinary share (1.61). Profit from property management includes SEK 71m (46) in respect of associated companies.

Net profit after tax for the period amounted to SEK 851m (514), corresponding to SEK 4.96 per ordinary share (2.94). Profit before tax was affected by changes in value in respect of properties of SEK 337m (246), changes in value of interest rate derivatives of SEK 373m (149) and profit from participations in associated companies of SEK 60m (35).

Rental income

Rental income increased by 8 per cent to SEK 902m (835). The increase was primarily due to a larger real estate portfolio. The leasing portfolio was estimated to have a rental value on 30 June of SEK 1,993m (1,827) on an annual basis. The average rental level for the entire real estate portfolio amounted to SEK 1,267/sq.m. (1,202).

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 30 June. The total rental value of unlet areas on 30 June amounted to SEK 128m (115) on an annual basis.

Property costs

Property costs amounted to SEK 309m (282) during the year. The increase in property costs was mainly due to changes in the real estate portfolio.

Net operating income increased by 7 per cent to SEK 594m (553), which meant a surplus ratio of 66 per cent (66). 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 and external valuation on 30 June, based on a ten-year cash flow model, of the entire real estate portfolio. Unrealised changes in value during the period amounted to SEK 329m (245). Realised changes in value amounted to SEK 8m (1).

The average yield requirement as of 30 June amounted to 5.9 per cent (6.0), which is unchanged compared to year-end. The change in value during the period is attributable to improved net operating income.

Property and administrative costs

Property and administrative costs amounted to SEK 62m (62) during the period.

Participations in the profit of associated companies

Balder owns 50 per cent of the property-managing associated companies and project development companies Bovie-ran and Majornas Projektutveckling. The participating interest in the finance and credit management company Collector amounts to 44 per cent. Profit from participations in associated companies during the period amounted to SEK 60m (35). Balder's participation in the associated companies' profit from property management amounted to SEK 71m (46). Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 3m (2).

Net financial items and unrealised changes in value of derivatives

Net financial items amounted to SEK -224m (-235) and unrealised changes in the value of interest rate derivatives amounted to SEK 373m (149). The positive change in value during the period was due to an increase in the level of interest rates since year-end. The change in value has not affected the cash flow.

Net financial items are equivalent to borrowing at an average interest rate of 3.2 per cent (3.9) during the period, including the effect of accrued interest from interest rate derivatives.

Taxes

Balder reported no current tax during the period (1) but a deferred tax expense of SEK 226m (162).

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 mainly companies acquired during the year.

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 667m (366). At year-end, the group's overall deficit amounted to SEK 2,169m.

The second quarter 2013

Profit from property management for the second quarter of 2013 increased by 26 per cent and amounted to SEK 217m (172), which corresponds to SEK 1.18 per share (0.92). Profit from property management included SEK 34m (24) in respect of associated companies. Rental income amounted to SEK 454m (426) and property costs to SEK 132m (124), which meant that net operating income increased by 7 per cent and generated net operating income for the second quarter of SEK 332m (302). The surplus ratio amounted to 71 per cent (71).

Net profit after tax for the period amounted to SEK 445m (135), corresponding to SEK 2.60 per share (0.69). The change in profit was mainly due to increased positive changes in value in respect of properties and derivatives.

The result was affected by changes in value in respect of properties of SEK 166m (93), unrealised changes in the value of interest rate derivatives of SEK 184m (-83) and profit from participations in associated companies of SEK 29m (17).

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 291m (244). Investing activities have burdened the cash flow by SEK 1,043m (2,586).

During the period, acquisition of properties of SEK 837m (2,628), investments in existing properties of SEK 212m (133) and investments in property, plant and equipment,

financial investments, associated companies, non-controlling interests of SEK 74m (49) and dividends paid of SEK 60m (45) have been financed through cash flow from operating activities of SEK 137m (226), by property divestments of SEK 78m (67) and financial investments of SEK 3m (139), a new issue of SEK 160m (265), dividends from associated companies of SEK 0m (18) and net borrowings of SEK 878m (2,148).

The cash flow for the period amounted to SEK 71m (8) in total. The group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 549m (239) on 30 June.

Employees and organisation

The number of employees on 30 June amounted to 223 persons (208), of whom 73 (68) 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 48m (49) during the period.

Net profit after tax for the period amounted to SEK 325m (490). Dividend from subsidiaries amounted to SEK –m (333) and changes in the value of interest rate derivatives amounted to SEK 321m (117).

Real estate holdings

On 30 June, Balder owned 431 properties (441) with a lettable area of approximately 1,572,000 sq.m. (1,520,000) to a value of SEK 23,611m (20,481). Balder's total rental value amounted to SEK 1,993m (1,827) on 30 June.

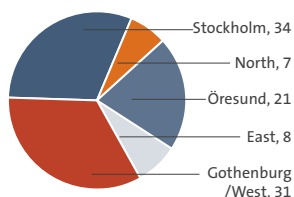
Balder's commercial properties are located in the centre and immediate suburbs of big cities and surrounding municipal areas. Balder's residential properties are located in places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

Balder's real estate holdings on 30 June 2013 ¹⁾

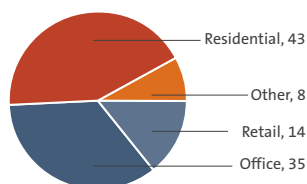
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	57	413,474	646	1,562	596	92	7,981	34
Gothenburg/								
West	189	549,995	646	1,174	611	95	7,203	31
Öresund	48	259,421	377	1,454	350	93	4,942	21
East	57	195,703	179	912	169	95	1,947	8
North	80	153,754	146	947	140	96	1,538	7
Total	431	1,572,347	1,993	1,267	1,865	94	23,611	100
Distributed by property category								
Residential	292	879,050	878	998	849	97	10,081	43
Office	68	420,975	723	1,717	665	92	8,337	35
Retail	34	155,122	234	1,511	219	94	3,217	14
Other	37	117,200	158	1,346	131	83	1,977	8
Total	431	1,572,347	1,993	1,267	1,865	94	23,611	100

¹⁾ 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 30 June, Balder's average yield requirement amounted to 5.9 per cent, excluding project real estate, which is unchanged compared to the start of the year.

In order to quality-assure its internal valuations, Balder regularly allows parts of the portfolio to be externally valued during the year and at every year-end. Balder's entire real estate portfolio was externally valued as of 30 June. The external valuation exceeded Balder's internal valuation by less than 1 per cent. Historically, deviations between external and internal valuations have been insignificant.

Project real estate

Balder had three properties under construction as of 30 June. The overall investment will amount to SEK 1,100m, of which about SEK 735m is still to be invested.

Rosvalla Arena, Brandholmen 1:72 is under construction in Nyköping, with a lettable area of about 13,000 sq.m. The property is fully let to Nyköping municipality and is subject to a 25-year lease. The property will be completed during the third quarter of 2014.

In Stockholm, Skeppshandeln 1 is under construction with a lettable area of almost 14,000 sq.m. and 280 accompanying parking places. The property is 95 per cent let to tenants including ICA, Profile Hotels and Bengt Dahlgren. The property will be completed during the third quarter of 2014.

Balder has signed an agreement to acquire a hotel property in Lund during the first quarter of 2014, when completion of the property is expected. The 9,000 sq.m. property, is fully let and will be managed under the Park Inn by Radisson brand.

Unrealised changes in value

The overall carrying amount of Balder's 431 properties (441) amounted to SEK 23,611m (20,481) on 30 June. The unrealised change in value during the period amounted to SEK 329m (245) and was attributable to improved net operating income.

Investments, acquisitions and sales

During the year, a total of SEK 1,049m (2,761) was invested, of which SEK 837m (2,628) related to acquisitions and SEK 212m (133) related to investments in existing properties. Properties to a value of SEK 78m (67) were sold during the period.

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

Change in carrying amount of properties

	2013		2012	
	SEKm	Number	SEKm	Number
Real estate portfolio, 1 January	22,278	432	17,556	433
Investments in existing properties	212		133	
Acquisitions	837	4	2,628	12
Sales	-70	-5	-66	-4
Change in value of investment properties, unrealised	329		245	
Currency changes	26		-14	
Real estate portfolio, 31 June	23,611	431	20,481	441

Property transactions 2013

Quarter	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
Acquisitions					
Two	1	Mellomkvarn 1	Skövde	Retail	10,959
Two	1	Murmästaren 7	Stockholm	Office	3,089
Two	1	Skeppshandeln 1	Stockholm	Commercial	13,766
Two	1	Lindholmen 39:2	Gothenburg	Other	13,299
Total	4				41,113
Divestments					
One	1	Märsta 1:218	Sigtuna	Retail	2,372
One	1	Oden 19	Falköping	Residential	317
Two	1	Kaktusen 29, 30, 33	Höganäs	Office	4,630
Two	1	Fredborg 1	Uddevalla	Retail	200
Two	1	Västbjörke 2:84, 85, 88	Trollhättan	Residential	2,370
Two	—	Part of Holmsund 7:6	Gävle	Residential	—
Two	—	Part of Tunadal 9	Köping	Residential	—
Total	5				9,889

Associated companies

Balder owns 50 per cent of property-managing associated companies and associated companies which conduct project development. In addition, Balder owns 44 per cent of the finance and credit management company Collector. The property-managing associated companies include Centur, Akroterion and Tulia. Bovieran and Majornas Projektutveckling are focused on project development.

In order to illustrate Balder's holdings in associated companies, Balder's participations in the balance sheets and

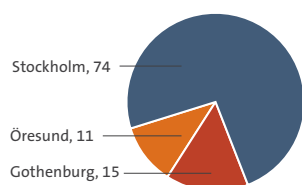
real estate holdings of property-managing associated companies are reported below and presented according to IFRS accounting policies.

The associated companies own 49 properties in total (42). Balder's participation in the lettable area of the real estate holdings amounts to approximately 142,000 sq.m. (125,000) with a rental value of SEK 197m (157). The economic occupancy rate amounted to 93 per cent (97).

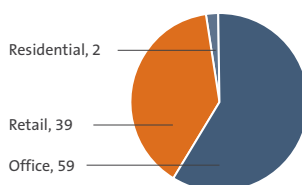
Balder's participation in the real estate portfolio of associated companies on 30 June 2013

	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								
Stockholm	32	87,980	146	1,660	134	92	1,741	74
Gothenburg	10	30,076	29	953	28	99	361	15
Öresund	7	24,282	23	937	21	91	260	11
Total	49	142,337	197	1,387	183	93	2,363	100
Distributed by property category								
Residential	3	3,095	4	1,191	4	98	52	2
Office	19	58,111	116	1,998	105	90	1,385	59
Retail	27	81,132	78	957	75	96	925	39
Total	49	142,337	197	1,387	183	93	2,363	100

Distributed by region, %



Distributed by property category, %



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

SEKm	30 June 2013	30 June 2012
Assets		
Properties	2,363	2,046
Other assets	21	11
Cash and cash equivalents	26	11
Total assets	2,410	2,068
Shareholders' equity and liabilities		
Equity/shareholder loan	815	658
Interest-bearing liabilities	1,459	1,297
Other liabilities	136	112
Total equity and liabilities	2,410	2,068

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.

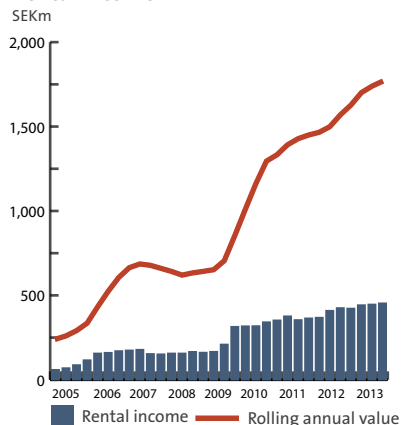
Balder's commercial leases have an average lease term of 4.9 years (4.5). Balder's 10 largest leases represent 9.1 per cent (8.3) of total rental income and the average lease term amounts to 12.4 years (11.1). No individual lease accounts for more than 1.6 per cent (1.7) of Balder's total rental income and no individual customer accounts for more than 2.5 per cent (2.6) of total rental income.

Lease maturity structure 30 June 2013

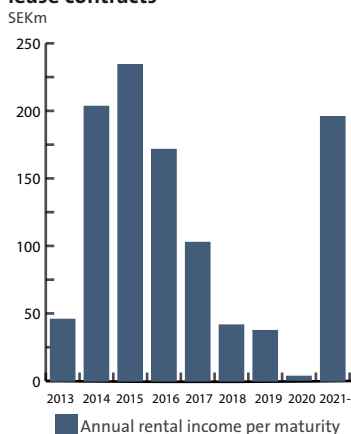
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2013	388	18	47	3
2014	638	29	203	11
2015	489	22	231	12
2016	417	19	174	9
2017–	273	12	389	21
Total	2,205	100	1,044	56
Residential ¹⁾	10,964		774	42
Car park ¹⁾	3,370		11	1
Garage ¹⁾	3,166		35	2
Total	19,705		1,865	100

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 30-06-2013

- ICA Sverige
- Järfälla Municipality
- Magnora
- Nokas Värdehantering
- Rasta Group
- SHG Rosen R Hotel
- Sirius International Insurance
- Stureplansgruppen
- Västra Götalands country council
- Winn Hotel Group

Finansiering

Shareholders' equity

Consolidated equity amounted to SEK 9,242m (7,408) on 30 June and the equity/assets ratio amounted to 36.0 per cent (33.9). During the period, equity increased by comprehensive income for the period of SEK 854m (513), a new issue of preference shares of SEK 160m (265) and decreased by SEK 60m (45) on account of dividend to the preference shareholders, which is paid out quarterly.

Interest-bearing liabilities

The group's interest-bearing liabilities in respect of properties amounted to SEK 13,867m (12,854) on 30 June, corresponding to a loan-to-value ratio of 58.7 per cent (62.8). The interest-bearing liabilities consist of two bonds of SEK 750m, a certificate programme with a framework amount of SEK 1,000m and bilateral bank loans with Nordic banks. Balder's certificate programme had an outstanding volume of SEK 760m on 30 June. On 30 June, Balder's average interest rate refixing period amounted to 4.2 years (3.0). The fixed credit term amounted to 6.0 years (6.6) and the average interest rate amounted to 3.5 per cent (3.8), including the effect of accrued interest from the 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 amounted to SEK 373m (149) during the period. The deficit on derivatives, SEK 495m (648), will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 495m which will be reversed in its entirety to equity, adjusted by deferred tax, concurrently with the expiry of interest rate derivatives. All derivatives are classified as Level 2 according to IFRS 13.

Liquidity

The group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 549m (239) at the end of the accounting period.

Financial targets

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 targets 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 30 June, the equity/assets ratio was 36.0 per cent (33.9) and the interest coverage ratio was 2.7 times (2.2).

Financial targets

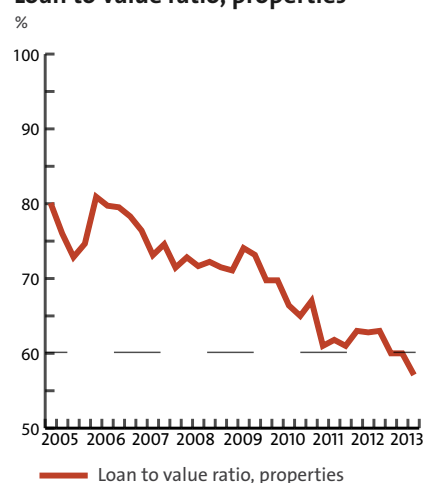
	Target	Outcome
Equity/assets ratio, %	30,0	36,0
Interest coverage ratio, times	1,5	2,7
Return on equity, % ¹⁾		14,4

1) The target 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 1.35 per cent on 30 June 2013.

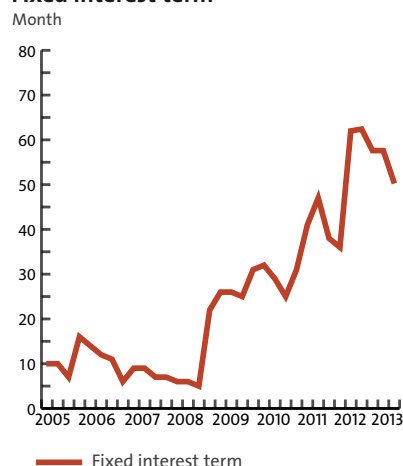
Interest maturity structure on 30 June 2013

Year	Interest refixing period		
	SEKm	Interest, %	Proportion, %
Within one year	6,419	2.6	43.7
1–2 years	248	4.3	1.7
2–3 years	523	4.4	3.6
3–4 years	—	—	—
4–5 years	1,000	5.0	6.8
> 5 years	6,500	4.2	44.2
Total	14,690	3.5	100.0

Loan to value ratio, properties



Fixed interest term



Other disclosures

Events after the end of the period

No significant events have occurred since the end of the period.

Related company transactions

Balder receives fees from associated companies and Erik Selin Fastigheter AB for property and company management services. These fees amounted to SEK 8m (8) 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 2012, on pages 42–45.

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.

Since year-end, Balder has adopted the new format for other comprehensive income according to IAS 1 and also provides disclosures regarding items that are measured at fair value in accordance with IFRS 13.

The accounting policies and calculation methods applied are unchanged compared with the Annual Report for 2012.

Signature and verification

The Board of Directors and the CEO declare that the undersigned 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, 26 August 2013

Christina Rogestam
Chairman of the Board

Fredrik Svensson
Board member

Sten Dunér
Board member

Anders Wennergren
Board member

Erik Selin
Board member
and CEO

Review report

Introduction

We have reviewed the half-yearly report of Fastighets AB Balder (publ), corporate identity no. 556525-6905, as of 30 June 2013, for the period from 1 January 2013 to 30 June 2013. The board of directors and the CEO are responsible for the preparation and true and fair presentation of this half-yearly report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this half-yearly report based on our review.

The focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements, (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly report, in all material respects, is not prepared for the Group in compliance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company in compliance with the Swedish Annual Accounts Act.

Gothenburg, 26 August 2013
Öhrlings PricewaterhouseCoopers

Bengt Kron
Authorised Public Accountant

Consolidated statement of comprehensive income

SEKm	April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	July–June 2012/2013	Jan–Dec 2012
Rental income	454	426	902	835	1,768	1,701
Property costs	–132	–124	–309	–282	–564	–537
Net operating income	322	302	594	553	1,204	1,164
Changes in value of properties, realised	5	1	8	1	9	3
Changes in value of properties, unrealised	161	92	329	245	893	809
Other income/costs	—	–6	—	–11	–5	–16
Property and administrative costs	–31	–30	–62	–62	–116	–115
Participations in the profits of associated companies	29	17	60	35	131	105
Operating profit	486	377	928	762	2,115	1,950
Net financial items	–108	–123	–224	–235	–455	–466
Changes in value of derivatives, unrealised	184	–83	373	149	153	–71
Profit before tax	562	170	1,077	677	1,813	1,412
Current taxes	0	–1	0	–1	–10	–10
Deferred tax	–117	–34	–226	–162	–304	–240
Net profit for the period/year	445	135	851	514	1,499	1,162
Other comprehensive income						
Translation difference	7	0	3	–1	–4	–7
Participation in other comprehensive income of associated companies	0	—	0	—	0	—
Total comprehensive income for the period/year	453	135	854	513	1,495	1,155
Profit from property management before tax, SEKm	217	172	378	303	766	691
Profit from property management before tax per ordinary share, SEK	1.18	0.92	2.00	1.61	4.11	3.73
Profit after tax per ordinary share, SEK	2.60	0.69	4.96	2.94	8.71	6.69

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	30 June 2013	30 June 2012	31 Dec 2012
Assets			
Investment properties	23,611	20,481	22,278
Other property, plant and equipment	148	145	152
Participations in associated companies	887	685	760
Other receivables ¹⁾	823	461	537
Cash and cash equivalents and financial investments	199	59	116
Total assets	25,669	21,832	23,843
Shareholders' equity and liabilities			
Shareholders' equity	9,242	7,408	8,289
Deferred tax liability	667	366	443
Interest-bearing liabilities ²⁾	14,690	12,936	13,789
Derivatives	495	648	868
Other liabilities	574	475	453
Total equity and liabilities	25,669	21,832	23,843
1) Of which most part refers to receivables in associated companies			
2) Of which interest-bearing liabilities in respect of properties	13,867	12,854	13,450

Consolidated statement of changes in equity

Attributable to the Parent Company's shareholders, SEKm	Jan-June 2013	Jan-June 2012	Jan-Dec 2012
Opening equity	8,289	6,675	6,675
New issue	160	265	554
Dividend paid for preference shares	-60	-45	-95
Comprehensive income for the period/year	854	513	1,155
Closing equity	9,242	7,408	8,289

Consolidated statement of cash flows

SEKm	April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	Jan–Dec 2012
Net operating income	322	302	594	553	1,164
Other operating income/expenses	—	–6	—	–11	–16
Management and administrative expenses	–31	–30	–62	–62	–115
Reversal of depreciation and amortisation	4	5	8	8	16
Adjustment item	–1	2	–2	2	0
Net financial items paid	–114	–129	–247	–246	–495
Taxes paid	0	–1	0	–1	–10
Cash flow from operating activities before change in working capital	180	143	291	244	543
Change in operating receivables	–170	0	–276	7	–59
Change in operating liabilities	50	–42	121	–25	–47
Cash flow from operating activities	60	101	137	226	438
Acquisition of properties	–837	–442	–837	–2,628	–3,756
Acquisition of property, plant and equipment	–1	–5	–5	–5	–19
Purchase of financial investments	—	–22	–2	–25	–60
Investment in existing properties	–108	–73	–212	–133	–273
Sale of properties	58	67	78	67	72
Acquisition of non-controlling interests	—	—	—	–4	–4
Sale of financial investments	1	1	3	139	154
Acquisition of shares in associated companies	0	—	–67	–15	–19
Received dividend from associated companies	—	18	—	18	18
Cash flow from investing activities	–887	–456	–1,043	–2,586	–3,888
New issue	160	—	160	265	554
Dividend paid for preference shares	–30	–25	–60	–45	–95
Loans raised	1,060	399	1,186	2,300	4,307
Amortisation/redemption of loans sold properties/change in credit facilities	–268	–36	–308	–152	–1,276
Cash flow from financing activities	921	338	977	2,368	3,490
Cash flow for the period/year	94	–16	71	8	40
Cash and cash equivalents at the start of the period/year	25	33	47	8	8
Cash and cash equivalents at the end of the period/year	118	16	118	16	47
Unutilised credit facilities	350	180	350	180	354
Financial investments	81	43	81	43	69

Segment information

SEKm	April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	July–June 2012/2013	Jan–Dec 2012
Rental income						
Stockholm	144	117	288	235	545	493
Gothenburg/West	146	143	291	284	575	568
Öresund	86	89	172	166	347	341
East	42	42	83	83	165	164
North	35	35	69	67	137	135
Total	454	426	902	835	1,769	1,701
Net operating income						
Stockholm	108	84	200	160	384	344
Gothenburg/West	104	105	193	190	394	391
Öresund	62	63	117	117	243	243
East	25	25	47	47	101	101
North	22	25	37	39	82	84
Total	322	302	594	553	1,204	1,164

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 594m (553) and profit before tax of SEK 1 077m (677) consists of changes in value of properties of SEK 337m (246), management and administrative expenses of SEK –62m (–62), other income/expenses of SEK –m (–11), participations in profits of associated companies of SEK 60m (35), net financial items of SEK –224m (–235) and changes in value of derivatives of SEK 373m (149).

During the period, the carrying amount in respect of properties increased with SEK 476m in Stockholm region, SEK 639m in Gothenburg/West region, SEK 17m in Öresund region, SEK 149m in East region and SEK 53m in North region.

Key ratios

SEKm	April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	July–June 2012/2013	Jan–Dec 2012
Share-related, ordinary shares ¹⁾						
<i>Average number of shares, thousands</i>	159,537	159,537	159,537	159,537	159,537	159,537
Profit after tax, SEK	2.60	0.69	4.96	2.94	8.71	6.69
Profit after tax excluding unrealised changes in value, SEK	0.91	0.65	1.51	1.11	3.55	3.04
Profit from property management before tax, SEK	1.18	0.92	2.00	1.61	4.11	3.73
Net operating income, SEK	2.02	1.89	3.72	3.47	7.55	7.30
<i>Outstanding number of shares, thousands</i>	159,537	159,537	159,537	159,537	159,537	159,537
Carrying amount of properties, SEK	148.00	128.38	148.00	128.38	148.00	139.64
Shareholders' equity, SEK	47.11	38.50	47.11	38.50	47.11	42.15
Long-term net asset value (EPRA NAV), SEK	54.40	44.85	54.40	44.85	54.40	50.37
Share price on the closing date, SEK	48.50	31.30	48.50	31.30	48.50	37.30
1) There is no dilutive effect as no potential shares arise.						
Property-related						
Rental value full-year, SEK/sq.m.	1,267	1,202	1,267	1,202	1,267	1,247
Rental income full-year, SEK/sq.m.	1,186	1,126	1,186	1,126	1,186	1,166
Economic occupancy rate, %	94	94	94	94	94	94
Surplus ratio, %	71	71	66	66	68	68
Carrying amount, SEK/sq.m.	15,017	13,472	15,017	13,472	15,017	14,439
Number of properties	431	441	431	441	431	432
Lettable area, sq.m. thousands	1,572	1,520	1,572	1,520	1,572	1,543
Profit from property management before tax, SEKm	217	172	378	303	766	691
Financial						
Return on equity, ordinary share, %	12.7	7.1	14.4	10.4	20.3	17.0
Return on total assets, %	6.5	5.3	7.6	7.0	9.5	8.8
Interest coverage ratio, times	3.0	2.3	2.7	2.2	2.7	2.4
Equity/assets ratio, %	36.0	33.9	36.0	33.9	36.0	34.8
Debt/equity ratio, times	1.6	1.7	1.6	1.7	1.6	1.7
Loan-to-value ratio, %	57.2	59.3	57.2	59.3	57.2	57.8
Loan-to-value ratio properties, %	58.7	62.8	58.7	62.8	58.7	60.4

Condensed parent company income statement

SEKm	April–June 2013	April–June 2012	Jan–June 2013	Jan–June 2012	July–June 2012/2013	Jan–Dec 2012
Net sales	23	25	48	49	95	96
Administrative expenses	–27	–29	–56	–59	–112	–115
Operating profit	–4	–4	–8	–10	–17	–19
Profit from financial items						
Net financial items	58	384	104	432	235	563
Changes in value of derivatives, unrealised	161	–79	321	117	107	–97
Profit before tax	215	301	417	539	325	447
Deferred tax	–47	12	–92	–50	–102	–60
Net profit for the period/year	168	312	325	490	222	387

Condensed parent company balance sheet

SEKm	30 June 2013	30 June 2012	31 Dec 2012
Assets			
Property, plant and equipment	25	28	27
Financial non-current assets	3,127	2,864	2,912
Receivables from group companies ¹⁾	10,490	9,296	10,571
Current receivables	33	23	25
Cash and cash equivalents and financial investments	167	46	74
Total assets	13,842	12,256	13,608
Shareholders' equity and liabilities			
Shareholders' equity	5,162	4,605	4,738
Interest-bearing liabilities	5,722	4,592	5,200
Liabilities to group companies	2,527	2,425	2,927
Derivatives	378	484	698
Other liabilities	53	151	46
Total equity and liabilities	13,842	12,256	13,608

The share and owners

Balder's shares are listed on NASDAQ OMX Stockholm, Mid Cap segment. Balder has two listed classes of shares, an ordinary Class B share and a preference share, which pays a dividend of SEK 5 per quarter.

The company's market capitalisation as of 30 June amounted to SEK 9,879m (6,496). The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 38.8 per cent of the capital and 51.9 per cent of the votes. The foreign ownership amounted to 14 percent of outstanding shares.

Ordinary shares

At the end of the period, the ordinary share had approximately 8,618 shareholders (7,575). The number of shareholders has increased by just over 14 per cent since year-end. During the period, 28.6 million shares were traded (41.9), which corresponds to an average of 234,500 shares per trading day (341,000). The annual turnover rate amounted to 36 per cent (53) during the period. The price of the ordinary share was SEK 48.50 (31.30) on 30 June, corresponding to a rise of 30 per cent since year-end.

Preference shares

During the period, 500,000 preference shares were issued at SEK 321.00 per share, which has increased shareholders' equity by SEK 160m.

At the end of the period, the preference share had approximately 6,218 shareholders (4,904). During the period, about 1.5 million shares were traded (1.7), which corresponds to an average of 12,310 shares per trading day (13,800). The annual turnover rate amounted to 49 per cent (70). On 30 June, the market price of the preference share was SEK 329.50 (300.50).

Share capital

On 30 June, the share capital in Balder amounted to SEK 168,896,852 distributed among 168,896,852 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 are of Class A, 151,167,420 of Class B and 6,500,000 preference shares. Of the B shares, 2,859,600 were repurchased at the end of the period, which means that the total number of outstanding shares amounts to 166,037,252. Each Class A share carries one vote and each Class B share and preference share carries one tenth of one vote.

Annual General Meeting

The Annual General Meeting (AGM) of Fastighets AB Balder on 7 May 2013, resolved on the following matters, among others:

The AGM adopted the annual accounts for 2012 and resolved on a dividend of SEK 20 per preference share and that no dividend should be declared to the ordinary shareholders.

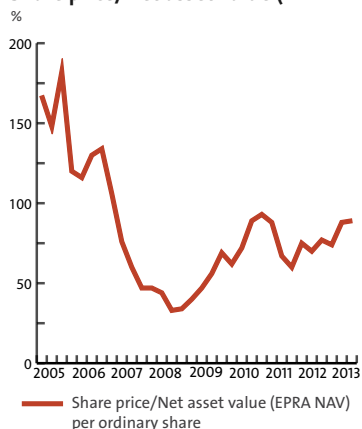
The AGM discharged the Board and CEO from liability and re-elected the Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren. Christina Rogestam was elected as Chairman.

Öhrlings PriceWaterhouseCoopers was re-elected as auditor with Bengt Kron as chief auditor for the period until the end of the AGM 2017.

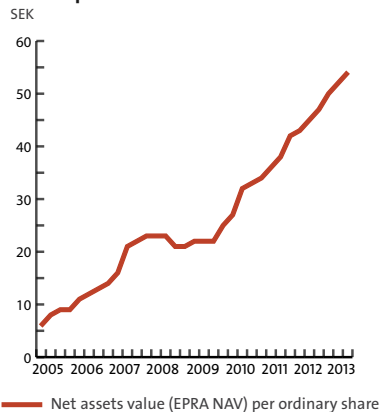
The AGM resolved to authorise the Board, during the period until the next Annual General Meeting, on one or more occasions, to decide on a new issue of not more than 5,000,000 preference shares and/or shares of Class B corresponding to not more than 10 per cent of the existing share capital.

The AGM further resolved during the period until the next Annual General Meeting, to authorise the Board on one or more occasions, firstly, 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 per cent of all shares in the company and, secondly, to decide to assign the company's holdings of its own Class B shares.

Share price/Net asset value (EPRA NAV)



Development of net assets value



Ownership list as of 30 June 2013

Owner	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Selin, Erik via company	8,298,594	57,218,298	500	65,517,392	38.8	51.9
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	9.7	15.8
Länsförsäkringar fondförvaltning AB	—	12,318,749	—	12,318,749	7.3	4.6
Swedbank Robur fonder	—	7,545,996	—	7,545,996	4.5	2.8
Handelsbanken fonder	—	5,544,620	—	5,544,620	3.3	2.1
Andra AP-fonden	—	4,373,521	—	4,373,521	2.6	1.6
Lannebo fonder	—	4,254,388	—	4,254,388	2.5	1.6
SEB Investment Management	—	3,056,851	—	3,056,851	1.8	1.1
JP Morgan Chase	—	2,455,892	—	2,455,892	1.5	0.9
Rahi, Sharam via company	—	1,516,300	20,000	1,536,300	0.9	0.6
Other	14,946	36,462,665	6,475,500	42,953,111	25.4	16.0
Total outstanding shares	11,229,432	148,307,820	6,500,000	166,037,252	98.3	98.9
Repurchased own shares	—	2,859,600	—	2,859,600	1.7	1.1
Total registered shares	11,229,432	151,167,420	6,500,000	168,896,852	100.0	100.0

Preference share calendar

Final day of trading incl. right to payment of dividend	7 October 2013
Record day for payment of dividend	10 October 2013
Expected day of payment from Euroclear	15 October 2013
Final day of trading incl. right to payment of dividend	7 January 2014
Record day for payment of dividend	10 January 2014
Expected day of payment from Euroclear	15 January 2014
Final day of trading incl. right to payment of dividend	7 April 2014
Record day for payment of dividend	10 April 2014
Expected day of payment from Euroclear	15 April 2014

Definitions

FINANCIAL

Return on equity, ordinary share, %

Profit after tax reduced by preference share dividend for the period in relation to the average equity after deduction of the preference capital. The values were converted to a full-year basis in the interim accounts without taking account of seasonal variations that normally arise in the operations with the exception of changes in value.

Return on total assets, %

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

Loan-to-value ratio, %

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

Loan-to-value ratio properties, %

Interest-bearing liabilities with direct or indirect collateral in properties in relation to the fair value of the properties.

Profit from property management before tax, SEKm

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

Risk-free interest

Annual average of a five-year government bond.

Interest coverage ratio, times

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

Debt/equity ratio, times

Interest-bearing liabilities in relation to shareholders' equity.

Equity/assets ratio, %

Shareholders' equity including minority in relation to the balance sheet total at the end of the period.

SHARE RELATED

Equity per ordinary share, SEK

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

Equity per preference share, SEK

Equity per preference share is equivalent to the average subscription price of the preference share of SEK 265.46 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 265.46 per preference share.

Net asset value per ordinary share (EPRA NAV), SEK

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

Profit after tax per ordinary share, SEK

Profit attributable to the average number of ordinary shares after consideration of the preference share dividend for the period.

PROPERTY RELATED

Yield, %

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

Net operating income, SEKm

Rental income less property costs.

Economic occupancy rate, %

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

Property category

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

Property costs, SEKm

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

Rental value, SEKm

Contracted rent and estimated market rent for vacant premises.

Surplus ratio, SEKm %

Net operating income in relation to rental income.

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 11.00 a.m. on 26 August 2013.

This report is a translation of the Swedish Interim report January–June 2013. In the event of any disparities between this report and the Swedish version, the latter will have priority.

Contact

For additional information, please contact CEO Erik Selin, telephone +46 706 074 790 or CFO Magnus Björndahl, telephone +46 735 582 929.

Financial information

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

Calendar

Interim report January–September 2013 7 November 2013
Year-end report 2013 19 February 2014

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