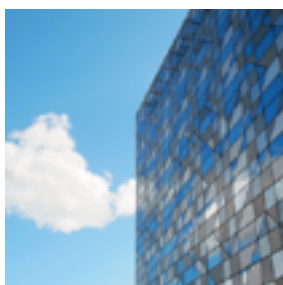


Annual Report  
2013



# Contents

1	Overview	36	Real estate valuation
2	Comments by the CEO	39	Financing
4	Comments by the Chairman of the Board	42	Opportunities and risks
5	Multi-year summary	46	Associated companies
6	Balder's development		<b>Financial reporting</b>
8	Business concept	49	Report of the Board of Directors
10	Current earning capacity		Consolidated statement of
11	The share and owners	54	Comprehensive income
14	Our customers	55	Financial position
16	Organisation and employees	56	Changes in equity
18	Corporate sustainability	57	Cash flows
20	A property's history		Parent Company
22	The property market	58	Income statement
25	The Danish property market	59	Balance sheet
26	Balder's real estate portfolio	60	Changes in equity
28	Residential properties	61	Cash flow statement
30	Commercial properties	62	Notes
32	Transactions	82	Audit report
34	Property and project development	83	Corporate Governance
		88	Board of Directors
		89	Management and Auditors
		90	Property list
		97	Definitions and calendar

## Annual General Meeting

The Annual General Meeting of Fastighets AB Balder (publ) will take place on 7 May 2014 at 2.00 p.m. at Restaurang Palace, Södra Hamngatan 2 in Gothenburg.

Shareholders who wish to participate in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB on Wednesday, 30 April 2014, and must give notice of their attendance to the company either by letter to Fastighets AB Balder, Box 53 121, 400 15 Gothenburg, or by telephone +46 31 10 95 70, by fax +46 31 10 95 99 or by email to eve.knight@balder.se. The company provides a power of attorney form on its website [www.balder.se](http://www.balder.se) for shareholders who wish to be represented by proxy. The notification must be received by Balder no later than 5 May 2014 at 4.00 p.m.

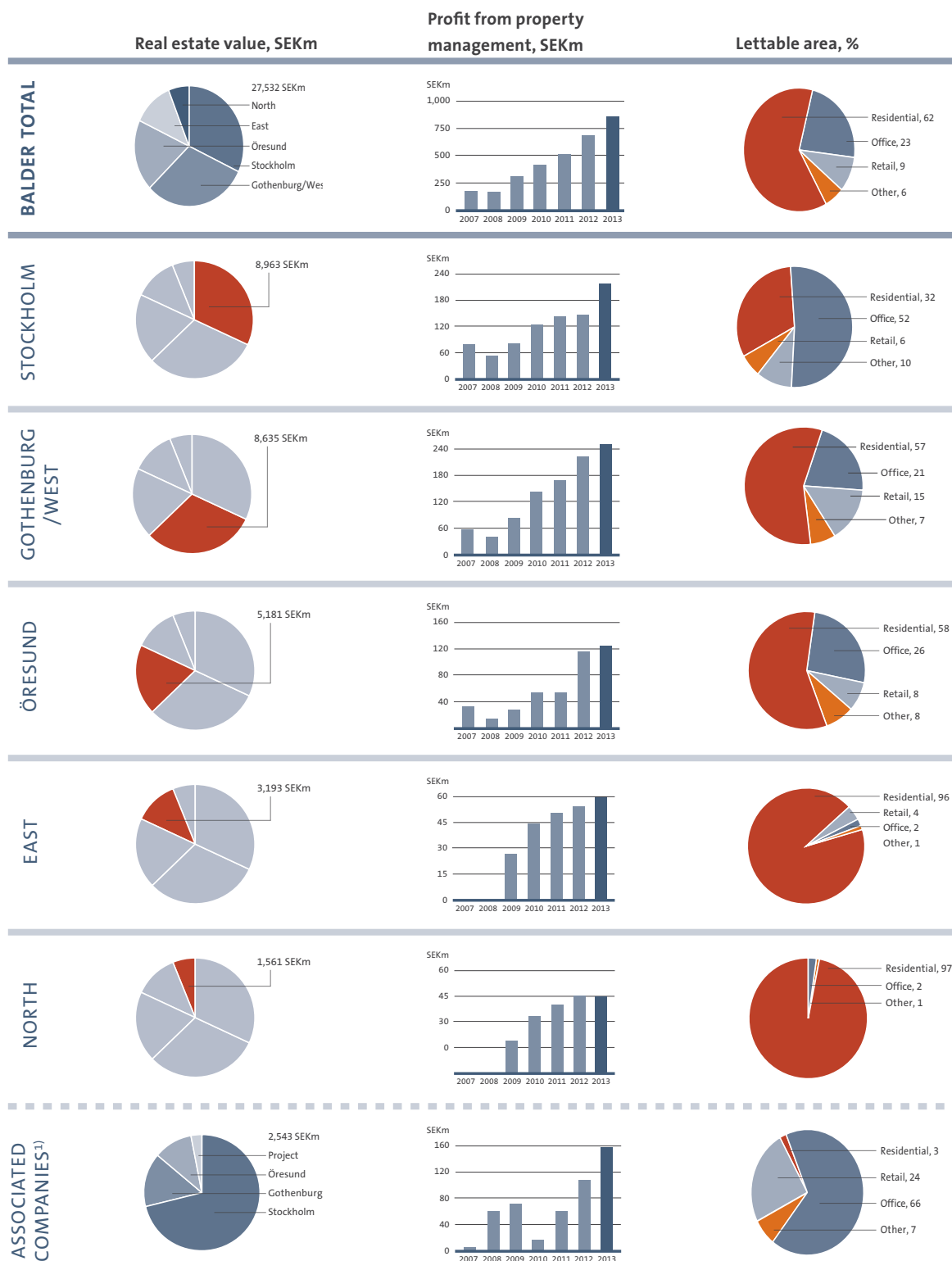
Notification must include the shareholder's name, Swedish personal identity number or corporate identity number, address, telephone number and the registered shareholding. Shareholders who are represented by proxy must submit a written and dated power of attorney, which may not be more than five years old on the date of the Annual General Meeting. A proxy who is representing a legal entity must submit a certificate of registration or corresponding legitimacy papers showing authorised signatories. Shareholders whose shares are held through nominees must arrange for temporary registration of the shares in their own name in order to have the right to participate in the Meeting. Such registration must be completed at Euroclear Sweden AB by Wednesday, 30 April 2014.

Kvasten 8, Stockholm



**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 holdings were valued at SEK 27.5 billion (22.3) on 31 December 2013. The Balder share is listed on NASDAQ OMX Stockholm, Mid Cap.

# Balder overview



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

# Comments by the CEO

Our associated companies performed really strongly and the trend continues to feel positive for associated companies and for all of Balder's operations.





**D**ear shareholder, 2013 was a year in which we followed our trend and overall long-term goal of increasing our profit from property management. Profit from property management per ordinary share also improved by more than 20 per cent this year. The increase during the year amounted to 23 per cent compared to 24 per cent during the previous year.

#### **There is a biting wind in the wind turbines**

However, I have to state that our investment in wind turbines is not currently performing as well and we are recognising an impairment loss in addition to plan in the annual accounts of SEK 37m. The acquisitions were made at a time when the price level in the electricity market was higher than the market situation today.

#### **Changes in value of interest rate derivatives**

Compared to the previous year, comprehensive income increased relatively strongly due to changes in value in respect of interest rate derivatives. Even after the positive changes in value during the year, a deficit of almost SEK 500m remains, which will very likely be released over time. The effect for us at present is that we are stuck with higher financing costs than if we had by now carried out the same interest rate hedging.

#### **Property transactions and project development**

Our operations in Denmark have performed nicely during the year and we are ready to start the construction of apartments in Copenhagen. The property market in Copenhagen is still very attractive and we are continually evaluating further investment opportunities there. Apart from the above, we have also evaluated a number of possible transactions in Finland and Norway during the past couple of years.

We also see good opportunities to create new projects and development rights in several places within our existing portfolio. In the short-term, we have to plough funds into property development and development properties, but in the longer term I am completely convinced that such investments will deliver an important part of Balder's future profits. We are sowing the seeds now in order to reap the rewards later.

#### **Outlook**

The financing possibilities in the banking system are still good for the right objects. This possibility combined with our strong profit from property management even in 2013, as well as our cash holdings and unutilised credit facilities, creates a good basis for making further interesting acquisitions.

Our associated companies performed really strongly during 2013 and the trend for 2014 continues to feel positive for both associated companies and all of Balder's operations. By way of conclusion, I want to mention that Balder's Board of Directors has decided to adjust our goal for the equity/assets ratio from 30 to 35 per cent.

I and all the other "Balder people" look forward to a continued strong performance during 2014.

Erik Selin  
Chief Executive Officer

” We are ready to start the construction of apartments in Copenhagen.

# Comments by the Chairman of the Board

A sustainable society is an important perspective for a property company and is essential in order to compete for customers and to create value for shareholders.



It is important to state that sustainability is more than just an environmental issue – it's also about taking social responsibility.

Balder is a growing player in the property sector, where the duties of the Board of Directors include working on the company's long-term development, follow up of the management's operational activities and to assure order in the company. These duties also include advancing the company's efforts to help create a sustainable society. It is important to state that sustainability is more than just an environmental issue – it's also about taking social responsibility.

Consideration of sustainability issues is essential in order to compete for customers and to create value for shareholders. Reduced energy use means lower costs and increased profitability. Investments in renewable energy in the form of geothermal heating and wind power demonstrate our willingness to contribute to reducing carbon dioxide emissions. Creating healthy indoor environments is important for people's health and well-being both in residential properties and at workplaces. The objective must be to look after and consider external requirements and expectations, to identify business opportunities and savings, which are linked to environmental issues and to maintain reliable communication with customers, owners and other stakeholders. As part of the next step, Balder will now recruit an energy manager for the Group.

Balder has the ambition to also contribute solutions aimed at improving the property portfolio. In connection with taking over run-down residential areas, we have made investments in renovations and repairs, which have had a reasonable impact on the tenant's rent. In such contexts, it is also important to include accessibility considerations and make it possible/easier for families with small children as well as for the elderly to access properties and move within the area.

The company is trying to take its social responsibility in different ways by providing comfort and security in its residential areas. In certain run-down areas, extensive renovations and long-term investments are required in order to reverse negative trends, reduce vandalism, provide security and to also build pride among residents in their area. As a property owner, Balder must emphasise that it is a long-term owner, which is prepared to take the necessary measures. Vårby gård is a good example of such an ongoing commitment.

Christina Rogestam,  
Chairman of the Board

# Multi-year summary

	2013	2012	2011	2010	2009	2008	2007	2006
Rental income, SEKm	1,884	1,701	1,466	1,333	854	633	678	524
Profit from property management before tax, SEKm	854	691	516	417	315	174	179	160
Changes in value of properties, SEKm	854	812	990	1,047	4	-201	642	212
Changes in value of interest rate derivatives, SEKm	433	-71	-520	148	-23	-333	7	—
Net profit for the year, SEKm	1,738	1,162	812	1,338	248	-388	785	441
Carrying amount of properties, SEKm	27,532	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	158,656	149,487	112,902	95,910	97,318	94,050
Net profit for the year, SEK	10.11	6.69	4.87	8.95	2.20	-4.04	8.07	4.69
Profit from property management before tax, SEK	4.57	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	149,487	149,487	94,458	97,318	97,318
Carrying amount of properties, SEK	172.58	139.64	110.04	96.25	84.75	75.02	69.44	71.90
Shareholders' equity, SEK	52.14	42.15	35.57	31.13	22.19	19.63	23.49	15.42
Net asset value (EPRA NAV), SEK	60.50	50.37	41.84	32.89	22.16	20.95	22.33	13.06
Share price on the closing date, SEK	66.00	37.30	25.30	29.40	12.50	7.00	13.33	17.00
Dividend, SEK	—	—	—	—	—	0.17	—	—

## Property-related

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

## Financial

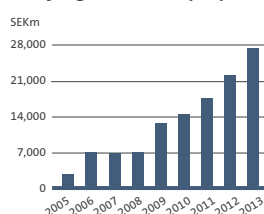
Return on equity, %	21.5	17.0	14.3	33.6	9.6	-18.7	41.5	37.5
Interest coverage ratio, multiple	2.9	2.4	2.1	2.1	2.1	1.6	1.7	2.0
Equity/assets ratio, %	37.3	34.8	35.2	30.9	24.1	23.3	30.1	20.6
Loan-to-value ratio properties, %	57.0	60.4	60.6	64.6	73.3	72.2	74.6	79.5
Loan-to-value ratio, %	55.0	57.8	56.9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

# Balder's development

## 2005

Fastighets AB Balder is formed in June from the listed company Enlight AB. The name Enlight AB is subsequently changed to Fastighets AB Balder. Balder acquires 21 properties during the year. 1)

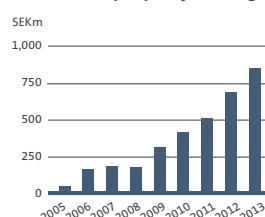
Carrying amount of properties



## 2006

Fastighets AB Balder is re-listed on the Stockholm Stock Exchange. Balder's organisation is built up in Stockholm, Gothenburg and Malmö. On 31 December, Balder owns 128 properties with a lettable area of 790,000 sq.m. and a carrying amount of SEK 7.0 billion.

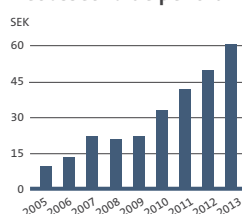
Profit from property management



## 2007

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

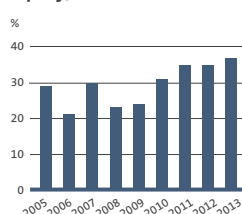
Net asset value per ordinary share



## 2008

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

Equity/assets ratio



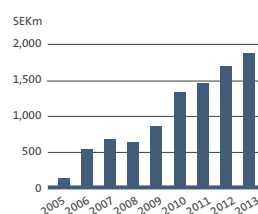
1) Since the Group started its operations on 1 July 2005, the comparative period for 2005 only covers 6 months.



## 2009

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

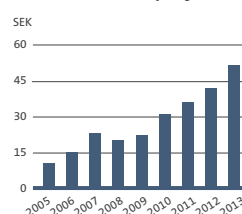
Rental income



## 2010

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

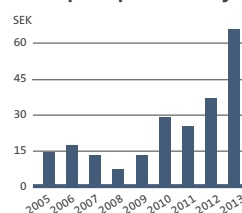
Shareholders' equity



## 2011

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

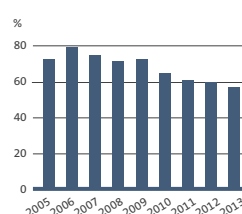
Stock price per ordinary share



## 2012

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

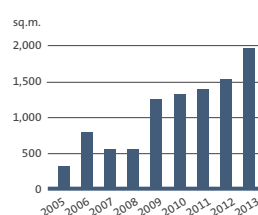
Loan-to-value ratio



## 2013

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

Lettable area



# Business concept

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



At the top from the left  
Interior view Rosen 9, Malmö  
Säby 3:29, Järfälla  
Close-up Rosen 9, Malmö



# Overall goals

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

## **Financial goals**

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

## **Operating goals**

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

## **Dividend policy**

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

# Strategy

Balder creates value for the owners, customers, employees and the community.

Balder accomplishes this by:

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

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

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

# Current earning capacity

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

Balder presents its current earning capacity on a twelve-month basis in the table below. It is important to note that the current earning capacity should not be placed on a par with a forecast for the coming 12 months. For instance, the earning capacity contains no estimate of rental, vacancy and interest rate developments or changes in exchange rates. Balder's income statement is also impacted by changes in value in the company's real estate portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the operating result are changes in value of financial investments and derivatives. None of the above has been considered in the current earning capacity.

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

The costs of the interest-bearing liabilities are based on the Group's average interest rate level including the effect of interest rate derivatives. The tax is calculated using the effective tax rate during each period and is estimated to largely consist of deferred tax and thus does not affect the cash flow.

## Current earning capacity on a twelve-month basis

	2013	2012	2011	2010	2009
Rental income	2,260	1,800	1,530	1,405	1,263
Property costs	-735	-560	-465	-430	-382
<b>Net operating income</b>	<b>1,525</b>	<b>1,240</b>	<b>1,065</b>	<b>975</b>	<b>881</b>
Management and administrative expenses	-165	-120	-105	-105	-93
Profit from property management from associated companies	170	120	90	20	58
<b>Operating profit</b>	<b>1,530</b>	<b>1,240</b>	<b>1,050</b>	<b>890</b>	<b>846</b>
Net financial items	-535	-495	-445	-440	-343
<b>Profit from property management</b>	<b>995</b>	<b>745</b>	<b>605</b>	<b>450</b>	<b>503</b>
Tax	-219	-164	-159	-118	-132
<b>Profit after tax</b>	<b>776</b>	<b>581</b>	<b>446</b>	<b>332</b>	<b>371</b>
<b>Profit after tax attributable to</b>					
Ordinary shareholders	576	461	366	332	371
Preference shareholders	200	120	80	—	—
<b>Profit from property management according to current earning capacity per ordinary share, SEK</b>	<b>4.99</b>	<b>3.92</b>	<b>3.29</b>	<b>3.01</b>	<b>3.37</b>

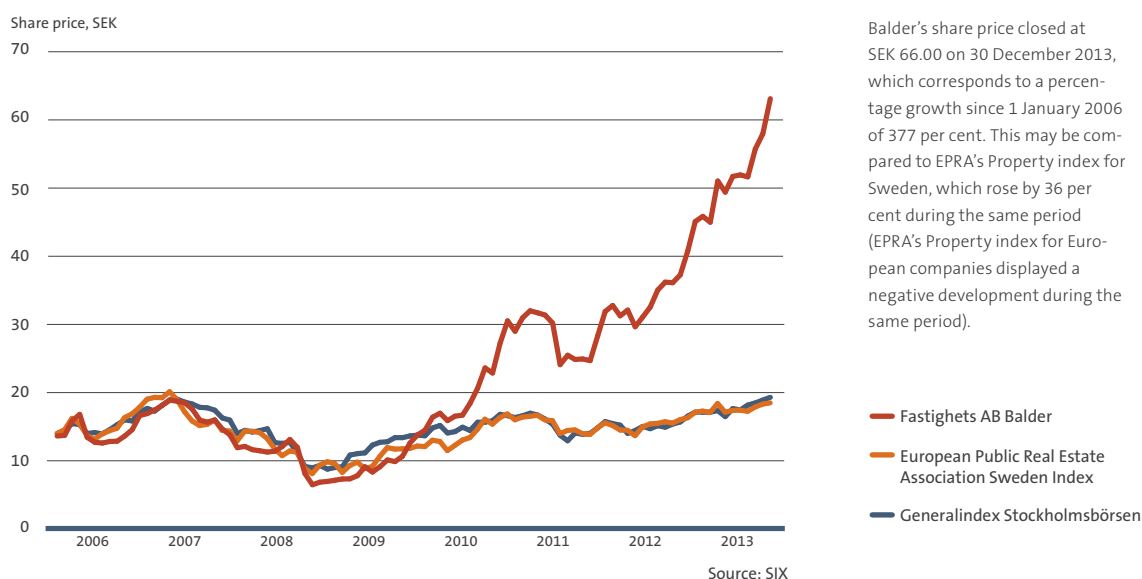
# The share and owners

The profit from property management in the past seven years has increased by 29 percent on average. During the same period, the net asset value increased by 27 per cent on average.

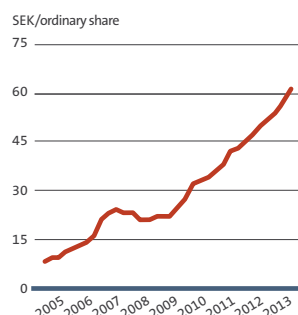
**B**alder has two different Classes of shares quoted on NASDAQ OMX Stockholm, Mid Cap; an ordinary Class B share and a preference share. The company's overall market capitalisation as of 31 December amounted to SEK 13,889m (7,800) and the company had 16,089 shareholders (12,476) at year-end. The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 38.0 per cent of the capital and 51.3 per cent of the votes. On 31 December, the share capital in Balder amounted to SEK 172,396,852 distributed among 172,396,852 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 shares are of Class A, 151,167,420 of Class B and 10,00,000 preference shares.

Of the B shares, 2,859,600 were repurchased as of 31 December, which means that the total number of outstanding shares amounts to 159,537,252 shares. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote. No repurchasing of shares took place during 2013.

## Share price development 2006–2013

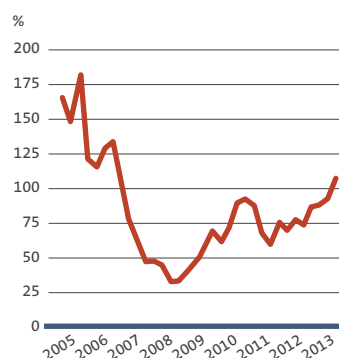




**Development of net asset value (EPRA NAV)****Price development of the ordinary share**

The price of the ordinary share was SEK 66.00 (37.30) at year-end, corresponding to a rise of 77 per cent during the year. In 2013, the number of ordinary shareholders increased by 20 percent to 8,969 shareholders. During the same period, 56.7 million ordinary shares were traded, equivalent to 226,825 shares per trading day, which means that 36 per cent of the outstanding shares were traded. Excluding Erik Selin Fastigheter AB's shares, the annual turnover exceeded 60 per cent of the outstanding ordinary shares.

The proportion of foreign-owned shares increased by 35 per cent during the year and amounted to 17.6 per cent. Turnover in kronor increased by 40 per cent between 2012 and 2013 and turnover averaged SEK 11.4m per trading day.

**Share price/Net asset value****Equity growth**

Equity per ordinary share amounted to SEK 52.14 (42.15) on 31 December corresponding to an increase of 24 per cent. The net asset value per ordinary share (EPRA NAV) increased during the same period by 20 per cent to SEK 60.50 (50.37). The difference between shareholders' equity and net asset value is that in the net asset value figure, derivatives and the net of deferred tax and deferred tax assets are reversed.

The reason for the reversal is that the derivative liability is released and gradually reversed to equity, less deferred tax, during the remaining term. The net of deferred tax is reversed as company divestments are currently exempt from taxation, which means that deferred tax is reversed to equity when a company is sold. In the past seven years, the net asset value grew by an average of 27 per cent per year.

**Performance of Balder's share**

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

Profit from property management before tax amounted to SEK 854m (691), which corresponds to an increase of 24 per cent compared to the previous year. In the past seven years, profit from property management grew by an average of 29 per cent annually. The profit from property management per ordinary share increased by 23 per cent and during the past seven years it has increased by an average of 15 per cent.

The price of the preference share was SEK 336 at year-end (303), corresponding to a total annual yield, including dividend, of 17.5 per cent. The number of shareholders amounted to 8,114 (5,900) and 3.1 million shares were traded during the year, equivalent to just over 12,200 shares per trading day, which corresponds to approximately SEK 4 million. The annual turnover in the preference share corresponds to 43 per cent of the total number of preference shares.

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

#### Dividend policy ordinary shareholders

The Board proposes to the Annual General Meeting that no dividend for the ordinary share should be declared for the 2013 financial year. Balder estimates that the best total yield for ordinary shareholders will be achieved by the dividend remaining low or not declaring a dividend at all in the next few years. Balder will instead continue to grow by investing in new acquisitions and in existing properties and projects.

#### Analysts following Balder

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

#### Ownership list as of 31 December 2013

Owners	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	38.0	51.3
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	9.5	15.6
Länsförsäkringar fondförvaltning AB	—	8,962,312	—	8,962,312	5.2	3.3
Swedbank Robur fonder	—	7,477,069	—	7,477,069	4.3	2.7
JP Morgan Chase	—	6,207,551	—	6,207,551	3.6	2.3
Handelsbanken fonder	—	5,388,747	—	5,388,747	3.1	2.0
Lannebo fonder	—	3,500,000	—	3,500,000	2.0	1.3
Second Swedish National Pension Fund	—	3,231,001	—	3,231,001	1.9	1.2
SEB Investment Management	—	2,204,448	—	2,204,448	1.3	0.8
Rahi, Sharam via company	—	1,516,300	20,000	1,536,300	0.9	0.6
Other	14,946	39,059,554	9,979,500	49,054,000	28.5	18.0
<b>Total outstanding shares</b>	<b>11,229,432</b>	<b>148,307,820</b>	<b>10,000,000</b>	<b>169,537,252</b>	<b>98.3</b>	<b>99.0</b>
Repurchased own shares	—	2,859,600	—	2,859,600	1.7	1.0
<b>Total registered shares</b>	<b>11,229,432</b>	<b>151,167,420</b>	<b>10,000,000</b>	<b>172,396,852</b>	<b>100.0</b>	<b>100.0</b>

# Our customers

Customer service is an extremely important function at Balder. Here the company takes the pulse of the operations on a daily basis and can detect internal and external shortcomings at an early stage.

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

## **Management**

Balder has its own management organisation, which enables fast decision-making procedures, proximity to the customer, good local knowledge and the possibility of working with property management on a long-term basis.

The company offers a large choice of premises and housing in different locations at various rental levels. The development of the properties takes place in consultation with customers, based on their needs and wishes. Balder's personnel regularly meet tenants in order to obtain a good view of the actual situation out in the properties.

## **Satisfied customers**

Balder regularly conducts customer surveys as part of its efforts to continually improve customer satisfaction. In late 2011, Balder conducted its first customer survey, where a large number of residential and commercial customers were asked to give their opinion about their residential property/premises, about Balder as a landlord, service, cleaning, security and the outdoor environment. The result from the latest survey showed that customers were much more satisfied with Balder as a property owner compared to the previous occasion. More than 90 percent were satisfied with their treatment by Balder personnel. Balder is continuing its purposeful work on improving contact with tenants, among other ways, by sending out more and clearer information.

## **Customer service**

Customer service is an extremely important function at Balder. Here the company takes the pulse of the operations on a daily basis and can detect internal and external shortcomings at an early stage. The customer service function has daily contact with property managers and caretakers who are based locally and have direct contact with the customers.



With a temperature of 25 degrees Celsius in the water and air, it was time for the year's pool opening in Stoeryd, Tranås. The opening day was Saturday, 18 May and more than one hundred tenants came to sunbathe and swim during the day. The pool may be used by all Balder tenants, regardless of whether they live in Balder properties in Stoeryd or elsewhere in Tranås. The pool opening takes place in May and it closes sometime in September depending on the weather. Stoeryd is a unique residential area, which aside from the heated pool, offers tennis courts, a volleyball court, Tranås's largest play centre and 55+ housing for active seniors. Balder's properties in Stoeryd are wonderfully located in a traffic-free green area.

### Lease structure

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

Balder's ten largest leases represent 9.1 per cent (8.7) of total rental income and their average lease term amounts to 9.9 (10.5) years. No individual lease accounts for more than 1.7 per cent (1.6) of Balder's total rental income and no individual customer accounts for more than 1.7 per cent (2.6) of total rental income. The average lease term for the entire commercial portfolio amounted to 4.9 years (4.4).

The lease structure on 31 December 2013 is shown in the table, in which leases terminated on that date, where removal will or is expected to take place, are recognised as leases maturing within one year.

### Lease structure 31 December 2013

Maturity date	Number of leases	Share, %	Contracted rent, SEKm	Share, %
2014	764	31	166	7
2015	647	26	263	12
2016	543	22	205	9
2017	322	13	160	7
2018–	203	8	351	16
<b>Total</b>	<b>2,479</b>	<b>100</b>	<b>1,146</b>	<b>51</b>
Residential <sup>1)</sup>	15,325	—	1,056	47
Carpark <sup>1)</sup>	5,484	—	16	1
Garage <sup>1)</sup>	5,475	—	42	2
<b>Total</b>	<b>28,763</b>	<b>—</b>	<b>2,260</b>	<b>100</b>

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

### Balder's ten largest customers

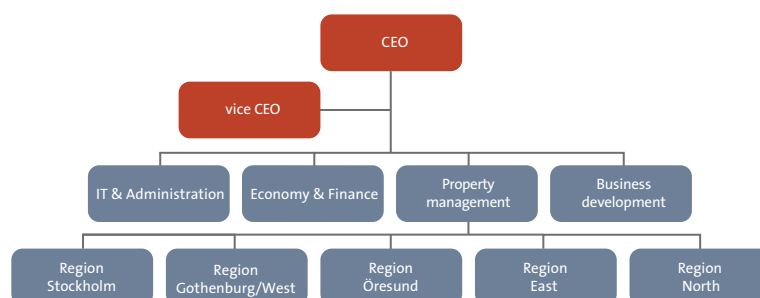
#### On 2013-12-31

- ICA Sverige
- Kopparbergs Bryggeri
- County Administrative board of Stockholm
- Magnora AB
- Rasta Group
- SGH Rosen R Hotel
- Sirius International Insurance
- Stureplansgruppen
- Västra Götalands county council
- Winn Hotel Group

# Organisation and employees

Balder is an expanding workplace. Our property management is mainly conducted with our own personnel in order to be close to customers and to be able to swiftly meet expectations and demands.

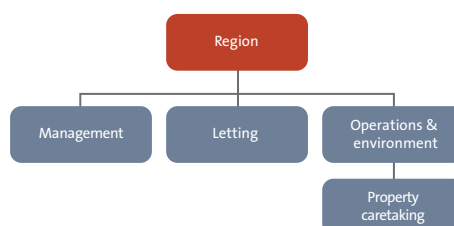
Balder's organisation grew by 75 new employees during 2013. The increase was largely due to the acquisition of Bovista, which was completed during the final quarter. On 31 December, Bovista had 6 people employed within administration and 44 people within management. The operations in Bovista are conducted in the regions Gothenburg/West, Öresund and East. Through the acquisition, Balder's team has grown further with additional skilled and dedicated employees.



Balder has a flat organisation with short decision-making procedures, enabling swift action, regardless of whether it relates to property transactions or solving problems for a customer. In order to support property management, group-wide resources/functions are located in Malmö and at the head office in Gothenburg. At year-end, 31 people (25) worked within these functions.

## Management organisation

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







At Balder, the work of an operations technician varies a lot. We handle all from error reports relating to cooling/heating/ventilation to implementing energy-optimising measures in our buildings. This task involves planning to obtain hard-wearing and reliable functions, which makes the work both fun and challenging. I started at Balder in 2012, and have learned a lot during the past couple of years. There is great competence and enterprise in the company – you always have someone to bounce ideas off. Although Balder is a strongly growing company, we have been able to retain a good spirit between colleagues. We help one another, quite simply.

Filip Håkansson, Operations Technician

ting, operations, the environment and management. Management is mainly conducted with the company's own personnel in order to be close to customers and to be able to swiftly meet expectations and demands according to Balder's management vision. At year-end, 259 (190) people worked in the management organisation.

### Employees

At Balder, skills and personal qualities, a balanced gender distribution and diversity are important selection criteria during recruitment. These factors have contributed to the company's positive development.

### Corporate culture

Balder's corporate culture dominates everything that happens, from the day-to-day work to conversion work and our long-term development. Our ambition is to find the best possible solutions for our customers and for our organisation.

### Balder's shared values are:

**Passion** – work should be performed with consideration and respect for both customers and colleagues.

**New thinking** – we are not afraid of thinking outside the box. The company supports the ideas of employees through a strong entrepreneurial spirit.

**Simplicity** – the direct approach is usually the easiest and the best. Employees help each other to develop by spreading ideas within the organisation.

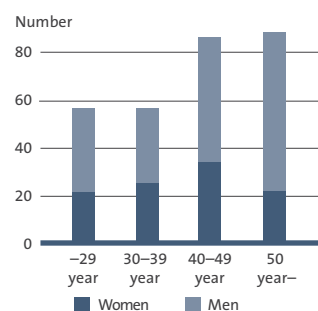
**Proximity** – we have short decision-making paths due to our flat organisation and decisions should be taken close to where they originate. Proximity and loyalty inspire confidence.

### Healthcare

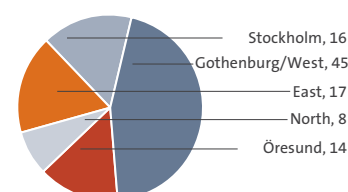
Balder is a good and attractive employer where the well-being and health of employees are key elements. An allowance for keep-fit activities provides employees with better opportunities to meet the demands imposed by working life. The company encourages greater health awareness among employees and takes care to create a pleasant workplace with good social interaction.

Personnel	2013	2012
Number of employees	290	215
– of whom, women	102	67
Absence due to illness		
– Salaried employees	5	4
– Workers employed under a collective agreement	4	3

### Gender distribution per age group



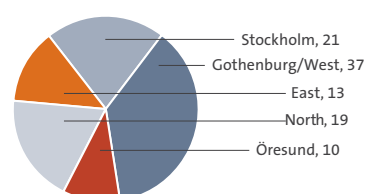
### Number of employees per region, %



# Corporate sustainability

Balder takes environmental responsibility and promotes sustainable development by working according to the EU's climate targets and ISO 14 001. To further strengthen the organisation, Balder has decided to recruit new employees, whose primary task will be to advance the company's environmental work.

Purchased energy per region, %



Energy consumption Mwh, Gothenburg\*

	2013	2012	Change, %
Jan	6,557	6,396	2.5
Feb	5,976	5,970	-0.1
Mar	5,366	5,497	-2.4
April	3,654	3,867	-5.5
May	1,995	2,419	-17.5
June	752	1,190	-36.8
July	620	740	-16.2
Aug	648	755	-14.1
Sep	1,364	1,646	-17.1
Oct	3,192	3,267	-2.3
Nov	4,443	4,638	-4.2
Dec	5,523	5,900	-6.4
<b>Total</b>	<b>40,090</b>	<b>42,285</b>	<b>-5.2</b>

\* Degree-day adjusted

## Energy usage

The efficiency of Balder's energy usage is continually improved while the company is working to phase out the use of fossil fuels and non-renewable sources of energy. Every month the energy and water consumption in the properties is measured and analysed. Improvements to the environment and comfort can be made via the error reporting system and continual property checks. Balder also conducts a dialogue with its tenants in order to identify alternative approaches of energy usage with the aim of improving the environment. For example, Balder can adapt ventilation systems to tenant needs and can turn off the ventilation during periods when the premises are not in use.

Through its monitoring system, Balder obtains effective information for decisions on short- and long-term measures, which can enable a reduction in energy consumption and/or improve the indoor climate.

Balder is continuing its IMD work (individual measurement and debiting), which means that tenants have to pay for electricity and water based on individual consumption. Balder has introduced this system in high consuming properties in order to reduce energy consumption and maintenance in its properties. During the year, consumption in these properties decreased by up to 30 per cent.

## More efficient energy consumption in Gothenburg

An example of how Balder takes environment responsibility is when the company, during 2013, took over ownership of the control and regulating unit from Göteborg Energi. In connection with this, work has commenced on replacing the control unit at all properties in the Gothenburg area, with the aim of regulating temperatures in a more energy-efficient way. The new control unit may be connected to the Internet, which means that temperatures may be regulated remotely. This investment has resulted in lower energy consumption, lower return air temperatures, an improved indoor climate for our tenants and reduced carbon dioxide emissions.

## Balder's enriching social responsibility

Balder strives to ensure that people should feel comfortable in and around their housing environments. In order to succeed, great commitment is required in the organisation but we also have to collaborate with other players in the market.

In 2009, Balder acquired Vårby gård in Stockholm, an area, which at the time was



Balder participates in the Swedish national day celebrations in Vårby gård and since 2011, the company has helped to make the day meaningful and memorable. The format of the event including music, culture and food from Sweden and from other parts of the world brings out the best in this multicultural area. In 2012, the comedian Özz Nüjen was the main speaker and in 2013 it was the turn of comedian Martin Lagos. During the day, Balder handed out blue and yellow t-shirts featuring the slogan "I love 143", which is an expression of the "Vårby spirit" and 143 is a part of the Vårby gård postcode.

badly affected by vandalism and criminality. The following year, Balder presented a renovation plan to Huddinge Municipality and gathered support in the area to collectively discuss a solution to Vårby's problems. Schools, police, property owners and the municipality were some of the parties that participated in the planning work in order to improve comfort and well-being in Vårby gård. During the course of the project, Balder started joint action groups, participated in and contributed to activities in the area, collaborated with local players, performed a renovation of Vårby Centrum and let premises to stores, offices, healthcare companies, a gym and a dancing school.

#### A second chance

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

#### UngBo

UngBo is part of the social services' Children and family unit, in Åstorp Municipality. The work is focused on young people who live in the municipality and who are between the age of 17 and 21. The young people are in need of support and housing. The collaboration works as follows: Balder enters into a lease with Åstorp Municipality, which in turn enters into a sublease with the tenant as well as an individual lease regarding special housing rules. The goal is to create a comfortable home and that the tenant, at the end of the project, should take over the lease. Daria Nowaczews (see photo) is a good example as she recently entered into a lease. Balder and UngBo are proud of the excellent collaboration and UngBo appreciates Balder's ability to look beyond the efforts of the social services and instead see the personal qualities of young people.

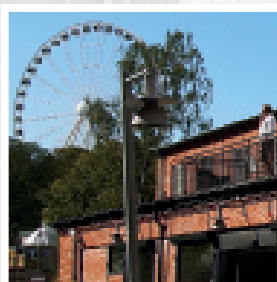


“It's nice to finally stand on my own two feet and have my own home. I want to be an inspiration for others and hope that more people will get the same chance I got.

Daria Nowaczews, tenant

# Kanoldhuset

## and the art of making toffee



1901

The history of this distinguished building commenced at the end of the 19th century, when some members of the Kanold family emigrated from Sweden to America. The move occurred after Mrs Kanold had tragically passed away in connection with the birth of her third son. Father Adolf and two of his sons, Fred and Anton, then set off across the Atlantic in order to seek their fortune in a new land. The brothers stayed for eight years and during that time learned the art of making toffee.

On 28 April 1901, the Kanold brothers boarded the ship that would take them back to Sweden with the newly acquired knowledge that would soon prove to be a recipe for success, which they never could have dreamed of. Once in Sweden, the brothers

lived in Gårda in Gothenburg and immediately began making toffee in the house in order to sell to the city's inhabitants. The business idea was simple and so was the execution, since no advanced equipment was required. It was also said that the brothers used the inner windows of the property as trays, to let the toffee mixture harden.

### Success

Toffee sales exploded on the streets of Gothenburg and as early as one year later, the business had grown so large that the brothers were forced to look for a new premises. Just at that time, they won the highest prize in the Dramaten lottery. The prize was SEK 50,000, which is today equivalent to about SEK 2 million. In 1911, the

1929

10-year jubilee of the business was celebrated and in the same year work began on building the Kanold brothers' chocolate factory.

### Kanold and the chocolate factory

The location of the factory was well thought out with proximity to the Möln-dalsån river for transportation of packaging and other products. The first building that was constructed had five floors featuring a red brick frontage. The factory produced candy such as nougat products, 'gummy reptiles', 'cough drops', 'cartoon candy', Devonshire toffee, 'hikers' chocolate' and 'Gustaf Adolf's bust'.

” We welcome Kanoldhuset with its interesting history and exciting future prospects.

Erik Selin, CEO



#### Extension

The number of employees increased and in 1929 the brothers decided to construct a staff building, located in the grounds between the factory buildings. The well-being of staff was a high priority and the brothers had sun terraces built for their employees, which was unique at the time, especially considering that the majority of the workers were women. In the 1930s, the brothers had 300 employees and an output value of about SEK 3 million. Today's main building was constructed in 1938 and lies between the two previous buildings. The main building's formwork was modernised. In connection with industrialisation and efficiency improvements during the 1960s and 1970s, the factory was modernised and rationalised. The workforce decreased and was replaced by machinery.

#### History lives on

In the late 1980s, the brother's business was dissolved and the property, which is now called Bö 93:2, was converted into modern office premises. Many parts, however, were preserved in their entirety. Thus, the building is a mix of new and old, and was built in a dignified and careful manner.

#### Fastighets AB Balder acquires Kanold

Balder strives for the same strong entrepreneurial drive in its corporate culture as the Kanold brothers. Balder is proud to own this property, which has played an important role in Gothenburg's economic development during the 20th century. The property contains 9,200 sq.m., as well as a car park with almost 400 parking spaces.

Source: Antiquum – Antiquarian development consultant

#### Property data

##### Address

Söfverogatan 1–13, Göteborg

##### Name of property

Bö 93:2

##### Start of construction

1911

##### Architect

F. O. Pettersson

##### Developer

F. O. Pettersson



# The property market

Despite an economic slowdown and low growth, the Swedish property market has shown considerable resilience and real estate is continuing to attract capital.

**G**rowth in the Swedish economy was weak during 2013, but the forward-looking indicators have become stronger and stronger. The situation in the labour market has improved and confidence among Swedish households and companies has increased. Combined with a slightly improved outlook for the world economy and gradually higher global demand, this is creating the conditions for growth to accelerate during 2014.

Increasing external growth is helping to gradually boost demand for Swedish export goods, which in turn will lead to an industrial recovery. With rising demand, both externally and in the domestic market and increased use of resources, investments in industry will also steadily accelerate. The weak level of investment activity is thus expected to level out and start to recover. However, capacity utilisation is still low within manufacturing industry, and therefore the recovery is expected to take time. This means that we can expect a much slower recovery compared to the upturn from 2004–2007 after the end of the IT bubble.

To support market conditions and to help increase inflation, the Riksbank estimates that monetary policy needs to continue to be expansionary. The repo rate is expected to remain at the current low level for the whole of 2014. When inflation has gained momentum and the recovery is on firmer ground, interest rates are expected to start rising slowly.

## **The property market**

In the longer term, real estate generally and residential property in particular, has proved to be a stable and relatively good investment. A comparison between the annual average yield (measured as yield and increase in value in various property segments according to IPD/Swedish Property index) and the performance of the Stockholm Stock Exchange (measured as share performance and dividend according to the SixReturn Index) during the past ten years, from an overall risk and return perspective, favours an investment in real estate and in residential properties in particular. The annual average shows that an investment in residential apartment buildings has delivered an annual yield of 9.3 per cent during the past ten years compared to the Stockholm Stock Exchange's annual average of 15.6 per cent. The fact that the total yield has been largely positive during the entire period, speaks in favour of property and housing investments in particular. This may be compared with a holding of sha-



Lillhagen 2:2, Gävle



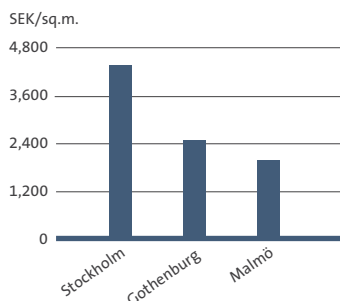
Norr 27:2, Gävle



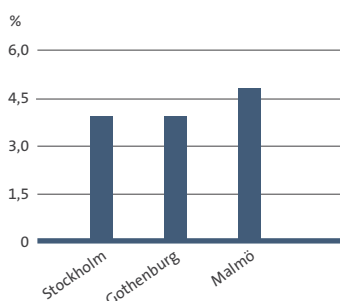
Inom Vallgraven 54:9, Gothenburg



#### Rental levels (highest rent), office, CBD



#### Vacancy rate, office, CBD



CBD = Central Business District

Source: Fastighetsvärlden

res, which displayed a much more volatile yield with fluctuations from +70 to –40 per cent since the crisis during the 1990s.

The number of transactions of the kind that have been in vogue involving municipal housing companies and municipalities will probably decrease since we are getting closer to the election. With greater opportunities for returns in alternative investment classes, risk appetite is also increasing with a reduced interest in residential properties in favour of investments in offices, retail and warehouse/logistics and projects. Those players managing pension capital, which are focused on residential will thus probably not be as dominant in the market. This points towards broader demand in the Swedish property market during 2014.

In the local rental market, NAI Svefa estimates that there is a strong demand for modern offices in a number of secondary markets. With the right design, with efficient and compact offices, there is potential for realising new construction projects in several of our regional cities. It seems that an investment in the production of new housing in several secondary markets today can be more attractive than acquisitions from the existing stock. With an increased supply of modern, efficient premises, the risks are increasing in the existing stock, especially in the case of real estate from 1980s and 1990s with relatively high rents per square metre and premises that are often inefficient.

NAI Svefa's assessment is that we will see unchanged rental levels in 2014 with decreased vacancy risks in line with the accelerating recovery in the Swedish economy.

#### A strong 2013, SEK 99 billion in transaction volume

Swedish players dominated the market with almost 87 per cent of the invested capital and 68 per cent of the sales volume. The average transaction size in the case of Swedish investors was SEK 220m, while for foreign investors the average was SEK 650m.

The residential sector was largest with 31 per cent of the capital, followed by offices, which accounted for 26 per cent. The property market in Stockholm attracted the most capital during the year, almost 32 per cent of the investment volume. However, this was a decrease from last year's figure of 38 per cent.

# The Danish property market

In late 2012 and during 2013, foreign investors started to take a serious interest in the Danish property market.

Like the rest of the world, the situation in Denmark changed a lot after 2008. After some years of economic growth, low unemployment, increases in consumption and a high level of activity in the property market, a sharp deceleration occurred in connection with the financial crisis.

During the financial crisis, some property companies and banks went into bankruptcy due to falling real estate values and high levels of borrowing. The state-owned company Finansiel Stabilitet was established in connection with the crisis. This company has taken over loans and pledged assets in relation to a large number of distressed banks and other credit institutions as well as properties from companies and private individuals. Finansiel Stabilitet continually divests some of its assets and is an important player in the Danish property market.

The transactions carried out on the property side after the financial crisis have either taken place via Finansiel Stabilitet or involved properties with good locations where the price level was not affected too much. Properties located outside the larger cities and properties in a poor state of repair have fallen sharply in value.

In Copenhagen, condominium values fell by 35 per cent. However, the value of condominiums has begun to rise again since 2012. The price per square-metre is still quite a way from the peak levels before the crisis, however.

Particularly in late 2012 and during 2013, foreign investors started to take a serious interest in the Danish property market. The properties acquired by investors have been newly constructed residential properties, portfolios of residential and industrial properties and individual properties around Strøget in central Copenhagen.

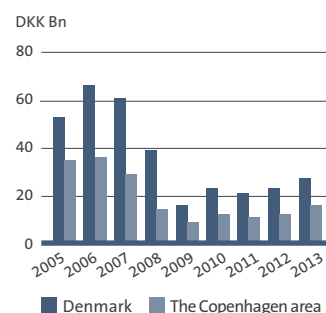
Foreign players, Danish institutional investors and large property companies are the most active in the Danish property market today. The greatest demand is for properties in Copenhagen and Århus. These cities are growing in terms of population and it is estimated that these markets will become stronger in the future.

The economic growth in Denmark has been negative or flat since the financial crisis. An improved global economy is also expected to mean increased growth in Denmark in the next few years.

The transaction volume lies at a reasonable level and mainly consists of larger transactions such as property portfolios. The volume is expected to increase in line with improving market conditions.

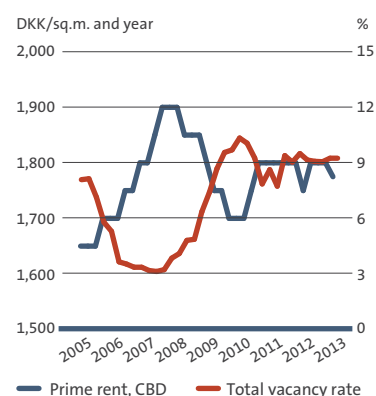
Vacancy levels for office, retail, industrial and logistics properties are now stabilising after having risen since 2008. The segment, which is expected to have the best potential for further vacancy decreases is residential properties in larger cities.

**Transaction volume**



Source: Sadolin & Albæk

**Primerents/vacancies office**



CBD= Central Business District

Source: Sadolin & Albæk

Sources The property market: Nai Svefa, DTZ & Colliers Danmark A/S.



# Balder's real estate portfolio

- Residential properties
- Commercial properties

## Stockholm Region



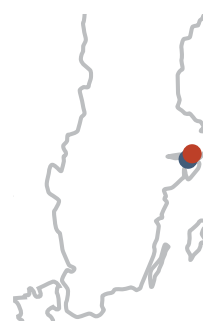
Number of employees: 48

### Residential properties

Number of properties	14
Lettable area, sq.m.	137,338
Carrying amount of properties, SEKm	2,015
Economic occupancy rate, %	99

### Commercial properties

Number of properties	43
Lettable area, sq.m.	292,341
Carrying amount of properties, SEKm	6,948
Economic occupancy rate, %	92



## West Region



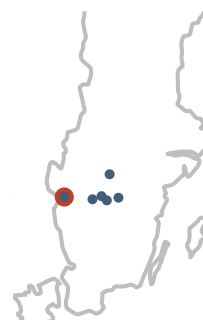
Number of employees: 95

### Residential properties

Number of properties	130
Lettable area, sq.m.	414,800
Carrying amount of properties, SEKm	3,328
Economic occupancy rate, %	97

### Commercial properties

Number of properties	74
Lettable area, sq.m.	310,931
Carrying amount of properties, SEKm	5,307
Economic occupancy rate, %	94



## Öresund Region



Number of employees: 38

### Residential properties

Number of properties	42
Lettable area, sq.m.	156,525
Carrying amount of properties, SEKm	2,731
Economic occupancy rate, %	98

### Commercial properties

Number of properties	15
Lettable area, sq.m.	114,046
Carrying amount of properties, SEKm	2,450
Economic occupancy rate, %	90





## East Region



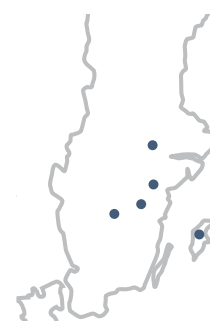
Number of employees: 53

### Residential properties

Number of properties	87
Lettable area, sq.m.	362,802
Carrying amount of properties, SEKm	2,859
Economic occupancy rate, %	96

### Commercial properties

Number of properties	13
Lettable area, sq.m.	26,123
Carrying amount of properties, SEKm	333
Economic occupancy rate, %	77



## North Region



Number of employees: 25

### Residential properties

Number of properties	75
Lettable area, sq.m.	148,916
Carrying amount of properties, SEKm	1,522
Economic occupancy rate, %	97

### Commercial properties

Number of properties	5
Lettable area, sq.m.	4,838
Carrying amount of properties, SEKm	39
Economic occupancy rate, %	58



## Total Balder



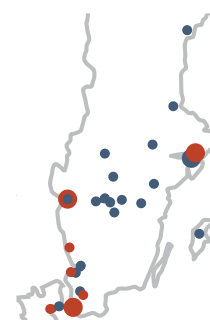
Number of employees: 290

### Residential properties

Number of properties	348
Lettable area, sq.m.	1,220,381
Carrying amount of properties, SEKm	12,455
Economic occupancy rate, %	97

### Commercial properties

Number of properties	150
Lettable area, sq.m.	748,279
Carrying amount of properties, SEKm	15,078
Economic occupancy rate, %	92



#### Balder's residential properties

Number of properties,	348
Lettable area, sq.m. thousands	1,220
Number of apartments	15,500
Rental value, SEKm	1,178
Economic occupancy rate, %	97
Carrying amount, SEKm	12,455

Lillhagen 5:3, Gävle

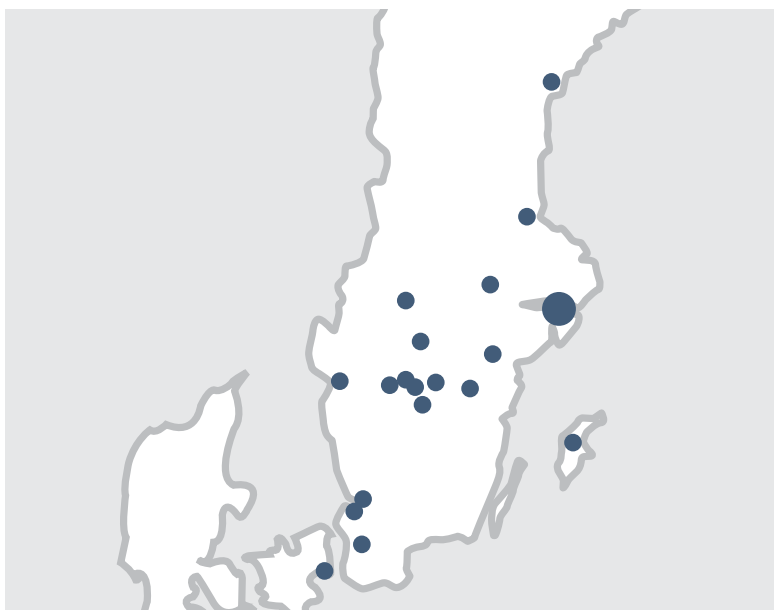


## Residential properties

Residential properties are a stable investment involving stable cash flows and low risk. About a quarter of Sweden's population lives today in rental housing and after detached houses, terraced houses and rights of tenancy, this is the most common form of housing. There is strong interest among property investors in residential properties. The reason for this is due to stable cash flows and low risk. Roughly 80 per cent of Swedish municipalities have a housing shortage, which means low vacancy levels and low relocation levels. Expectations regarding possible conversions to tenant-owner's rights or introduction of market rents influence investor decisions. In view of the low level of housing construction due to high production costs, a regulated rental market, fewer incentive measures and in certain cases a long planning process, interest in investing in the existing stock of residential properties has increased.

One area, which has attracted interest in recent years is properties from the so-called "million programme". In 1965, a Riksdag parliamentary resolution was passed to build one million housing units over a ten-year period in order to improve housing standards and reduce the then prevailing acute housing shortage. It was mainly municipalities in larger cities, which were responsible for housing production via financing from public pension funds.

The need for capital for maintenance and new housing production in combination with new legislation regarding municipal housing companies, has meant that many municipal housing companies are now opting to divest parts of their residential property holdings.



#### Residential properties, Geographical distribution

Area	sq.m. thousands	%
Mälardalen	264	21
The Gothenburg area	248	20
Skaraborg	167	14
The Öresund area	157	13
The Stockholm area	137	11
Jönköping, Tranås	99	8
Sundsvall	82	7
Gävle	33	3
Karlstad	33	3
<b>Total</b>	<b>1,220</b>	<b>100</b>

According to the IPD Swedish Property Index, investments in residential properties have displayed an annual, average total yield of approximately 8.9 per cent during the past five-year period. The total yield includes the increase in value together with the annual yield.

According to DTZ, residential property turnover amounted to roughly SEK 30 billion during 2013. The ten largest transactions accounted for approximately SEK 14 billion, in other words almost 50 per cent. Residential property transactions show a greater geographical spread than commercial properties. The reasons are that the supply of residential properties is low in metropolitan areas and that the properties sold are often converted to tenant-owner's rights.

Place	Yield, %	Price per sq.m.
Stockholm	1.50–1.75	35,000–43,000
Gothenburg	2.50–3.00	20,000–24,000
Malmö	3.50–3.75	18,000–21,000

Source: Fastighetsvärlden

In 2013, Balder acquired residential properties to a value of almost SEK 2,000m. This figure relates solely to the acquisition of Bovista Invest from Glitnir Bank in Luxembourg. This transaction involved 370,000 sq.m. in total, of which residential accounted for 320,000 sq.m. Approximately 60 per cent of the residential portfolio's value is in Gothenburg and Västerås.

In 2013, two smaller residential properties were divested to a value of SEK 14m. A more detailed description of the properties is available on pages 32–33. Apart from acquiring residential properties in growth localities, Balder's goal looking ahead, is to build a large number of apartments each year under the company's own management. This should occur through production of new housing on new land allotments as well as by increasing the development density in the existing residential portfolio. Some ongoing and planned residential projects are presented on page 35.

#### Balder's commercial properties

Number of properties,	150
Lettable area, sq.m. thousands	748
Rental value, SEKm	1,216
Economic occupancy rate, %	92
Carrying amount, SEKm	15,078



## Commercial properties

Continued low interest rates are benefitting property companies. Sweden's commercial property sector is essentially located in metropolitan regions. The Stockholm region accounts for 50 per cent of the market's capital value. Together with the Gothenburg and Malmö regions, the share is almost 75 per cent. The total market value of the commercial property stock in Sweden is estimated at approximately SEK 1,000 billion.

The low level of interest rates and the fact that it became easier to secure property-related financing during 2013, both through traditional bank financing and via new forms of capital market financing, has meant that there has been strong interest in acquiring properties. Forms of financing such as corporate bonds and new issues of preference shares have seen a sharp increase during 2013. According to the Swedish Financial Supervisory Authority's prospectus register, property companies have issued bonds and preference shares to a value of almost SEK 10 billion during the past year.

Sweden has historically low interest rates and this benefits property companies since interest expense is the single largest cost item for most property companies. The Riksbank's assessment is that the repo rate will remain at 0.75 per cent until early 2015 and will then gradually increase at a slow rate.

On the transaction side, the trend since 2012 has continued, which means that fewer but larger property transactions were carried out during the year. Most of the buyers were listed property companies, state-owned companies and institutions, while the sellers included foreign players.

According to the IPD Swedish Property Index, investments in commercial properties have displayed an annual, average total yield of approximately 6.3 per cent during the past five years. The total yield includes increases in value together with the annual yield.



#### Commercial properties, geographical distribution

Area	sq.m. thousands	%
The Stockholm area	292	40
The Gothenburg area	279	37
The Öresund area	114	15
Skaraborg	32	4
Mälardalen	24	3
Sundsvall	5	1
Jönköping, Tranås	2	–
<b>Total</b>	<b>748</b>	<b>100</b>

According to DTZ, commercial property turnover amounted to about SEK 70 billion during 2013. The ten largest transactions accounted for approximately SEK 22 billion, in other words almost 30 per cent.

According to the property magazine Fastighetsvärlden, estimated and recorded yield values and price levels in respect of office properties in A locations were as

Place	Yield, %	Price per sq.m.
Stockholm	4.25–4.50	70,000–90,000
Gothenburg	5.00–5.50	28,000–38,000
Malmö	5.25–6.00	18,000–29,000

follows; The value of Balder's properties in Stockholm's inner city amounted to about SEK 4.7 billion, which corresponds to 68 per cent of the total value of our commercial properties in the region. The average value per sq.m. for office properties with A locations in Stockholm amounts to approximately SEK 52,000.

The equivalent figures for Gothenburg are SEK 2.8 billion and 53 per cent, and SEK 2.0 billion and 82 per cent for Malmö. The average value per sq.m. for office properties with A locations in Gothenburg and Malmö amounts to approximately SEK 27,000.

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

During 2013, seven properties were acquired at an underlying property value of SEK 2,000m. The largest individual transactions were the acquisitions of Skeppshandeln 1 and Murmästaren 3 in Stockholm and Lindholmen 39:2 in Gothenburg.

In 2013, five properties were divested to a value of SEK 131m including properties in Höganäs, Sigtuna, Vaxholm and Uddevalla. A more detailed description of the transactions is available on pages 32–33.

# Transactions

The largest transaction was the acquisition of the housing group Bovista Invest where 60 per cent of the real estate value is in Gothenburg and Västerås. The acquisition will make a significant contribution to Balder's results starting in 2014.

In 2013, Balder acquired properties for approximately SEK 4,000m, corresponding to growth in the real estate value of almost 18 per cent. Acquisitions during the year were characterised by the same strategy we have followed in recent years, namely, acquiring centrally-located commercial and residential properties in places that are growing.

## Acquisitions

The largest transaction was the acquisition of the housing group Bovista Invest where 60 per cent of the real estate value is in Gothenburg and Västerås. The acquisition was carried out during the final quarter of the year and will make a significant contribution to Balder's results starting in 2014. Balder sees the acquisition as strategic, as our goal is that residential properties should account for half of the overall real estate value. After the acquisition, residential properties represent 45 percent of the total real estate value. The commercial acquisitions have mainly related to office and hotel properties. In two different transactions Balder has acquired the office properties Stockholm Murmästaren 3 and 7 at Kungsholmstorg as well as the property development project Stockholm Skeppshandeln 1 in Hammarby Sjöstad, which mainly contains a hotel. In Gothenburg, the largest transactions were the purchase of the hotel property Lindholmen 39:2, which is operated under the SAS

## Property transactions 2013

Quarter	Number	Name of property	Municipality	Property category	Lettable
<b>Acquisitions</b>					
Second	1	Mellomkvarn 1	Skövde	Retail	10,959
Second	1	Murmästaren 7	Stockholm	Office	3,089
Second	1	Skeppshandeln 1	Stockholm	Retail	13,766
Second	1	Lindholmen 39:2	Gothenburg	Other	13,299
Third	1	Bö 93:2	Gothenburg	Office	9,179
Fourth	1	Fiskaren Större 3	Stockholm	Residential	2,597
Fourth	1	Murmästaren 3	Stockholm	Office	16,086
Fourth	67	Bovista	—	Residential	370,109
<b>Total</b>	<b>74</b>				<b>439,084</b>





Radisson brand and the office property Bö 93:2, better known as Kanoldhuset, which adjoins Liseberg. Balder estimates that the company will be able to continue acquiring similar assets during the next few years. Meanwhile, we estimate that housing construction under our own management will gradually increase and will account for a significant share of our investments.

### Divestments

Balder's strategy for a number of years has been to divest properties held in places where the company cannot sustain a sufficiently large management unit. During the year, properties to a value of SEK 145m were sold in Sigtuna, Höganäs, Falköping, Uddevalla, Trollhättan, Partille and Vaxholm. Several of these divestments have meant that Balder has completely left these locations. Balder estimates that the company will also leave certain other locations during the next few years.

### Property transactions 2013

Quarter	Num-ber	Name of property	Municipality	Property category	Lettable
<b>Divestments</b>					
First	1	Oden 19	Falköping	Residential	317
First	1	Märsta 1:218	Sigtuna	Retail	2,372
Second	1	Kaktusen 29, 30 och 33	Höganäs	Office	4,630
Second	1	Fredborg 1	Uddevalla	Retail	200
Second	1	Västbjörke 2:84, 85, 88	Trollhättan	Residential	2,370
Second	—	Part of Holmsund 7:6	Gävle	Residential	—
Second	—	Part of Tunadal	Köping	Residential	—
Third	1	Skulltorp 1:839, 1:771	Partille	Retail	1,745
Fourth	2	Domaren 15 och 18	Vaxholm	Other	2,572
<b>Total</b>	<b>8</b>				<b>14,206</b>

# Property and project development

Balder considers that it important to be able to control the entire value chain, from acquisition of land to completion of projects. This occurs in close cooperation with municipalities and other stakeholders.

**D**uring the year, Balder has started the work on building up a property development organisation. The ambition over time is to create an extensive portfolio of development rights in relation to development properties and property development projects, with the goal of producing a large number of new housing units annually.

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

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

# Ongoing and planned projects

## Copenhagen

Balder will build 200 apartments in Örestad Syd. The project is expected to be completed during the fourth quarter of 2015, and will be let in three phases. The lettable area will amount to about 18,000 sq.m. The apartments will be constructed as slab blocks with 4–10 floors. The frontages will be of light concrete, mixed with brick masonry facades. Örestad Syd is a lively and attractive district in Copenhagen with proximity to communications, nature and shopping.



## Gothenburg

Together with the City of Gothenburg and other property owners in Backaplan, Balder plans to develop a new city district of approximately 4,000 housing units and approximately 100,000 sq.m. of retail properties and premises, with Balder and KF as the dominating property owners. Backaplan's central location and good infrastructure means that the area has great potential for meeting the city's need of centrally-located housing, retail and office premises. At present, the area is very lightly developed and great opportunities exist to build a more robust and dense city district, combining elements of residential, retail and service.



## Stockholm

At the existing properties in Brommarondellen, Balder is planning to continue with production of new housing and premises. The planning work is expected to begin during 2014. Brommaplans Centrum is a prioritised traffic centre for public transport in Stockholm's urban development. Balder's properties, in the zone between Brommaplan and Riksby, represent an important part of Bromma's future. The buildings are intended to be high-rise slab blocks with premises on the ground floor. The architecture will be adapted to Brommarondellen's central location in the district.



## Million programme

A part of Balder's residential portfolio consists of so-called "million programme" areas, which were produced during the 1960s. These areas are characterised by a unilateral housing stock, low development and large-scale parking and traffic solutions. The infrastructure is often well-developed and it is easy to get to and from the apartments. New construction in these areas has been very limited for a long period, while the population has increased. These areas are largely characterised by social imbalances. Balder's assessment is that there is great potential for new housing in these areas. By developing existing zones within city districts, land can be used more efficiently and safer housing environments can be created. Through more efficient use of the existing infrastructure, we estimate that future investments are limited and this means that the initial value of development projects is low. Balder's strategy is to create a broader supply of modern housing by increasing development density through addition of apartment blocks and terraced houses. Consequently there are great opportunities in our own portfolio to offer the market good-value tenancy rights and tenant-owner's rights.





Above Spårvagnen 4, Stockholm,  
exterior and interior view.

Large photo Tor 10, Skara.





# Real estate valuation

In recent years, Balder's strategy has been to acquire centrally-located properties in the Stockholm, Gothenburg, Malmö and Copenhagen metropolitan areas, while selling in places where the company has no local representation.

**B**alder's real estate portfolio consists of 498 properties where almost half consists of residential properties. The holdings are divided into five geographical regions: Stockholm, Gothenburg/West, Öresund, East and North. Each region is unique with specific characteristics that must be considered when the holdings are valued.

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

## **Rental payments**

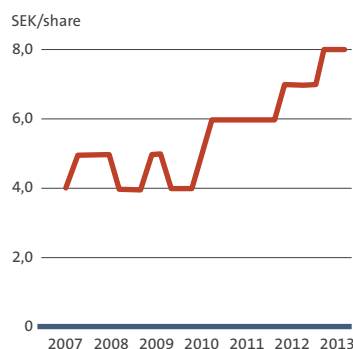
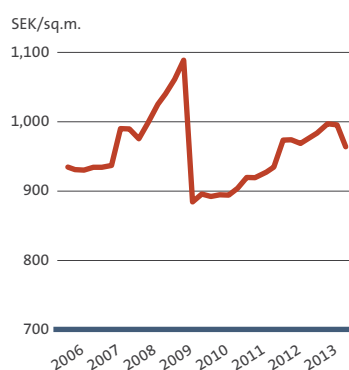
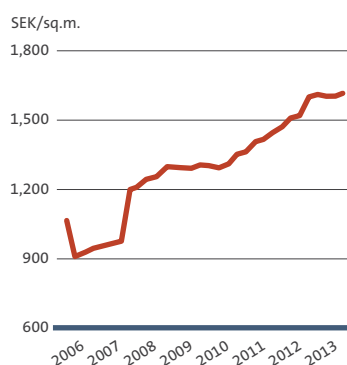
The rental trend is expected to follow inflation over time. Commercial leases are indexed, which means that the rent develops at the same rate as the CPI, consumer price index, during the leasing period. Residential properties have historically developed a little better than the CPI, but in its valuations,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

## **Operating and maintenance payments**

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

## **Yield requirement**

Yield requirements and the cost of capital used in the valuation model have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental level, vacancy rate and the condi-

**Net operating income rolling****Rental value, Residential****Rental value, Commercial**

tion of the property. Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5–10 per cent. Balder continually monitors the transactions that are completed in the market in order to substantiate and guarantee internal valuations. Balder also conducts continual discussions with external actors regarding acquisition and divestment of properties, which provides us with additional guidance.

On 31 December, Balder's average yield amounted to 5.9 per cent (5.9). The yield requirement for commercial properties amounted on average to 6.0 per cent (6.2) and to 5.7 per cent (5.5) for residential properties.

**Change in value of the real estate portfolio**

In 2013, Balder acquired properties for SEK 3,606m (3,756). The sales during the year amounted to SEK 145m (69), which generated a profit of SEK 16m (3).

According to Balder's internal valuation, the carrying amount of the properties at year-end amounted to SEK 27,532m (22,278), which corresponds to an unrealised change in value of SEK 838m (809).

**External valuations**

During the year Balder allowed Savills Sweden to value all properties owned by the company as of 30 June 2013 in order to guarantee its internal valuations. Savill's valuation exceeded Balder's internal valuation by less than 1 per cent. Historically, the difference between Balder's internal and external valuations has been marginal.

**Total property portfolio**

SEKm	According to valuation	SEK/s.q.m
Rent including vacancy	2,397	1,225
Long-term vacancy	–97	–49
<b>Rental income</b>	<b>2,300</b>	<b>1,176</b>
Operating and maintenance	–632	–323
Property tax	–94	–48
Ground rent	–9	–5
<b>Net operating income</b>	<b>1,565</b>	<b>800</b>
Valuation, excluding real estate projects	26,664	13,632
<b>Yield, %</b>	<b>5.9</b>	

Region	Cost of capital requirement for counting of future cashflows, %	Yield requirement for estimating residual value, %	The mean value of yield requirements for estimation of residual value, %
Stockholm	6.0–10.2	4.0–8.2	5.4
Gothenburg /West	6.0–12.0	4.0–10.0	6.1
Öresund	6.0–10.0	4.0–8.0	5.3
East	7.0–12.0	5.0–10.0	6.1
North	7.0–13.0	5.0–11.0	5.7



# Financing

Through issues and strong comprehensive income, shareholders' equity increased during the year by SEK 2,907m, equivalent to 35 per cent. Refinancing risk has decreased, due to more capital sources.

**B**alder is a long-term property owner. Access to capital is a requirement for successful property management. Organisationally, the financial operations are centralised to the Parent Company which acts as an internal bank to the Group with responsibility for funding, cash management and financial risk management. Balder is financed by equity and liabilities, where the majority of the liabilities consist of interest-bearing liabilities. The proportion of equity is impacted by the chosen level of financial risk, which in turn is impacted by lenders' equity requirements for offering market-related financing. Balder's long-term goals for the capital structure are that the equity/assets ratio should not be less than 35 per cent over time and that the interest coverage ratio over time should not be less than 1.5 times.

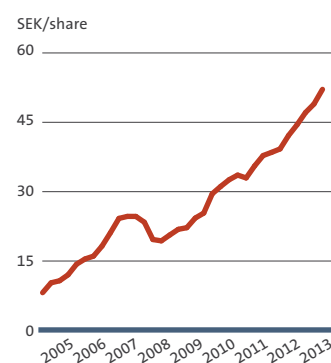
Balder increased shareholders' equity during the year by SEK 2,907m, equivalent to 35 per cent, partly through new issues of SEK 1,297m, partly through comprehensive income for the year of SEK 1,735m and reduced shareholder's equity by SEK 125m through dividends paid to the preference shareholders.

## Interest-bearing liabilities

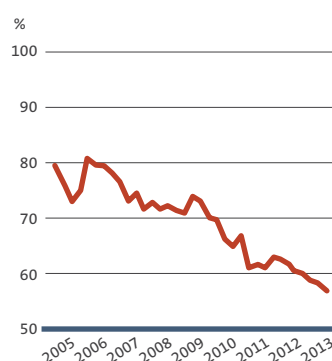
The Group's interest-bearing liabilities amounted to SEK 16,521m (13,789) on 31 December, which corresponds to a loan-to-value ratio on the properties of 57.0 per cent (60.4). The interest-bearing liabilities consist of bilateral loan agreements with Nordic banks, bond loans of SEK 750m and a certificate programme of SEK 1,000m. The certificate programme is secured through back-up facilities from banks, which means that if we cannot issue certificates, we will use the back-up facilities. The liquidity for bond financing has increased considerably in recent years, which means that Balder today can finance itself at the same prices for longer terms in the bond market than in the interbank market. This has decreased the refinancing risk in the company as we can meet our financing needs through more sources of capital.

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

## Development of net asset value



## Loan to value ratio, properties



Changes of market rates of interest or changes in lenders' margins affect net financial items. By working with long credit agreements with agreed margins together with a long interest rate refixing period, predictability in the cash flow is achieved. During 2013, bank margins were essentially unchanged, while the market rate of interest (STIBOR) fell. Balders' average interest rate refixing period amounted to 3.5 years (4.8) at year-end and the average fixed credit term amounted to 5.4 years (6.6).

Interest rate derivative instruments are deployed in order to obtain preferred interest rate refixing periods. Balder's view is that derivatives are a more flexible and cost efficient instrument compared to taking out fixed-interest loans, which would provide the same cash flow effect. The difference is greater for accounting purposes as derivatives are continually recognised at fair value in the balance sheet with changes in value recognised in net financial items in the income statement, without application of hedge accounting. When the market rate of interest deviates from the interest agreed in derivative instruments, a surplus or deficit arises in the accounting, which is not the case with fixed interest loans. Changes in value of derivatives amounted to SEK 433m (–71) during the year. The deficit on derivatives, SEK 472m (868), will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 472m, which will be reversed to equity, adjusted by deferred tax, in line with the maturity of the interest rate derivatives.

#### Net financial items

Net financial items, excluding changes in value in interest rate derivatives, amounted to SEK –456m (–466), which is a result of lower average interest, despite a larger debt. At year-end, Balder's average interest rate was 3.2 per cent (3.6).

#### Interest maturity structure 2013-12-31

Year	Interest rate refixing period		
	SEKm	Interest %	Proportion %
Within one year	8,254	2.1	50.0
1–2 years	267	4.3	1.6
2–3 years	500	4.5	3.0
3–4 years	—	—	—
4–5 years	3,000	4.8	18.2
>5 years	4,500	3.9	27.2
<b>Total</b>	<b>16,521</b>	<b>3.2</b>	<b>100.0</b>

#### Finance policy

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

The overriding goals of the financial policy are:

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



Ledebur 15, Malmö

### Financial goals

	Goal	Outcome	
		2013	2012
Equity/assets ratio, %	35.0	37.3	34.8
Interest coverage ratio, times	1.5	2.9	2.4

### Liquidity

Balder utilises credit facilities in order to balance its liquidity needs. At year-end, Balder's disposable liquidity amounted to SEK 1,004m (470), which was composed of cash and cash equivalents, unutilised credit facilities and financial investments. Balder's cash flow is relatively evenly distributed during the year as about half of the rental income relates to residential rents, which are paid monthly. Remaining rents are mainly paid quarterly.

### Key ratios

As of 31 december	2013	2012
Return on equity, %	21.5	17.0
Return on total assets, %	9.7	8.8
Interest coverage ratio, times	2.9	2.4
Equity/assets ratio, %	37.3	34.8
Average fixed credit term, years	5.4	6.6
Average interest rate refixing period, years	3.5	4.8

# Opportunities and risks

By actively working with diversification of risks as regards type of property, geographical diversification and customer composition, Balder limits the company's risks. All business activity is associated with risks and these may affect the company negatively but may also generate opportunities.

## Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/- 1 per cent	+/- 23
Economic occupancy rate	+/- 1 percentage unit	+/- 24
Interest-rate level of interest-bearing liabilities	+ 1 percentage unit	- 82
Property costs	+/- 1 per cent	-/+ 7
Changes in value of properties	+/- 5 per cent	+/- 1,377

## Rental income, rental development and occupancy rate

51 per cent of Balder's contracted rental income relates to residential properties and 49 per cent to premises. The company's income is affected by the occupancy rate of the properties, the possibility of charging market-related rents as well as customers' payment capacity. If the occupancy rate or rental levels change, irrespective of the reason, Balder's results are affected. Naturally, the risk of large fluctuations in vacancies and loss of rental income increases the more large individual tenants a property company has. Balder's ten largest leases represent 9.1 per cent of total rental income and the average lease term amounts to 9.9 years. No individual lease accounts for more than 1.7 per cent of Balder's total rental income and no individual customer accounts for more than 1.7 per cent of total rental income. There are no guarantees that Balder's major tenants will renew or extend their leases when they expire, which in the longer term can lead to altered rental income and vacancies. The dependence on individual tenants decreases in line with Balder's continued growth through acquisitions. In order to limit the risk of falling rental income and a weakened occupancy rate, Balder strives to develop long-term relationships with the company's existing customers. Balder's leases are normally wholly or partly linked to the consumer price index, in other words, wholly or partly adjusted for inflation.

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



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

At year-end, Balder had an economic occupancy rate of 94 percent, which means that the vacancy at year-end amounted to SEK 134m and represents an opportunity for potential new lettings. The table on page 42 shows how profit before tax would be affected by a change of  $\pm 1$  per cent in the rental level and  $\pm 1$  per cent in the economic occupancy rate.

#### **Operating and maintenance costs**

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

#### **Change in value of the properties**

83 per cent of the value of Balder's real estate portfolio is found in the three metropolitan regions Stockholm, Gothenburg/West and Öresund. Balder's investment properties are recognised at fair value in the balance sheet and changes in value are recognised in the income statement. Unrealised changes in value do not affect the



cash flow. Balder carries out an internal valuation of its real estate portfolio in connection with quarterly reports. Parts of the real estate portfolio are also externally valued and compared to the internal valuation.

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

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

#### **Dependence on key people**

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

#### **Operational risks**

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

#### **Taxes and changed legislation**

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



### Financial risks

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

#### Refinancing risk

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

#### Interest risk

Interest risk is defined as the risk that changes in the level of interest rates will affect Balder's financing expense. The interest expense is Balder's single largest cost item. Interest expenses are mainly affected by the current level of the market rate of interest and credit institution margins and also by what strategy the company chooses for interest rate refixing periods. Market rates of interest are mainly affected by the expected inflation rate.

In times of rising inflation expectations, the interest rate level can be expected to rise, which immediately increases the interest expense on loans with short maturities.

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

#### Credit risk

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

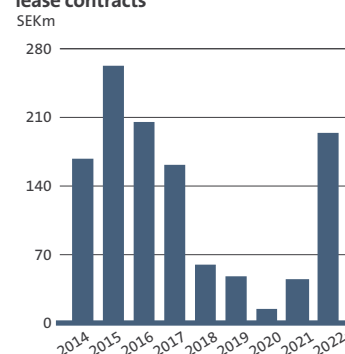
#### Foreign exchange risk

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

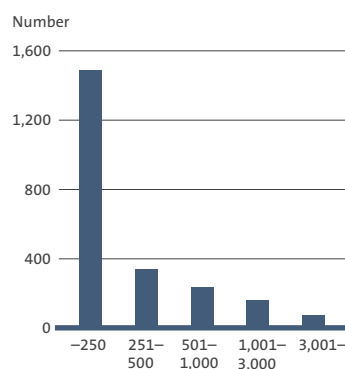
### Environmental risk

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

**Maturity structure of commercial lease contracts**



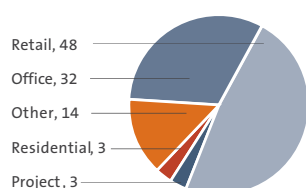
**Number of commercial leases per rental value**



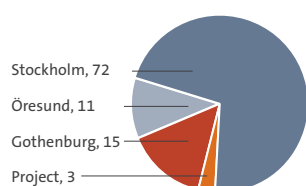
# Associated companies

Balder's associated companies together own 53 properties with a total carrying amount of SEK 5,086m. Balder also holds shares in the rapidly growing credit market company Collector, where the participating interest amounts to approximately 44 per cent.

Carrying amount per property category, %



Carrying amount per region, %



Balder has associated companies that manage properties and that conduct project development. All are 50%-owned by Balder. Apart from these, Balder holds shares in the credit market company Collector, where the participating interest amounts to approximately 44 per cent. The property-managing associated companies include Centur, Akroterion and Tulia, while Bovieran and Fix Holding are focused on project development.

The property-managing associated companies together own 53 properties (43) with a total carrying amount of SEK 5,086m (4,342), a total lettable area of about 285,000 sq.m. (270,000) and a rental value amounting to SEK 400m (332). Profit from property management, in other words, profit excluding changes in value and tax, amounted to SEK 345m (253), of which Balder's participation amounted to SEK 157m (108). The companies' profit after tax amounted to SEK 429m (239), of which Balder's participation amounted to SEK 204m (105). Balder's results were affected by changes in value in respect of properties and derivatives of SEK 100m (8) before tax. For more information about Balder's associated companies, see Note 15, Participations in associated companies.

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

Per 2013-12-31	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/s.q.m.	Rental income, SEK	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	32	87,980	148	1,683	137	93	1,830	72
Gothenburg	10	30,076	29	952	28	99	373	15
Öresund	7	24,282	23	938	21	91	273	11
<b>Total</b>	<b>49</b>	<b>142,337</b>	<b>200</b>	<b>1,402</b>	<b>186</b>	<b>93</b>	<b>2,476</b>	<b>97</b>
Projects	4	—	—	—	1	—	67	3
<b>Total</b>	<b>53</b>	<b>142,337</b>	<b>200</b>	<b>1,402</b>	<b>187</b>	<b>93</b>	<b>2,543</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	4	3,406	4	1,282	4	99	80	3
Office	7	34,711	77	2,212	68	88	820	32
Retail	32	94,454	98	1,033	94	96	1,211	48
Other	6	9,768	21	2,128	21	99	364	14
<b>Total</b>	<b>49</b>	<b>142,337</b>	<b>200</b>	<b>1,402</b>	<b>186</b>	<b>93</b>	<b>2,476</b>	<b>97</b>
Projects	4	—	—	—	1	—	67	3
<b>Totalt</b>	<b>53</b>	<b>142,337</b>	<b>200</b>	<b>1,402</b>	<b>187</b>	<b>93</b>	<b>2,543</b>	<b>100</b>



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

SEKm	2013	2012	2011
Rental income	179	159	123
Property costs	-40	-33	-25
<b>Net operating income</b>	<b>140</b>	<b>126</b>	<b>98</b>

	2013	2012	2011
Carrying amount properties, SEKm	2,543	2,171	2,023
Number of properties <sup>1)</sup>	53	43	41
Lettable area, sq.m. thousands	142	135	125

1) Of which four real estate projects

#### Fastighets AB Centur

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

At year-end, Centur owned 27 investment properties (27) with a lettable area of 162,000 sq.m. (160,000) and a rental value of SEK 155m (153). During the year, three properties were acquired for project development. The carrying amount of the properties amounted to SEK 2,027m (1,803). The properties are located in Stockholm, Gothenburg and the Öresund area.

#### Akroterion Fastighets AB

The company is 50 per cent-owned by GE Capital Real Estate Nordic and Balder respectively. At year-end, 2 office properties were owned (2) in attractive locations in Stockholm with a carrying amount of SEK 1,179m (1,176), a lettable area of 53,000 sq.m. (53,000) and a rental value amounting to SEK 92m (88). Both of the properties have good project development potential and both projects include a mix of commercial and residential areas.

#### Tulia AB

Balder owns 50 per cent of Tulia and the remaining part is owned by André Åkerlund AB. At year-end, Tulia owned 20 properties (14), which are mainly centrally-located in Stockholm. The lettable area amounted to 70,000 sq.m. (54,000) and the carrying amount of the properties totalled SEK 1,877m (1,360) with a rental value amounting to SEK 122m (95).

#### Bovieran Holding AB

Balder and Mellberg Förvaltning AB each own 50 per cent of the company. The operations consist of development and construction of residential properties using an internally-developed design Bovieran where the glazed-in courtyard in the form of a winter garden with a Rivieran atmosphere is a distinct feature. The winter garden

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

SEKm	2013 31 Dec	2012 31 Dec
<b>Assets</b>		
Properties	2,543	2,171
Other assets	34	22
Cash and cash equivalents	40	13
<b>Total assets</b>	<b>2,617</b>	<b>2,206</b>

#### Equity and liabilities

Equity/		
shareholders' loan	990	724
Interest-bearing liabilities	1,454	1,359
Other liabilities	173	123
<b>Total equity and liabilities</b>	<b>2,617</b>	<b>2,206</b>

has a pleasant temperature all-year-round and contains lush greenery with tropical, mediterranean, Japanese and Scandinavian environments.

Bovieran has been built in six different places so far. On Hönö, in Kalmar, Norrtälje, Haninge and Linköping construction is either ongoing or the start of the project is imminent. The company is in the midst of a strong growth phase and will begin a number of further construction projects during 2014. The planned production rate is four to five projects per year. Also see [www.bovieran.se](http://www.bovieran.se)

#### Fix Holding AB

The company is owned in equal shares by Balder and HSB Göteborg and it owns Fixfabriken in Majorna, which is a fully let building. Balder has purchased land together with HSB at the site in Majorna where the Fixfabriken was previously located for many decades. Fix Holding will develop almost 500 new residential units here with supplementary business premises.

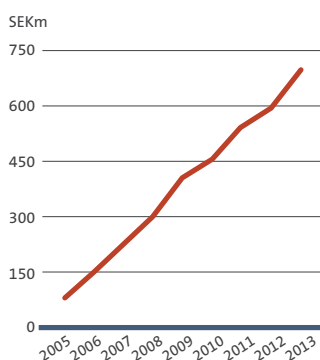
The new Fixfabriken will be a sensation among residential areas in Gothenburg, and will feature distinctive architecture and excellent housing quality. Equally important is the fact that Fixfabriken will become a vital new addition and a dynamo for continued development, both in the area and in the city as a whole. It will be fantastic housing, but it will also be an exceptional project, which is intended to serve a model for urban renewal, where participation, transparency and collaboration are not just fine words but firm reality. The objective is to have a detailed development plan ready by 2016.

#### Collector AB

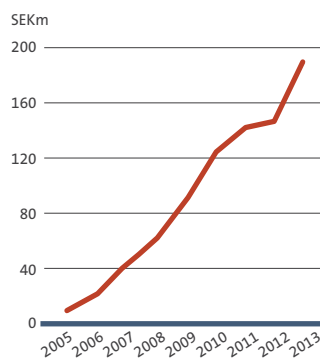
The company has a stable group of owners where the largest owners are Balder, Ernströmgruppen and Provobis. Balder is the main owner with approximately 44 per cent. Collector is a successful credit market company, which is displaying rapid organic growth with offices in Gothenburg, Stockholm, Malmö, Oslo and Helsinki.

The company is a partner focusing on overall solutions in financing, credit management and the legal field. The company's business areas are Collector Consumer, Collector Business and Collector Commerce and the balance sheet total amounted to SEK 4,600m (3,600m). Sales amounted to SEK 700m (590m) and profit before tax was SEK 190m (146). Also see [www.collector.se](http://www.collector.se)

#### Sales (Collector)



#### Profit before tax (Collector)



## Financial reporting

### 49 Report of the Board of Directors

#### Consolidated statement of

- 54 Comprehensive income
- 55 Financial position
- 56 Changes in equity
- 57 Cash flows

#### Parent Company

- 58 Income statement
- 59 Balance sheet
- 60 Changes in equity
- 61 Cash flow statement

### 62 Notes

### 82 Audit report

# Audit report

The Board of Directors and CEO of Fastighets AB Balder (publ), corporate identity number 556525-6905, hereby submit the accounts of the Group and the Parent Company for the financial year 2013.

Fastighets AB Balder is listed on NASDAQ OMX Stockholm, Mid Cap segment. The company has approximately 16,100 shareholders (12,500).

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

## Operations

Balder's business concept is to create value by acquiring, developing and managing residential properties and commercial properties based on local support and to create customer value by meeting the needs of different customer groups for premises and housing.

Balder shall aim to achieve such a position in each region whereby the company is a natural partner for potential customers that are in need of new premises and/or housing. Growth should occur on the basis of continued profitability and positive cash flows.

## Financial goals

Balder's goal is to achieve a stable and good return on equity, while the equity/assets ratio over time shall not be less than 35 per cent and the interest coverage ratio shall not be less than 1.5 times. The company's goal for its equity/assets ratio has changed during 2013 from 30 per cent previously.

## Organisation

Balder's business areas consist of the regions Stockholm, Gothenburg/West, Öresund, East and North, which are made up of 16 areas. The regional organisations follow the same basic principles but differ depending on the size and property holdings of each region. Regional offices are responsible for letting, operation as well as the environment and technical management.

The Balder Group, with Fastighets AB Balder as Parent Company, is composed of a large number of limited liability companies and limited partnership companies. Balder's operational organisation is supported by central accounting, property management and finance functions. The Group had a total of 290 employees (215) on 31 December, of which 102 (67) were women.

Balder's management team is composed of six people, of which one is a woman. For information regarding approved guidelines for remuneration to senior executives, see Note 4, Employees and personnel expenses. The Board will not propose any changes in the guidelines to the Annual General Meeting 2014.

## Significant events during the financial year

During the second quarter, Balder acquired four properties in the Stockholm and Gothenburg regions to a value of just over

SEK 800m. During the second quarter, a directed new issue was also carried out, which provided the company with SEK 160m and a bond loan was also issued for SEK 500m.

Balder acquired Bovista Invest AB in November. The transaction included 4,300 apartments and a total area of 370,000 sq.m. to a value of approximately SEK 2 billion. A directed new share issue of 3,500,000 preference shares was conducted in connection with the Bovista transaction, which increased shareholders' equity during the fourth quarter by SEK 1,138m. During the fourth quarter, a turnkey agreement regarding construction of approximately 200 condominiums in Örestad in Copenhagen was also signed for a value upon completion during the end of 2015 of approximately SEK 400m and the commercial property Murmästaren 3 was also acquired in Stockholm at an underlying real estate value of approximately SEK 500m.

## The property portfolio

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

On 31 December, Balder owned 498 properties (432) with a lettable area of 1,969,000 sq.m (1,543,000) at a carrying amount of SEK 27.5 billion (22.3). During the year, 74 properties (14) with a lettable area of approximately 439,000 sq.m. (141,000) were acquired for SEK 3,606m (3,756). 8 properties (6) were sold during the year with a total lettable area of 14,000 sq.m. (7,000) for SEK 145m (72), which generated a profit of SEK 16m (3). In 2014, Balder will continue the work on consolidating its property portfolio.

When allocating carrying amounts by region, Stockholm amounted to 33 per cent (34), Gothenburg/West 31 per cent (29), Öresund 19 per cent (22), East 12 per cent (8) and North 6 per cent (7). Of the carrying amounts, 55 per cent (56) related to commercial properties and 45 per cent (44) to residential properties.

## Opportunities and risks

Balder's operations, financial position and results may be affected by a number of risk factors.

### *Rents and customers*

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

In order to limit the risk of lower rental income and a weakened occupancy rate, Balder strives to develop long-term relationships with the company's existing customers. Balder's distribution between commercial and residential properties and



the geographical spread in the portfolio means that the risk relating to rental income is low.

At year-end, Balder had an economic occupancy rate of 94 per cent (94). Balder's ten largest leases represented 9.1 per cent (8.7) of total rental income and their average lease term amounted to 9.9 years (10.5). No individual lease accounted for more than 1.7 per cent (1.6) of Balder's total rental income and no individual customer accounted for more than 1.7 per cent (2.6) of total rental income. The average lease term in the overall commercial portfolio amounted to 4.9 years (4.4).

A change of  $\pm 1$  per cent in rental income would affect the profit before tax by  $\pm$  SEK 23m.

#### *Debt and risk management*

Balder's greatest financial risk is a lack of financing. To limit refinancing risk, Balder works continually to renegotiate loans and to diversify the maturity structure of loans. Meanwhile, this work ensures that competitive long-term financing is maintained. Balder's average fixed credit term amounted to 5.4 years (6.6).

Interest risk arises through fluctuations in the market rate of interest, which affects results and cash flow. A higher market rate of interest means an increased interest expense but this often also coincides with higher inflation and economic growth. This means that higher interest expenses are partly offset by lower vacancy rates and higher rental income through increased demand and by the fact that rents are indexed. Balder has elected to use interest rate derivatives to limit the risk of financing costs increasing significantly in the event of a higher market rate of interest.

In the event of an immediate increase in the market rate of interest of one percentage unit and the assumption of an unchanged loan and derivative portfolio, the interest expense would increase by SEK 82m. Of Balder's total loan stock at year-end, 50 per cent (60) had an interest rate refixing period of more than one year. The Danish holdings have given rise to a limited currency position. For more information see Note 21, Financial risks and financial policies.

#### *Property costs*

Property costs include direct costs such as operating and media expenses, maintenance costs, ground rent and property tax. Each region is responsible for ensuring that the property portfolio is well-maintained and in good condition. Through a local presence, knowledge improves about each property's need of preemptive work, which is more cost-effective in the long-term than extensive repairs.

Balder works continually on improvements in relation to operating costs such as heating and electricity consumption in order to continuously improve cost efficiency using rational technical solutions, practical efforts and continual follow up.

A change of  $\pm 1$  per cent in property costs would affect the property costs by SEK  $\pm$  7m.

#### *Changes in value of investment properties*

Balder reports its investment properties at fair value with changes in value in the income statement. Market assessments

of properties always involve a certain amount of uncertainty in the assumptions and estimates made. The uncertainty in respect of individual properties is normally considered to be in the range of  $\pm 5$ –10 per cent. The uncertainty varies according to the type of property, geographical location and real estate market conditions. Balder continually monitors the transactions that are completed in the market in order to substantiate and guarantee its valuations. In addition, Balder conducts continual discussions with external participants on acquisition and divestment of properties and regularly allows external parties to value parts of the portfolio, which provides additional guidance. Also see Note 13, Investment properties. Profit before tax would be affected by SEK  $\pm$  1,377m in the case of a change in value of the investment properties of  $\pm 5$  per cent. The equity/assets ratio in the event of a positive change in value would amount to 39.1 per cent and in the event of a negative change in value it would amount to 35.3 per cent.

#### **Sensitivity analysis**

Factor	Change	Earnings effect before tax, SEKm
Rental income	$\pm 1$ per cent	$\pm 23$
Economic occupancy rate	$\pm 1$ percentage	$\pm 24$
Interest-rate level of interest-bearing liabilities	+1 percentage	–82
Property costs	$\pm 1$ per cent	$\pm 7$
Changes in value of investment properties	$\pm 5$ per cent	$\pm 1,377$

#### **Environment**

Balder has not carried out any comprehensive study of possible environmental pollution in the property portfolio but estimates that neither the properties nor the customers' operations give rise to any material environmental risks, which could affect the company's position. Acquisitions of properties where a risk of an environmental impact is deemed to exist, are preceded by environmental inspections.

The company's ownership of wind turbines is part of Balder's environmental work. Balder's ten wind turbines produce about 30 per cent of the company's own electricity consumption.

#### **The share and owners**

During the year, two new issues were completed. In May, a directed new share issue of 500,000 preference shares took place at a price of SEK 321 per share. A further 3,500,000 preference shares were issued in October, at a price of SEK 329 per share. Combined, the issues provided the company with SEK 1,297 M after transaction costs.

At year-end, the number of repurchased own shares amounted to 2,859,600 shares in total. No shares were repurchased during the year. The purpose of the repurchased shares is primarily to enable, wholly or partly, acquisition financing using own shares.

At year-end, the share capital amounted to 172,396,852 distributed among 172,396,852 shares. Each share has a quota

value of SEK 1, whereof 11,229,432 are of Class A, 151,167,420 of Class B and 10,000,000 preference shares. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote. Of the B shares, 2,859,600 are repurchased, which means that the total number of outstanding shares amounts to 169,537,252.

The Annual General Meeting 2013 resolved to authorise the Board during the period until the next annual general meeting to decide on a new issue of shares of Class B and preference shares corresponding to not more than 10 per cent of the existing share capital. The largest owners are Erik Selin Fastigheter AB with 51 per cent of the votes and Arvid Svensson Invest AB with 16 per cent of the votes. There are no restrictions in the articles of association as to the form of transfer of shares or voting rights at the general meeting.

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

## Results

Profit from property management for the year, in other words profit excluding changes in value, derivatives and tax, amounted to SEK 854m (691), which corresponds to SEK 4.57 per ordinary share (3.73). The increase was primarily due to changes in the real estate portfolio. The profit from property management includes SEK 157m (108) in respect of associated companies, which is included in the income statement in participations in profits from associated companies. Net profit for the year after tax amounted to SEK 1,738m (1,162), corresponding to SEK 10.11 per ordinary share (6.69).

The result was impacted by realised changes in value in respect of properties of SEK 16m (3), unrealised changes in value of properties of SEK 838m (809), changes in value in respect of wind turbines of SEK -37m (-), changes in value in respect of interest rate derivatives of SEK 433m (-71) and profit from participations in associated companies of SEK 204m (105).

The Group's rental income amounted to SEK 1,884m (1,701) during the year. The leasing portfolio was estimated to have a rental value on 31 December of SEK 2,394m (1,924) on a full-year basis. The average rental level for the entire real estate portfolio amounted to SEK 1,216/sq.m. (1,247). The decrease in the average rental level was due to the acquisition of Bovista Invest, which mainly consists of 4,300 residential apartments. 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 the closing date. On 31 December, the total rental value for unlet areas amounted to SEK 134m (124) on a full-year basis.

Property costs amounted to SEK 609m (537) during the year. The increase in property costs was due to changes in the real estate portfolio. Net operating income increased by 9 per cent to SEK 1,274m (1,164), which provided a surplus ratio of 68 per cent (68).

Net financial items amounted to SEK -456m (-466) and changes in value of interest rate derivatives amounted to SEK 433m

(-71). Derivatives are continually recognised at fair value in the balance sheet and changes in value are recognised in the income statement without using hedge accounting. Changes in value from derivatives arise in the event of changed interest-rate levels and do not affect cash flow, as long as they are not sold during the period. Balder has hedged against higher levels of interest rates, which means that the market value of derivatives decreases during a period of downward interest rates. The deficit in respect of interest rate derivatives amounted to SEK 472m (868) at year-end. The positive change in value during the year was due to an increase in the level of interest rates which means that the difference in relation to the contracted interest rate level of interest rate derivatives has decreased.

The deficit on derivatives will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 472m, which will be reversed in its entirety to equity, adjusted by deferred tax, in line with the maturity of the interest rate derivatives.

Net financial items are equivalent to an average interest rate of 3.1 per cent (3.7) including the effect of accrued interest from Balder's interest rate derivatives.

## Value of the properties

Balder carried out an internal valuation on 31 December of the entire real estate portfolio, based on a ten-year cash flow model. Each property is individually valued by computing the present value of future cash flows, in other words future rent payments less estimated operating and maintenance payments. The cash flow is adjusted to the market by taking account of changes in letting levels and occupancy rates as well as operating and maintenance payments.

The valuation is based on an individual assessment of each property, as well as future cash flows and the yield requirement. For a more detailed description of Balder's real estate valuation see Note 13, Investment properties.

Market assessments of properties always involve a certain amount of uncertainty in the assumptions and estimates made. In order to quality-assure its internal valuations, Balder regularly allows parts of the portfolio to be externally valued during the year. On 30 June, Balder's entire property portfolio was externally valued. The external valuation exceeded Balder's internal valuation by less than 1 per cent.

On 31 December, the carrying amount of the investment properties amounted to SEK 27,532m (22,278) according to the individual internal valuation, which implied an unrealised change in value of SEK 838m (809).

## Taxes

Balder reported current tax revenue of SEK 6m (-10) and a deferred tax expense of SEK 418m (240).

Current tax and deferred tax have been calculated based on the applicable tax rate for 2013. Current tax only arises in exceptional cases on account of the possibilities of making tax write-offs, tax deductions for certain investments in properties and use of existing loss carry-forwards. Current tax arises for the small number of subsidiaries where no group contributions for tax purposes exist. Current tax for the year mainly refers to companies in Denmark.

The Group's remaining tax deficit has been estimated at SEK 2 billion (2.2) and the temporary differences between the carrying amounts and values for tax purposes of properties and interest rate derivatives amount to about SEK 5.9 billion (4.2). Deferred tax is calculated on the temporary differences arising after the acquisition date. Deferred tax liabilities are calculated on the net of these items and amounted to SEK 862m (443). For more detailed information, see Note 11, Taxes.

### Cash flow and financial position

Balder's assets amounted to SEK 30,041m (23,843) on 31 December. These have been financed by equity of SEK 11,296m (8,289) and by liabilities of SEK 18,846m (15,554) of which SEK 16,521m (13,789) are interest-bearing.

Cash flow from operating activities before changes in working capital amounted to SEK 708m (543). Investing activities have burdened the cash flow by SEK 4,593m (3,888). During the period, acquisition of properties totalled SEK 3,606m (3,756), investments in existing properties SEK 880m (273) and investments in property, plant and equipment, financial investments, associated companies etc. and non-controlling interests amounted to SEK 297m (102) and dividends paid totalled SEK 125m (95). Investments have been financed through cash flow from operating activities of SEK 502m (438), by property divestments of SEK 145m (72) and financial investments of SEK 7m (154), no dividend from associated companies (18), a new issue of SEK 1,297m (554) and net borrowings of SEK 3,079m (3,031).

Total cash flow for the period amounted to SEK 160m (40). The Group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 1,004m (470) on 31 December.

### Shareholders' equity

Shareholders' equity amounted to SEK 11,196m (8,289) on 31 December, corresponding to SEK 52.14 per ordinary share (42.15). The equity/assets ratio amounted to 37.3 per cent (34.8).

### Interest-bearing liabilities

The Group's interest-bearing liabilities amounted to SEK 16,521m (13,789) on 31 December. The proportion of loans with interest dates during the coming 12-month period amounted to 50 per cent (40) and the average fixed credit term amounted to 5.4 years (6.6). Derivatives contracts have been entered into in order to limit the impact of a higher market rate of interest.

The above-mentioned derivatives are continually recognised at fair value in the balance sheet with changes in value recognised in net financial items in the income statement without using hedge accounting. Changes in value during the year amounted to SEK 433m (–71). Interest-bearing liabilities are described in greater detail in Note 21, Financial risks and financial policies.

### Liquidity

At year-end, the Group's financial investments, cash and cash equivalents and unutilised credit facilities amounted to SEK 1,004m (470).

### Investments

Real estate investments amounted to SEK 4,486m (4,029) during the year, of which SEK 3,606m (3,756) related to acquisitions and SEK 880m (273) related to investments in existing properties and projects. Remaining investments in projects amounted to approximately SEK 730m (–). Of the total investments, SEK 1,474m (1,413) related to Stockholm, SEK 1,693m (452) to Gothenburg/West, SEK 222m (2,115) to Öresund, SEK 1,083m (25) to East, and SEK 14m (23) to North.

### Associated companies

Balder has property-managing associated companies and associated companies which conduct project development, which are all 50 per cent-owned. In addition, Balder owns 44 per cent of Collector. The property-managing associated companies include Centur, Akroterion and Tulia. Bovieran and Fix Holding work with project development. Under associated companies on page 46, Balder's participations in the balances sheets and real estate holdings of property-managing associated companies are reported and presented according to IFRS accounting policies.

The associated companies own 49 investment properties in total (43). Balder's participation in the lettable area of the real estate holdings amounts to approximately 142,000 sq.m. (135,000) with a rental value of SEK 200m (168). The economic occupancy rate amounted to 93 per cent (95).

### Parent Company

The Parent Company's operations mainly consist of performing group-wide services. Balder has centralised the Group's credit supply, risk management and cash management through the Parent Company having an internal bank function. Sales in the Parent Company amounted to SEK 99m (96) during the year, of which intra-group services represented SEK 83m (81) and the remainder mostly related to management assignments for associated companies.

Profit after tax during the year amounted to SEK 365m (387). The profit was impacted by changes in value in respect of interest rate derivatives of SEK 374m (–97).

The Parent Company's financial investments and cash and cash equivalents, including unutilised credit facilities amounted to SEK 895m (378) on 31 December. Receivables from group companies amounted to SEK 11,506m (10,571) on the closing date. Investments in property, plant and equipment and financial investments amounted to SEK 0m (1) and SEK 218m (60) respectively during the year. The change in non-current liabilities was mainly related to acquisitions during the year.

### Report on the Board work during the year

The Board held 12 board meetings during the financial year of which one was the statutory meeting. The work follows a formal work plan approved by the Board. The formal work plan governs the Board's working methods and the division of responsibility between the Board and CEO as well as the forms for the day-to-day financial reporting. During the year, strategic questions and other important matters for the company's development were discussed, apart from day-to-day financial reporting and decision-making. The company's auditors partici-

pate in at least one board meeting and report on their audit of the management's administration and of the accounts.

### Corporate Governance

Balder is governed by the corporate governance rules prescribed in the Swedish Companies Act, the Articles of Association and NASDAQ OMX Stockholm's rules for issuers. The Board aims to make it easy for the individual shareholder to understand where in the organisation responsibility and authority lie. The corporate governance in the company is based on Swedish legislation, principally on the Swedish Companies Act, NASDAQ OMX Stockholm's rules for issuers, the Swedish Code of Corporate Governance as well as other rules and guidelines. Some of the Code's principles involve creating a good basis for exercise of an active balance of power among owners, the Board and management, which Balder views as a natural part of the principles of the operations.

### Remuneration to the CEO and other senior executives

Guidelines for remuneration of senior executives were resolved upon at the preceding Annual General Meeting. Above all, the guidelines mean that market-related salaries and other terms of employment should be applicable for the company management. The remuneration should be paid in the form of a fixed salary. Taken together, dismissal pay and termination benefits should not exceed the equivalent of 18 monthly salaries. The company management refers to the CEO and other members of the Group management.

The Board's proposed guidelines to the next Annual General Meeting correspond to the present guidelines.

### Significant events after the end of the financial year

After year-end, Balder has acquired two retail properties and a development property in Backaplan in Gothenburg and a retail property adjacent to Nordstan's shopping centre in central Gothenburg. The retail properties have a lettable area of about 9,600 square metres. In addition to the above, the hotel property Scandic Opalen was acquired in Gothenburg. The area of the hotel is 18,500 sq.m. After year-end, Balder also opted to establish an loan framework of SEK 5 billion in order to supplement existing financing. Balder has also divested properties in six different transactions for a total sales value of SEK 180m. The sales value exceeded the most recent valuation by about SEK 35m. In March, all repurchased shares were also sold.

### Expectations regarding the future trend

Balder's goal is to grow by means of direct or indirect acquisitions together with our partners in the locations where we have operations.

### Proposed distribution of earnings

#### The following amount in Swedish kronor is at the disposal of the Annual General Meeting:

Share premium reserve	3,765,401,540
Retained earnings	1,971,804,522
Net profit for the year	364,875,404
Total <sup>1)</sup>	<b>6,102,081,465</b>

1) See change in the Parent Company's equity, page 60.

#### The Board proposes that the amount be allocated as follows:

Dividend SEK 20.00 per preference share	200,000,000
Carried forward	5,902,081,465
<b>Total</b>	<b>6,102,081,465</b>
Of which share premium reserve	3,765,401,540

#### The Board's statement regarding the proposed distribution of profits

Consolidated equity has been calculated in accordance with the IFRS standards adopted by the EU and interpretations of these (IFRIC) and in accordance with Swedish law by application of the Swedish Financial Reporting Board's recommendation RFR 1 (Supplementary Accounting Rules for Groups). The Parent Company's equity has been calculated in accordance with Swedish law and by application of the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities).

The Board considers that full coverage exists for the company's restricted equity after the proposed distribution of profits.

The Board considers that the proposed distribution of profits is reasonable taking account of the assessment criteria prescribed in Chapter 17 Section 3, second and third paragraphs of the Swedish Companies Act (the type, scale, risks, need to strengthen the balance sheet, liquidity and general financial position of the operations).

The Board estimates that the company's and the Group's equity after the proposed distribution of profits will be sufficiently large in relation to the type, scale and risks of the operations. The Board's assessment of the Parent Company's and the Group's financial position means that the dividend is defensible in relation to the requirements imposed by the type, scale and risks of the operations on the size of the Parent Company's and the Group's equity and the Parent Company's and the Group's need to strengthen the balance sheet, liquidity and financial position generally. The proposed dividend for preference shares accounts for 3.2 per cent (2.5) of the company's equity and 1.8 per cent (1.4) of the Group's equity.

Balder's declared goal for the Group's capital structure is that the equity/assets ratio should not be less than 35 per cent over time and that the interest coverage ratio should not be less than 1.5 times, and should also be met after the proposed dividend. In light of this, the Board considers that the company and the Group have a good basis for taking advantage of future business opportunities and also for managing possible losses. Planned investments have been considered in determination of the proposed distribution of profits.

The proposed distribution of profits will not affect the company's and the Group's ability to meet their payment obligations at the right time.

The Board has considered all other known circumstances that may be important for the company's and the Group's financial position and which have not been considered within the framework of what is stated above. In this connection, no circumstances have arisen, which make the proposed dividend appear unreasonable. Record days for the quarterly dividend of SEK 5.00 to the preference shareholders are 10 July, 10 October, 10 January and 10 April.

Gothenburg, 11 April 2014  
Board of Directors

# Financial statements

## Consolidated statement of comprehensive income

SEKm	Note	2013	2012
Rental income	2, 3	1,884	1,701
Property costs	3, 6, 7, 8	–609	–537
<b>Net operating income</b>		<b>1,274</b>	<b>1,164</b>
Changes in value of investment properties, realised		16	3
Changes in value of investment properties and wind turbines, unrealised <sup>1)</sup>	13	801	809
Management and administrative expenses	5, 6	–121	–115
Other operating income/expenses		—	–16
Participation in profits of associated companies	15	204	105
<b>Operating profit</b>	3, 4, 5, 6, 7	<b>2,174</b>	<b>1,950</b>
<b>Financial items</b>			
Financial income	9	87	45
Financial expenses	10	–543	–511
Changes in value of derivatives	21	433	–71
<b>Net financial items</b>		<b>–23</b>	<b>–538</b>
<b>Profit before tax</b>		<b>2,151</b>	<b>1,412</b>
Income tax	11	–412	–250
<b>Net profit for the year</b>		<b>1,738</b>	<b>1,162</b>
<b>Other comprehensive income – items that may later be reclassified in the income statement</b>			
Translation difference		8	–6
Participation in other comprehensive income from associated companies		–12	–1
<b>Comprehensive income for the year</b>		<b>1,735</b>	<b>1,155</b>
<b>Net profit for the year attributable to</b>			
The parent company's shareholders		1,738	1,162
<b>Total comprehensive income for the year attributable to</b>			
The parent company's shareholders		1,735	1,155
Profit from property management before tax		854	691
Profit from property management before tax per ordinary share, SEK <sup>2)</sup>		4.57	3.73
Profit after tax per ordinary share, SEK <sup>2)</sup>	12	10.11	6.69
1) Unrealised changes in value in respect of properties		838	809
Unrealised changes in value in respect of wind turbines		–37	—
<b>Total</b>		<b>801</b>	<b>809</b>

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

## Consolidated statement of financial position

SEKm	Note	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	13	27,532	22,278
Other property, plant and equipment	14	108	152
Participations in associated companies	15	1,020	760
Receivables from associated companies		748	468
<b>Total non-current assets</b>		<b>29,408</b>	<b>23,658</b>
<b>Current assets</b>			
Trade receivables	16	23	26
Other receivables	17	65	18
Prepaid expenses and accrued income	18	32	25
Financial investments	19	305	69
Cash and cash equivalents	25	208	47
<b>Total current assets</b>		<b>633</b>	<b>186</b>
<b>TOTAL ASSETS</b>		<b>30,041</b>	<b>23,843</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the parent company's shareholders</b>			
Share capital	20	172	168
Other paid-up capital		4,339	3,046
Retained earnings including net profit for the year		6,685	5,075
<b>Total equity</b>		<b>11,196</b>	<b>8,289</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	11	862	443
Non-current interest-bearing liabilities	21	16,338	13,495
Credit facilities	21, 22	4	122
Derivatives	21	472	868
<b>Total non-current liabilities</b>		<b>17,676</b>	<b>14,929</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	21	179	172
Trade payables		150	76
Other liabilities		465	82
Accrued expenses and deferred income	23	376	295
<b>Total current liabilities</b>		<b>1,170</b>	<b>625</b>
<b>Total liabilities</b>		<b>18,846</b>	<b>15,554</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>30,041</b>	<b>23,843</b>
<b>Pledged assets and contingent liabilities</b>			
Pledged assets	24	19,317	15,611
Contingent liabilities	24	925	685



## Consolidated statement of changes in equity

SEKm	Attributable to the parent company's shareholders				Total	Non-controlling interests	Total equity
	Share capital	Other paid-up capital	Reserves	Retained earnings including net profit for the year			
<b>Equity at 1 Jan 2012</b>	<b>166</b>	<b>2,494</b>	<b>-6</b>	<b>4,021</b>	<b>6,675</b>	<b>4</b>	<b>6,679</b>
Net profit for the year				1,162	1,162		1,162
Other comprehensive income			-7		-7		-7
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>-7</b>	<b>1,162</b>	<b>1,155</b>	<b>—</b>	<b>1,155</b>
Acquisition of non-controlling interests						-4	-4
New issue <sup>1)</sup>	2	552			554		554
Dividend paid preference shares				-95	-95		-95
<b>Total transactions with the company's owner</b>	<b>2</b>	<b>552</b>	<b>—</b>	<b>-95</b>	<b>459</b>	<b>-4</b>	<b>455</b>
<b>Equity at 31 Dec 2012</b>	<b>168</b>	<b>3,046</b>	<b>-13</b>	<b>5,088</b>	<b>8,289</b>	<b>—</b>	<b>8,289</b>
<b>Equity at 1 Jan 2013</b>	<b>168</b>	<b>3,046</b>	<b>-13</b>	<b>5,088</b>	<b>8,289</b>	<b>—</b>	<b>8,289</b>
Net profit for the year				1,738	1,738		1,738
Other comprehensive income			-4		-4		-4
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>-4</b>	<b>1,738</b>	<b>1,735</b>	<b>—</b>	<b>1,735</b>
New issue <sup>1)</sup>	4	1,293			1,297		1,297
Dividend paid preference shares				-125	-125		-125
<b>Total transactions with the company's owner</b>	<b>4</b>	<b>1,293</b>	<b>—</b>	<b>-125</b>	<b>1,172</b>	<b>—</b>	<b>1,172</b>
<b>Equity at 31 Dec 2013</b>	<b>172</b>	<b>4,339</b>	<b>-16</b>	<b>6,701</b>	<b>11,196</b>	<b>—</b>	<b>11,196</b>

1) Includes issue costs of SEK 15m (11).

## Consolidated statement of cash flows

SEKm	Note 25	2013	2012
<b>Operating activities</b>			
Net operating income		1,274	1,164
Other operating income and expenses		—	–16
Management and administrative expenses		–121	–115
Reversal of depreciation and amortisation		17	16
Adjustment item		3	0
Interest received		27	16
Interest paid		–492	–511
Tax paid		0	–10
<b>Cash flow from operating activities before change in working capital</b>		<b>708</b>	<b>543</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		–332	–59
Change in operating liabilities		126	–47
<b>Cash flow from operating activities</b>		<b>502</b>	<b>438</b>
<b>Investing activities</b>			
Acquisition of properties		–3,606	–3,756
Acquisition of property, plant and equipment		–12	–19
Purchase of financial investments		–218	–60
Acquisitions from non-controlling interests		—	–4
Investment in existing properties		–880	–273
Acquisitions of Bovista, liquidity <sup>1)</sup>		36	—
Divestment of properties		145	72
Sale of financial investments		7	154
Acquisition of associated companies		–67	–19
Dividend paid from associated companies		—	18
<b>Cash flow from investing activities</b>		<b>–4,593</b>	<b>–3,888</b>
<b>Financing activities</b>			
New issue		1,297	554
Dividend paid preference share		–125	–95
Borrowings		3,865	4,307
Amortisation/Redemption of loans		–668	–1,181
Change in credit facilities		–118	–95
<b>Cash flow from financing activities</b>		<b>4,252</b>	<b>3,490</b>
Cash flow for the year		160	40
Cash and cash equivalents at beginning of year		47	8
<b>Cash and cash equivalents at end of year</b>		<b>208</b>	<b>47</b>
Unutilised credit facilities	22	491	354
Financial investments	19	305	69

1) Refers to the liquidity that was provided in connection with the acquisition of Bovista.

## Parent Company income statement

SEKm	Note	2013	2012
Net sales	2	99	96
Administrative expenses		-113	-115
<b>Operating profit</b>	4, 5	<b>-14</b>	<b>-19</b>
<b>Profit from financial items</b>			
Impairment of shares in subsidiaries	26	-2	—
Interest income and similar profit/loss items	9	660	909
Interest expenses and similar profit/loss items	10	-440	-351
Changes in value of derivatives	21	374	-97
<b>Profit before appropriations and taxes</b>		<b>578</b>	<b>442</b>
<b>Appropriations</b>			
Group contributions paid/received		-114	5
<b>Profit before tax</b>		<b>464</b>	<b>447</b>
Income tax	11	-99	-60
<b>Net profit for the year/comprehensive income</b>		<b>365</b>	<b>387</b>

## Parent Company balance sheet

SEKm	Note	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	24	27
<b>Financial assets</b>			
Participations in group companies	26	1,822	1,827
Participations in associated companies	15	483	421
Deferred tax assets	11	98	198
Receivables from associated companies		748	468
Receivables from group companies	27	11,506	10,571
<b>Total financial assets</b>		<b>14,656</b>	<b>13,484</b>
<b>Total non-current assets</b>		<b>14,680</b>	<b>13,510</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Other receivables	17	15	12
Prepaid expenses and accrued income	18	16	12
Financial investments	19	305	69
<b>Total current receivables</b>		<b>336</b>	<b>93</b>
Cash and cash equivalents	25	144	5
<b>Total current assets</b>		<b>481</b>	<b>98</b>
<b>TOTAL ASSETS</b>		<b>15,161</b>	<b>13,608</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Restricted equity</b>			
Share capital	20	172	168
<b>Unrestricted equity</b>			
Share premium reserve		3,765	2,473
Retained earnings		1,972	1,710
Net profit for the year		365	387
<b>Total equity</b>		<b>6,274</b>	<b>4,738</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	21	5,632	5,020
Credit facilities	21, 22	—	122
Derivatives	21	361	698
Liabilities to group companies	27	2,782	2,927
<b>Total non-current liabilities</b>		<b>8,775</b>	<b>8,767</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	21	58	58
Trade payables		2	5
Other liabilities		6	7
Accrued expenses and deferred income	23	45	34
<b>Total current liabilities</b>		<b>111</b>	<b>103</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,161</b>	<b>13,608</b>
<b>Pledged assets and contingent liabilities</b>			
Pledged assets	24	5,008	4,741
Contingent liabilities	24	11,076	8,900

## Parent Company statement of changes in equity

SEKm	Number of shares	Restricted equity	Unrestricted equity			Total equity
		Share capital	Share premium reserve	Retained earnings	Net profit for the year	
Equity at 1 Jan 2012	166,396,852	166	1,920	1,972	−167	3,891
Net profit for the year/comprehensive income					387	387
Appropriation of profits				−167	167	—
New issue <sup>1)</sup>	2,000,000	2	552			554
Dividend paid preference shares				−95		−95
Total transactions with the company's owner	2,000,000	2	552	−262	167	459
Equity at 31 Dec 2012	166,396,852	168	2,473	1,710	387	4,738
Equity at 1 Jan 2013	168,396,852	168	2,473	1,710	387	4,738
Net profit for the year/comprehensive income					365	365
Appropriation of profits				387	−387	—
New issue <sup>1)</sup>	4,000,000	4	1,293			1,297
Dividend paid preference shares				−125		−125
Total transactions with the company's owner	4,000,000	4	1,293	262	−387	1,172
Equity at 31 Dec 2013	172,396,852	172	3,765	1,972	365	6,274

1) Includes issue costs of SEK 15m (11).

## Parent Company cash flow statement

SEKm	Note 25	2013	2012
<b>Operating activities</b>			
Operating profit		-14	-19
Reversal of depreciation and amortisation		3	4
Changes in value of derivatives, realised		37	—
Interest received		33	28
Interest paid		-239	-180
<b>Cash flow from operating activities before change in working capital</b>		<b>-180</b>	<b>-166</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		0	-1
Change in operating liabilities		8	-54
<b>Cash flow from operating activities</b>		<b>-172</b>	<b>-221</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		0	-1
Acquisition of shares in subsidiaries		—	-3
Purchase of financial investments		-218	-60
Change in lending to group companies		-791	-796
Change in lending to associated companies		-287	-57
Sales of financial investments		7	154
Acquisition of associated companies		-62	-19
<b>Cash flow from investing activities</b>		<b>-1,351</b>	<b>-781</b>
<b>Financing activities</b>			
New issue		1,297	554
Dividend paid preference shares		-125	-95
Borrowings		1,534	811
Amortisation/Redemption of loans		-922	-221
Change in credit facilities		-122	-45
<b>Cash flow from financing activities</b>		<b>1,662</b>	<b>1,005</b>
Cash flow for the year		139	3
Cash and cash equivalents at beginning of year		5	2
<b>Cash and cash equivalents at end of year</b>		<b>144</b>	<b>5</b>
Unutilised credit facilities			
Financial investments	22	445	304
	19	305	69



# Notes to the financial statements

## Note 1 · Accounting policies applied

### General information

The financial statements for Fastighets AB Balder, as of 31 December 2013, were approved by the Board of Directors and Chief Executive Officer on 11 April 2014 and will be submitted for adoption at the Annual General Meeting on 7 May 2014. Fastighets AB Balder (publ), corporate identity number 556525-6905, with registered office in Gothenburg, constitutes the Parent Company of a Group with subsidiaries according to Note 26, Group companies. The company is registered in Sweden and the address of the company's head office in Gothenburg is Fastighets AB Balder, Box 53121, 400 15 Gothenburg. The visiting address is Vasagatan 54. Balder is a listed property company which shall meet the needs of different customer groups for premises and housing based on local support.

### Accounting policies

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Interpretations Committee (IFRIC), as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups is applied.

The annual accounts of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for Legal Entities) and statements of the Swedish Financial Reporting Board. The Parent Company applies the same accounting policies as the Group apart from the instances described below in the section "Parent Company accounting policies". The deviations that occur between the Parent Company and Group accounting policies are due to limitations in the possibilities of applying IFRS in the Parent Company on account of the Annual Accounts Act.

The Parent Company's functional currency is the Swedish krona (SEK), which is also the presentation currency of the Parent Company and the Group.

The financial statements are presented in Swedish kronor rounded off to millions of kronor unless otherwise stated.

Assets and liabilities are recognised at historical cost, with the exception of investment properties, financial investments and derivative instruments, which are measured at fair value.

Preparation of financial statements in conformity with IFRS requires the company management to make estimates and assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses.

The estimates and assumptions are based on historical experience and other factors that appear reasonable under the existing circumstances. The result of these estimates and assumptions is subsequently used to estimate the carrying amounts of assets and liabilities that are not otherwise clear from other sources. The actual outcome may diverge from these estimates and judgements.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which they arise if the change affects that period alone or, alternatively, in the period in which they arise and during future periods if the change affects both the period in question and future periods.

Assumptions made by the company management in the application of IFRS, which have a material impact on the financial statements, and estimates which may give rise to significant adjustments in subsequent financial statements are presented in more detail in Note 30, Critical estimates and judgements.

The accounting policies set out for the Group have been consistently applied for all periods presented in the Group's financial statements, unless otherwise stated below. The Group's accounting policies have been applied consistently in the reporting and consolidation of subsidiaries.

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocation of resources and evaluation of the operating segments' results. In the

Group, this function has been identified as the management team, which takes strategic decisions. The Group's internal reporting of the operations is divided into the segments Stockholm, Gothenburg/West, Öresund, East and North, which are harmonised with the Group's internal reporting system. See further in Note 3, Segment reporting.

### Classification etc.

Non-current assets and non-current receivables largely consist of amounts that are expected to be recovered or paid after more than twelve months, calculated from the end of the reporting period. Current assets and current liabilities largely consist of amounts that are expected to be recovered or paid within twelve months, calculated from the end of the reporting period. Current liabilities to credit institutions include amortisation agreed for one year. In the Parent Company, receivables and liabilities from/to group companies are recognised as non-current, when there is no approved amortisation plan.

### Basis of consolidation

Subsidiaries are companies that are subject to a controlling influence, which means that Balder owns more than 50 per cent of the shares or participations. Control means, directly or indirectly, a right to set the company's financial and operational strategies aimed at obtaining economic benefits. When determining whether control exists, potential voting shares that can be called upon or converted without delay should be considered.

Subsidiaries are accounted for according to the purchase method. This method means that the acquisition of a subsidiary that is classified as a business combination is treated as a transaction by which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition analysis establishes the cost of the shares or entity, as well as the fair value on the acquisition date of the company's identifiable assets, liabilities assumed and contingent liabilities. The consideration also includes the fair value of all assets or liabilities, which are a result of an agreement on contingent consideration. Costs related to the acquisition are expensed as they arise. For each acquisition, the Group determines if all non-controlling interests in the acquired entity are recognised at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The cost of acquisition of a subsidiary's shares and operations consists of the fair values of the assets on the date of exchange, liabilities incurred or assumed and equity instruments issued as consideration in exchange for the acquired net assets, as well as transaction costs that are directly attributable to the acquisition.

In business combinations where the cost of acquisition exceeds the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in the income statement. When a company is acquired, the acquisition constitutes either the acquisition of an entity or the acquisition of an asset. An acquisition of an asset is identified if the acquired company only owns one or more properties. There are leases for these properties, but no personnel are employed in the company who can conduct business. In a business combination based on joint control, de facto control, the acquisition is recognised at historical cost, which means that assets and liabilities are recognised at the values they have been carried at in each company's balance sheet. In this way, no goodwill arises.

When an acquisition occurs of a group of assets or net assets which do not constitute an entity, the cost for the Group is allocated according to the individually identifiable assets and liabilities in the Group based on their relative fair values on the acquisition date.

The subsidiaries' financial statements are included in the consolidated financial statements from the date control arises until the date control ceases.

### Transactions eliminated on consolidation

Transactions with non-controlling interests that do not lead to a loss of control are recognised as transactions in equity, in other words, as transactions with shareholders in their role as owners. In the case of acquisitions from non-controlling interests, the difference between the fair value of consideration paid and the proportion of the carrying

amount of the subsidiary's net assets actually acquired is recognised in equity. Gains and losses on disposals to non-controlling interests are also recognised in equity.

#### **Transactions eliminated on consolidation**

Intra-group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising from transactions between group companies, are eliminated in full on preparation of the consolidated accounts.

#### **Recognition of associated companies**

Associated companies are considered to be those companies that are not subsidiaries but where the Parent Company directly or indirectly holds between 20 and 50 per cent of the votes of all shares. Participations in associated companies are recognised according to the equity method. The equity method means that participations in an associated company are recognised at cost at the date of acquisition and are subsequently adjusted by the Group's participation in the change in the associated company's net assets.

Participating interests in associated companies are recognised separately in the consolidated statement of comprehensive income and consolidated statement of financial position. Participations in the profits of associated companies are recognised after tax.

#### **Foreign currency**

##### *Financial statements of foreign operations*

Assets and liabilities in foreign operations are translated to Swedish kronor, at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated to Swedish kronor at an average rate that represents an approximation of the prevailing exchange rates on the date of each transaction. Translation differences arising on currency translation of foreign operations are recognised via other comprehensive income as a translation reserve.

##### *Transactions in foreign currencies*

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the transaction date. The functional currency is the currency, which applies in the primary economic environments in which companies conduct their operations. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the prevailing year-end exchange rate. Exchange differences are recognised in the income statement, apart from non-current internal balances, which are treated as a part of the net investment in subsidiaries and are recognised via other comprehensive income. Non-monetary assets and liabilities, which are recognised at historical costs are translated at the exchange rate prevailing on the transaction date. Non-monetary assets and liabilities, which are recognised at fair value are translated to the functional currency at the rate prevailing on the date of fair value measurement.

#### **Rental income**

Rental income is recognised in the consolidated statement of comprehensive income on a straight-line basis according to the terms of the leasing agreement. The total cost of benefits provided is recognised as a decrease in rental income on a straight-line basis over the leasing period. Rental income is recorded in the period it refers to.

#### **Other income**

Other income is recognised in the consolidated statement of comprehensive income on a straight-line basis.

#### **Costs for operating lease contracts**

Costs relating to operating lease contracts and benefits received in connection with the signing of an agreement are recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

#### **Financial income and expenses**

Financial income and expenses consists of interest income on bank balances and receivables as well as interest expenses on liabilities.

Interest income on receivables and interest expenses on liabilities are calculated by application of the effective interest method. The effective rate is the interest rate, which means that the present value of all future incoming and outgoing payments during the interest rate refinancing period will be the same as the carrying amount of the receivable or liability. Interest income and interest expenses include allocated amounts of transaction costs and possible discounts, premiums and other differences between the initial carrying amount of the receivable

or liability and the amount that is settled at maturity. The interest component in financial lease payments is recognised in the consolidated statement of comprehensive income by application of the effective interest method.

Borrowing costs directly attributable to the construction or production of an asset, which requires a significant time to complete for use or sale are included in the cost of the asset. Capitalisation of borrowing costs takes place provided that it is likely to lead to future economic benefits and that the costs may be measured in a reliable manner.

#### **Financial instruments**

Financial instruments are measured and recognised in the Group in accordance with the rules in IAS 39. Financial instruments on the asset side that are recognised in the consolidated statement of financial position include cash and cash equivalents, financial investments, trade receivables and other long-term security holdings as well as derivatives with positive value. Liabilities include trade payables, borrowings and derivatives with negative value. Financial instruments are initially recognised at the cost of acquisition corresponding to the fair value of the instrument plus transaction costs for all financial instruments, apart from those classified as financial assets recognised at fair value via the consolidated statement of comprehensive income, such as derivative instruments, which are recognised at fair value excluding transaction costs. The financial instruments are classified on initial recognition based on the purpose for which the instrument was acquired, which affects the subsequent recognition.

A financial asset or financial liability is carried in the consolidated statement of financial position when the company becomes a party to the contractual terms of the instrument. Trade receivables are carried in the balance sheet when the invoice has been sent. Rental receivables are recognised as a receivable in the period when performance, which corresponds to the receivable's value, has been delivered and payments corresponding to the value of the receivable have still not been received. A liability is recognised when the counterparty has performed a service and a contractual payment obligation prevails, even if the invoice has not yet been received. Trade payables are recognised when the invoice has been received.

A financial asset is derecognised when the contractual rights are realised or expire or the company no longer has control over them. The same applies to a portion of a financial asset. A financial liability is derecognised when the contractual liability is discharged or otherwise expires. The same applies to a portion of a financial liability.

Acquisition and disposal of financial assets are recognised on the transaction date, which represents the day when the company committed to acquire or dispose of the asset. Borrowing is recognised when the funds have been received, while derivative instruments are recognised when the contract has been entered into.

Balder divides its financial instruments into the following categories in accordance with IAS 39.

##### *Financial assets measured at fair value through the consolidated statement of comprehensive income*

This category consists of two subcategories: financial assets held for trading and other financial assets that the company initially elected to place in this category, under the so-called Fair Value Option. Financial instruments in this category are continually measured at fair value with changes in value recognised in the consolidated statement of comprehensive income. The first subcategory includes the Group's derivatives with positive fair value.

##### *Loan receivables and trade receivables*

Receivables, which do not constitute derivatives, are recognised at amortised cost under the effective interest method. Trade receivables including rental receivables and other current receivables that normally have a term of less than twelve months are recognised at fair value. A receivable is examined individually as regards estimated risk of loss and is carried at the amount, which is expected to be received. Impairments are made for doubtful receivables and are recognised in operating costs.

##### *Financial assets available for sale*

The category financial assets available for sale includes financial assets, which are not classified in any other category or financial assets that the company initially elected to classify in this category. Holdings of shares and participations that are not recognised as subsidiaries or associated companies are recognised here. Assets in this category are continually measured at fair value with changes in value recognised in

**Note 1 (continued)**

equity, however, not those that are due to impairments and dividend income, which are recognised in the income statement. In the event of disposal of the asset, accumulated gains or losses, which were previously recognised in equity, are recognised in the consolidated statement of comprehensive income. This category includes unlisted shares which are recognised under other long-term security holdings.

*Financial liabilities measured at fair value through the consolidated statement of comprehensive income*

This category consists of two sub-categories, financial liabilities held for trading and other financial liabilities that the company elected to place in this category, the so-called Fair Value Option. The first category includes the Group's derivatives with negative fair value. Changes in fair value are recognised in the consolidated statement of comprehensive income.

*Other financial liabilities*

Balder's financial policy, which is updated at least once each year, prescribes guidelines and rules for how borrowing should be conducted. The overall objective of financial management is to use borrowing to safeguard the supply of capital to the company in the short and long run, to adapt the financial strategy and management of financial risks to the company's business so that a long-term and stable capital structure is achieved and maintained and to achieve the best possible net financial income/expense within given limits for risk. Borrowing is reported initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at amortised cost under the effective interest method. Non-current liabilities have an expected maturity of more than 1 year while current liabilities have maturities of less than 1 year. Declared dividends are recognised as liabilities after the general meeting has approved the dividend.

Trade payables and other operating liabilities have short expected maturities and are measured at their nominal value with no discounting.

*Derivative instruments*

Derivative instruments include interest rate swaps that are deployed to cover the risk of changes in interest rates. Derivatives are also terms of agreement which are embedded in other agreements. Embedded derivatives should be accounted for separately if they are not closely related to the host contract. Derivative instruments are measured at fair value. Changes in the value of derivative instruments, stand-alone as well as embedded, are recognised in the consolidated statement of comprehensive income. The Group does not apply hedge accounting.

*Cash and cash equivalents*

Cash and cash equivalents consist of cash in hand and directly accessible balances at banks and similar institutions as well as short-term highly liquid investments with original maturities of less than three months, which are only subject to an insignificant risk of fluctuation in value.

*Impairment testing of financial assets*

On each reporting date, the company assesses whether there is objective evidence that a financial asset or group of assets is impaired. Objective evidence consists partly of observable circumstances that occurred and which have a negative impact on the possibility to recover the cost, and partly of a significant or protracted decline in the fair value of an investment in a financial investment classified as a financial asset available for sale.

In the event of impairment of an equity instrument which is classified as a financial asset available for sale, any previously recognised accumulated loss in equity is transferred to the consolidated statement of comprehensive income.

The recoverable amount of loans and trade receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial recognition of the asset. Assets with short maturities are not discounted. An impairment loss is recognised as a cost in the consolidated statement of comprehensive income.

**Property, plant and equipment**

*Owned assets*

Property, plant and equipment are recognised as an asset in the consolidated

statement of financial position if it is probable that future economic benefits will accrue to the company and the cost of the asset can be reliably measured.

Property, plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairment losses. The purchase price is included in the cost as well as expenses directly attributable to the asset in order to bring it to the location and in the condition to be used in accordance with the aim of the acquisition.

The carrying amount of an item of property, plant and equipment is derecognised on retirement or disposal or when no future economic benefits can be expected from use of the asset. Gains or losses arising from disposal or retirement of an asset consist of the difference between the selling price and the asset's carrying amount less directly related selling expenses. Gains and losses are recognised as other operating income/expenses.

*Leased assets*

Leases are classified in the consolidated financial statements either as financial or operating leases. Financial leasing exists when the economic risks and rewards associated with ownership have been essentially transferred to the lessee; if this is not the case, it is an operating lease.

Operating leases mean that leasing fees are expensed over the term of the lease, based on use, which may differ in practice from the amount of leasing fees paid during the year.

The Group has no financial leases.

*Additional expenditure*

Additional expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. Other additional expenditure is recognised as a cost in the period in which it arises. The assessment of whether additional expenditure is added to cost depends on whether the expenditure concerns the replacement of identified components, or parts thereof, whereupon such expenditure is capitalised. Even in cases where new components are created, the expenditure is added to the cost. Repairs are expensed on an ongoing basis.

*Depreciation methods*

Depreciation takes place on a straight-line basis over the estimated useful life of the asset.

	Useful life
<i>Property, plant and equipment</i>	
Equipment	3–10 years
Wind turbines	10–20 years

The residual value and useful life of assets are assessed annually.

**Investment properties**

Investment properties are properties that are held with the aim of receiving rental income or appreciation in value or a combination of both. Investment properties are initially recognised at cost, which includes expenses and borrowing costs directly related to the acquisition. Investment properties are recognised according to the fair value method. The fair value is based on internal valuations which are reconciled as required with external independent valuers. Fair value is based on the market value, which is the estimated amount that would be received in a transaction on the valuation date between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion. Both unrealised and realised changes in value are recognised in the income statement. Valuations are performed at the end of each quarter.

Income from property sales is normally recognised on the date of possession unless the risks and rewards have been transferred to the purchaser on an earlier date. Control of the asset may have been transferred on an earlier date than the date of possession and if this is the case the property sale is recognised as income on this earlier date. The assessment of the date of revenue recognition takes into consideration what was agreed between the parties as regards risks and rewards as well as involvement in the day-to-day management.

In addition to this, circumstances that can affect the outcome of the transaction are considered which lie outside the seller's and/or purchaser's control. If the Group starts a conversion of an existing

investment property for continued use as an investment property, the property will continue to be recognised as an investment property. The property is recognised according to the fair value method and is not reclassified as property, plant and equipment during the conversion period.

Additional expenditure is added to the carrying amount only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. Other additional expenditure is recognised as a cost in the period in which it arises. The assessment of whether additional expenditure is added to the carrying amount depends on whether the expenditure concerns the replacement of identified components, or parts thereof, whereupon such expenditure is capitalised. Even in cases where new components are created, the expenditure is added to the carrying amount.

#### **Impairment losses**

The carrying amounts of the Group's assets, with the exception of investment properties, financial instruments and deferred tax assets, are tested on each balance sheet date to determine if there is any indication of an impairment need. If such indications exist, the recoverable amount of the asset concerned is calculated. For exempted assets, as above, the carrying amount is tested in accordance with each standard.

If it is impossible to determine significant independent cash flows to an individual asset, the assets should be grouped, in conjunction with impairment testing, at the lowest level at which it is possible to identify significant independent cash flows – a so-called cash-generating unit. An impairment loss is recognised when the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. Any impairment loss is recognised in the income statement.

The recoverable amount of assets in the category loans and trade receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial recognition of the asset.

Assets with short maturities are not discounted.

The recoverable amount on other assets is the higher of the fair value less selling expenses and the value in use. In calculating value in use, future cash flows are discounted using a discount factor that takes into account the risk-free rate of interest and the risk associated with the specific asset. For an asset that does not generate cash flows, which is significantly independent of other assets, the recoverable amount is estimated for the cash-generating unit to which the asset belongs.

#### *Reversal of impairment losses*

Impairments of loan receivables and trade receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment was made.

#### **Repurchase of own shares**

Purchases of own shares are recognised as a deduction from equity. The proceeds from disposal are recognised as an increase in equity. Any transaction expenses are recognised directly against equity.

#### **Cash flow statement**

The cash flow statement was prepared using the indirect method, by which the result is adjusted for transactions that do not result in incoming or outgoing payments during the period, as well as for any income or costs attributable to investing or financing activities.

#### **Employee benefits**

##### *Short-term employee benefits*

Short-term employee benefits are calculated without discounting and are recognised as a cost when the related services are received.

##### *Pensions*

Pension plans are classified as either defined benefit or defined contribution plans. The plans are predominantly defined contribution plans. Defined benefit plans only exist in exceptional cases.

##### *Defined-contribution plans*

For defined contribution plans, the Group pays contributions to privately managed pension insurance plans on a voluntary basis. The Group has no further payment obligations once the contributions have been paid, in other words, the individual bears the risk. The contributions are recognised as employee benefit expenses when they are due for payment. Prepaid contributions are recognised as an asset to the extent

that a cash refund or decrease in future payments could accrue to the Group.

##### *Compensation on termination of employment*

A provision is recognised in connection with terminating the employment of personnel only if the company is demonstrably obligated to end employment before the normal time or when remuneration is provided as an offer to encourage voluntary retirement.

#### **Provisions**

Provisions are recognised in the balance sheet when the Group has an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and that the amount can be reliably estimated. In cases where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks specific to the liability.

#### **Taxes**

Income taxes consist of current tax and deferred tax. Income tax is recognised in the income statement except when underlying transactions are recognised in other comprehensive income or directly against equity, whereupon the associated tax effect is recognised in other comprehensive income or in equity. Current tax is tax that shall be paid or received in respect of the current year, using the tax rates which are enacted or which in practice are enacted on the balance sheet date. This includes adjustments of current tax relating to previous periods.

Deferred taxes are estimated in accordance with the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Temporary differences not taken into consideration; temporary differences arising on the initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and which on the transaction date did not affect the recognised or taxable result. Furthermore, temporary differences are not taken into consideration that are attributable to investments in subsidiaries and associated companies and which are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is measured using the tax rates and tax regulations which were enacted or were in practice enacted on the balance sheet date. Deferred tax assets and liabilities are recognised net if they concern the same tax authority (country).

Deferred tax assets related to deductible temporary differences and loss carry-forwards are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

When a company is acquired, the acquisition constitutes either the acquisition of an entity or the acquisition of an asset. An acquisition of an asset is identified if the acquired company only owns one or more properties. There are leases for these properties, but no personnel are employed in the company who can conduct business. In case of recognition as an acquisition of assets, no deferred tax is recognised. All of Balder's completed acquisitions have been classified as acquisition of assets and therefore no deferred tax is recognised relating to properties in respect of these acquisitions.

#### **Contingent liabilities**

A contingent liability is recognised when there is a possible obligation arising from past events and whose occurrence can only be confirmed by one or more uncertain future events or when an obligation arises which cannot be recognised as a liability or provision as it is not probable that an outflow of resources will be required.

#### **New and amended standards adopted by the Group**

The standards that the Group applied for the first time for annual periods beginning on 1 January 2013 and, which have a material impact on the consolidated financial statements are described below:

In IAS 1 "Presentation of Financial Statements", amendments have been introduced as regards other comprehensive income. The most significant change in the amended IAS 1 is the requirement that the items recognised in "other comprehensive income" shall be presented as divided into two categories. The division is based on whether or not the items can be reclassified to the income statement (reclassification adjustments).

**Note 1 (continued)**

IFRS 13 "Fair Value Measurement" is intended to improve the consistency of and reduce the complexity of fair value measurements by providing an exact definition and a common source in IFRS for fair value measurement and associated disclosures. The standard provides guidance to fair value measurement for all types of assets and liabilities, financial as well as non-financial. The requirements do not expand the scope of when fair value shall be applied but provide guidance about how it should be applied where other IFRS already require or allow fair value measurement. The standard has only impacted the financial statements through increased disclosure requirements.

**New standards, amendments and interpretations of existing standards that have not been early-adopted by the Group.**

A number of new standards and interpretations entered into effect for annual periods starting on 1 January 2013 and have not been adopted on preparation of these financial statements. None of these are expected to have any material impact on the consolidated financial statements with the exception of the following:

IFRS 10 "Consolidated Financial Statements" is based on already existing principles as it identifies control as the crucial factor in determining whether a company should be included in the consolidated accounts. The standard provides further guidance to assist in determination of control when it is difficult to judge. The Group plans to adopt IFRS 10 for annual periods beginning on 1 January 2014 but does not expect that it will have any material effect on the accounts.

IFRS 12, "Disclosures of Interests in Other Entities" covers disclosure requirements for subsidiaries, joint arrangements, associated companies and unconsolidated structured entities. The Group plans to adopt IFRS 10 for annual periods beginning on 1 January 2014 and has not yet evaluated the full effect on the financial statements.

IFRS 9 "Financial Instruments" deals with classification, measurement and accounting of financial assets and liabilities. IFRS 9 replaces the parts of IAS 39 that are related to classification and measurement of financial instruments. IFRS 9 contains two measurement categories; measurement at fair value or measurement at amortised cost. Classification is determined on the first accounting date based on the company's business model and characteristic features in the contractual cash flows. The greatest change relates to liabilities which are identified at fair value. The part of the change in fair value that relates to own credit risk shall be recognised in other comprehensive income instead of profit or loss provided this does not cause an accounting mismatch. The Group will evaluate the effects of the remaining phases of IFRS 9 when they are finalised by the IASB.

IFRIC 21 "Leases" involves an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IAS 37 clarifies the criteria for recognising a liability, whereof one criterion is that the company has an existing obligation as a result of an event, which has occurred (Also known as an obligating event). The interpretation makes clear that the obligating event that triggers the duty to recognise a liability to pay a tax or fee is the activity that in the current legislation is described as being the one which triggers the obligation to pay the fee. The Group plans to adopt IFRIC 21 for annual periods beginning on 1 January 2014 and has not yet evaluated the full effect on the financial statements. None of the other IFRSs or IFRIC interpretations which have not yet become effective, are expected to have any material impact on the Group.

**Parent Company accounting policies**

The Parent Company has prepared its annual accounts according to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The recommendation means that the Parent Company in the Annual Report of the legal entity should apply all International Financial Reporting Standards and interpretations approved by the EU as far as

possible within the framework of the Annual Accounts Act, and taking into account the connection between recognition and taxation. The recommendation states which exemptions and amendments apply with respect to IFRS. Financial instruments are measured according to fair value under IAS 39.

**Differences between the Group and the Parent Company accounting policies**

The accounting policies set out for the Parent Company have been applied consistently for all periods presented in the Parent Company's financial statements.

*Classification and format*

The Parent Company's income statement and balance sheet are prepared according to the Swedish Annual Accounts Act's layout. The difference from IAS 1 Presentation of Financial Statements, which is applied in the presentation of the consolidated accounts, is mainly related to recognition of financial income and expenses and shareholders' equity.

*Subsidiaries and associated companies*

Holdings in subsidiaries and associated companies are recognised in the Parent Company financial statements according to the cost method. Received dividends are only reported as income provided that they pertain to profits earned subsequent to the acquisition. Dividends which exceed this earned profit are treated as a repayment of the investment and reduce the carrying amount of the participation.

*Income*

The Parent Company's net sales consist of management services in relation to subsidiaries. This income is recognised in the period it relates to.

*Anticipated dividends*

Anticipated dividends from subsidiaries are recognised in cases where the Parent Company has the exclusive right to decide on the size of the dividend and the Parent Company has made a decision on the size of the dividend before having published its financial statements.

*Financial guarantees*

The Parent Company's financial guarantee contracts mainly consist of loan guarantees on behalf of subsidiaries and associated companies. Financial guarantees mean that the company has an obligation to compensate the holder of a debt instrument for losses that they incur because a particular debtor does not complete payment on maturity according to the terms of the agreement. For recognition of financial guarantee contracts, the Parent Company applies RFR 2 p. 72, which implies relief compared to the rules in IAS 39 as regards financial guarantee contracts issued on behalf of subsidiaries and associated companies. The Parent Company recognises financial guarantee contracts as a provision in the balance sheet when the company has an obligation for which payment is likely to be required to settle the obligation.

*Leased assets*

All lease agreements in the Parent Company are recognised in accordance with the rules for operating leases.

*Taxes*

In the Parent Company, untaxed reserves are recognised including deferred tax. However, in the consolidated accounts, untaxed reserves are allocated between deferred tax liabilities and equity.

*Group contributions and shareholders' contributions*

The company recognises group contributions and shareholders' contributions in accordance with the Swedish Financial Reporting Board's recommendation RFR 2. Shareholders' contributions are recorded directly in equity in the case of the receiver and capitalised in shares and participations by the grantor, to the extent that impairment is not required. Group contributions are recognised as income in the income statement of the receiver and as a cost for the grantor. The tax effects are recognised according to IAS 12 in the income statement. Skatteeffekten redovisas i enlighet med IAS 12 i resultaträkningen.



## Note 2- Revenue distribution

SEKm	2013	2012	2013	2012
Rental income	1,884	1,701	—	—
Rendering of services	—	—	99	96
<b>Total</b>	<b>1,884</b>	<b>1,701</b>	<b>99</b>	<b>96</b>

## Note 3 - Segment reporting

Balder' operating segments consist of the regions Stockholm, Gothenburg/West, Öresund, East and North. This division is aligned with the Group's internal reporting. The management primarily follows up operating

segments based on their net operating income, where common property administration expenses have been allocated according to the cost principle. Also see Note 1, Accounting policies applied.

Region	Stockholm		Gothenburg/West		Öresund		East		North		Group	
SEKm	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Rental income	584	493	624	568	346	341	192	164	137	135	1,884	1,701
Property costs	-165	-149	-199	-176	-106	-98	-84	-63	-57	-52	-609	-537
<b>Net operating income</b>	<b>420</b>	<b>344</b>	<b>425</b>	<b>391</b>	<b>240</b>	<b>243</b>	<b>109</b>	<b>101</b>	<b>81</b>	<b>84</b>	<b>1,274</b>	<b>1,164</b>
Changes in value of properties and wind turbines												
Commercial properties	213	188	180	81	-5	50	-16	2	-2	-3	371	318
Residential properties	48	97	226	117	20	23	126	78	64	178	483	493
Wind turbines	—	—	—	—	—	—	-37	—	—	—	-37	—
<b>Profit incl. changes in value</b>	<b>681</b>	<b>629</b>	<b>832</b>	<b>590</b>	<b>255</b>	<b>317</b>	<b>182</b>	<b>181</b>	<b>142</b>	<b>259</b>	<b>2,092</b>	<b>1,976</b>

Non-allocated items:

Management and administrative expenses

-121 -115

Other operating income/expenses

— -16

Participations in the profits of associated companies

204 105

**Operating profit**

**2,174 1,950**

Net interest income/expense

-456 -466

Changes in value of derivatives

433 -71

Income tax

-412 -250

**Net profit for the year**

**1,738 1,162**

Translation difference/

participation in comprehensive income of associated companies

-4 -7

**Comprehensive income for the year**

**1,735 1,155**

**Assets**

Commercial properties	6,947	5,558	5,307	4,303	2,450	2,481	334	31	39	41	15,077	12,414
Residential properties	2,015	1,946	3,328	2,262	2,731	2,445	2,859	1,767	1,522	1,444	12,455	9,864
<b>Investment properties</b>	<b>8,962</b>	<b>7,504</b>	<b>8,635</b>	<b>6,565</b>	<b>5,181</b>	<b>4,926</b>	<b>3,193</b>	<b>1,798</b>	<b>1,561</b>	<b>1,485</b>	<b>27,532</b>	<b>22,278</b>

Non-allocated items:

Property, plant and equipment

108 152

Receivables from associated companies

748 468

Participations in associated companies

1,020 760

Current assets

633 184

**Total assets**

**30,041 23,843**

**Shareholders' equity and liabilities**

Non-allocated items:

Equity

11,196 8,289

Deferred tax liability

862 443

Interest-bearing liabilities, non-current

16,342 13,617

Derivatives

472 868

Interest-bearing liabilities, current

179 172

Non-interest-bearing liabilities

990 453

**Total equity and liabilities**

**30,041 23,843**

Investments and acquisitions in:

Commercial properties	1,453	1,393	840	143	10	607	116	—	—	—	2,419	2,143
Residential properties	20	20	853	309	212	1,508	967	25	14	23	2,068	1,884
<b>Total investment properties</b>	<b>1,474</b>	<b>1,413</b>	<b>1,693</b>	<b>452</b>	<b>222</b>	<b>2,115</b>	<b>1,083</b>	<b>25</b>	<b>14</b>	<b>23</b>	<b>4,486</b>	<b>4,029</b>

The Group's registered office is in Sweden. Income from external customers in Sweden amounted to SEK 1,796m (1,622) and total income from external customers in Denmark amounted to SEK 88m (79). Total non-current assets, other than financial instruments and deferred tax assets that are placed in Sweden amounted to SEK 25,852m (20,863) and the total of such non-current assets placed in other countries amounted to SEK 1,789m (1,567).



**Note 4 • Employees and personnel expenses**

At year-end, the Group had a total of 290 employees (215), of whom 102 (67) were women. The number of employees in the Parent Company at year-end was 121 (110), of whom 44 (41) were women.

During 2013, Fastighets AB Balder had 5 Board members (5) including the Chairman, of whom 1 (1) was a woman. The Group as well as the Parent Company had 6 senior executives (6) including the CEO, of whom 1 (1) was a woman.

**Number of employees**

	Group		Parent Company	
	2013	2012	2013	2012
Average number of employees (all in Sweden)	243	229	117	118
<i>of whom, women</i>	75	77	41	45

**Salaries, fees and benefits**

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Chairman of the Board	0.2	0.2	0.2	0.2
Other Board members	0.3	0.3	0.3	0.3
<b>Chief Executive Officer</b>				
Basic salary	0.9	0.9	0.9	0.9
Benefits	—	—	—	—
<b>Other senior executives</b>				
Basic salary	5.3	5.3	5.3	5.3
Benefits	0.3	0.3	0.3	0.3
<b>Other employees</b>				
Basic salary	83.4	72.3	43.7	39.6
Benefits	1.0	0.8	0.8	0.6
<b>Total</b>	<b>91.4</b>	<b>80.0</b>	<b>51.5</b>	<b>47.1</b>

**Statutory social security contributions including payroll tax**

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Board of Directors	0.1	0.1	0.1	0.1
Chief Executive Officer	0.4	0.4	0.4	0.4
Other senior executives	1.8	1.8	1.8	1.8
Other employees	26.1	22.8	13.8	12.8
<b>Total</b>	<b>28.4</b>	<b>25.1</b>	<b>16.1</b>	<b>15.1</b>

**Contractual pension expenses**

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Chief Executive Officer	0.3	0.3	0.3	0.3
Other senior executives	0.7	0.7	0.7	0.7
Other employees	4.3	3.6	2.5	2.2
<b>Total</b>	<b>5.3</b>	<b>4.6</b>	<b>3.5</b>	<b>3.2</b>
<b>Total</b>	<b>125.1</b>	<b>109.7</b>	<b>71.1</b>	<b>65.4</b>

**Remuneration to senior executives and other benefits during the year**

SEKm	2013-01-01–2013-12-31				2012-01-01–2012-12-31			
	Basic salary directors' fees	Benefits	Pension expense	Total	Basic salary directors' fees	Benefits	Pension expense	Total
Chairman of the Board Christina Rogestam	0.2	—	—	0.2	0.2	—	—	0.2
Board member Fredrik Svensson	0.1	—	—	0.1	0.1	—	—	0.1
Board member Sten Dunér	0.1	—	—	0.1	0.1	—	—	0.1
Board member Anders Wennergren	0.1	—	—	0.1	0.1	—	—	0.1
CEO	0.9	—	0.3	1.2	0.9	—	0.3	1.2
Management team (5 persons)	5.3	0.3	0.7	6.3	5.3	0.3	0.7	6.3
<b>Total</b>	<b>6.7</b>	<b>0.3</b>	<b>1.0</b>	<b>8.0</b>	<b>6.7</b>	<b>0.3</b>	<b>1.0</b>	<b>8.0</b>

No variable remuneration is paid to any of the company's senior executives.

A defined benefit pension plan agreement has been entered into with the CEO which means that an amount of SEK 0.3m (0.3) will be paid out annually to the CEO when he reaches 55 until he is 65. Future payments will be limited according to agreement by the fund's assets. The payments are not dependent on future employment. The present value of the commitment amounted to SEK 2.5m (1.9). The commitment has been secured by a provision to a pension fund, whose plan assets amounted to SEK 2.5m (1.9). The value of the pension commitment has been calculated in accordance with the Pension Obligations Vesting Act, which does not accord with IAS 19. The difference in cost under the two methods of calculation is not significant.

Remuneration to senior executives follows the guidelines resolved upon at the latest Annual General Meeting. The remuneration should be market-related and competitive. The remuneration should be paid in

the form of a fixed salary. Pension terms should be market-related and based on defined contribution pension solutions. Total dismissal pay and termination benefits should not exceed 18 monthly salaries. The CEO's salary and benefits are determined by the Board. Salaries and benefits of other senior executives are determined by the CEO. In the event of termination of the CEO's employment, a mutual period of notice of six months applies. In the event of termination by the company, termination benefits of 12 monthly salaries are payable (not qualifying for pension or holiday pay). A mutual period of notice of six months applies to other members of the management team. No termination benefits are payable.

The Board has the right to depart from the guidelines resolved upon by the Annual General Meeting for remuneration to senior executives, if special grounds exist.

#### Total absence due to illness

%	Group		Parent Company	
	2013	2012	2013	2012
Total absence due to illness as a percentage of ordinary working hours	4.6	3.5	5.6	2.5
<i>of which total absence due to illness over 60 calendar days of the overall absence due to illness</i>	<i>46.4</i>	<i>42.9</i>	<i>54.6</i>	<i>24.6</i>
Distributed by gender, %	2013	2012	2013	2012
Men	3.3	2.5	3.9	1.8
Women	6.9	5.7	8.4	3.6
Distributed by age, %	2013	2012	2013	2012
Employees 29 years old or younger	2.9	1.7	2.3	1.9
Employees 30–49 years old	3.1	2.6	3.7	2.0
Employees 50 years or older	8.0	6.1	12.4	3.6

#### Note 5 · Audit fees and reimbursements

SEKm	Group		Parent Company	
	2013	2012	2013	2012
<b>PwC</b>				
The audit assignment in Sweden	1.6	1.5	1.6	1.4
The audit assignment in Denmark	0.6	0.3	—	—
Audit work apart from the audit assignment	—	0.2	—	0.2
Tax consultancy	0.1	0.1	0.1	0.1
Other services	0.7	0.3	0.7	0.3
<b>Total</b>	<b>3.0</b>	<b>2.4</b>	<b>2.4</b>	<b>2.0</b>

The audit assignment refers to the review of the financial statements and accounting records as well as the administration of the Board of Directors and CEO. This item also includes other duties that the company's auditors are obliged to perform as well as advice or other

assistance that is occasioned by review or implementation of such other duties. Everything else is consultancy. Audit expenses are included in group-wide expenses, which are levied on the subsidiaries.

#### Note 6 · Operating costs distributed according to function and type of cost

Group, SEKm	2013	2012
Property costs	609	537
Management and administrative expenses	121	115
<b>Total</b>	<b>730</b>	<b>653</b>
Group, SEKm	2013	2012
Personnel expenses	125	110
Depreciation/amortisation	17	16
Media expenses	252	233
Property tax	85	78
Ground rent	12	11
Maintenance and other costs <sup>1)</sup>	240	206
<b>Total</b>	<b>730</b>	<b>653</b>

1) Refers to operating costs and administration excluding personnel expenses.

#### Note 7 · Specification of property costs

Group, SEKm	2013	2012
Operating and maintenance costs	261	216
Media expenses <sup>1)</sup>	252	233
Ground rent	12	11
Property tax	85	78
<b>Total</b>	<b>609</b>	<b>537</b>

1) Includes depreciation of wind turbines.

**Note 8 • Operating leases****Leases where the Group is the lessee**

The Group has a number of site leasehold rights with operating leases. The lease payments are renegotiated at the end of the leases to reflect market rents. These leases are mostly due for renegotiation in more than 5 years and amount to SEK 270m (271) in total. In the annual accounts for 2013 an expense of SEK 12m (11) was recognised in respect of operating leases in the Group.

No leasing expenses were reported in the Parent Company. There are also a small number of insignificant operating leases, where Balder is lessee, mainly relating to private cars. Payments made during the lease term are expensed in the income statement on a straight-line basis over the term of the lease.

**Leases where the Group is lessor**

The Group lets out its investment properties under operating leases. The future non-terminable lease payments are as follows:

Group, SEKm	2013	2012
Residential, parking etc. (within one year)	1,114	805
Commercial premises		
Within one year	165	94
1–5 years	2,073	2,217
>5 years	3,634	2,666
<b>Total</b>	<b>6,986</b>	<b>5,782</b>

Leases for commercial premises are normally entered into for 3–5 years with a period of notice of 9 months. Leases for residential properties normally run subject to a period of notice of 3 months.

The average lease term in the portfolio's commercial leases amounted to 4.9 years (4.4).

**Note 9 • Financial income**

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Interest income	60	33	50	32
Interest income, subsidiaries	—	—	577	518
Other financial income	27	12	34	359
<b>Total</b>	<b>87</b>	<b>45</b>	<b>660</b>	<b>909</b>

Interest income is mainly related to other receivables. Other financial income mainly relates to changes in value of financial investments, dividends on listed shares and shares in subsidiaries.

**Note 10 • Financial income**

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Interest expenses, borrowings	369	397	132	126
Interest expenses, interest rate derivatives	164	107	122	50
Interest expenses, subsidiaries	—	—	178	171
Other financial expenses	9	6	8	4
<b>Total</b>	<b>543</b>	<b>511</b>	<b>440</b>	<b>351</b>

Interest expenses and other financial expenses are related to interest-bearing liabilities.

**Note 11 • Taxes**

Recognised in the income statement

SEKm	Group		Parent Company	
	2013	2012	2013	2012
<b>Current tax expense (-)/tax revenue (+)</b>				
Current tax	6	-10	—	—
<b>Deferred tax expense (-)/tax revenue (+)</b>				
Deferred tax related to temporary differences	-343	-302	-79	12
Deferred tax on changes in loss carry-forwards	-45	-22	-20	-33
Released deferred tax in respect of temporary differences on sale	0	5	—	—
Change in untaxed reserves	-29	-8	—	—
Revaluation deferred tax	—	87	—	-39
<b>Total deferred tax</b>	<b>-418</b>	<b>-240</b>	<b>-99</b>	<b>-60</b>
<b>Total recognised tax</b>	<b>-412</b>	<b>-250</b>	<b>-99</b>	<b>-60</b>

**Reconciliation of effective tax**

Group, SEKm	2013, %	2013	2012, %	2012
<b>Profit before tax</b>		<b>2,151</b>		<b>1,412</b>
Tax according to current tax rate in Parent Company	22	-473	26	-371
Difference between profit for tax purposes and recognised profit on sale of property	0	-2	0	5
Tax on participation in profits of associated companies	-2	45	-2	28
Tax pertaining to prior years	0	7	0	-1
Non-taxable income/non-deductible expenses etc.	-1	11	0	3
Revaluation deferred tax	—	—	-6	87
<b>Recognised effective tax</b>	<b>19</b>	<b>-412</b>	<b>18</b>	<b>-250</b>

## Note 11 (continued)

Parent Company, SEKm	2013, %	2013	2012, %	2012
<b>Profit before tax</b>		<b>464</b>		<b>447</b>
Tax according to current tax rate for the Parent Company	22	-102	26	-118
Non-taxable income/non-deductible expenses	-1	3	2	-10
Non-taxable capital gains, shares	—	—	-3	14
Tax-exempt dividends	—	—	-21	92
Revaluation deferred tax	—	—	9	-39
<b>Recognised effective tax</b>	<b>21</b>	<b>-99</b>	<b>13</b>	<b>-60</b>

Recognised in the balance sheet

### Deferred tax assets and tax liabilities

Group 2013, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Properties	—	-1,359	-1,359
Derivative instruments	104	—	104
Loss carry-forwards	432	—	432
Untaxed reserves etc.	—	-39	-39
Set-off	-536	536	0
<b>Total</b>	<b>—</b>	<b>-862</b>	<b>-862</b>

No non-capitalised loss carry-forwards exist.

Parent Company 2013, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Derivative instruments	79	—	79
Loss carry-forwards	23	—	23
Financial investments	—	-4	-4
Set-off	-4	4	0
<b>Total</b>	<b>98</b>	<b>—</b>	<b>98</b>

No non-capitalised loss carry-forwards exist.

### Change of deferred tax in temporary differences and loss carry-forwards

Group, SEKm	Balance on 1 Jan 2012	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2012
Properties	-1,021	-80	-1	-1,102
Derivative instruments	230	-39	—	191
Capitalisation of the value of loss carry-forwards	592	-116	2	477
Untaxed reserves etc.	-3	-6	0	-9
<b>Total</b>	<b>-202</b>	<b>-242</b>	<b>1</b>	<b>-443</b>

Group, SEKm	Balance on 1 Jan 2013	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2013
Properties	-1,102	-256	—	-1,359
Derivative instruments	191	-87	—	104
Capitalisation of the value of loss carry-forwards	477	-45	0	432
Untaxed reserves etc.	-9	-29	0	-39
<b>Total</b>	<b>-443</b>	<b>-418</b>	<b>0</b>	<b>-862</b>

Parent Company, SEKm	Balance on 1 Jan 2012	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2012
Derivative instruments	172	-19	—	154
Capitalisation of the value of loss carry-forwards	85	-41	—	43
Financial investments	1	0	—	1
<b>Total</b>	<b>258</b>	<b>-60</b>	<b>—</b>	<b>198</b>

Parent Company, SEKm	Balance on 1 Jan 2013	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2013
Derivative instruments	154	-74	—	79
Capitalisation of the value of loss carry-forwards	43	-20	—	23
Financial investments	1	-5	—	-4
<b>Total</b>	<b>198</b>	<b>-99</b>	<b>—</b>	<b>98</b>

**Note 12 · Earnings per ordinary share**

The calculation of earnings per ordinary share has been based on the net profit for the year attributable to holders of ordinary shares in the Parent Company amounting to SEK 1,613m (1,067), after taking account of the participation of preference shares in net profit for the period and on the weighted average number of shares during the year amounting to 159,537,252 shares (159,537,252).

No dilution occurred during the year or the preceding year.

**Weighted average number of outstanding ordinary shares**

Parent Company, thousands of shares	2013	2012
Total number of shares, 1 January	159,537	159,537
Effect of newly issued shares	—	—
<b>Weighted average number of outstanding ordinary shares during the year</b>	<b>159,537</b>	<b>159,537</b>

**Note 13 · Investment properties**

Group, SEKm	2013	2012
<b>Opening fair value</b>	<b>22,278</b>	<b>17,556</b>
Acquisitions	3,606	3,756
Investments in existing properties	880	273
Changes in value	839	809
Divestments	-129	-69
Currency changes	59	-47
<b>Closing fair value</b>	<b>27,532</b>	<b>22,278</b>

Investment properties are recognised at fair value in consolidated statement of financial position and changes in value are recognised in the consolidated statement of comprehensive income. All investment properties are deemed to be in Level 3 of the valuation hierarchy according to IFRS 13 Fair Value Measurement. The fair value of Balder's real estate portfolio is based on internal valuations. Fair value is the estimated amount that would be recovered in a transaction on the valuation date between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion.

On the closing date, Balder carried out an internal valuation, based on a ten-year cash flow model, of the entire real estate portfolio. Each property is valued individually by computing the present value of future cash flows, i.e. future rent payments less estimated operating and maintenance payments and a residual value of ten years. Estimated rent payments as well as operating and maintenance payments have been derived from current rental income as well as operating and maintenance costs. The cash flow is adjusted to the market by taking account of any changes in the occupancy rate and letting levels as well as operating and maintenance payments.

An inflation rate of 2 per cent has been assumed in all cash flow calculations.

**Rent payments**

The rental trend is estimated to follow inflation taking account of prevailing index clauses in leases during their terms. When leases expire, an assessment is made of whether the lease is deemed to be extended at the prevailing market rent level and whether there is a risk of the premises becoming vacant. Vacancies are considered on the basis of the current vacancy situation with a gradual adjustment to expected market-related vacancy rates taking account of the property's individual conditions.

**Operating and maintenance payments**

Outcomes, budgetary and projection data as well as estimated standardised costs have been used in the assessment of the property's future property costs.

**Yield**

Yield requirements and cost of capital used in the calculations have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental level, vacancy rate and the condition of the property. The yield requirement and cost of capital used are shown in the table.

The average yield on the closing date amounted to 5.9 per cent (5.9). In the event of a change in the yield requirement of  $\pm 0.25$  percentage points, the Group's real estate value would be affected by about SEK 1,200m.

To guarantee the internal valuations, Balder engaged Savills Sweden AB to value the entire property holdings on 30 June 2013. The external valuation exceeded Balder's internal valuation by less than 1 per cent. On 31 December 2013, after Balder's valuation, the company's total real estate value amounted to SEK 27,532m (22,278). For more information see the Report of the Board of Directors and Sensitivity analysis on page 50.

**Future investments**

Balder had four properties under construction as of 31 December. The overall investment will amount to about SEK 1,600m on completion, of which about SEK 730m remains to be invested.

In Nyköping, Rosvalla arena, Brandholmen 1:72 is under construction, 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.

In Stockholm, Skeppshandeln 1 is under construction with a lettable area of almost 14,000 sq.m. and 280 pertaining parking places. The property is 95 per cent let to tenants including ICA, Profil Hotels and Bengt Dahlgren AB.

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.

Balder has entered into a turnkey agreement regarding construction of approximately 200 apartments in Örestad Syd in Copenhagen. The lettable area will amount to about 18,000 sq.m.

As of 31 December 2013, Balder entered into an agreement to acquire the property Gothenburg Nordstaden 10:15 and will take possession after year-end. On 31 December 2013, Balder's investment undertakings amounted to approximately SEK 830m.

Region	Cost of capital requirement for discounting of future cash flows, %	Yield requirement for assessment of residual value, %	The average yield requirement for assessment of residual value, %
Stockholm	6.0–10.2	4.0–8.2	5.4
Gothenburg/West	6.0–12.0	4.0–10.0	6.1
Öresund	6.0–10.0	4.0–8.0	5.3
East	7.0–12.0	5.0–10.0	6.1
North	7.0–13.0	5.0–11.0	5.7

## Note 14 · Other property, plant and equipment

Equipment SEKm	Group		Parent Company	
	2013	2012	2013	2012
<b>Cost</b>				
Opening balance	41	43	7	6
Acquisitions during the year	12	23	0	1
Retirements	—	–25	—	—
<b>Closing balance</b>	<b>53</b>	<b>41</b>	<b>8</b>	<b>7</b>
<b>Depreciation</b>				
Opening balance	–19	–34	–5	–3
Acquisitions	–1	–3	—	—
Retirements	—	25	—	—
Depreciation for the year	–8	–7	–1	–2
<b>Closing balance</b>	<b>–29</b>	<b>–19</b>	<b>–6</b>	<b>–5</b>
<b>Carrying amount</b>	<b>24</b>	<b>21</b>	<b>2</b>	<b>2</b>
<b>Wind turbines</b> SEKm				
<b>Cost</b>				
Opening balance	164	164	30	30
Acquisitions	—	—	—	—
<b>Closing balance</b>	<b>164</b>	<b>164</b>	<b>30</b>	<b>30</b>
<b>Depreciation and impairments</b>				
Opening balance	–34	–26	–6	–4
Acquisitions	—	—	—	—
Depreciation for the year	–9	–9	–2	–2
Impairment for the year	–37	—	—	—
<b>Closing balance</b>	<b>–80</b>	<b>–34</b>	<b>–8</b>	<b>–6</b>
<b>Carrying amount</b>	<b>84</b>	<b>131</b>	<b>22</b>	<b>24</b>
<b>Total carrying amount</b>	<b>108</b>	<b>152</b>	<b>24</b>	<b>27</b>

Depreciation is recognised in administrative expenses and media expenses.



### Note 15 · Participations in associated companies

Participations in associated companies are recognised in the Group using the equity method and in the Parent Company using the cost method.

#### Accumulated cost

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Opening balance	760	654	421	402
Acquisition of associated companies	67	19	62	19
Dividend	—	–18	—	—
Participations in the profits of associated companies after tax	204	105	—	—
Change in shareholders' equity of associated companies	–11	–1	—	—
<b>Closing balance</b>	<b>1,020</b>	<b>760</b>	<b>483</b>	<b>421</b>

#### Participating interest in associated companies' statements of comprehensive income

Group, SEKm	2013	2012
Rental income	179	159
Property costs	–40	–33
<b>Net operating income</b>	<b>140</b>	<b>126</b>
Changes in value of properties, unrealised	99	7
Management and administrative expenses	–8	–9
Other operating income <sup>1)</sup>	100	65
<b>Operating profit</b>	<b>331</b>	<b>190</b>
Net interest income/expense	–74	–74
Changes in value of derivatives, unrealised	1	1
<b>Profit before tax</b>	<b>257</b>	<b>116</b>
Tax	–53	–11
<b>Net profit for the year</b>	<b>204</b>	<b>105</b>
Profit from property management before tax	157	108

1) Relates to Collector AB and Bovieran Holding AB.

#### Summary of participating interest in associated companies' statements of financial position

Group, SEKm	2013	2012
Assets	2,786	2,274
Shareholders' equity including shareholders' loan	1,146	776
Liabilities	1,640	1,498

#### Group holdings of participations in associated companies in 2013

Company	Corporate identity number	Registered office	Number of shares	Share, %	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB	556560-0797	Gothenburg	5,596,806	44	469	364
Tulia AB	556712-9811	Gothenburg	50,000	50	218	—
Akroterion Fastighets AB	556714-5478	Stockholm	500	50	176	100
Fastighets AB Centur	556813-6369	Stockholm	500	50	89	4
Bovieran Holding AB	556813-3168	Gothenburg	5,000	50	47	—
Mötesplatsen Intrassenter AB	556859-0417	Alingsås	320	32	14	15
Proximion Holding AB	556915-7331	Stockholm	50,000	34	6	—
Bergsspiran AB	556736-4475	Gothenburg	250	25	0	0
Fix Holding AB	556949-3702	Gothenburg	50,000	50	0	—
Balder Skåne AB	556699-9230	Gothenburg	1,000	50	0	—
<b>Total</b>					<b>1,020</b>	<b>483</b>

## Note 15 (continued)

### Group holdings of participations in associated companies in 2012

Company	Corporate identity number	Registered office	Number of shares	Share, %	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB	556560-0797	Gothenburg	5,596,806	38	354	302
Akroterion Fastighets AB	556714-5478	Stockholm	500	50	159	100
Tulia AB	556712-9811	Gothenburg	50,000	50	140	–
Fastighets AB Centur	556813-6369	Stockholm	500	50	62	4
Bovieran Holding AB	556813-3168	Gothenburg	5,000	50	30	–
Mötesplatsen Intressenter AB	556859-0417	Alingsås	320	32	15	15
Bergsspiran AB	556736-4475	Gothenburg	250	25	0	0
Majornas Projektutveckling AB	556813-6310	Gothenburg	500	50	0	0
<b>Total</b>					<b>760</b>	<b>421</b>

## Note 16 · Trade receivables

Trade receivables are carried at the amount which is expected to be received. All trade receivables that have fallen due for more than 30 days are assessed individually as regards a risk of loss. Impairments are

made for doubtful receivables. The net profit for 2013 was charged with SEK 10.7m (18.1) in respect of actual and feared bad debt losses. The receivables are of a short-term character and therefore the carrying amount corresponds to fair value.

### Age distribution of trade receivables

Group, SEKm	2013	2012
–30 days	17	19
31–60 days	3	4
61–90 days	2	3
91 days–	26	41
<b>Total</b>	<b>48</b>	<b>67</b>
Doubtful trade receivables	–25	–41
<b>Trade receivables, net</b>	<b>23</b>	<b>26</b>

### Doubtful trade receivables

Group, SEKm	2013	2012
Opening balance	–41	–37
Acquired opening balance	–1	–2
Actual bad debt losses during the year	18	14
Doubtful trade receivables during the year	–2	–16
<b>Closing balance</b>	<b>–25</b>	<b>–41</b>

## Note 17 · Other receivables

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Other receivables	65	18	15	12

Other receivables are of a short-term character and therefore the carrying amount corresponds with the fair value.

## Note 18 · Prepaid expenses and accrued income

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Insurance	5	4	–	–
Interest income	8	7	8	7
Rental income	2	4	2	1
Property costs	9	6	–	–
Other items	8	3	6	4
<b>Total</b>	<b>32</b>	<b>25</b>	<b>16</b>	<b>12</b>

## Note 19 · Financial investments

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Quoted securities				
Shares and bonds	305	69	305	69
<b>Total</b>	<b>305</b>	<b>69</b>	<b>305</b>	<b>69</b>

Financial investments are measured at fair value through profit and loss (see Note 9).

## Note 20 · Share capital

On 31 December 2013 the registered share capital consisted of 172,396,852 ordinary shares, of which 11,229,432 were Class A shares and 151,167,420 Class B, and 10,000,000 preference shares. Of the Class B shares, 2,859,600 had been repurchased as of 31 December 2013, which means that the total number of shares outstanding was

169,537,252. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote. An ordinary share entitles its holder to a dividend that is determined in due course while a preference share entitles its holder to an annual dividend of SEK 20.00 per share. All shares entitle holders to voting rights at the Annual General Meeting.

### Share capital trend

Day	Month	Year	Event	Change in number of shares	Total number of shares	Total number of outstanding shares	Quota value per share, SEK	Change in share capital, SEK	Total share capital, SEK
27	June	2005	Start date		75,386,104	75,386,104	1.00		75 386 104
18	August	2005	Issue in kind	2,000,002	77,386,106	77,386,106	1.00	2,000,002	77,386,106
18	August	2005	Reduction of the share capital by decreasing nominal amount		77,386,106	77,386,106	0.01	-76,612,245	773,861
18	August	2005	Issue in kind	1,287,731,380	1,365,117,486	1,365,117,486	0.01	12,877,314	13,651,175
18	August	2005	Set-off issue	18,846,514	1,383,964,000	1,383,964,000	0.01	188,465	13,839,640
18	August	2005	Consolidation of nominal amount to SEK 1	-1,370,124,360	13,839,640	13,839,640	1.00		13,839,640
27	January	2006	Issue in kind	1,000,000	14,839,640	14,839,640	1.00	1,000,000	14,839,640
9	October	2006	Issue in kind	1,380,000	16,219,640	16,219,640	1.00	1,380,000	16,219,640
		2008	Repurchase, own shares	-476,600	16,219,640	15,743,040			16,219,640
28	August	2009	Issue in kind	9,171,502	25,391,142	24,914,542	1.00	9,171,502	25,391,142
4	June	2010	Bonus issue	76,173,426	101,564,568	99,658,168	1.00		101,564,568
1	February	2011	New issue	6,700,000	108,264,568	106,358,168	1.00	6,700,000	108,264,568
20	May	2011	Bonus issue	54,132,284	162,396,852	159,537,252	1.00		162,396,852
16	June	2011	Directed new issue of preference shares	4,000,000	166,396,852	163,537,252	1.00	4,000,000	166,396,852
31	January	2012	Set-off issue preference share	1,000,000	167,396,852	164,537,252	1.00	1,000,000	167,396,852
11	October	2012	Set-off issue preference share	1,000,000	168,396,852	165,537,252	1.00	1,000,000	168,396,852
24	May	2013	Directed new issue of preference shares	500,000	168,896,852	166,037,252	1.00	500,000	168,896,852
22	October	2013	Directed new issue of preference shares	3,500,000	172,396,852	169,537,252	1.00	3,500,000	172,396,852
31	December	2013		—	172,396,852	169,537,252	1.00	—	172,396,852

The Board will propose to the Annual General Meeting for the financial year 2013 that no dividend on ordinary shares (—) should be declared and a dividend of SEK 20.00 per share for preference shares should be declared (20.00). All issued shares are fully paid.

## Note 21 · Financial risks and financial policies

### Finance policy

The Group is exposed to five different kinds of financial risks through its operations. Financial risks refer to interest risk, liquidity risk, refinancing risk, price risk and credit risk. The financial policy prescribes guidelines and rules for how the financial operations shall be conducted and establishes the division of responsibilities and administrative rules. Departures from the Group's financial policy require the approval of the Board. Responsibility for the Group's financial transactions and risks is managed centrally by the Parent Company's financial department. Financial risk is managed at a portfolio level. Financial transactions shall be conducted based on an assessment of the Group's overall needs relating to liquidity, financing and interest risk.

Financial policy goals:

- the equity/assets ratio should exceed 35 per cent over time,
- the interest coverage ratio should not be less than 1.5 times,
- secure the short-term and long-term supply of capital,
- obtain a stable long-term capital structure.

The Group has market-related covenants for its funding. These were fulfilled during the financial year.

The goals are followed up regularly in reports to the Board prior to presentation of the company's interim reports.

Financial goals	Goal	Outcome	
		2013	2012
Equity/assets ratio, %	35.0	37.3	34.8
Interest coverage ratio, times	1.5	2.9	2.4

### Capital risk

The Group's goal as regards the capital structure is to secure the Group's ability to continue its operations, so that it can continue to generate a return to shareholders and value for other stakeholders.

### Refinancing risk

Refinancing risk refers to the risk that Balder may not be able to obtain refinancing in the future or only at a significantly increased cost. Balder has signed credit commitments of SEK 1,000m, which are intended as a back-up facility for Balder's SEK 1,000m certificate programme. This means that if Balder cannot issue commercial paper through the programme, the company will utilise its back-up facility for the unissued amount. Balder works continually on raising new loans and on renegotiating existing loans. Over time, 50 per cent of the loan portfolio should have a credit term of more than two years and not more than 35 per cent of the loans should mature during a single year.

### Liquidity risk

Liquidity risk refers to the risk of a lack of sufficient cash and cash equivalents to be able to fulfil the company's payment obligations relating to operating costs, interest, amortisation and dividend on preference shares. According to the financial policy, there should always be sufficient cash in hand and guaranteed credit facilities to cover one month's payment obligations. Regardless of long-term goals, the Board can decide to temporarily boost liquidity, for example, to be better prepared for major transactions. On the closing date, Balder's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 1,004m (470).

#### Duration analysis of financial liabilities

Cash flow per year relating to financial liabilities assuming the current size of the Group. The cash flow refers to interest expenses, amortisation, trade payables and settlement of other financial liabilities. Net financial items have been calculated based on the Group's average interest less interest income and interest allowances.

Refinancing occurs on a regular basis, so no interest expense for a longer period than 10 years is indicated.

#### Group 2013-12-31

SEKm	0–3 years	4–5 years	6–7 years	≥8 years
Maturity structure, loans	9,792	2,929	989	2,811
Interest expenses <sup>1)</sup>	1,578	1,020	996	1,249
Trade payables	150	—	—	—
Other liabilities	465	—	—	—
<b>Total</b>	<b>11,985</b>	<b>3,949</b>	<b>1,985</b>	<b>4,060</b>

#### Group 2012-12-31

SEKm	0–3 years	4–5 years	6–7 years	≥8 years
Maturity structure, loans	7,351	2,593	989	2,856
Interest expenses <sup>1)</sup>	1,458	942	918	1,332
Trade payables	76	—	—	—
Other liabilities	82	—	—	—
<b>Total</b>	<b>8,967</b>	<b>3,535</b>	<b>1,907</b>	<b>4,188</b>

#### Parent Company 2013-12-31

SEKm	0–3 years	4–5 years	6–7 years	≥8 years
Maturity structure, loans	3,650	1,251	433	356
Interest expenses <sup>1)</sup>	537	348	340	495
Trade payables	2	—	—	—
Other liabilities	6	—	—	—
<b>Total</b>	<b>4,195</b>	<b>1,599</b>	<b>773</b>	<b>851</b>

#### Parent Company 2012-12-31

SEKm	0–3 years	4–5 years	6–7 years	≥8 years
Maturity structure, loans	3,571	809	433	387
Interest expenses <sup>1)</sup>	552	358	350	510
Trade payables	5	—	—	—
Other liabilities	9	—	—	—
<b>Total</b>	<b>4,137</b>	<b>1,167</b>	<b>783</b>	<b>897</b>

1) Refers to interest expenses during the period 0–10 years.

#### Interest risk

Interest risk refers to the risk of fluctuations in cash flow and earnings due to changes in interest rates. The key factor for interest risk is the interest rate refixing period. Long interest rate refixing periods ensure predictability in cash flow but in most cases also mean higher interest expenses.

The Group's interest rate exposure is centralised, which means that the central finance function is responsible for identifying and managing this exposure. The interest risk shall be managed using risk hedging instruments such as interest rate swaps, interest rate ceilings and interest rate floors. The overriding key ratio used is the interest coverage ratio. On each measurement date, the interest coverage ratio shall exceed 1.5. To ensure cost-effective management of interest risk, an assessment of the interest risk is made when raising loans with short interest rate refixing periods based on the Group's overall loan portfolio. Interest rate derivative transactions are carried out as required to achieve the desired interest risk in the overall borrowing.

Balder has mainly used swaps and interest rate ceilings to manage its interest risk, which mature between 2016 and 2026. Fluctuations in market interest rates give rise to theoretical surpluses or deficits in respect of these financial instruments, which do not directly affect cash flow. Derivatives are continually recognised at fair value in the balance sheet and changes in value are recognised in the income statement without

using hedge accounting. Derivatives are measured based on quoted prices in the market. The changes in value during 2013 amounted to SEK 433m (–71). The fair value of financial instruments is based on measurements by intermediary credit institutions. The reasonability of the measurements has been tested by engaging another credit institution to value similar instruments at the end of the reporting period, see sensitivity analysis on page 50.

#### Foreign exchange risk

Balder owns properties via subsidiaries in Denmark. The foreign exchange risk arising relates to the translation of the assets and liabilities of foreign subsidiaries to the Group's presentation currency. The current exposure is low.

#### Price risk

Balder's income is affected by the occupancy rate of its properties, the level of market-related rents and customers' payment capacity. A +/- 1 percentage point change in the rental level or the economic occupancy rate has an effect on profit before tax of +/- SEK 23m and +/-24m respectively.

#### Credit risks

##### Trade receivables

The risk that the Group's customers will not fulfil their obligations, i.e. that payment will not be received for trade receivables, constitutes a customer credit risk. The credit of the Group's customers is assessed by obtaining information about the customers' financial position from various credit rating agencies.

An estimate of the credit risk is made in conjunction with new leases and conversion of premises for existing customers. Bank guarantees, advance rental deposits or other security are required for customers with low creditworthiness or unsatisfactory credit histories.

Credit is monitored continually to follow developments in the creditworthiness of customers.

##### Financial operations

Balder's financial operations give rise to credit risk exposure. The risk is mainly counterparty risk in connection with receivables from banks and other counterparties that arise in the trading of derivative instruments. Balder's financial policy includes special counterparty rules which stipulate the maximum credit exposure for different counterparties.

#### Borrowing, maturity structure and interest rates

At year-end, Balder had binding loan agreements with credit institutions totalling SEK 16,521m (13,789). The credit agreements mainly consist of bilateral contracts with Nordic banks as well as a certificate programme for SEK 1,000m. On 31 December 2013, the outstanding certificate volume was SEK 685m (614). Net interest-bearing liabilities less cash and cash equivalents of SEK 513m (116) amounted to SEK 16,008m (13,673).

Agreements can be divided into five categories:

- loans against security pledged in the form of promissory note receivables from subsidiaries with pledged mortgage deeds. The security has been augmented by collateral in the shares of subsidiaries,
- loans against mortgage deeds pledged on property,
- loans against subsidiaries' limited partnership shares pledged,
- certificate programme,
- bond loan.

In certain cases, the security is augmented by guarantees concerning interest coverage ratios, equity/assets ratios and loan to value ratios. Balder satisfied all of its guarantees at year-end. Credit agreements contain customary termination conditions.

The average fixed credit term in loan agreements amounted to 5.4 years (6.6) on 31 December 2013. The maturity structure of loan agreements, presented in the table showing the loan terms, indicates when loan agreements are due for renegotiation or repayment. The average effective interest on the closing date equalled 3.2 per cent (3.6) including the effect of accrued interest from Balder's interest rate derivatives. The average interest rate refixing period on the same date was 3.5 years (4.8). The proportion of loans with interest dates during the coming 3-year period amounted to 59 per cent (42).

## Note 21 (continued)

## Interest rate refixing period

Year	Carrying amount, SEK	Interest, %	Share, %	Fair value, SEKm
Within one year	8,254	2.1	50.0	5,483
1–2 years	267	4.3	1.6	30
2–3 years	500	4.5	3.0	283
3–4 years	—	—	—	500
4–5 years	3,000	4.8	18.2	0
>5 years	4,500	3.9	27.2	7,500
<b>Total</b>	<b>16,521</b>	<b>3.2</b>	<b>100.0</b>	<b>13,796</b>

The fair value of financial liabilities, which are not derivative instruments has been estimated by discounting the future cash flow using the current market rate of interest at the end of the reporting period. The discount rate used in the estimation of fair value is in the range 3.2–3.3 per cent.

## Carrying amount and fair value of financial instruments

Group, SEKm	Trade and loan receivables		Financial assets/liabilities measured at fair value through profit or loss Derivatives <sup>1)</sup>		Other liabilities		Total carrying amount		Total fair value	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Trade receivables	23	26	—	—	—	—	23	26	23	26
Receivables from associated companies	748	468	—	—	—	—	748	468	748	468
Financial investments <sup>2)</sup>	—	—	305	69	—	—	305	69	305	69
<b>Total receivables</b>	<b>770</b>	<b>494</b>	<b>305</b>	<b>69</b>	<b>—</b>	<b>—</b>	<b>1,075</b>	<b>563</b>	<b>1,075</b>	<b>563</b>
Non-current interest-bearing liabilities	—	—	—	—	16,338	13,495	16,338	13,495	16,342	13,502
Credit facilities	—	—	—	—	4	122	4	122	4	122
Derivatives <sup>3)</sup>	—	—	472	868	—	—	472	868	472	868
Non-interest-bearing liabilities, non-current	—	—	—	—	—	—	—	—	—	—
Current interest-bearing liabilities	—	—	—	—	179	172	179	172	179	172
Trade payables	—	—	—	—	150	76	150	76	150	76
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>472</b>	<b>868</b>	<b>16,671</b>	<b>13,865</b>	<b>17,143</b>	<b>14,733</b>	<b>17,147</b>	<b>14,740</b>

## Parent Company, SEKm

Receivables from group companies	11,506	10,599	—	—	—	—	11,506	10,599	11,506	10,599
Receivables from associated companies	748	468	—	—	—	—	748	468	748	468
Financial investments <sup>2)</sup>	—	—	305	69	—	—	305	69	305	69
<b>Total receivables</b>	<b>12,253</b>	<b>11,067</b>	<b>305</b>	<b>69</b>	<b>—</b>	<b>—</b>	<b>12,558</b>	<b>11,136</b>	<b>12,558</b>	<b>11,136</b>
Non-current liabilities to credit institutions	—	—	—	—	5,632	5,020	5,632	5,020	5,632	5,020
Credit facilities	—	—	—	—	—	122	—	122	—	122
Derivatives <sup>3)</sup>	—	—	361	698	—	—	361	698	361	698
Non-interest-bearing liabilities, non-current	—	—	—	—	—	—	—	—	—	—
Liabilities to group companies	—	—	—	—	2,782	2,927	2,782	2,927	2,782	2,927
Current liabilities to credit institutions	—	—	—	—	58	58	58	58	58	58
Trade payables	—	—	—	—	2	5	2	5	2	5
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>361</b>	<b>698</b>	<b>8,474</b>	<b>8,132</b>	<b>8,835</b>	<b>8,830</b>	<b>8,835</b>	<b>8,830</b>

1) Financial assets/liabilities held for trading.

2) Financial investments are Level 1 in the valuation hierarchy.

3) Derivative instruments are Level 2 in the valuation hierarchy.

Derivative instruments have been recognised net as a liability. This liability includes positives values of SEK 51m (–).

## Note 22 · Credit facilities

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Granted credit facility	495	476	445	426
Utilised portion	–4	–122	0	–122
<b>Unutilised portion</b>	<b>491</b>	<b>354</b>	<b>445</b>	<b>304</b>

## Note 23 · Accrued expenses and deferred income

SEKm	Group		Parent Company	
	2013	2012	2013	2012
Personnel expenses	27	12	9	7
Interest expenses	74	53	34	24
Prepaid rents	220	168	—	—
Property costs	47	44	—	—
Other items	8	19	2	3
<b>Total</b>	<b>376</b>	<b>295</b>	<b>45</b>	<b>34</b>

## Note 24 · Pledged assets and contingent liabilities

Pledged assets SEKm	Group		Parent Company	
	2013	2012	2013	2012
Real estate mortgages	17,848	14,477	—	—
Shares in group companies	1,469	1,134	—	—
Promissory notes	—	—	5,008	4,741
<b>Total</b>	<b>19,317</b>	<b>15,611</b>	<b>5,008</b>	<b>4,741</b>

Contingent liabilities SEKm	Group		Parent Company	
	2013	2012	2013	2012
Guarantees for subsidiaries	—	—	10,151	8,215
Guarantees for associated companies	925	685	925	685
<b>Total</b>	<b>925</b>	<b>685</b>	<b>11,076</b>	<b>8,900</b>

## Note 25 · Cash flow statement

Cash and cash equivalents SEKm	Group		Parent Company	
	2013	2012	2013	2012
The following sub-components are included in cash and cash equivalents:				
Cash and bank balances	208	47	144	5
<b>Total according to the balance sheet</b>	<b>208</b>	<b>47</b>	<b>144</b>	<b>5</b>
<b>Total according to the cash flow statement</b>	<b>208</b>	<b>47</b>	<b>144</b>	<b>5</b>

Interest and derivative expenses paid SEKm	Group		Parent Company	
	2013	2012	2013	2012
Interest received	27	16	33	28
Interest paid	–328	–403	–117	–130
Derivative expense paid	–164	–108	–122	–50
<b>Total</b>	<b>–465</b>	<b>–495</b>	<b>–206</b>	<b>–152</b>

Intra-group interest income and interest expenses for 2013 and 2012 did not affect the cash flow.

## Note 26 · Participations in group companies

Specification of the Parent Company's direct holdings of participations in subsidiaries					Carrying amount	
Subsidiaries	Corporate identity number	Registered office	Number of shares	Share, %	2013	2012
Balder Storstad AB	556676-4378	Gothenburg	1,172,306	100	1,046	1,046
Balder Mellanstad AB	556514-4291	Gothenburg	1,938,000	100	150	150
Din Bostad Sverige AB	556541-1898	Gothenburg	18,500,000	100	626	626
Egby Vindkraftverk AB	556760-5919	Gothenburg	1,000	100	0	2
Balder Danmark ApS	34058016	Copenhagen	80,000	100	0	4
<b>Total</b>					<b>1,822</b>	<b>1,827</b>

The Balder Group owns 100 per cent of 201 additional companies (172) via the above-mentioned subsidiaries, as presented in each subsidiary's annual accounts.

Parent Company, SEKm		2013	2012
<b>Accumulated cost</b>			
Opening balance		1,827	1,796
Dividend/Shareholders' contribution		–4	28
Impairment losses		–2	—
Acquisitions		—	3
<b>Closing balance</b>		<b>1,822</b>	<b>1,827</b>



**Note 27 · Receivables from/liabilities to Group companies**

Parent Company, SEKm	Receivables		Liabilities	
	2013	2012	2013	2012
Opening balance	10,571	8,507	2,927	2,310
Change in lending to subsidiaries	935	2,064	-145	617
<b>Closing balance</b>	<b>11,506</b>	<b>10,571</b>	<b>2,782</b>	<b>2,927</b>

There is no fixed amortisation plan.

**Note 28 · Related parties****Related parties***Group*

The Group is controlled by Erik Selin Fastigheter AB which holds 51.3 per cent (52.0) of the votes in the Parent Company Fastighets AB Balder. The Parent Company is the largest group of which Balder is part is Erik Selin Fastigheter AB.

*Parent Company*

Apart from the related parties shown for the Group, the Parent Company has a controlling influence over subsidiaries according to Note 26, Participations in group companies.

**Summary of related party transactions***Group*

Erik Selin Fastigheter AB has purchased property-related administrative services from Balder for SEK 2m (2). The price of the services is based on market-related terms.

*Parent Company*

The Parent Company has performed property-related administrative services on behalf of its subsidiaries amounting to SEK 83m (81). The Parent Company functions as an internal bank. On the closing date, receivables from subsidiaries amounted to SEK 11,506m (10,571). The price of the administrative and financial services is based on market-related terms.

*Associated companies*

Apart from the relative parties described above, the Balder Group owns associated companies according to Note 15, Participations in associated companies.

During the financial year, Fastighets AB Centur and Tulia AB purchased management and administrative services from Balder amounting to SEK 14m (13). Net receivables from associated companies amounted to SEK 748m (468) on the closing date. The price of the administrative and financial services is based on market-related terms.

**Transactions with key people in executive positions**

The company's Board members and companies owned by these members control 66.9 per cent (67.9) of the votes in Balder. With regard to the Board, CEO and other employees' salaries and other remuneration, expenses and agreements relating to pensions and similar benefits as well as agreements in respect of termination benefits, see Note 4, Employees and personnel expenses.

**Note 29 · Significant events after the end of the financial year**

After year-end, Balder has acquired two retail properties and a development property in Backaplan in Gothenburg and a retail property adjacent to Nordstan shopping centre in central Gothenburg. The retail properties have a lettable area of about 9,600 sq.m. In addition to the above, the hotel property Scandic Opalen in Gothenburg was acquired. The area of the hotel is 18,500 sq.m.

After year-end, Balder has also opted to establish a loan framework of SEK 5 billion in order to supplement existing financing. Balder has also divested properties in six different transactions for a total sales value of SEK 180m. The sales value exceeded the most recent valuation by about SEK 35m. In March, all repurchased shares were also sold.

**Note 30 · Critical estimates and judgements**

The company management and the Board have discussed the development, the choice of and the disclosures in respect of the Group's key accounting policies and estimates, as well as their application.

**Investment properties**

For important assumptions and estimates in connection with valuation of investment properties see Note 13, Investment properties.

Balder reports its properties according to the fair value method which means that changes in value are recognised in the income statement. Thus the results can be affected considerably.

Balder performs an internal valuation of the properties in connection with each quarterly report. In order to quality-assure its internal valuations, Balder regularly allows parts of the portfolio to be externally valued during the year. On 30 June, Balder's entire property portfolio was externally valued by Savills Sweden AB.

**Taxes**

Balder controls loss carry-forwards, which mainly derive from operations that were conducted previously. Furthermore, there are loss carry-forwards in subsidiaries that own properties. Balder estimates that it will be possible to utilise all loss carry-forwards against future profits, under current tax rules.

However, Balder cannot provide any guarantees that current or new tax rules will not restrict the possibilities of utilising the loss carry-forwards.

**Classification of acquisitions**

IFRS 3 contains a rule that acquisitions must be classified as business combinations or asset acquisitions, which means that an individual assessment must be made of each particular transaction. The assessments of acquisitions made during the year resulted in all transactions being classified as asset acquisitions.

## Note 31 · Parent Company information

Fastighets AB Balder (publ) is a Swedish-registered limited liability company with its registered office in Gothenburg. The Parent Company's shares are listed on NASDAQ OMX Stockholm, Mid Cap segment. The address of the head office is Box 53121, 400 15 Gothenburg, Sweden.

The visiting address is Vasagatan 54.

The consolidated accounts for 2013 include the Parent Company and its subsidiaries, together referred to as the Group.

The annual accounts and the consolidated accounts were approved for issuance by the Board of Directors and CEO on 11 April 2014. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 7 May 2014. The Board will propose to the Annual General Meeting that no dividend (—) be declared for ordinary shares and that a dividend of SEK 20.00 per share (20.00) be declared for preference shares for the financial year 2013.

The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated accounts have been prepared in accordance with the international

accounting standards IFRS referred to in the European Parliament's and Council's regulation (EC) No. 1606/2002 from 19 July 2002 on application of the international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and Group's financial position and results of operations. The Report of the Board of Directors for the Group and the Parent Company provides a true and fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies forming the Group.

Gothenburg, 11 April 2014

Christina Rogestam  
*Chairman of the Board*

Sten Dunér  
*Board member*

Fredrik Svensson  
*Board member*

Anders Wennergren  
*Board member*

Erik Selin  
*Board member and CEO*

Our audit report was submitted on 11 April 2014  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
*Authorised Public Accountant*

# Audit Report

**To the Annual General Meeting of Fastighets AB Balder (publ), corporate identity number 556525-6905**

## **Report on the annual accounts and consolidated financial statements**

We have audited the annual accounts and consolidated financial statements of Fastighets AB Balder (publ) for 2013. The company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 49–81.

## **The Board of Directors and the Managing Director are responsible for the annual accounts and consolidated financial statements**

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these annual accounts and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinions**

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all mate-

rial respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of its financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report and the corporate governance report are consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

## **Report on other legal and regulatory requirements**

In addition to our audit of the annual accounts and consolidated financial statements, we have examined the proposed allocation of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Fastighets AB Balder (publ) for the year 2013.

## **The responsibility of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

## **Auditor's responsibility**

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' explanatory statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinions**

We recommend to the Annual Meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the fiscal year.

Gothenburg, 11 April 2014  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
Authorised Public Accountant

# Corporate governance

Corporate governance in Swedish listed companies is governed by a combination of written rules and practice, by which the owners directly and indirectly control the company. The rules and regulations have been developed through legislation, recommendations, the Swedish Code of Corporate Governance and through self-regulation. The Code is based on the principle comply or explain, which means that all rules need not always be complied with if there is a reason and it is explained.

Some of the Code's principles are to create a good basis for exercise of an active and responsible ownership role and to create a well-adjusted balance of power between owners, the Board and the executive management, which Balder views as a natural part of the principles for the operations. The Code also means that certain information should be made available on the company's website. The Swedish Code of Corporate Governance is administered by the Swedish Corporate Governance Board and is available on [www.bolagsstyrning.se](http://www.bolagsstyrning.se).

Balder applies the Code, which is intended to serve as part of the self-regulation within the Swedish business community.

## Articles of Association

The company's name is Fastighets AB Balder and the company is a public company (publ). The registered office of the company is in Gothenburg.

The company's objects shall be directly or indirectly, through wholly-owned or part-owned companies, to acquire, manage, own and divest real property and securities and carry on other activities connected therewith.

The articles of association, which are available on Balder's website, among other things, contain information regarding share capital, number of shares, class of shares and preferential rights, number of Board members and auditors as well as provisions regarding notice and agenda for the annual general meeting.

## Annual General Meeting

The Annual General Meeting is the company's highest decision-making body in which the shareholders exercise their rights to decide on the affairs of the company. The Board and auditors of the company are elected by the annual general meeting according to the proposal of the nomination committee. The annual general meeting also passes resolutions regarding amendments of the articles of association and regarding change in the share capital. To participate in passing resolutions, the shareholder must be present at the meeting, either personally or by proxy. In addition, the shareholder must be registered in the share register on a certain date prior to the meeting and notification of participation must be given to the company within a certain determined period. Shareholders who wish to have a special matter dealt with at the annual general meeting can normally request this if the request is made in good time to Balder's Board of Directors prior to the meeting.

Resolutions at general meetings of shareholders are normally passed by simple majority. In certain questions, the Swedish Companies Act prescribes that proposals must be appro-

ved by a larger proportion of the shares represented and cast at the meeting.

## Annual General Meeting 2013

At the annual general meeting on 7 May 2013 in the Restaurang Palace in Gothenburg, 128 shareholders were represented, holding 75 per cent of the total number of votes. All Board members and the company's auditor were present at the general meeting.

The annual general meeting adopted the financial statements for 2012 and discharged the Board and CEO from liability for the financial year 2012.

The following resolutions were passed by the Annual General Meeting on 7 May 2013:

- not to declare any dividend to ordinary shareholders and to declare a quarterly dividend to preference shareholders of SEK 5 per share, however, a maximum of SEK 20,
- the Board shall, during the period until the next annual general meeting has been held, be composed of five ordinary members without deputies,
- directors' fees of a fixed amount of SEK 460,000 should be paid to the Board, of which 160,000 to the Chairman of the Board and SEK 100,000 to the other Board members who are not permanently employed by the company. The amount includes remuneration for committee work,
- re-election of the current Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren. All members are elected until the annual general meeting 2014. Christina Rogestam was re-elected as Chairman of the Board.
- approval of the Board's proposed guidelines for remuneration to senior executives,
- mandate for the Board to decide on new issue of not more than 5,000,000 preference shares and/or shares of Class B corresponding to not more than 10 per cent of the existing share capital. The new issue shall be used by the company for payment of acquisitions of properties or acquisition of shares or participations in legal entities that own property or in order to capitalise the company ahead of such acquisitions or to capitalise the company in other respects.
- mandate for the Board to decide on repurchase and transfer of the company's own shares for the purpose of adjusting the company's capital structure and for transferring own shares as payment or for financing of property investments.

Minutes taken at the annual general meeting on 7 May 2013 are available on the company's website. The annual general meeting for 2014 will take place on 7 May 2014 in Restaurang Palace, Södra Hamngatan in Gothenburg. Information concerning the annual general meeting is published on the company's website.

## The share and owners

The Balder share is listed on NASDAQ OMX Stockholm, Mid Cap segment. At year-end, the number of shareholders amounted to 16,089. Balder carried out two new issues during the year. Both issues were of preference shares and amounted to 4,000,000 preference shares in total. Balder's share capital on 31 December

2013 amounted to SEK 172,396,852 distributed among 172,396,852 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 shares are of Class A, 151,167,420 of Class B and 10,000,000 preference shares. Of the B shares, 2,859,600 are repurchased, which means that the total number of outstanding shares amounts to 169,537,252. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote. Each shareholder at the general meeting is entitled to vote for the number of shares held and represented by him/her. Further information regarding shares and share capital is found on pages 11–13, The share and owners.

### Board of Directors

The Board of Directors is elected by the annual general meeting and according to the articles of association shall consist of at least three and at most seven members. The members are elected at the annual general meeting for the period until the end of the first annual general meeting that is held after the members were elected. During 2013, the Board was composed of five members and is responsible for the company's organisation and administration. The Board works according to an established formal work plan with instructions concerning division of responsibilities between the Board and the CEO.

New Board members receive an introduction to the company and its operations and participate in the stock exchange's training according to the stock exchange agreement. The Board subsequently receives continual information, including about regulatory changes and such issues concerning the operations and the Board's responsibility in a listed company.

The rules of the Swedish Companies Act apply to resolutions in the Board, to the effect that more than half of the members present and more than one third of the total number of members must vote for resolutions. The Chairman has the casting vote in the event of the same number of votes.

The Board work is governed by the Swedish Companies Act, the Articles of Association, the Code and the formal work plan that the Board adopted for its work.

Balder's Board of Directors is composed of persons who possess broad experience and competence from the real estate sector, business development and financing. Most of the Board members have experience of board work from other listed companies.

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

Balder's signatories, apart from the Board, are any two jointly of Chairman Christina Rogestam, CEO Erik Selin and CFO Magnus Björndahl.

### *The Board's duties and responsibilities*

The Board's overriding duty is to manage the affairs of the company on behalf of the owners so that the owners' interest in a good long-term return on capital is satisfied in the best possible way.

The Board has responsibility for ensuring that the company's organisation is appropriate and that the operations are conducted in accordance with the articles of association, the Companies Act and other applicable laws and regulations and the for-

mal work plan of the Board. The Board shall perform the Board work jointly under the leadership of the Chairman.

The Board shall also ensure that the CEO fulfils his duties in accordance with the Board's guidelines and directions. These are found in the instructions to the CEO drawn up by the Board. The Board members should not be responsible for different lines of business or functions. Compensation and remuneration questions for the CEO are prepared by the Chairman and presented to the rest of the Board prior to decision.

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

- establishing business plans, strategies, significant policies and goals for the company and the Group that the company is Parent Company of,
- determining the company's and Group's overall organisation,
- choosing and dismissing the CEO,
- ensuring that there is a functioning reporting system,
- ensuring that there is satisfactory control of the company's and Group's compliance with laws and other regulations that apply to the operations,
- approving a new formal work plan and instruction to the CEO annually,
- approving financial reporting in the form of interim reports, year-end reports and annual accounts that that company shall publish,
- ensuring that the company has a functioning approvals list and approvals process.

### *Chairman of the Board*

It is the duty of the Chairman to ensure that the Board's work is conducted effectively and that the Board fulfils its duties. The duties of the Chairman include, but are not limited to the following::

- organising and leading the Board's work and creating the best possible basis for the Board's work,
- ensuring that the Board's work occurs in accordance with the provisions of the articles of association, the Companies Act and the formal work plan of the Board,
- monitoring that the Board's decisions are executed effectively,
- continually monitoring the company's development through contact with the CEO and acting as a discussion partner,
- ensuring that the Board members, through the agency of the CEO, receive sufficient information and decision data for their work,
- making sure that each new Board member is given a proper introduction upon joining the Board.

### *The formal work plan of the Board of Directors*

The Board adopts a formal work plan for the board work each year. This formal work plan describes the duties of the Board and the division of responsibilities between the Board and the CEO. The formal work plan also describes what matters shall be dealt with at each board meeting and instructions regarding the financial reporting to the Board. The formal work plan also prescribes that the Board shall have an audit committee and a remuneration committee. The Chairman of the Board shall serve as the chairman of the committees.

### Board meetings

The Board shall, in addition to the statutory meeting, hold Board meetings on at least 4 occasions annually. The CEO and/or CFO shall as a general rule present a report to the Board. The company's employees, auditor or other external consultants shall be called in to board meetings in order to participate and report on matters as required.

The Board constitutes a quorum when more than half of the Board members are present. The Chairman has the casting vote in the event of the same number of votes.

### The Board's work

Balder's Board held 12 board meetings during 2013 of which one was the statutory meeting. Under the current formal work plan, the Board shall hold at least five ordinary Board meetings, including the statutory meeting, per calendar year. The Board meetings are held in connection with the company's reporting. Matters of significant importance to the company are dealt with at each ordinary board meeting such as acquisition and sale of properties, investments in existing properties and financing questions. In addition, the Board is informed about the current business situation in the rental, property and credit markets. Among the regular matters dealt with by the Board in 2013, included acquisition strategies, capital structure and financing position, common corporate policies and the formal work plan for the Board.

### Remuneration Committee

The remuneration committee has a preparatory function in relation to the Board in questions regarding principles for remuneration and other terms of employment for the CEO and other senior executives. The remuneration committee shall monitor and evaluate the application of the guidelines for remuneration and levels of compensation to senior executives that the annual general meeting has determined and shall also draw up proposals for new guidelines for principles of remuneration and other terms of employment. Ahead of the annual general meeting's resolution, the Board shall propose principles for remuneration and other terms of employment for the CEO and other senior executives.

Based on the resolutions of the annual general meeting, it is the duty of the remuneration committee to decide on remuneration to the CEO and other officers. The remuneration committee is composed of all independent Board members and should meet at least once every year. For further information see Note 4, Employees and personnel expenses.

### Audit Committee

The audit committee shall be responsible for preparing the Board's work by quality-assuring the company's financial reporting, assisting the nomination committee in drawing up proposals for auditors and their fees and ensuring a qualified independent audit of the company. The audit committee shall meet the company's auditor at least once per calendar year.

During 2013, the audit committee, which was composed of all independent Board members, has met the company's auditor on one occasion and has received a report on the performed audit.

### The composition of the Board of Directors, number of meetings and attendance

Name	Elected	Independent	Attendance at meetings		
			Board meetings	Audit committee	Remuneration committee
Christina Rogestam	2006	Yes	12/12	1/1	1/1
Erik Selin	2005	No	12/12	–	–
Fredrik Svensson	2005	Yes	12/12	1/1	1/1
Sten Dunér	2007	Yes	12/12	1/1	1/1
Anders Wennergren	2009	Yes	12/12	1/1	1/1

Further information about the company's Board may be found on page 88 and on Balder's website, [www.balder.se](http://www.balder.se).

### Disqualification

Board members or the CEO may not deal with issues concerning agreements between themselves and the company or Group. Nor may they deal with issues regarding agreements between the company and a third party, if they have a material interest that can conflict with that of the company. Lawsuits or other actions are on a par with the agreements referred to above. Where applicable, it is incumbent on the Board member or CEO to disclose if a disqualification situation would arise.

### Nomination Committee

The annual general meeting resolves on the procedure for election of the Board, and when applicable, auditors. The annual general meeting 2013 resolved that a nomination committee should be established before the 2014 annual general meeting in order to submit proposals on the number of Board members, election of Board members including the Chairman of the Board and remuneration for Board members as well as for auditors.

The nomination committee's proposals shall be announced no later than in conjunction with the notice convening the annual general meeting. All shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The annual general meeting 2013 adopted the nomination committee's proposal that the nomination committee should be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced not later than six months before the annual general meeting. The nomination committee's term of office extends until a new nomination committee has been appointed. If Lars Rasin resigns as chairman of the nomination committee, the company's Chairman shall appoint a new chairman of the nomination committee until the next general meeting of the company.

The nomination committee ahead of the annual general meeting 2014 is composed of Christian Hahne, representing Erik Selin Fastigheter AB, Rikard Svensson, representing Arvid Svensson Invest AB, and chairman Lars Rasin.

The nomination committee has decided to propose the re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed to re-elect Christina Rogestam as Chairman of the Board.



### CEO and Management

The CEO is responsible for the day-to-day administration pursuant to the guidelines and policies determined by the Board. The CEO shall report on Balder's development to the Board and prepare the order of business at Board meetings according to an approved agenda. The CEO shall ensure that the required material is compiled and distributed to the Board members prior to board meetings.

The Management normally meets once every month with a standing agenda, including property transactions, finance and overall management issues. The Group Management consists of six persons and includes resources such as the CEO, accounting, finance, management, property transactions and personnel.

### Audit

The company's annual accounts and the administration of the CEO and Board are reviewed by the company's auditor who submits an audit report for the financial year to the annual general meeting.

The auditor reports to the Board on his audit plan for the year and his views on the accounts and annual accounts.

Öhrlings PriceWaterhouseCoopers AB with Bengt Kron as chief auditor, was elected at the annual general meeting on 7 May 2013 as auditor for a period of four years until the annual general meeting 2017.

### Ahead of the Annual General Meeting 2014

Ahead of the annual general meeting on 7 May 2014, the Board of Directors proposes:

- that no share dividend shall be declared to the ordinary shareholders,
- a quarterly dividend of SEK 5 per share shall be declared to the preference shareholders, however, a maximum of SEK 20,
- guidelines for remuneration of senior executives,
- a renewed mandate for the Board until the next annual general meeting, to repurchase and transfer B shares in Balder equivalent to not more than 10 per cent of all shares in the company,
- a renewed mandate for the Board until the next annual general meeting, on one or more occasions, to resolve on new issue of preference shares and/or ordinary shares of Class B equivalent to not more than 10 per cent of the existing share capital. It shall be possible to subscribe for the shares in cash, in kind or through right of set-off.

Ahead of the annual general meeting on 7 May 2014, the nomination committee proposes:

- re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed to re-elect Christina Rogestam as Chairman of the Board,
- it is proposed to pay directors' fees of SEK 160,000 to the Chairman of the Board and SEK 100,000 to the other Board members who are not permanently employed by the company. Amounts include remuneration for committee work,
- that the general meeting resolves that the nomination committee shall be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The

chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced not later than six months before the annual general meeting. The nomination committee's term of office extends until a new nomination committee has been appointed

### Information to the stock market

Balder issues interim reports for the operations three times per year; on 31 March, on 30 June and on 30 September. In addition to this, Balder's reports its full-year accounts on 31 December and publishes its annual accounts in good time before the annual general meeting.

The annual accounts for 2013 are now available for distribution and on Balder's website. All documents as well as press releases and presentations in connection with reports are available on Balder's website, [www.balder.se](http://www.balder.se).

## The Board of Director's report on internal control

The Board is responsible for the internal control under the Swedish Companies Act and under the Code. This account has been prepared in accordance with the Swedish Annual Accounts Act and the Code and is thus limited to internal control in respect of the financial reporting. Financial reporting refers to interim reports, year-end reports and annual accounts. This report does not constitute a part of the formal annual accounts.

Balder's internal control follows an established framework, Internal Control – Integrated Framework, which consists of five components. The components are control environment, risk assessment, control activities, information and communication as well as monitoring.

### Control environment

The control environment constitutes the basis for the internal control in respect of the financial reporting. A good control environment is built on clearly defined and communicated decision-making procedures and guidelines between different levels of the organisation, which together with the corporate culture and shared values establish the basis for managing Balder in a professional manner. Balder's internal control is based on a decentralised organisation with 498 properties, each with its own profit centre, which are administered from regional offices. To support the control environment and provide necessary guidance to different officers, there are a number of documented governing documents such as internal policies, guidelines, manuals, the formal work plan of the Board, decision-making procedures, rules for approvals as well as accounting and reporting instructions. Governing documents are updated as required in order to always reflect applicable laws and rules.

### Risk assessment

The focus is on identifying the risks that are considered most significant in Balder's profit/loss and balance sheet items in the financial reporting and what measures can reduce these risks. The risk management is built into the above mentioned control environment document. Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's cur-

rent policies and rules. The Board conducts an annual review of the internal control in accordance with the formal work plan of the Board. The risk assessment is continually updated to cover changes that have a material impact on the internal control in respect of the financial reporting.

The most significant risks that have been identified in connection with the financial reporting are errors in the accounts and in the valuation of the real estate portfolio, deferred tax, interest-bearing liabilities, refinancing, tax and value added tax as well as the risk of fraud, loss or embezzlement of assets.

### Control activities

A number of control activities are built-in to ensure that the financial reporting provides a true and fair view at each point of time. These activities involve different levels in the organisation, from the Board and company management to other employees. The control activities are aimed at preventing, discovering and correcting errors and deviations. The activities consist of approval and reporting of commercial transactions, follow up of decisions and approved policies of the Board, general and application-specific IT controls, checking of external counterparties and follow up of results at various levels in the organisation. Other activities are follow up of the reporting procedures including the annual accounts and consolidated accounts and their conformity with applicable rules and regulations, approval of reporting tools, accounting and valuation principles as well as power of attorney and authority structures.

Balder's regional offices participate in the basic control, follow up and analysis in each region. To ensure the quality of the regions' financial reporting, an evaluation is made in conjunction with the Group's controllers. The follow up at a regional level combined with the controls and analyses at a Group level are an important part of the internal control, to ensure that the financial reporting essentially does not contain any errors.

### Information and communication

Balder has determined how information and communication in

respect of the financial reporting should occur so that the company's information disclosure should take place in an effective and correct manner. Balder has guidelines for how the financial information should be communicated between the management and other employees. Guidelines, updates and changes are made available and known to the employees concerned by means of oral and written information and on Balder's intranet. The Board receives further information about risk management, internal control and financial reporting from meetings and reports from the company's auditors.

### Monitoring

There is an appropriate process for continual follow up and annual evaluation of the observance of internal policies, guidelines, manuals and codes and of the appropriateness and functionality of the established control activities. There is a special process for monitoring that reported deficiencies are remedied.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Board conducts an annual review of the internal control in accordance with the formal work plan of the Board.

The Board receives a report once every year from Balder's auditor regarding internal control, risk management and financial reporting.

### Need of internal audit

Balder has a decentralised organisation that manages 498 properties from regional offices. Financial operations and the finance function for the entire Group are conducted in the Parent Company.

There is a controller function in the Parent Company which monitors the administration of the regional offices and the financial operations in the Parent Company. Balder's size and decentralised organisation together with the controller function in the Parent Company mean that a special internal audit function is not motivated at present.

Gothenburg, 11 April 2014

Christina Rogestam  
Chairman of the Board

Sten Dunér  
*Board member*

Fredrik Svensson  
*Board member*

Anders Wennergren  
*Board member*

Erik Selin  
*Board member and CEO*

## Auditor's statement regarding the Corporate Governance Report

### To the Annual General Meeting of Fastighets AB Balder (publ) Corporate identity no. 556525-6905

The Board of Directors is responsible for the corporate governance report for 2013 on pages 83–87 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and based on this reading and on our knowledge of the company and the Group, we

believe we have a sufficient basis for our opinion. This statutory review has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden.

We consider that a corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated financial statements.

Gothenburg, 11 April 2014  
Öhrlings PricewaterhouseCoopers AB  
Bengt Kron  
*Authorised Public Accountant*

# Board of Directors



At the top from the left:  
Christina Rogestam  
Sten Dunér  
Anders Wennergren  
Fredrik Svensson  
Erik Selin

## **Christina Rogestam, born 1943**

Christina Rogestam, born 1943  
Chairman of the Board since 2006.  
Education: Bachelor of Arts, Social studies.  
Previously President and CEO of Akademiska Hus AB, Chairman of Metria AB and Board member of Lönbacken AB.  
Shareholding in Balder:  
70,000 B shares, 1,160 preference shares and 3,000 B shares and 2,080 preference shares via company.

## **Fredrik Svensson, born 1961**

Board member since 2005.  
Education: Master of Business Administration.  
CEO of AB Arvid Svensson, Chairman of Klöver AB, Board member of Novotek AB and of Tenzing AB.  
Shareholding in Balder:  
2,915,892 A shares and 13,542,540 B shares, all via company.

## **Sten Dunér, born 1951**

Board member since 2007.  
Education: Master of Business Administration.  
CEO of Länsförsäkringar AB. Chairman of Länsförsäkringar Bank, Länsförsäkringar Sak and Länsförsäkringar Fondliv. Board member of Länsförsäkringar Liv and Svensk Försäkring and the Employers' Organisation of the Swedish Insurance Companies.  
Shareholding in Balder:  
No shareholding in Balder.

## **Erik Selin, born 1967**

Board member since 2005.  
Education: Business school economist.  
CEO of Fastighets AB Balder. Chairman of Collector AB and Collector Credit AB and Skandrenting AB, Board member of Västsvenska Handelskammaren and of SveaReal AS.  
Shareholding in Balder:  
10,500 B shares and 500 preference shares and 8,298,594 A shares and 57,207,798 B shares via company.

## **Anders Wennergren, born 1956**

Board member since 2009.  
Education: Bachelor of Laws.  
Lawyer, partner and Board member of Advokatfirman Glimstedt. Board member of Sefa AB and Coryseva AB.  
Shareholding in Balder:  
2,050 B shares and 3,336 A shares and 232,068 B shares via company.

Balder's Board of Directors is composed of five people, including the Chairman. Board members are elected annually at the annual general meeting for the period up to the end of the next annual general meeting.

# Management



At the top from the left:  
Erik Selin  
Magnus Björndahl  
Petra Wing Engström  
Benny Ivarsson  
Sharam Rahi  
Marcus Hansson

## **Erik Selin, born 1967**

Board member since 2005.

Education: Business school economist.

CEO of Fastighets AB Balder.

Chairman of Collector AB and Collector Credit AB and Skandrenting AB, Board member of Västsvenska Handelskammaren and of SveaReal AS.

Shareholding in Balder:

10,500 B shares and 500 preference shares and 8,298,594 A shares and 57,207,798 B shares via company.

## **Benny Ivarsson, born 1955**

Head of property.

Employed since 2006.

Education: Master of Business Administration.

Shareholding in Balder:

9,992 B shares and 8,500 preference shares and 13,360 B shares via company.

## **Magnus Björndahl, born 1957**

CFO.

Employed since 2008.

Education: Master of Business Administration.

Shareholding in Balder:

21,000 B shares.

## **Sharam Rahi, born 1973**

Head of property management and Vice CEO.

Employed since 2005.

Education: Compulsory school.

Shareholding in Balder:

737,822 B shares and 788,978 B shares and 20,000 preference shares via company.

## **Petra Wing Engström, born 1965**

Head of personnel and administration.

Employed since 2007.

Education: Business school economist.

Shareholding in Balder:

No shareholding in Balder.

## **Marcus Hansson, born 1974**

Head of finance.

Employed since 2007.

Education: Master of Business Administration.

Shareholding in Balder:

64,500 B shares.

## Auditor

### **Öhrlings PricewaterhouseCoopers AB**

Chief auditor: Bengt Kron, born 1965

Auditor of the company since 2009, elected at the annual general meeting on 7 May 2013 for four years until the annual general meeting 2017.

# Property list

Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Lettable area, sq.m.								Total	Tax assessment value, SEK/m
						Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other			
Stockholm Region															
Botkyrka	Freja 2	Balders väg 4–16	1900	Residential							7,060	220	7,280	51	
Botkyrka	Freja 3 Bot	Balders väg 1–5, 9–15	1900	Residential							7,060	220	7,280	50	
Botkyrka	Hallunda 4:11	Iduns väg 2–16	1900	Other	Yes								—	—	
Botkyrka	Hallunda 4:9	Balders väg 2–16	1900	Other	Yes								—	—	
Botkyrka	Idun 2	Iduns väg 2–8, 12–16	1900	Residential							7,060	256	7,316	51	
Botkyrka	Idun 3	Iduns väg 1–5, 9–15	1900	Residential							7,060		7,060	52	
Huddinge	Bäckgården 8	Vårby Allé 8, 10, 14–22	1974	Office	Yes	2,818	1,731					3,805	8,354	49	
Huddinge	Vårby Gård 1:16	Vårby Allé 58 m fl	1900	Residential		222	37				51,857	2,662	54,778	375	
Järfälla	Jakobsberg 2:2583	Järfällavägen 100–104 m fl	1982	Other		2,620	1,725	718	15,232			1,759	22,054	—	
Järfälla	Säby 3:29	Kopralsvägen 2–10 m fl	2008	Residential							5,344	8	5,352	81	
Lidingö	Fjällräven 1	Vesslevägen 3 m fl	1900	Residential				100	4,300		2,561		6,961	—	
Nacka	Sicklaön 354:1	Ektorpsvägen 2–6 m fl	1980	Office		8,571	3,925	1,245	4,350			320	18,411	113	
Nacka	Älta 9:130	Ältavägen 170, 172	1992	Retail			960				880		1,840	19	
Nyköping	Brandholmen 1:69	Idrottsvägen		Other									—	—	
Nynäshamn	Musköten 1	Björn Barkmans väg 1–48	1900	Residential		16		100			22,494	207	22,817	140	
Solna	Puman 1	Bangatan 21 m fl	1972	Office		2,115							2,115	16	
Solna	Sparrisen 2	Anderstorpsvägen 8–16 m fl	1974	Office		11,811		511					12,322	102	
Stockholm	Berget 2	Västmannagatan 13	1900	Other						1,176	339		1,515	31	
Stockholm	Doggen 1	Vinthundsvägen 157	1974	Office		1,650							1,650	7	
Stockholm	Doggen 2	Vinthundsvägen 159 A–B	1984	Office	Yes	4,690							4,690	28	
Stockholm	Fiskaren Större 3	Götgatan 21	1929	Residential		235	993				1,375		2,603	53	
Stockholm	Gladan 3	Sankt Göransgatan 159 m fl	1948	Office	Yes	5,355		124					5,479	83	
Stockholm	Granen 21	Floragatan 21	1972	Office		4,284		8					4,292	161	
Stockholm	Holar 3	Skalholtsgatan 10	1985	Other		6,203		1,002					7,205	77	
Stockholm	Islandet 4	Adolf Fredriks Kyrkogata 13 m fl	1908	Office		1,845	245	66					2,156	48	
Stockholm	Järnplåten 23 <sup>1)</sup>	Kungsgatan 37 m fl	1937	Office		4,504						2,013	6,517	237	
Stockholm	Katthavet 8	Näckströmsgatan 8	1929	Retail						8,022			8,022	184	
Stockholm	Kilaberg 1	Kilabergsvägen 4, 6, 8 m fl	1900	Office	Yes	8,095		4,790				4	12,889	73	
Stockholm	Kungsbacken 8	Drottninggatan 108 m fl	1929	Office		1,787	563	56					2,406	55	
Stockholm	Kvasten 8	Norrlandsgatan 14	1929	Office		1,336	614	58				10	2,018	159	
Stockholm	Lindansaren 23	Saltmätargatan 5–11 m fl	1929	Office		7,172	803	498			293		8,766	181	
Stockholm	Luftspringaren 10	Saltmätargatan 19	1900	Office		498							498	—	
Stockholm	Luftspringaren 16	Saltmätargatan 19 A	1900	Office		642	372	61			613	794	2,482	37	
Stockholm	Lärtet 2	Brommaplan 407–413 m fl	1941	Residential	Yes	204	530	114			895		1,743	22	
Stockholm	Magneten 19	Johannesfredsvägen 9, 11	1923	Office		6,801		2,454				70	9,325	41	
Stockholm	Magneten 25	Ekbacksvägen 32	1900	Office	Yes	3,132	1,030	620					4,782	31	
Stockholm	Magneten 32	Voltavägen 13–15 m fl	1900	Office	Yes	6,990	450	2,667					10,107	81	
Stockholm	Meteorologen 4	Finn Malmgrens Väg 9 m fl	1991	Residential	Yes		399				725		1,124	17	
Stockholm	Meteorologen 5	Finn Malmgrens Väg 11 m fl	1991	Retail	Yes		1,090	74			1,227		2,391	34	
Stockholm	Miklaholt 2	Haukadalsgatan 10	1981	Office	Yes	1,128		788					1,916	16	
Stockholm	Motståndet 7&9	Ulvsundavägen 174 m fl	1900	Office	Yes	1,906	1,283	888				176	4,253	24	
Stockholm	Murmästaren 3	Hantverkargatan 29	1926	Office		15,966						120	16,086	323	
Stockholm	Murmästaren 7	Hantverkargatan 31	1929	Office		2,531	472	79					3,082	75	
Stockholm	Prästgårdsängen 3	Prästgårdsängen 6 m fl	1986	Office	Yes	5,444	847	0					6,291	47	
Stockholm	Silket 2	Brommaplan 422–426 m fl	1941	Retail	Yes	174	602	94			555	7	1,432	19	
Stockholm	Singeln 9	Sorterargatan 8	1970	Office	Yes	5,072	5	238					5,315	26	
Stockholm	Skeppshandeln 1	Hammarby Allé 47	2013	Retail			13,766						13,766	—	
Stockholm	Spelbomskan 14	Gyldegatan 6 m fl	1900	Other					2,700				2,700	—	
Stockholm	Spårvagnen 4	Birger Jarlsgatan 57	1995	Office		18,843	3,069	1,086				102	23,100	761	
Stockholm	Tråden 1	Brommaplan 418, 420 m fl	1941	Retail	Yes	555		41			537		1,133	14	
Stockholm	Vattenkraften 1	Solkraftsvägen 5, 13–19, 23	1989	Office	Yes	7,189	734		2,842			12	10,777	4	
Stockholm	Vreten 8	Västberga Allé 9 m fl	1952	Office		9,072		2,847					11,919	77	
Stockholm	Vreten 17	Västberga Allé 11 m fl	1900	Office	Yes	6,550							6,550	52	
Stockholm	Vreten 25	Västberga Allé 1 m fl	1900	Office	Yes	9,777	580	2,198				55	12,610	109	
Sundbyberg	Eken 14	Ågatan 10	1936	Office		8,410		217				286	8,913	88	
Uppsala	Berthåga 53:1	Naturstensvägen 41–115 m fl	2007	Residential							3,814		3,814	48	
Uppsala	Årsta 94:1	Stålgatan 57–101	1900	Residential							5,274	31	5,305	67	
Uppsala	Årsta 95:1	Stålgatan 35–39	2005	Residential							4,117		4,117	51	
Total Stockholm						186,213	36,825	23,742	29,424	9,198	131,140	13,137	429,679	4,544	

1) 81.6 per cent owned by Balder.  
● Other acquisitions during 2013.



Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Lettable area, sq.m.								Total	Tax assessment value, SEK/m
						Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other			
Gothenburg/West Region															
Ale	Nödinge 38:14	Ale Torg 7 m fl	2007	Retail		3,920	10,419	10						14,349	106
Ale	Surte 1:245	Göteborgsvägen 99 m fl	1967	Residential		215	337				1,216	90	1,858	12	
Ale	Surte 1:293	Göteborgsvägen 93 A–F	1946	Residential					356		424		780	4	
Ale	Surte 1:294	Brattåsstigen 6	1992	Residential						176	609		785	—	
Ale	Surte 4:38, 4:119	Göteborgsvägen 64, 66, 68 m fl	1958	Retail		908	1,320	387			457	139	3,211	15	
Alingsås	Bagaren 14	Hantverksgatan 2 m fl	1991	Residential							556		556	5	
Alingsås	Bagaren 2	Hantverksgatan 4	1992	Residential							424	9	433	4	
Alingsås	Björkhagen 1	Stadsskogsgatan 40 m fl	2007	Residential							3,212		3,212	41	
Alingsås	Bolltorp 4:13	Bolltorpsvägen 19 A–B m fl	2003	Residential							14,166		14,166	168	
Alingsås	Dryckeshornet 1	Södra Ringgatan 2	1900	Other			177			5,404			5,581	29	
Falkenberg	Faktorn 6	Skreavägen 7	1900	Office		2,424		1,809				162	4,395	13	
Falköping	Agaten 11	Peter Ryttings väg 20 m fl	1962	Residential							880	51	931	4	
Falköping	Agaten 6	Sigurd Kochs Gata 4	1964	Residential							466		466	2	
Falköping	Anden 16	Banérgatan 16	1900	Residential			135				568		703	3	
Falköping	Ansgar 1	Sankt Sigfridsgatan 45–49 m fl	1965	Residential							2,022	247	2,269	9	
Falköping	Apotekaren 2	Sankt Olofsgatan 9	1912	Residential		623					660		1,283	5	
Falköping	Avenboken 1	Margaretagatan 44 m fl	1961	Residential		0					1,234		1,234	6	
Falköping	Avenboken 2	Margaretagatan 42 m fl	1961	Residential		0					1,226		1,226	6	
Falköping	Bagaren 7	Östertullsgatan 3 m fl	1994	Residential		994					2,409		3,403	22	
Falköping	Byggmästaren 9	Odengatan 16 A–B	1959	Residential		100					2,240		2,340	9	
Falköping	Draken 8	Odengatan 31	1900	Residential							660		660	2	
Falköping	Ejdern 14	Banérgatan 1 m fl	1962	Residential							2,236	69	2,305	11	
Falköping	Flugsnapparen 1	Kapellsgatan 1	1959	Residential							570	30	600	3	
Falköping	Flugsnapparen 2	Allégatan 3	1959	Residential							570		570	3	
Falköping	Flugsnapparen 6	Kapellsgatan 3	1959	Residential							570		570	3	
Falköping	Guldsmeden 21	Trädgårdsgatan 22	1940	Office		325	78				220		623	2	
Falköping	Guldsmeden 7	Storgatan 20	1987	Retail		259	827				468	20	1,574	6	
Falköping	Göken 12	Allégatan 9 A m fl	1952	Residential							423		423	1	
Falköping	Hammaren 7	Erikskatan 33 A–B	1900	Residential							376		376	2	
Falköping	Hovslagaren 16	Jakobsgatan 18 B m fl	1960	Residential							2,104	87	2,191	10	
Falköping	Kemisten 1	Stora Torget 7 m fl	1900	Retail			316				215		531	2	
Falköping	Lejonet 2	Hjelmarsrörsgatan 24–46	1972	Residential							6,724	151	6,875	30	
Falköping	Mejseln 4	Sankt Sigfridsgatan 20	1900	Residential							312		312	1	
Falköping	Muraren 15	Sigurd Kochs gata 16, 18, 20	1962	Residential							1,611	15	1,626	7	
Falköping	Muraren 3	Hwassgatan 7 A–B	1960	Residential							960		960	5	
Falköping	Muraren 4	Hwassgatan 5 A–B	1952	Residential							745		745	4	
Falköping	Muraren 5	Hwassgatan 3 A–B	1959	Residential							787		787	7	
Falköping	Muraren 6	Gärdesgatan 18 A	1900	Residential							787		787	—	
Falköping	Oxeln 1	Wetterlingsgatan 24 A–C	1953	Residential							1,357	25	1,382	7	
Falköping	S:t Lars 1	Per Larsgatan 4	1900	Residential		69					811		880	4	
Falköping	Sankt Jakob 14	Sankt Sigfridsgatan 27	1940	Residential							316		316	2	
Falköping	Sankt Jakob 18	Erikskatan 29	1940	Residential							293		293	1	
Falköping	Sankt Johannes 18	Sankt Sigfridsgatan 5	1939	Residential							400		400	2	
Falköping	Sankt Olof 18	Sankt Olofsgatan 14 m fl	1990	Residential		432					1,599		2,031	9	
Falköping	Sankt Staffan 13	Bryngelskatan 6	1900	Office		1,703						366	2,069	7	
Falköping	Sankt Tomas 13	Warenbergsgatan 11	1938	Residential							393		393	2	
Falköping	Skalbaggen 1	Scheelegatan 21 A–B	1900	Residential							748	108	856	3	
Falköping	Skalbaggen 11	Kapellsgatan 19	1959	Residential							434		434	2	
Falköping	Skalbaggen 12	Kapellsgatan 27	1954	Residential							540		540	3	
Falköping	Skalbaggen 5	Danska vägen 148	1954	Residential							540		540	3	
Falköping	Skogslinden 3	Margaretagatan 34 m fl	1900	Residential							716		716	4	
Falköping	Skogslinden 4	Margaretagatan 32 m fl	1900	Residential							712		712	4	
Falköping	Spettet 1	Wetterlingsgatan 18 A–C	1951	Residential							1,308	27	1,335	6	
Falköping	Svanen 24	Danska vägen 129, 131	1970	Residential							1,180		1,180	5	
Falköping	Trädgårdsmästaren 18	Marknadsgatan 7 A–B	1971	Residential							1,272	20	1,292	6	
Falköping	Trädgårdsmästaren 19	Högarenskatan 8 A–C	1900	Residential							1,018		1,018	5	
Falköping	Trädgårdsmästaren 22	Marknadsgatan 9, 11	1967	Residential							2,020		2,020	10	
Falköping	Urd 3	Odengatan 19 m fl	1965	Residential		745	1,186				1,844		3,775	11	
Falköping	Vargen 1	Wetterlingskatan 13 C–E	1955	Residential							1,441		1,441	7	
Falköping	Vargen 2	Dotorpskatan 67 A–B	1956	Residential							1,163	43	1,206	6	
Falköping	Vargen 3	Wetterlingskatan 13 F–H	1955	Residential		242					832		1,074	5	
Falköping	Vargen 4	Wetterlingskatan 11 G–H	1957	Residential							1,130	521	1,651	6	
Falköping	Vargen 5	Wetterlingskatan 11 A–B	1956	Residential							1,086	357	1,443	6	
Falköping	Vargen 6 & 8	Wetterlingskatan 11 C–E	1956	Residential							1,503	23	1,526	7	
Falköping	Vargen 7	Wetterlingskatan 11 F	1957	Residential							981	51	1,032	5	
Falköping	Vitsippan 2	Hagbergsgatan 4	1958	Residential							532		532	2	
Gothenburg	Askim 243:20	Askims torg 4–6	1972	Office		1,923	638	553	1,251			39	4,404	25	



Municipality	Name of property	Address	Year of construction	Property category	Site lease-hold right	Lettable area, sq.m.								Tax assessment value, SEK/mr	
						Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other	Total		
Gothenburg/West Region continued															
Gothenburg	Backa 171:3	Backavägen 1	1955	Retail				4,417						4,417	50
Gothenburg	Backa 21:14	Exportgatan 47 B	1989	Other		564		0	1,834				108	2,506	11
Gothenburg	Bagaregården 5:8	Kungälvsgatan 6 C–D	1929	Residential							584			584	8
Gothenburg	Bagaregården 5:9	Kungälvsgatan 6 A–B	1929	Residential							581			581	8
Gothenburg	Bergsjön 34:1	Atmosfärsgratan 1–47	1967-1970	Residential		198		281			22,188			22,667	103
Gothenburg	Bergsjön 9:6	Kosmosgatan/Zenitgatan	1967-1970	Residential		3,710	239	370			41,610			45,929	200
Gothenburg	Biskopsgården 7:1-7:3 m fl	Långströmsgatan 2–52 m fl	1967	Residential	Yes	1,192		639	520		42,756			45,107	212
Gothenburg	Brämaregården 60:3	Virveltorget 6 m fl	1969	Office	Yes	2,415			737					3,152	14
Gothenburg	Brämaregården 72:4	Brämaregatan 15 m fl	1958	Office	Yes	2,492	889	42				11		3,434	22
Gothenburg	Bur 134:1	Oxholmogatan 28	1989	Residential							302			302	—
Gothenburg	Bö 93:2	Sofierogatan 1	1940	Office		8,417		472				316		9,205	81
Gothenburg	Gamlestaden 25:11	Marieholmsgatan 4 m fl	1990	Office	Yes	3,318	681							3,999	24
Gothenburg	Gamlestaden 26:13	Vassgatan 3	1988	Office	Yes	5,431		5,110				3,530		14,071	72
Gothenburg	Gullbergsvass 11:2	Gullbergs Strandgata 38, 40	1977	Other	Yes			5,865						5,865	24
Gothenburg	Gårda 15:1	Fabriksgratan 7, 9	2001	Office		7,158	207	511						7,876	122
Gothenburg	Gårda 15:1	Drakegatan 2–4	1937	Residential		1,655	87				6,717			8,459	150
Gothenburg	Högsbo 1:1	J A Wettergrens gata 7	1967	Office		11,129		3,836				286		15,251	60
Gothenburg	Högsbo 11:10	Victor Hasselblads gata 8	1982	Office		4,050								4,050	18
Gothenburg	Högsbo 38:17	Sisjö Kullegata 5, 7	1986	Office		1,680								1,680	12
Gothenburg	Högsbo 38:20	Sisjö Kullegata 6	1989	Office		2,068		792						2,860	19
Gothenburg	Högsbo 38:8	Sisjö Kullegata 8	1990	Office		4,138		2,948						7,086	41
Gothenburg	Inom Vallgraven 14:1	Södra Hamngatan 2	1929	Retail			2,637			2,190				4,827	80
Gothenburg	Inom Vallgraven 15:3	Drottninggatan 30 m fl	1930	Office		3,847	379	169						4,395	86
Gothenburg	Inom Vallgraven 19:6	Drottninggatan 35	1929	Office		525	597							1,122	17
Gothenburg	Inom Vallgraven 33:7	Magasinsgatan 26	1929	Office		2,189	897				258	387		3,731	46
Gothenburg	Inom Vallgraven 36:4	Kaserntorget 11 A	1900	Office		2,455		10	9,414				4,851	16,730	—
Gothenburg	Inom Vallgraven 4:2	Östra Larmgatan 16 m fl	1929	Office		2,068	630	62				1,001		3,761	61
Gothenburg	Inom Vallgraven 4:4	Lilla Kungsgatan 3 m fl	1929	Office		5,819								5,819	68
Gothenburg	Inom Vallgraven 54:9	Lilla Torget 4	1929	Office		836								836	14
Gothenburg	Inom Vallgraven 58:6	Kyrkogatan 9	1900	Retail		1,815	230	20				2,728		4,793	106
Gothenburg	Inom Vallgraven 8:1	Östra Hamngatan 46–48 m fl	1850	Retail		1,540	1,629					36		3,205	110
Gothenburg	Inom Vallgraven 8:20	Kyrkogatan 33	1940	Retail			803							803	17
Gothenburg	Järnbrott 145:6	Svägrumsgatan 45–57	1900	Residential							3,844	13		3,857	29
Gothenburg	Kobbegården 6:725	Datavägen 12 A	1988	Office		3,388								3,388	22
Gothenburg	Källtorp 36:7	Solrosgatan 13 A	1935	Residential							769	105		874	11
Gothenburg	Källtorp 39:1	Råstensgatan 2 A–C m fl	1936	Residential							791			791	10
Gothenburg	Lindholmen 39:2	Lindholmospiren 4	2013	Other						13,299				13,299	51
Gothenburg	Lorensberg 46:1	Teatergatan 4 m fl	1929	Retail		299	1,288	42				326		1,955	30
Gothenburg	Lorensberg 46:10	Kungssportsavenyn 17 m fl	1944	Office		983	572							1,555	32
Gothenburg	Lorensberg 46:11	Vasagatan 52 m fl	1929	Retail								1,203		1,203	19
Gothenburg	Lorensberg 46:12	Kungssportsavenyn 11, 13 m fl	1929	Retail			2,394							2,394	55
Gothenburg	Lorensberg 46:5	Kungssportsavenyn 7	1929	Retail		201	766							967	20
Gothenburg	Lorensberg 46:6	Kungssportsavenyn 9	1950	Retail								1,176		1,176	31
Gothenburg	Olskroken 10:5	Olskroksgatan 30	1900	Office		3,034			1,477					4,511	—
Gothenburg	Olskroken 25:11	Falkgatan 7	1900	Other					1,969				292	2,261	—
Gothenburg	Rud 8:10	Munspelsgratan/ Speldosegatan/Tamburingatan	1962-1963	Residential		1,014		430			43,673	10		45,127	331
Gothenburg	Sannegården 25:1	Säterigatan 20	1971	Other		782		2,685						3,467	18
Gothenburg	Sannegården 28:5	Sjöporten 1–5 m fl	1945	Office		1,230	307							1,537	23
Gothenburg	Tingstadsvassen 3:6	Motorgatan 1 m fl	1900	Retail		64	3,493	230				7		3,794	77
Gothenburg	Torslanda 153:1	Mossfyndsgatan 15	1989	Residential	Yes	362								362	—
Gothenburg	Torslanda 155:3	Mossfyndsgatan 10	1989	Residential	Yes	300								300	—
Gothenburg	Torslanda 95:1	Torslanda torg 1–4	1973	Retail		244	4,578	16			871	968		6,677	48
Gothenburg	Utby 39:11	Västra Tvärskedet 3	1990	Residential					116		351			467	—
Kungälv	Klocktornet 36	Västra gatan 57–61	1972	Retail			3,351					423		3,774	28
Kungälv	Krabbetornet 1&35	Västra Gatan 84–88, 90, 92	1961	Retail		213	840				430			1,483	12
Kungälv	Nedre Platt 1	Östra Gatan 1		Other										—	—
Kungälv	Rhodin 19	Strandgatan 77–79 m fl	1967	Retail			2,822	10				7		2,839	27
Kungälv	Skomakaren 10	Triogatan 5	1988	Office		1,781	478	79	1,474			312		4,124	31
Kungälv	Slottsträdgården 5	Gamla torget 2 m fl	1958	Other						6,100				6,100	26
Lerum	Floda 3:121	Gamla Vägen 26–32 A–D	1991	Residential							1,016			1,016	11
Lerum	Lerum 43:21	Skattegårdsbacken 6–38	1991	Residential							1,383			1,383	3
Lerum	Torp 1:328	Lindvägen 34 A–F	1900	Residential							428	11		439	4
Mariestad	Enen 23	Stockholmsvägen 11, 16, 18, 20	1900	Retail			3,889				1,952			5,841	40
Mariestad	Furan 11	Stockholmsvägen 23	1962	Residential		121					1,620	637		2,378	32
Mariestad	Furan 12	Stockholmsvägen 25	1962	Residential							4,254			4,254	—
Mariestad	Färtickan 1	Bergsgatan 20–34	1967	Residential							4,632			4,632	24

● Acquisitions via Bovista during 2013.

● Other acquisitions during 2013.

Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Lettable area, sq.m.							Total	Tax assessment value, SEK/mr
						Office	Retail	Industrial/Warehouse	Education/Care	Hotel	Residential	Other		
Gothenburg/West Region continued														
	Mariestad	Granen 8	Viktoriagatan 20	1900	Other								—	—
●	Mariestad	Hunden 3	Nya Torget 3	1965	Retail		3,438	264			116		3,818	14
	Mariestad	Murklan 1	Bergsgatan 18 m fl	2005	Residential						12,599		12,599	60
●	Mariestad	Staren 8	Nygatan 14	1957	Retail	355	1,621				86		2,062	9
	Mölndal	Stockrosen 3	Norra Ågatan 38	1900	Office	600		5,292				190	6,082	17
	Mölndal	Stockrosen 6	Norra Ågatan 34	1900	Office	551	1,212	252					2,015	10
	Mölndal	Stockrosen 10	Norra Ågatan 26 C	1900	Office	1,708		53					1,761	10
	Skara	Almen 4	Sankta Annagatan 12 m fl	1986	Residential			17			602	90	709	4
	Skara	Aspen 1	Malmgatan 9 A–C m fl	1929	Residential						1,415	50	1,465	11
	Skara	Bisittaren 2	Stenåsgatan 4	1900	Residential						354		354	2
	Skara	Bisittaren 6	Härlundagatan 41 m fl	1990	Residential						300		300	2
	Skara	Boken 38	Brinkagatan 2 A–C m fl	1929	Residential						967		967	6
	Skara	Bromsen 5	Richertsgatan 1	1990	Residential						534		534	3
	Skara	Fjärilen 6	Folkungagatan 15 m fl	1929	Residential						350		350	2
	Skara	Frigga 4	Mariebergsgatan 4 A–B	1900	Residential						824		824	5
	Skara	Frigga 5	Mariebergsgatan 6 A–B	1900	Residential						828		828	5
	Skara	Heimdal 1	Hindsbogatan 43 A–B m fl	1900	Residential						632	50	682	4
	Skara	Heimdal 4	Hindsbogatan 37 A–B m fl	1900	Residential						647	25	672	4
	Skara	Plymen 4, 5	Vallgatan 36 A–B	1900	Residential						705		705	4
	Skara	Rådhuset 40	Nicolai Gränd 1–3 m fl	1900	Residential	198					1,905		2,103	15
	Skara	Sländan 1	Borggatan 8 A–C	1954	Residential						1,434		1,434	9
	Skara	Smörberget 2	Stenåsgatan 10	1900	Residential						410		410	3
	Skara	Svärdet 11	Vallgatan 30	1990	Residential						412		412	3
	Skara	Tallen 7	Hindsbogatan 20	1937	Residential						852		852	5
	Skara	Tor 6	Marumsgatan 16	1900	Residential			312			829		1,141	6
	Skara	Tor 10	Hindsbogatan 17	1929	Residential						689		689	5
	Skara	Tyr 1	Hindsbogatan 45 A–B m fl	1947	Residential						623	57	680	4
	Skövde	Dagsländen 10	Barkvägen 2–32 A–D	1972	Residential	100					22,202		22,302	71
	Skövde	Ekoxen 10	Timmervägen 1–37	1974	Residential	1,504	180			1,429	21,395	5,352	29,860	96
●	Skövde	Mellomkvarn 1	Mellomkvarnsvägen 2–4	1972	Retail			10,959					10,959	32
●	Skövde	Skulptorp 1:58	Vibogatan 1	1978	Residential	904	863	57			1,405		3,229	12
●	Skövde	Skulptorp 36:1	Klagstorpsvägen 1 A	1961	Residential		187				1,042		1,229	5
●	Skövde	Smeden 5	Petter Heléns gata 2	1977	Office	2,598							2,598	15
●	Skövde	Storängen 13	Kåsatorpsvägen 5	1992	Office	2,181		60					2,241	9
	Tidaholm	Ankan 15	Norra Kungsvägen 68 A–B	1900	Residential						248		248	1
	Tidaholm	Ankan 16	Norra Kungsvägen 66 A–B	1900	Residential						248		248	1
	Tidaholm	Drott 16	Norra Kungsvägen 23 A–C, 25 A–C	1900	Residential						606		606	2
	Tidaholm	Gimle 3	Smedjegatan 6 A–F	1900	Residential						400		400	1
	Tidaholm	Linden 4	Långgatan 41 A–D	1900	Residential						324		324	1
	Tidaholm	Sleipner 23	Egnahemsvägen 16 A–F, 18 A–D	1990	Residential						720		720	3
	Tidaholm	Spoven 16	Plånaregatan 2–10 m fl	1989	Residential						1,732		1,732	6
	Tidaholm	Thule 3	Solkullegatan 11 A–F	1988	Residential						522		522	2
	Tidaholm	Tiljan 5	Västra Drottningvägen 94 A–C	1988	Residential						352		352	1
	Tidaholm	Titanen 12	Hörnviksgatan 9 A–D, 11 A–D	1990	Residential						656		656	2
	Tidaholm	Tordyveln 1 & 9	Västra Ringvägen 5 A–B	1900	Residential						224		224	1
	Tidaholm	Tordyveln 3	Västra Ringvägen 1 A–B	1900	Residential						224		224	1
	Tidaholm	Tumlaran 1	Västra Drottningvägen 64 A–B	1943	Residential						512		512	2
	Trollhättan	Hoppet 1	Drottninggatan 13 m fl	1900	Residential	295					2,341	265	2,901	21
	Trollhättan	Oden 7	Drottninggatan 25–33 m fl	1976	Retail		13,823	1,014				1,416	16,253	125
●	Trollhättan	Plogen 1, 3	Lantmannavägen 5–47	1969	Residential	Yes		333			11,156		11,489	43
●	Trollhättan	Plogen 2, 4	Lantmannavägen 49–107	1967	Residential	Yes					10,555		10,555	32
	Trollhättan	Propellern 7	Saabvägen 1, 3	1995	Office	4,759						9	4,768	21
	Trollhättan	Sjöfrun 5	Magasinsgatan 4 A–B m fl	1900	Residential		193				1,367	161	1,721	11
●	Trollhättan	Strandpiparen 12	Slättbergavägen 22	1952	Residential			110			654		764	6
	Trollhättan	Venus 9	Österlånggatan 44 m fl	1900	Residential	1,250	475				1,594		3,319	22
	Trollhättan	Verkmästaren 14	Ekholmogatan 11 m fl	1900	Other				1,421			75	1,496	—
	Uddevalla	Bagge 7	Kungsgatan 10 m fl	1968	Retail	1,239	1,380	100					2,719	22
	Uddevalla	Kålgården 51	Kyrkogårdsgatan 4, 6 m fl	1963	Other	1,189	890	500	294	6,200		10	9,083	42
●	Uddevalla	Sälghugget 1	Lillbräckegatan 1–27	1972	Residential	Yes	1,425	239	106		13,338		15,108	95
	Vänersborg	Resedan 15	Kungsgatan 5 m fl	1900	Residential		1,168				1,203	35	2,406	15
Total Gothenburg/West						130,463	80,514	48,329	19,205	34,622	383,419	29,179	725,731	4,569

# PROPERTY LIST

Municipality	Name of property	Address	Year of construction	Property category	Site lease-hold right	Lettable area, sq.m.								Tax assessment value, SEK/mr
						Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other	Total	
Öresund Region														
DK, Greve	Ventrupparken 6	Ventrupparken 6	1900	Retail				4,723					4,723	—
DK, Copenhagen	Staevern Örestad	Robert Jacobsens Vej 81	2009	Residential							6,830		6,830	—
DK, Copenhagen	Österfaelled Torv	Marskensgade 13	1996	Residential							43,500		43,500	—
DK, Copenhagen	Sundby Overdrev 1034, 1035, 0955a	Else Alfelts Vej 89, 91 m fl	—	Residential									—	—
Halmstad	Bonden 5	Skånegatan 59 m fl	1900	Other		6,935	140	166				376	7,617	—
Halmstad	Eketånga 24:45	Rörkullsvägen 7 m fl	1990	Office		1,215		1,159				1,148	3,522	15
Halmstad	Flygaren 17	Svetsaregatan 17	1900	Other					600				600	—
Halmstad	Hjärtat 4	Nygatan 2 m fl	1987	Retail		214	1,498		597			4	2,313	30
Halmstad	Makrillen 8	Kungsgatan 5	1929	Other		305				1,840			2,145	14
Helsingborg	Amerika Södra 28	Bryggaregatan 7 m fl	1950	Residential			501	23			5,720	1,363	7,607	82
Helsingborg	Skalbaggen 7	Drakegatan 5 m fl	1900	Residential							688	96	784	5
Helsingborg	Skalbaggen 15	Gustav Adolfs Gata 13	1900	Residential							762	19	781	6
Helsingborg	Skalbaggen 16	Gustav Adolfs Gata 11 m fl	1900	Residential			195				2,155	30	2,380	18
Helsingborg	Skalbaggen 17	Gasverksgatan 34	1900	Residential			83				712	32	827	6
Helsingborg	Skalbaggen 18	Gasverksgatan 36	1900	Residential			34				818	82	934	6
Helsingborg	Skalbaggen 19	Gasverksgatan 38	1900	Residential							708	72	780	5
Helsingborg	Skalbaggen 20	Gasverksgatan 40	1900	Residential			83				632	109	824	5
Helsingborg	Skalbaggen 21	Gasverksgatan 42	1900	Residential							711	117	828	2
Helsingborg	Skalbaggen 22	Gasverksgatan 44 A–B m fl	1900	Residential			143				1,905	24	2,072	15
Helsingborg	Skalbaggen 23	Gustav Adolfs Gata 17–19 m fl	1900	Residential		42					3,643	51	3,736	24
Helsingborg	Skalbaggen 24	Gustav Adolfs Gata 15	1900	Residential							2,134		2,134	17
Helsingborg	Verdandi 1	Bifrostgatan 71–75 m fl	1929	Residential			62				3,763		3,825	43
Helsingborg	Württemberg 20	Gustaf Adolfs Torg 8	1937	Retail		1,657	6,123				4,786	1,314	13,880	117
Landskrona	Banér 13	Skollallén 6	1931	Residential			298				1,303	14	1,615	8
Landskrona	Berzelius 12	S:t Olovsgatan 36	1984	Residential							840		840	4
Landskrona	Delfinen 25	Rönnebergsgatan 10–12	1947	Residential							868		868	5
Landskrona	Erik Dahlberg 3	Östergatan 8/Nygatan 5	1905/1985	Residential			411				364		775	5
Landskrona	Juno 3	Ödmanssonsgatan 16/ Brockgatan 2	1931	Residential			163				1,139		1,302	6
Landskrona	Juno 37	Ödmanssonsgatan 28–30/ Bredgatan	1905/1985	Residential				68			2,146		2,214	12
Landskrona	Lyckan 1	Suellsgatan 31	1987	Residential							866		866	5
Landskrona	Sankt Göran 12	Eriksgratan 168/ Vagnmansgatan 2	1905	Residential			251				894		1,145	5
Landskrona	Vildanden 6	Prästgatan 7	1900	Residential				55			391		446	2
Lund	Dioriten 1	Brunnsgård m fl	2001	Office		3,080							3,080	36
Lund	Lagfarten 1 & 2	Magistratvägen 10, 12	1968	Office		3,472	1,294						4,766	30
Lund	Rivan 4	Åkergränden 14 m fl	1978	Retail		334	579	318					1,231	5
Lund	Rügen 1	Stralsundsvägen 1–25	1900	Residential							3,083		3,083	41
Lund	Rügen 2	Stralsundsvägen 29–43	2006	Residential							5,264	528	5,792	76
Malmö	Ledebur 15	Amiralsgatan 20 m fl	1990	Office		6,377						1,235	7,612	61
Malmö	Lejonet 2	Mäster Johansgatan 14	1929	Office		4,929	39	68			314	504	5,854	112
Malmö	Rosen 9	Engelbrektsgatan 2	1960	Other			1,430			9,777			11,207	225
Malmö	Spinneriet 8	Baltzarsgatan 20, 22 m fl	1900	Office		12,148	3,097	2,346		5,540		1,491	24,622	479
Malmö	Von Conow 54	Baltzarsgatan 31	1964	Office		9,393	3,567	579			2,584	4,751	20,874	284
Åstorp	Asken 14	Skolgatan 14	1929	Residential		167	239	47			771		1,224	5
Åstorp	Blålockan 9	Fågelsångsgatan 32 A–B	1966	Residential							808		808	4
Åstorp	Boken 4	Skolgatan 14–20 m fl	1956	Residential		264	1,302	139			7,566		9,271	39
Åstorp	Ekorren 27	Skolgatan 7	1929	Residential			337				639		976	4
Åstorp	Hyllinge 5:122	Smedgatan 2 m fl	1963	Residential				142	120		7,431	152	7,845	22
Åstorp	Hästhoven 12	Fabriksgatan 19 A–C m fl	1960	Residential		455	358	103			2,633		3,549	14
Åstorp	Kastanjen 16	Esplanaden 7 m fl	1972	Residential		1,959	833				3,412	156	6,360	27
Åstorp	Linden 11	Nyvångsgatan 1 A	1961	Residential							1,472		1,472	3
Åstorp	Lotusblomman 15	Nyvångsgatan 31	1961	Residential							340		340	3
Åstorp	Lungörten 1	Nyvångsgatan 2 A	1961	Residential							792		792	4
Åstorp	Lärksoppen 10	Ekebrogatan 111	1972	Residential				10			8,050	165	8,225	33
Åstorp	Lärkträdet 10	Ekebrogatan 1–78	1970	Residential							6,107	142	6,249	24
Åstorp	Moroten 10	Torggatan 35 A	1954	Residential							818		818	4
Åstorp	Resedan 1	Norra Storgatan 10 A–D	1964	Residential				28			1,061		1,089	5
Åstorp	Svärdsliljan 7	Östergatan 16 A	1958	Residential			457				6,457		6,914	30
Åstorp	Tranan 1	Fjällvägen 10–12	1991	Residential							3,805		3,805	21
Total Öresund						52,946	23,517	9,974	1,317	17,157	151,685	13,975	270,571	2,051

- Acquisitions via Bovista during 2013.
- Other acquisitions during 2013.

Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Lettable area, sq.m.								Total	Tax assessment value, SEK/mr
						Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other			
East Region															
Arboga	Gesällen 15	Storgatan 61	1958/1972	Residential		436		202			5,048		5,686	18	
Arboga	Getingen 1	Västermovägen 19–25	1968	Residential							9,515		9,515	30	
Arboga	Hjulmakaren 25	Vikingagatan 4 A–C	1977	Residential							3,497		3,497	14	
Arboga	Ringsborg 1	Kapellgatan 29	1983	Office		1,488							1,488	5	
Arboga	Riskan 1	Österled 26	1963	Residential		283					3,846		4,129	15	
Arboga	Vilsta 10	Lundborgesplanaden 12 A–I	1964	Residential		59					8,264		8,323	31	
Arboga	Vilsta 21	Lundborgesplanaden 8 A – 10 B	1970	Residential							6,532		6,532	24	
Arboga	Vilsta 9	Lundborgesplanaden 2 A–6 B	1960	Residential		200	835	46			7,439		8,520	30	
Finspång	Hårstorp 4:7	Norrköpingsvägen 30	1970	Office		1,732		230					1,962	5	
Finspång	Kalkugnen 3	Kalkugnvägen 1	1968	Retail		1,296	2,063						3,359	12	
Finspång	Kjusorna 12	Stora Allén 24–26	1962	Residential		735	641	82			2,231		3,689	12	
Finspång	Klubben 5 & Generatoren 2	Kraftkärrsvägen 1, 3	1966	Residential				50			4,673		4,723	20	
Finspång	Klubben 6	Östermalmsvägen 29	1963	Residential							3,448		3,448	13	
Finspång	Kuggväxeln 7 & 8	Östermalmsvägen 30–32	1957/1959	Residential		300	81	251			10,482		11,114	41	
Finspång	Köpmannen 3	Bergslagsvägen 6	1930	Retail			740				551		1,291	4	
Finspång	Köpmannen 6	Vallonvägen 15	1981	Office		4,514	117	140				50	4,821	22	
Finspång	Lodet 1	Kanalgatan 9	1956	Residential				18			1,710		1,728	7	
Finspång	Luntan 1	Kanalgatan 11–13	1954	Residential							1,378		1,378	5	
Finspång	Manan 1 & 2	Kalugnsvägen 10	1957/1966	Residential		575					2,577		3,152	12	
Finspång	Manteln 9	Gröna vägen 25–27	1955	Residential				75			1,644		1,719	6	
Finspång	Murklan 1	Norra Storängsvägen 38–40	1958	Residential		164					3,556		3,720	13	
Finspång	Ringugnen 1 & Lervagnen 1	Östermalmsvägen 36–44	1965	Residential		386					8,641		9,027	33	
Finspång	Soldaten 10	Bergslagsvägen 41–43	1970	Residential		257	178				2,673		3,108	14	
Finspång	Trasten 7	Kraftkärrsvägen 15–19	1956	Residential							3,880		3,880	15	
Finspång	Vinkelhaken 4	Bergslagsvägen 9	1969	Retail			3,586	255				16	3,857	15	
Gotland	Soldaten 1	Volontärsrgatan 1–226	1900	Residential							3,315		3,315	32	
Gotland	Vibble 1:457	Tvinnaregatan 1–263	1989	Residential							7,741		7,741	51	
Hjo	Norr 5:8	Karlsborgsvägen 8–36	1929	Residential		1,000					2,270		3,270	11	
Jönköping	Björnen 6	Tormenåsgatan 15	1991	Office		773					176		949	6	
Jönköping	Hålan 6:2	Bågvägen 1–46	1900	Residential							9,968		9,968	47	
Jönköping	Lejoninnan 10	Nygatan 2–6	1965	Residential							11,147		11,147	80	
Jönköping	Mjälaryd 3:300	Mickels väg 10, 12, 13, 15	1900	Residential							2,611	337	2,948	17	
Jönköping	Tigern 7	Backgatan 2, 4	1900	Residential							5,985		5,985	47	
Köping	Disa 1	Torggatan 11 m fl	1894	Residential				662			924		1,586	7	
Köping	Fenja 10	Östra Långgatan 3 m fl	1965	Retail		1,473	2,073				1,169	578	5,293	16	
Köping	Freja 3	Stora Gatan 6 A–B	1979	Residential				416			1,324		1,740	8	
Köping	Freja 11	Stora Gatan 8 m fl	1909	Residential		124	876				1,612	69	2,681	11	
Köping	Immanuel 2	Tunadalsgatan 28–34	1965	Residential		120					11,131	273	11,524	45	
Köping	Inga 1	Sankt Olovsgatan 52, 54, 56	1945	Residential		177	97				2,271	179	2,724	12	
Köping	Tunadal 6-8	Tunadalsgatan 6 m fl	1973	Residential		330					8,226	990	9,546	46	
Norrköping	Gärdet 1	Rågången 71, 73	1900	Residential			491				4,609		5,100	33	
Norrköping	Kullerstads-Åby 2:48	Bergslagsvägen 32	1962	Residential		75	723				608		1,406	5	
Norrköping	Kullerstads-Åby 3:7	Eskilsvägen 6	1954	Residential				258			404		662	3	
Norrköping	Lammet 2	Kungstorget 2 m fl	1948	Residential		173	1,950				2,405	34	4,562	27	
Norrköping	Lokatten 12	Hospitalgatan 9, 11 m fl	1992	Residential		1,693	380				5,364	531	7,968	69	
Norrköping	Planket 20	Bråddgatan 54	1983	Residential							1,139		1,139	10	
Norrköping	Planket 23	Plankgatan 46	1940	Residential		25	60				940	600	1,625	9	
Norrköping	Prinsen 18	Hospitalgatan 42–52 m fl	1967	Residential			30				9,558	5	9,593	79	
Norrköping	Sprutan 8	Gamla Rådstugugatan 52 m fl	1940	Residential			346				1,318	92	1,756	13	
Norrköping	Stenhuggaren 25	Sandgatan 28	1960	Residential							2,914		2,914	23	
Norrköping	Storgatan 10	Drottninggatan 10–12	1908	Residential		484					1,213	688	2,385	14	
Norrköping	Storgatan 9	Drottninggatan 14 m fl	1985	Residential		252	355				5,968	231	6,806	58	
Norrköping	Stävan 2	Rösgången 32	1959	Residential	Yes						3,639		3,639	25	
Norrköping	Tullhuset 1	Gamla Rådstugugatan 11 m fl	1907	Residential			273				1,320		1,593	13	
Tranås	Bågskytten 4	Grännavägen 21	1949	Residential							478		478	2	
Tranås	Bågskytten 5	Stjärngatan 13 A	1991	Residential							500		500	3	
Tranås	Falkberget 24	Mjölbyvägen 1 m fl	1969	Residential							1,017	70	1,087	5	
Tranås	Flundran 2	Granitgatan 2	1966	Other									—	1	
Tranås	Forellen 3	Beckhemsvägen 22–32	1972	Residential							5,577	125	5,702	21	
Tranås	Forellen 4	Beckhemsvägen 21 A–B	1900	Other							150	250	400	—	
Tranås	Forellen 5	Beckhemsvägen 14–20	1971	Residential		348					6,019	10	6,377	22	
Tranås	Gäddan 2	Beckhemsvägen 2 A–F	1966	Residential							3,402		3,402	13	
Tranås	Jupiter 17	Tingvägen 20 A–F m fl	1988	Residential							476		476	2	
Tranås	Kometen 10	Nämndemansgatan 6, 8	1944	Residential							708		708	3	
Tranås	Kullen 1	Västra vägen 7 A	1946	Residential							670	34	704	3	
Tranås	Laxen 2	Beckhemsvägen 4, 6, 8, 10	1967	Residential		324					9,161	308	9,793	34	
Tranås	Laxen 3	Beckhemsvägen 8	1973	Other								575	575	1	
Tranås	Lejonet 5	Sveagatan 4 A–E	1940	Residential							1,279	35	1,314	7	
Tranås	Lindkullen 11	Majorsgatan 18	1929	Residential							814		814	3	
Tranås	Lindkullen 12	Majorsgatan 20	1949	Residential							943	128	1,071	4	

## PROPERTY LIST

Municipality	Name of property	Address	Year of construction	Property category	Site lease-hold right	Lettable area, sq.m.								Tax assessment value, SEK/mr
						Office	Retail	Industrial/ Warehouse	Education/ Care	Hotel	Residential	Other	Total	
East Region continued														
Tranås	Lindkullen 13	Majorsgatan 22	1946	Residential							999	10	1,009	4
Tranås	Nordstjärnan 7	Storgatan 38 m fl	1965	Residential		265	966				1,504	216	2,951	11
Tranås	Norra Gyllenfors 9	Torget 3 m fl	1950	Residential		369	4,938	30			5,658	35	11,030	59
Tranås	Oden 12	Storgatan 43	1992	Residential		367	1,213				1,997	110	3,687	19
Tranås	Sutaren 2	Beckhemsvägen 12 A–I	1968	Residential		496					2,752	551	3,799	13
Tranås	Södra Framnäs 20	Framnäsgratan 2 A–F	1984	Residential							402		402	1
Tranås	Tigern 14	Götgatan 29, 31	1960	Residential							736		736	3
Tranås	Tjädern 23	Framnäsgratan 1 A–K m fl	1983	Residential							684		684	4
Tranås	Tornsvalan 3	Östra Järnvägsgratan 1, 3	1985	Residential							2,073	10	2,083	11
Tranås	Västermalm 23	Storgatan 15, 17, 19, 21 m fl	1955	Residential			2,560				2,913	1,181	6,654	25
Tranås	Öringen 1	Granitgatan 5, 7, 9	1971	Residential							3,040		3,040	13
● Töreboda	Advokaten 1	Norra Torggatan 7	1985	Retail	Yes		1,286				842		2,128	7
● Töreboda	Byggmästaren 5	Norra Torggatan 10	1929/1992	Residential			239				1,142		1,381	4
● Töreboda	Plåtslagaren 9	Stora Bergsgatan 4 A–B	1947–48/1992	Residential							1,849		1,849	5
● Töreboda	Rönnen 11	Stora Bergsgatan 20 A–B	1957	Residential		217					822		1,039	2
● Töreboda	Sotaren 12	Vadsbogatan 10 A–12 B	1947	Residential							976		976	3
● Västerås	Fältmössan 1/ Vapenrocken 1	Rönnbergagatan 1–39, 10–36	1963/1965	Residential		486	105	38			33,525	2	34,156	193
● Västerås	Klockarkärleken 2	Rönnbergagatan 4–8	1962	Residential				120			5,778		5,898	33
● Västerås	Rödklinton 2	Bangatan 15–19	1957	Residential		110	160	0			7,003		7,273	40
● Västerås	Vallmon 6	Bangatan 1 A–11 B	1968/1979	Residential				32			13,914		13,946	78
● Ätvidaberg	Edberga 1	Åkervägen 5–7, Bondegatan 8	1966	Residential		155		57			5,360		5,572	21
Totalt East						22,261	28,440	1,884			328,017	8,323	388,925	1 905
North Region														
Gävle	Holmsund 11:1 m fl	Korsnäsvägen 108 m fl	1958	Residential							1,200	260	1,460	3
Gävle	Holmsund 7:6	Holmsundsvägen 7, 17–29	1900	Residential							2,948		2,948	10
Gävle	Kastet 8:1, 12:1 m fl	Forskarvägen 27 m fl	1929	Residential		1,271	104				12,467	1,781	15,623	45
Gävle	Lillhagen 5:3	Torkarvägen 2–14	1958	Residential		0	0				2,871		2,871	10
Gävle	Norr 18:6	Nygatan 37–39 m fl	1900	Residential		42	408				2,641	385	3,476	30
Gävle	Norr 27:2	Stora Esplanadgatan 9 m fl	1920	Residential		127	480				2,185	40	2,832	23
Gävle	Söder 58:7	Södra Kungsgatan 44 m fl	1969	Residential		289	941	252			2,004		3,486	23
Gävle	Sörby 10:9	Falkvägen 5 A–B	1994	Residential							512		512	4
Karlstad	Anden 9	Åttkantslunden 1 A–B, 3 A–B	1983	Residential							1,472	20	1,492	13
Karlstad	Braxen 34	Östra Kanalgatan 8 m fl	1944	Residential			321				1,198	521	2,040	13
Karlstad	Druvan 1	Drottninggatan 22 m fl	1929	Residential			459				1,443	681	2,583	30
Karlstad	Ekorren 9	Sandbäcksgatan 5 m fl	1929	Residential		715	46				1,811		2,572	18
Karlstad	Furan 5	Gillbergsgatan 3 A–D	1951	Residential			119				1,710		1,829	16
Karlstad	Furan 7	Jössegatan 3 A–B	1968	Residential							925	97	1,022	9
Karlstad	Granatkastaren 4	Artillerigatan 1–5	1945	Residential							748		748	6
Karlstad	Gruvan 12	Västra Kanalgatan 3	1991	Residential			126				2,525		2,651	25
Karlstad	Gruvan 2	Östra Kyrkogatan 4	1929	Residential							1,064	102	1,166	10
Karlstad	Grävlingen 3	Sundbergsgatan 20 m fl	1929	Residential			138				1,030		1,168	10
Karlstad	Pilbågen 1	Sandelsgatan 2, 4, 6, 8	1942	Residential							2,184		2,184	16
Karlstad	Registratorn 1	Norra Allén 26 A–B	1900	Residential							502	56	558	4
Karlstad	Registratorn 8	Norra Allén 30 A–B	1900	Residential							456	61	517	4
Karlstad	Registratorn 9	Norra Allén 28	1900	Residential		100					466	29	595	4
Karlstad	Spiran 1-6	Lignellsgatan 1 m fl	1940	Residential			95				4,456	59	4,610	40
Karlstad	Trätälja 11	Drottninggatan 37 m fl	1959	Residential			259				4,567	35	4,861	42
Karlstad	Tusenskönan 1	Älvdalsgatan 8 A–C	1950	Residential	Yes		69				1,288		1,357	12
Karlstad	Väduren 3	Rudsvägen 1 A–D	1942	Residential							1,344	24	1,368	12
Sundsvall	Aeolus 1	Nybbrogatan 19 m fl	1900	Residential		89	501				872		1,462	8
Sundsvall	Bredsand 1:13	Appelbergsvägen 3		Other									—	—
Sundsvall	Bredsand 1:14	Appelbergsvägen 4		Other									—	—
Sundsvall	Bredsand 1:3 m fl	Appelbergsvägen 1 A–B	1900	Residential							7,127	82	7,209	21
Sundsvall	Bredsand 1:4 m fl	Appelbergsvägen 14–18	1900	Residential							4,479		4,479	12
Sundsvall	Dingersjö 28:27 m fl	Appelbergsvägen 26–32 m fl	1900	Residential							9,464	50	9,514	27
Sundsvall	Dingersjö 3:131 m fl	Bergsvägen 3 A–J	1900	Residential							20,176	5,077	25,253	52
Sundsvall	Dingersjö 3:135	Bergsvägen 1 m fl	1954	Other			286					1,391	1,677	2
Sundsvall	Fliten 10	Skolhusallén 9	1900	Office		3,125						36	3,161	25
Sundsvall	Fliten 11	Rådhusgatan 39 A–B m fl	1900	Residential		272					3,371		3,643	29
Sundsvall	Kvissle 2:53 & 2:43	Affärsgatan 26 A–D	1900	Residential							1,468		1,468	3
Sundsvall	Kvissle 22:2 & 39:1	Affärsgatan 22–24 m fl	1900	Residential		192	137				6,311	45	6,685	15
Sundsvall	Lagmannen 10	Esplanaden 18–22 m fl	1900	Residential		757	240	70			3,980	1,099	6,146	32
Sundsvall	Nolby 1:48, 40:1, 1:108	Skolgatan 4	1900	Residential		1,070					4,079	766	5,915	15
Sundsvall	Nolby 3:268	Brovägen 9	1900	Residential							997		997	3
Sundsvall	Nolby 40:2	Affärsgatan 18 A–C	1900	Residential			866				2,166	207	3,239	8
Sundsvall	Nolby 41:3 & 37:1	Affärsgatan 14 A–H, 16 A–N	1900	Residential			1,006				5,328	43	6,377	16
Total North						8,049	6,601	322			125,835	12,947	153,754	700
Total Fastighets AB Balder						399,932	175,897	84,251	49,946	60,977	1,120,096	77,561	1,968,660	13,768

● Acquisitions via Bovista during 2013

# Definitions

## FINANCIAL

### **Return on equity, ordinary share, %**

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

### **Return on total assets, %**

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

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

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

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

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

### **Profit from property management before tax, SEKm**

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

### **Risk-free interest**

Annual average of a five-year government bond.

### **Interest coverage ratio, times**

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

### **Debt/equity ratio, times**

Interest-bearing liabilities in relation to shareholders' equity.

### **Equity/assets ratio, %**

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

## SHARE-RELATED

### **Equity per ordinary share, SEK**

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

### **Equity per preference share, SEK**

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

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

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

### **Average number of shares**

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

### **Preference capital, SEK**

Preference capital amounts to an average issue price of SEK 287.70 per preference share.

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

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

### **Profit after tax per ordinary share, SEK**

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

## PROPERTY-RELATED

### **Yield, %**

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

### **Net operating income, SEKm**

Rental income less property costs.

### **Economic occupancy rate, %**

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

### **Property category**

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

### **Property costs, SEKm**

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

### **Rental value, SEKm**

Contracted rent and estimated market rent for vacant premises.

### **Surplus ratio, SEKm %**

Net operating income in relation to rental income.

## Calendar

**Annual General Meeting** 7 May 2014

**Interim report** 7 May 2014  
Jan–Mar 2014

**Interim report** 22 August 2014  
Jan–Jun 2014

**Interim report** 4 November 2014  
Jan–Sep 2014

**Interim report** 18 February 2015  
Jan–Dec 2014





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