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## Annual General Meeting

The Annual General Meeting of Fastighets AB Balder (publ) will take place on 6 May 2015 at 3.00 p.m. at the Radisson BLU Scandinavia Hotel Gothenburg, Södra Hamngatan 59–65 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, 29 April 2015, and must give notice of their attendance to the company either by letter to Fastighets AB Balder, Box 53121, 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 4 May 2015 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, 29 April 2015

**Fastighets AB Balder** is a 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 37.4 billion (27.5) on 31 December 2014. The Balder share is listed on Nasdaq Stockholm, Large 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

Besides the fact that our associated companies are good business opportunities in themselves, involving companies and people that we value and like, I also would like to say that I personally and no doubt many others, have learned a lot from these companies and other collaboration over the years.



We gained two new jointly-owned companies in Gothenburg, with Elof Hansson as well as Coop. We look forward to many very good years and transactions together with these new partners.

**D**ear shareholders, for Balder, 2014 was an intensive year with a high level of activity on the property management and transaction side. We sold a number of properties and acquired hotels, land and development properties as well as buildings in central Stockholm and Gothenburg. We continued to invest in Denmark and also added Finland as a new market, so far on a small scale, but we see interesting opportunities there in the longer term.

#### **Associated companies**

There was also a high level of activity among our associated companies. It can be mentioned that when GE Capital Real Estate decided to no longer act a direct investor in the Swedish property market, we agreed to acquire their participating interest in our jointly-owned company and this it is now wholly-owned by us. We gained two new jointly-owned companies in Gothenburg, with Elof Hansson Fastigheter as well as Coop Fastigheter. We look forward to many very good years and transactions together with these new partners. Centur, which we own together with Peab, made large acquisitions during the year, laying the groundwork for interesting investment opportunities for a long time to come.

Besides the fact that our associated companies are good business opportunities in themselves, involving companies and people that we value and like, I also would like to say that I personally and no doubt many others, have learned a lot from these companies and other collaboration over the years. Luckily, I still have much to learn and hopefully many years of collaboration to look forward to.

### **The market**

The generally cautious economic situation without inflation has currently resulted in interest rate levels, which for some borrowers and maturities are down in negative territory. Personally, I think that negative interest rates are a bit difficult to relate to and in some ways make it harder to estimate reasonable yield requirements on different classes of assets.

The low interest rate levels have still not led to inflation measured in terms of the CPI but probably have in the case of certain asset prices/classes (properties/shares). The stronger the market becomes for these classes of assets, the more we need to consider financial strength and safety margins.

### **Results**

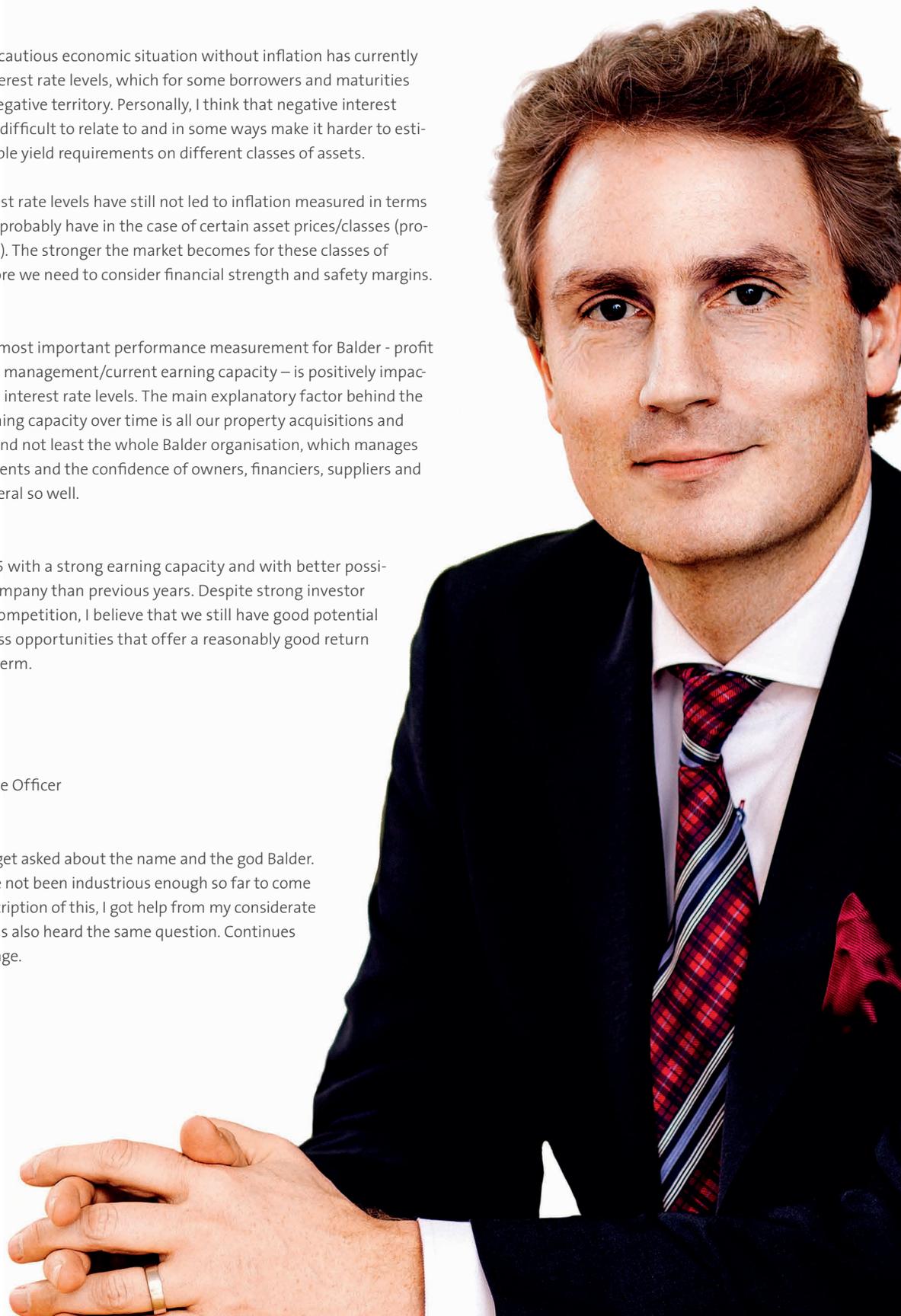
However, the most important performance measurement for Balder - profit from property management/current earning capacity – is positively impacted by the low interest rate levels. The main explanatory factor behind the increased earning capacity over time is all our property acquisitions and investments and not least the whole Balder organisation, which manages these investments and the confidence of owners, financiers, suppliers and society in general so well.

### **2015**

We enter 2015 with a strong earning capacity and with better possibilities as a company than previous years. Despite strong investor interest and competition, I believe that we still have good potential to find business opportunities that offer a reasonably good return in the longer term.

Erik Selin,  
Chief Executive Officer

Ps. I regularly get asked about the name and the god Balder. Because I have not been industrious enough so far to come up with a description of this, I got help from my considerate father, who has also heard the same question. Continues on the next page.





Kahneman also explained that listings of companies with “fluent” names initially have a better price trend than if the name is complicated. Of course a company cannot survive solely based on its name for a longer period of time.

## Balder is almost 10 years old

How was Fastighets AB Balder established? Why Balder and who was he?

Before Balder presented its tenth annual report this year, I, Kjell Selin asked my son Erik, if it would not be nice to include a short account of how the company came about and why it was called Balder. Erik said that several people had requested this and said that I may as well tell the story. So this is the story with contributions from Erik and his friend Sten R Johansson, well-acquainted with mythology about the Aesir gods.

### **Balder – a name with cognitive fluency**

Daniel Kahneman, recipient of the Nobel prize for Economics in 2002 and famous for his book “Thinking, fast and slow” (2011) talks a lot in the book about words with cognitive fluency. These words are often well-known and give rise to many associations. Easy to pronounce is an advantage. Upon a google search, Balder gets 2,700,000 hits. Those of us who went to junior secondary school in the 1950s had to study Tegnér’s Fritiof’s saga, where Balder often appeared. He also featured in Olrog’s songs where he sang about rumba in Balder’s playpen. There is a Balder street in many towns. The Balder rollercoaster, which goes up and down rapidly like the stock market, is found in Gothenburg. Balder is most definitely a name with a cognitive fluency but Erik probably did not think about this when it was time to choose a name for the company – but perhaps Erik went on “gut feeling” or it was a coincidence – this is often the case with him as we know.

According to Old Norse mythology, Balder was perhaps the leading of the Aesir gods and the name is often interpreted as the brilliant one. Thus it may be appropriate to explain something about him and here is Sten R Johansson’s summary:

### **Why Balder should avoid mistletoe and giant women**

*An Scandinavian mythology, Balder appears as fair, blond and wise, peacemaking and gentle in his speech. He is tormented by unpleasant dreams. After deliberation, his mother Frigga took an oath from all forces in the world, from fire and water to iron and stone, snakes and all the animals that they would do no harm to Balder. Secure in this knowledge, the gods amused themselves by shooting at Balder, who was now invulnerable.*

*The trickster god Loki learned from Frigga that she had taken an oath from all living things except a small plant, which seemed too small and safe to pose a danger. It was mistletoe. Loki collected a mistletoe branch and made a spear of it.*

Odin’s son Hodr, who was blind, stood farthest out in the circle of gods around Balder. Loki asked Hodr why he did not also show Balder the same respect as the others and participate in the game. Hodr said that he could not see where Balder stood and that he did not have any weapon. Loki gave Hodr the mistletoe spear and helped him aim. The spear impaled Balder, who fell to the ground and died. A grea-

ter misfortune had never struck the gods or people.

*After great sorrow and a lot of deliberation Odin's son Hermod, Balder's brother, rode Odin's own horse Sleipner down to Hel's kingdom of the dead to try to bring Balder back. Hel retorted that if Balder is as loved as it is said then he will be able to return to the Aesir gods, if everything in the world, living and dead, weeps for him. The Aesir gods sent messengers all over the world, and everyone yielded to their request.*

When the messengers were on the way home they met a giantess called Tokk, and they also asked her to cry for Balder's return from Hel. She replied:

"Tokk shall weep dry tears over Balder's pyre. The old man's son did me no good in life or in death. Let Hel hold what she has!"

The Aesir gods realised that the giantess was Loki in disguise and his punishment was to be chained to three blocks until the end of the world, with a poisonous serpent dripping venom over his face. Loki's wife Sigyn stood at his side and held a bowl under the serpent's mouth. Each time she emptied the bowl Loki had such severe convulsions that it caused earthquakes. Hodr was also punished. When the boy Vale, son of Odin and the woman Rind, was one night old, he killed Hodr.

After Ragnarök, when the new earth resurfaces from the sea, Balder and Hodr will return from the kingdom of the dead.

#### **Enlight AB**

Erik Selin for a number of years had developed Erik Selin Fastigheter AB and thought about listing a company on the stock market. One way was to proceed via an existing listed company. Enlight AB was a shell company after having transferred its operations to a subsidiary. After a new issue and general meeting in Enlight, commercial properties from ES Properties (54 per cent) and Arvid Svensson Invest AB (26 per cent) could be issued in kind in Enlight against receiving newly issued shares in Enlight. The remaining part of the new issue was subscribed for by 14 persons. The market value of the properties issued in kind was approximately SEK 2 billion.

#### **Fastighets AB Balder is revived**

We stated above that Balder is a name with a good cognitive fluency, which you can scarcely say about Enlight as a name for a property company. There are many rules when a company will be named. First and foremost, the name must not already be taken of course – but in actual fact Balder was. There was already a Fastighets AB Balder and after a number of changes it had ended up in Erik Paulsson's sphere and it was a shell company. But the two Eriks knew each other and in the end Erik S was allowed to take over the name completely free of charge. This is how it can go when friendship, luck and gut feelings are aligned. A type of fluency even if it is not purely cognitive. According to information from the Swedish Tax Agency, Enlight AB's name was later changed to Fastighets AB Balder on 7 September 2005. Regarding Balder's subsequent development, please refer to Balder's website. At the time of writing – April 2015 – we can state that the market value of Balder's properties has gone from SEK 2 billion to SEK 37 billion.

I wish the company that is about to be 10 years old every success henceforth.

Kjell Selin



Sten R. Johansson

– with a lot of Gothenburg humour – issued a warning to be careful if anyone with the name Tokk seeks a position at Balder.

# Comments by the Chairman of the Board

The rapid increase in the country's population underscores the challenge for companies like Balder, together with the relevant municipalities, to accelerate the start of construction of new housing projects.



” Balder's stable growth over the years has been possible due to the confidence that the company and its CEO have in the market.

Balder's mission during the first 10 years has been, and still is, to own, develop and manage commercial and residential properties. In recent years, the company has broadened its base by investing in a greater number of properties for hotel operations and also by entering markets in our neighbouring Nordic countries. Balder's operations are long-term in nature and our ambition is to grow through acquisitions and to develop ready-for-occupation projects in collaboration with other players. This long-term approach makes it easier to manage periods of uncertainty involving economic upturns and downturns. The company's stable growth over the years has been possible due to the confidence that the company and its CEO have in the market.

The company shall help to create good living and working environments for our tenants. This involves conducting an ongoing dialogue with tenants in our property management, before development of properties and investments in run-down areas.

Balder has the ambition to have about a fifty-fifty split between commercial properties and residential. In recent times, it has become more and more difficult to acquire suitable residential properties at a reasonable price level. Therefore the company within the framework of its relatively new project development operations has made an inventory of and identified a large number of building rights, in its existing portfolio, principally for housing construction.

The rapid increase in the country's population underscores the challenge for companies like Balder, together with the relevant municipalities, to accelerate the start of construction of new housing projects. Housing demand is naturally greatest in growth regions such as Stockholm, Gothenburg and Malmö and surrounding municipalities. To supplement areas with newly constructed housing has major advantages, for example infrastructure and services are already in place. It also provides relocation opportunities, without children having to change nursery school and school, elderly people having to leave a habitual area with neighbours they know well and good friends. It is a challenge for Balder to find opportunities, produce plan decisions and build new housing for both younger and older people.

It is an important task that must be handled with a sensible strategy, strong commitment on the part of the company, close collaboration with the relevant municipalities and competent partners. The company is prepared to take its responsibility to create more residential properties! This all points to continued growth for Balder in the years to come.

Christina Rogestam,  
Chairman of the Board

# Multi-year summary

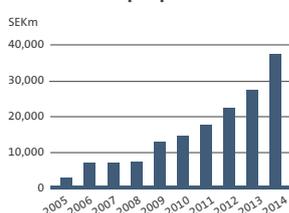
	2014	2013	2012	2011	2010	2009	2008	2007	2006
Rental income, SEKm	2,525	1,884	1,701	1,466	1,333	854	633	678	524
Profit from property management before tax, SEKm	1,275	854	691	516	417	315	174	179	160
Changes in value of properties, SEKm	3,050	854	812	990	1,047	4	-201	642	212
Changes in value of interest rate derivatives, SEKm	-624	433	-71	-520	148	-23	-333	7	-
Net profit for the year, SEKm	3,128	1,738	1,162	812	1,338	248	-388	785	441
Carrying amount of properties, SEKm	37,382	27,532	22,278	17,556	14,389	12,669	7,086	6,758	6,997
<b>Data per ordinary share</b>									
<i>Average number of shares, thousands</i>	161,786	159,537	159,537	158,656	149,487	112,902	95,910	97,318	94,050
Net profit for the year, SEK	18.10	10.11	6.69	4.87	8.95	2.20	-4.04	8.07	4.69
Profit from property management before tax, SEK	6.64	4.57	3.73	3.00	2.79	2.79	1.81	1.84	1.70
<i>Outstanding number of shares, thousands</i>	162,397	159,537	159,537	159,537	149,487	149,487	94,458	97,318	97,318
Carrying amount of properties, SEK	230.19	172.58	139.64	110.04	96.25	84.75	75.02	69.44	71.90
Shareholders' equity, SEK	70.10	52.14	42.15	35.57	31.13	22.19	19.63	23.49	15.42
Net asset value (EPRA NAV), SEK	86.33	60.50	50.37	41.84	32.89	22.16	20.95	22.33	13.06
Share price on the closing date, SEK	110.25	66.00	37.30	25.30	29.40	12.50	7.00	13.33	17.00
Changes in share price, %	67	77	47	-14	135	79	-47	-22	24
Dividend, SEK	-	-	-	-	-	-	0.17	-	-
<b>Data per preference share</b>									
Share price at year-end, SEK	350.00	336.00	303.00	267.00	-	-	-	-	-
Total yield, %	10	17	21	11	-	-	-	-	-
Dividend, SEK	20.00	20.00	20.00	20.00	-	-	-	-	-
Number registered, thousands	10,000	10,000	6,000	4,000	-	-	-	-	-
<b>Property related</b>									
Rental value full-year, SEK/sq.m.	1,325	1,216	1,247	1,163	1,087	1,072	1,298	1,193	952
Rental income full-year, SEK/sq.m.	1,254	1,148	1,166	1,088	1,016	1,002	1,218	1,107	859
Economic occupancy rate, %	95	94	94	94	94	94	94	93	90
Surplus ratio, %	70	68	68	68	66	69	70	70	69
Carrying amount, SEK/sq.m.	17,172	13,985	14,439	12,467	10,887	10,053	12,805	12,275	8,854
Number of properties	494	498	432	433	432	419	122	121	128
Lettable area, sq.m. thousands	2,177	1,969	1,543	1,408	1,322	1,260	553	551	790
<b>Financial</b>									
Return on equity, %	29.7	21.5	17.0	14.3	33.6	9.6	-18.7	41.5	37.5
Interest coverage ratio, multiple	3.4	2.9	2.4	2.1	2.1	2.1	1.6	1.7	2.0
Equity/assets ratio, %	35.5	37.3	34.8	35.2	30.9	24.1	23.3	30.1	20.6
Loan-to-value ratio properties, %	54.3	57.0	60.4	60.6	64.6	73.3	72.2	74.6	79.5
Loan-to-value ratio, %	55.7	55.0	57.8	56.9	63.9	69.0	69.4	69.2	76.4

# Balder's development

## 2005–2006

Fastighets AB Balder is formed in 2005 from the listed company Enlight AB. The name Enlight AB is subsequently changed to Fastighets AB Balder. Balder acquires 21 properties during the year.<sup>1</sup> In 2006, Fastighets AB Balder is listed on the Stockholm Stock Exchange. Balder's organisation is built up in Stockholm, Gothenburg and Malmö. On 31 December 2006, Balder owns 128 properties with a lettable area of 790,000 sq.m. and a carrying amount of SEK 7.0 billion.

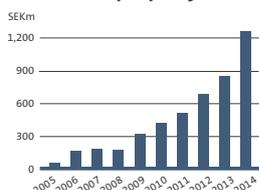
Value of the properties



## 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.

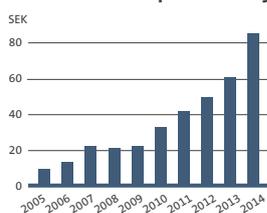
Profit from property management



## 2008

Balder restructures in 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.

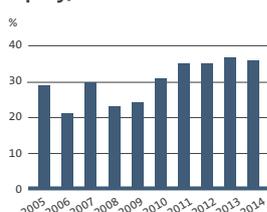
Net asset value per ordinary share



## 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.

Equity/assets ratio

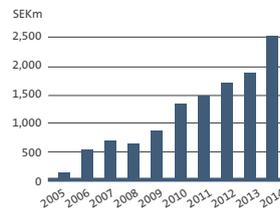


1) Since the Group started its operations on 1 July 2005, the comparative period for 2005 only covers 6 months.

## 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.

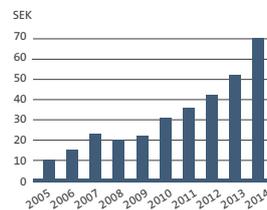
Rental income



## 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.

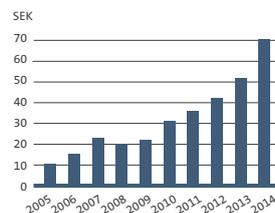
Equity per ordinary share



## 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 Örestad, which were built in 2009. Two million preference shares are issued at a value of SEK 565m.

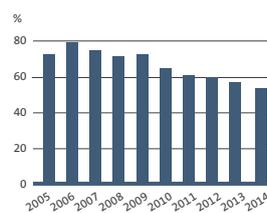
Share price per ordinary share



## 2013

In November, Balder acquires Bovista Invest AB, a transaction consisting of 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 the Bovista transaction, which increased shareholders' equity by SEK 1,138m. During the fourth quarter, a turnkey agreement regarding construction of approximately 200 condominiums in Örestad in Copenhagen was signed for a value upon completion of approximately SEK 400m.

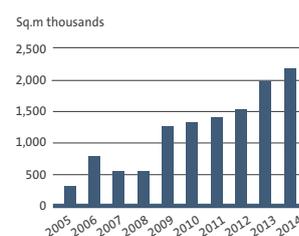
Loan-to-value ratio



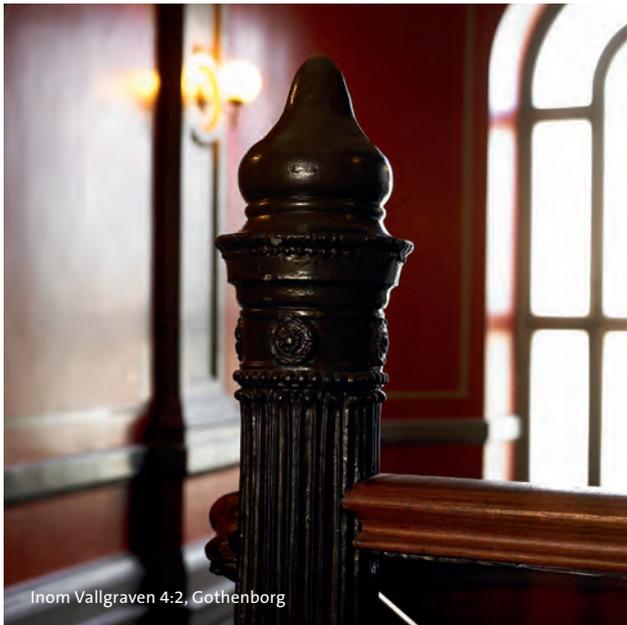
## 2014

Balder acquires 14 hotel properties during the year. The acquisitions mean that Balder with its 28 hotels and 5,000 hotel rooms in the portfolio is one of Sweden's largest hotel property owners. In 2014, Balder acquired properties for SEK 7,059m in total. Divestments amounted to SEK 1,114m, generating a profit of SEK 144m. During the year, Balder sells all repurchased shares for SEK 220m (-). The number of shareholders amounts to 16,310.

Lettable area

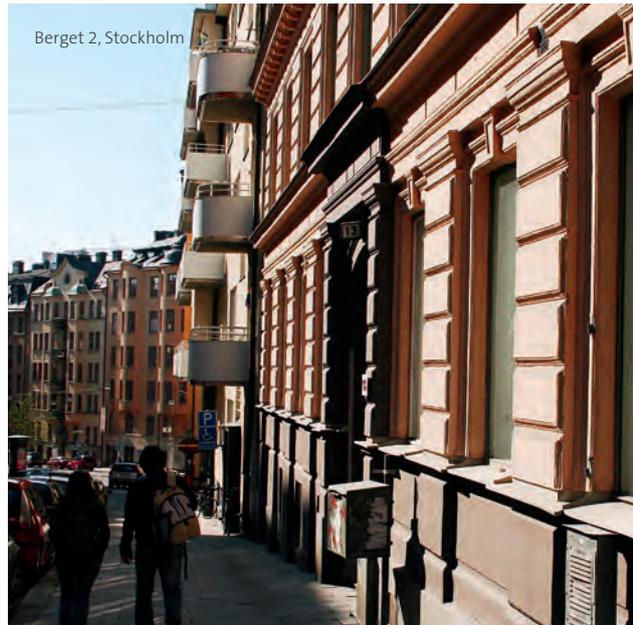


Boken 38, Skara



Inom Vallgraven 4:2, Gothenborg

Berget 2, Stockholm



# Business concept, strategy and goals

## Business concept

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

## Strategy

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Balder creates value for its 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 property management and transactions both internally as well as in partnership

Balder creates value by acquiring, exploiting 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 exploiting as well as streamlining and improving the efficiency of the property management. Balder shall 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.

## Overall goals

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Balder's operations are focused on growth, positive cash flows and increased profit from property management. Balder shall 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 shall not be less than 35 per cent and the interest coverage ratio shall 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.

# 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 the development in the value of the real estate portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the operating result are changes in value of financial investments and derivatives. None of the above has been considered in the current earning capacity.

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

The costs of the interest-bearing liabilities are based on the group's average interest rate level including the effect of interest rate derivatives. The tax is calculated on the basis of a tax rate of 22.0 per cent, which largely consists of deferred tax and therefore does not affect the cash flow.

## Current earning capacity on a twelve-month basis

	2014	2013	2012	2011	2010
Rental income	2,730	2,260	1,800	1,530	1,405
Property costs	-800	-735	-560	-465	-430
<b>Net operating income</b>	<b>1,930</b>	<b>1,525</b>	<b>1,240</b>	<b>1,065</b>	<b>975</b>
Management and administrative expenses	-165	-165	-120	-105	-105
Profit from property management from associated companies	220	170	120	90	20
<b>Operating profit</b>	<b>1,985</b>	<b>1,530</b>	<b>1,240</b>	<b>1,050</b>	<b>890</b>
Net financial items	-585	-535	-495	-445	-440
<b>Profit from property management</b>	<b>1,400</b>	<b>995</b>	<b>745</b>	<b>605</b>	<b>450</b>
Tax	-308	-219	-164	-159	-118
<b>Profit after tax</b>	<b>1,092</b>	<b>776</b>	<b>581</b>	<b>446</b>	<b>332</b>
<b>Profit after tax attributable to</b>					
Ordinary shareholders	892	576	461	366	332
Preference shareholders	200	200	120	80	—
<b>Profit from property management according to current earning capacity per ordinary share, SEK</b>	<b>7.39</b>	<b>4.99</b>	<b>3.92</b>	<b>3.29</b>	<b>3.01</b>

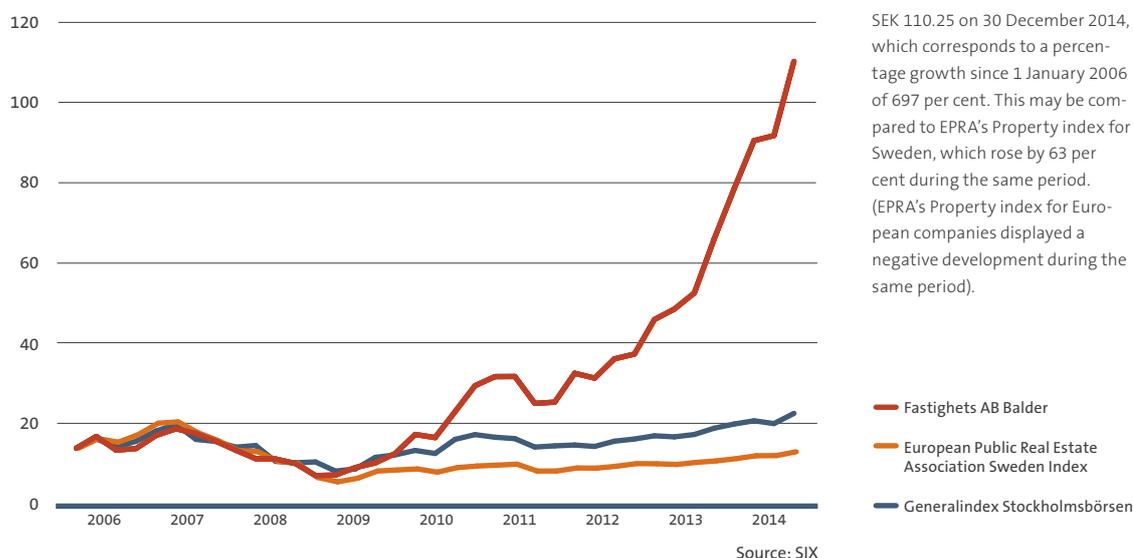
# The share and owners

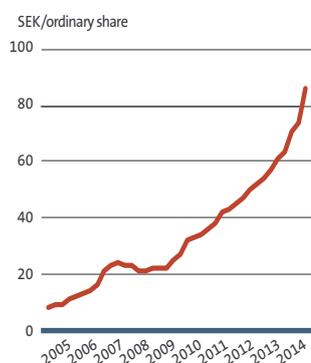
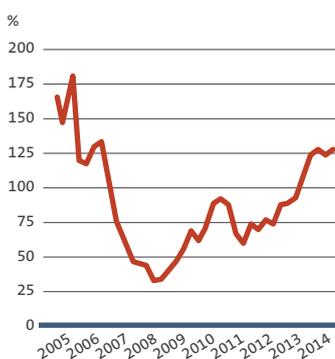
The profit from property management in the past eight years has increased by 32 per cent on average. During the same period, the net asset value per share increased by 29 per cent on average.

**B**alder has two different classes of shares quoted on Nasdaq Stockholm, Large Cap segment: an ordinary share as well as a preference share of Class B. The company's overall market capitalisation on 31 December amounted to SEK 21,404m (13,889) and the company had 16,310 shareholders (16,089) 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 10,000,000 preference shares.

During the year, Balder sold 2,859,600 repurchased shares, which means that the total number of outstanding ordinary shares amounts to 162,396,852. Each Class A share carries one vote, and each Class B share and preference share carries one tenth of one vote.

## Share price development 2006–2014



**Development of net asset value (EPRA NAV)****Share price/Net asset value****Price development of the ordinary share**

The price of the ordinary share was SEK 110.25 (66.00) at year-end, corresponding to a rise of 67 per cent during the year. The increase since 1 January 2006 amounts to 697 per cent. This may be compared to EPRA's Property index for Sweden, which rose by 63 per cent during the same period. EPRA's property index for European companies displayed a negative development during the same period. At year-end, the number of ordinary shareholders amounted to 8,858 (8,969). During the same period, 62.8 million ordinary shares were traded equivalent to 252,000 shares per trading day or SEK 27.5m (15.0) based on the closing price for the year. The turnover corresponds to an annual turnover rate of 39 per cent (36) and excluding Erik Selin Fastigheter AB's shares, the annual turnover exceeded 60 per cent (60) of the outstanding ordinary shares. The proportion of foreign-owned shares decreased by 1.3 per cent during the year and amounted to 16.3 per cent.

**Equity growth**

Equity per ordinary share amounted to SEK 70.10 (52.14) on 31 December corresponding to an increase of 34 per cent (24) during the year. The net asset value per ordinary share (EPRA NAV) increased during the same period by 43 per cent (20) to SEK 86.33 (60.50). The difference between shareholders' equity and net asset value is that in the net asset value, derivatives and the net of deferred tax liabilities and deferred tax assets are reversed. The reason for the reversal is that the derivative liability is released and gradually reversed to equity during the remaining term. The net of deferred tax is reversed as selling companies is currently exempt from taxation, which means that deferred tax is reversed to equity when a company is sold. In the past eight years, the net asset value grew by an average of 29 per cent per year (27). The market price/net asset value ratio was 128 per cent at year-end.

The profit from property management before tax amounted to SEK 1,275m (854),

**Performance of Balder's share**

	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Performance of Balder's share</b>									
Data per ordinary share	110.25	66.00	37.30	25.30	29.40	12.50	7.00	13.33	17.00
Share price at year-end, SEK	21,404	13,889	7,800	5,104	1,395	1,869	661	1,298	1,654
Market capitalisation, SEKm	6.64	4.57	3.73	3.00	2.79	2.79	1.81	1.84	1.70
Profit from property management, SEK	18.10	10.11	6.69	4.87	8.95	2.20	-4.04	8.07	4.69
Earnings, SEK	70.10	52.14	42.15	35.57	31.13	22.19	19.63	23.49	15.42
Shareholders' equity, SEK	86.33	60.50	50.37	41.83	32.89	22.16	20.95	22.33	13.06
Net asset value (EPRA NAV), SEK	67	77	47	-14	135	79	-46	-22	24
Total yield, %	—	—	—	—	—	—	0.17	—	—
Dividend, SEK	162,397	162,397	162,397	162,397	152,347	152,347	97,318	97,318	97,318
Number outstanding, thousands	162,397	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	350.00	336.00	303.00	267.00	—	—	—	—	—
Total yield, %	10	17	21	11	—	—	—	—	—
Dividend, SEK	20.00	20.00	20.00	20.00	—	—	—	—	—
Number registered, thousands	10,000	10,000	6,000	4,000	—	—	—	—	—

which corresponds to an increase of 49 per cent compared to the previous year. In the past eight years, the profit from property management increased by an average of 32 per cent per year (24). The profit from property management per ordinary share increased by 45 per cent (23) and in the past eight years has increased by an average of 20 per cent (15).

#### Preference share dividend

The price of the preference share was SEK 350 (336) at year-end, corresponding to a total annual yield, including dividend, of 10.1 per cent. The number of shareholders amounted to 8,379 (8,114) and 3.3 million shares were traded during the year (3.1), equivalent to just over 13,000 shares per trading day (12,200), which corresponds to approximately SEK 4.5m (4.0), based on the closing price for the year. The annual turnover in the preference share corresponds to 33 per cent (43) of the total number of preference shares.

The preference share carries preferential right over the ordinary share to an annual dividend of SEK 20 with quarterly dividend of SEK 5. Record days for dividend are 10 January, 10 April, 10 July and 10 October. If 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 paid for the 2014 financial year. Balder estimates that the best total yield for the 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 in projects.

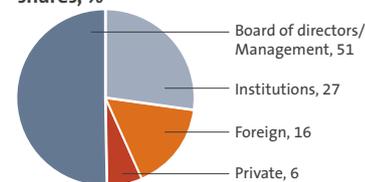
#### Shareholders

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. Other large owners are Arvid Svensson Invest AB and Swedbank Robur fonder. At the end of 2014, the total number of shareholders amounted to 16,310 (16,089).

#### Analysts following Balder

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

#### Ownership distribution, ordinary shares, %



#### Ownership list as of 31 December 2014

Owners	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Erik Selin Fastigheter AB	8,301,930	57,218,298	500	65,520,728	38.0	51.3
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	9.5	15.6
Swedbank Robur fonder	—	10,981,146	—	10,981,146	6.4	4.0
Länsförsäkringar fondförvaltning AB	—	8,389,417	—	8,389,417	4.9	3.1
AMF Försäkring och Fonder	—	7,323,385	—	7,323,385	4.3	2.7
Handelsbanken Fonder AB	—	4,881,493	—	4,881,493	2.8	1.8
CBNY Norges Bank	—	3,708,398	—	3,708,398	2.1	1.4
Lannebo fonder	—	2,600,000	—	2,600,000	1.5	1.0
SEB Investment Management	—	2,572,767	—	2,572,767	1.4	0.9
JPM Chase	—	2,420,094	149,938	2,570,032	1.4	0.9
Rahi, Sharam via company	—	1,516,300	20,000	1,536,300	0.9	0.6
Other	11,610	36,013,582	9,829,562	45,854,754	26.8	16.7
<b>Total</b>	<b>11,229,432</b>	<b>151,167,420</b>	<b>10,000,000</b>	<b>172,396,852</b>	<b>100</b>	<b>100</b>

# Our customers

Customer service, letting, maintenance and energy are examples of prioritised areas in Balder's property management.

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

## **Property Management**

Today Balder has 22 offices around Sweden, divided into five regions. In each region, property management is handled by the company's own personnel, who are responsible for letting, operations as well as the environment and maintenance.

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

Our customers are always at the centre of our property management. Through continual work including measuring the Satisfied-Customer-Index, we can work methodically on improving and developing our service and our contact with customers. Our latest measurement showed that 89 per cent of customers were very happy in their apartment. Customer service, letting, maintenance and energy are examples of prioritised areas in Balder's property management where we added more central functions during the year and increased our resources. This guarantees a further improvement in our future earnings, both financially and in order to increase customer satisfaction. Our next measurement will occur during spring 2015.

## **Customer service**

Customer service is an extremely important function at Balder. Here we take care of the contact with customers so that possible defects and deficiencies can be discovered at an early stage. In order to improve the communication between Balder as a landlord and our customers, the company's customer service and error reporting system have been expanded with employees who have more knowledge of languages, such as Arabic and Somali.



During 2014, an attractive residential area has been developed in Nynäshamn. Close to nature, sea-bathing and just a stone's throw from the commuter train station, Fastighets AB Balder, together with K-fastigheter is building tenancy rights. The standard of the apartments is high and the buildings are designed by the architect Mats Molén, known for his style of architecture in Västra Hamnen in Malmö. The construction is taking place in three phases and each phase contains about 30 apartments. Initial occupation occurred on 1 January 2015. Here you live close to a nursery school, school, food store and to Nickstabadet and Nynäshamns centrum. There is great variety in the business community in Nynäshamn and there are more than 2,000 companies in the municipality, ranging from large companies to sole proprietorships.

### Lease structure

Balder considers that the risk of a sudden deterioration in rental income is low. This is due to the lease structure with a good division between commercial properties and residential properties as well as the 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 9.4 per cent (9.1) of total rental income and the average lease term amounts to 11.1 years (9.9). No individual lease accounts for more than 1.5 per cent (1.7) of Balder's total rental income and no individual customer accounts for more than 4.8 per cent (1.7) of total rental income. The average lease term for the entire commercial portfolio amounted to 5.9 years (4.9). The lease structure on 31 December 2014 is shown in the table, in which leases terminated on this date, where removal will or is expected to take place, are recognised as leases maturing within one year.

### Lease structure 31 December 2014

Maturity date	Number of leases	Share, %	Contracted rent, SEKm	Share, %
2015	944	34	194	7
2016	667	24	246	9
2017	541	20	245	9
2018	347	13	209	8
2019–	250	9	742	27
<b>Total</b>	<b>2,750</b>	<b>100</b>	<b>1,636</b>	<b>60</b>
Residential <sup>1)</sup>	14,380		1,032	38
Carpark <sup>1)</sup>	5,248		17	1
Garage <sup>1)</sup>	4,877		45	2
<b>Total</b>	<b>27,255</b>		<b>2,730</b>	<b>100</b>

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

### Balder's ten largest customers

#### On 2014-12-31

ICA Sverige AB  
 Kopparbergs Bryggerier  
 Länsstyrelsen i Stockholms län  
 ProfilEvents AB  
 Rezidor Hotel Group  
 Scandic Hotels AB  
 Sirius International Försäkring AB  
 Stockholms Kommun  
 Stureplansgruppen  
 Winn Hotel Group

# Organisation and employees

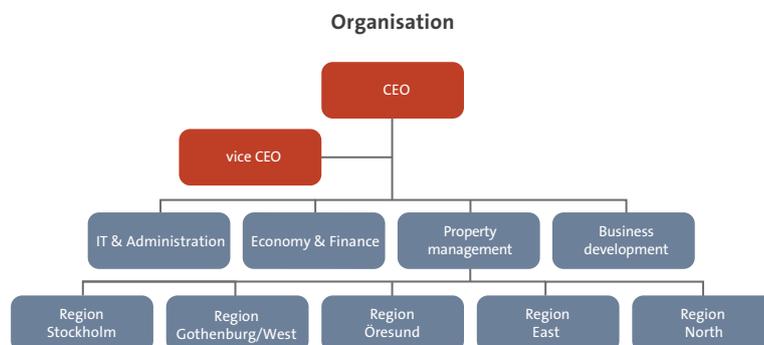
Balder's continued success is dependent on committed employees who share the company's value.

**B**alder recruited more than 20 new employees during 2014 and together with other dedicated employees in the Group, Balder had 313 employees (290) in total as of 31 December 2014.

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 as well as at the head office in Gothenburg. At year-end, 35 people (31) worked within these support functions.

## Property management organisation

The property 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 letting, operations as well as the environment and property management.





As a communicator in Bergsjön, I act as a link between the residents in Bergsjön and Balder. I see my role as a spider in the web when it comes to the social and soft values. Some of my duties include starting cooperation and projects between relevant players and the residents, arranging events and acting as a spokesperson for the tenants. As someone who grew up in Bergsjön, I have always been passionate about the district and it is fantastic through all the support I get from Balder and the team in Bergsjön to be able to contribute to changes in the area. We are all working in the same direction and this is always the way to make changes for the better.”

Amanj Aziz, Communicator

### Employees

At Balder, skills and personal qualities, balanced gender distribution and diversity are important selection criteria during recruitment. These factors have contributed to the company’s positive development. All new employees are offered an introduction to the company at the head office where they get to meet colleagues and receive information about the company’s history, values and routines.’

Balder encourages career development opportunities within the company. Balder strives to be 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 in order to create a pleasant workplace with good social interaction and low absence due to illness.

### Corporate culture

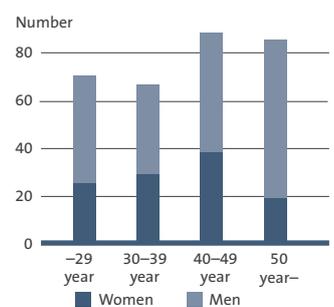
Balder’s corporate culture is characterised by an entrepreneurial spirit in everything that is done, from the day-to-day work to change- and development decisions. Our ambition is to find effective solutions in the best way for our customers and within the organisation.

### Balder’s social engagement in the suburbs

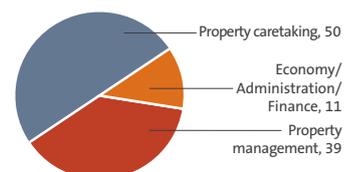
For some time, Balder has been involved in improving residential environments in suburban parts of Stockholm and now also in Gothenburg. Among other things, the company has employed project managers to work together with residents in order to make the areas comfortable and safe. During 2014, Balder had 30 young people from the area employed in this project. This work will continue during 2015.

Personal	2014	2013
Number of employees	313	290
– of whom, women	110	102

### Gender distribution per age group



### Balder’s employees per working area, %



# Corporate social responsibility

By imposing demands in relation to energy efficient material and chemical content, the negative impact on the environment is reduced while we promote increased demand for more environmentally friendly products.

**D**uring the year, Balder has taken important steps to further strengthen the environmental work in the operations and laid the foundations for good environmental monitoring. Establishment of an environmental management system according to the environmental certification ISO 14 001 has commenced and key environmental aspects have been identified. This has resulted in the adoption of a new environmental policy, which clearly highlights prioritised environmental aspects; energy, material, transport and waste. The intention is for the environmental policy to be present in all of Balder's activities and we are also striving to motivate our customers, suppliers and partners to achieve better environmental performance. By imposing demands in relation to energy efficient material and chemical content, the negative impact on the environment is reduced while we promote increased demand for more environmentally friendly products. We also want our customers to be given opportunities for environmentally friendly transport alternatives to and from our properties, for example through protected cycle parks and proximity to public transport. Furthermore, the refuse stations in the properties should be designed to encourage better sorting of household waste.

## **Energy usage**

Energy is the most highly prioritised environmental aspect in the operations and Balder has strengthened the organisation by recruiting an energy manager. During the year, Balder established a new and modern energy monitoring system. The system provides a good basis for identifying irregularities in energy consumption at an early stage and for analysing the reasons for them. This creates good potential to save unnecessary expenditure and reduce environmental impacts. Based on the monitoring system, we can also prioritise and analyse properties with high energy consumption. Depending on the property's energy profile, we can decide on what measures are the most cost effective in the longer term. In connection with the establishment of the new energy monitoring system, all property managers and operations technicians have participated in energy training as regards how the system can help to monitor and analyse energy consumption. In addition, Balder makes efforts to choose sustainable energy sources. Through its wind turbines, Balder produced 20.5 GWh of renewable energy during 2014, which corresponds to the heating of about 850 normal houses.

## **Balder takes social responsibility**

Social engagement is a natural part of Balder's work and a way to help promote sus-



Din Bostad in Tranås has initiated unique cooperation with Tranås Football Association. A model has been developed through the cooperation in which the company has the opportunity to sponsor unaccompanied refugee children with clothes, equipment, trips to tournaments – something that they hope more companies in Tranås can contribute to. One of these is Mohsen Jafari who is 17. He was born and grew up in Afghanistan. After ten years' in Iran, he came to Sweden 2.5 years ago. Today he is staying in the Svalan asylum accommodation in Tranås for unaccompanied refugee children. Mohsen is a student at Holaved upper secondary school's community programme. For Mohsen, training and making many new friends are the nicest things.

tainable social development. Balder engages in these issues both locally and regionally and strives to ensure that people feel comfortable in and around their housing environments. In order to succeed, great commitment is required among the employees but we also have to collaborate with other players. At Balder, we believe that diversity creates economic and social growth in society and thus we regard it as very important to work to create socially diverse housing projects.

### **Balder in Bergsjön**

In late 2013, Balder acquired the property company Bovista AB, which among other things, owns about 811 apartments at Bergsjön in Gothenburg, a residential area where maintenance was severely neglected for two decades. In April 2014, Balder arranged a meeting involving politicians, representatives from the police and tenants' association – in other words people or organisations with an influence over the future of East Gothenburg. The aim of the meeting was to present some of the plans that Balder has for our property holdings in Bergsjön, so that development of the area shall proceed in agreement with the municipality.

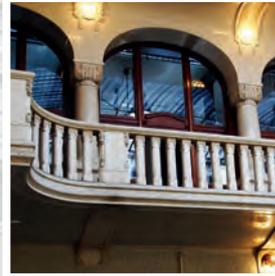
Balder's investment in Bergsjön during the year means that the company has taken a comprehensive approach and has been engaged on many different levels. Besides arranging various activities, Balder has been addressing social challenges, such as low election turnout, criminality and unemployment. Balder has started a youth pool and employed young people in the area, and established a joint action group with schools, social services and the police and also employed summer workers between the ages of 14 and 18. We have also renovated a premises that will function as a meeting place and a motivation centre for tenants in Bergsjön; we started a safety patrol together with parents, renovated the district's recreation centre Bergsjögården, started activities with the compulsory school and supported local associations.

### **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 people with extensive experience of integration and treatment work improves the chances of a better future. Examples of organisations that Balder collaborates with include Rebo, Steget Vidare, UngBo and Mitt Liv.

# Antikhallarna

## A property to admire



**1802**

In 1802, the properties were affected by a major fire. At the time, this area was called Kvarteret Kommerserådet and there were 20 property owners in the district. After the fire in 1802 only nine property owners remained. The remaining property owners were the wealthiest, with the financial means to construct new buildings. The year after the fire, the town's leader took the decision to prohibit all wooden house construction within the Moats.

### From dirty to communications canal

The West Harbour canal also ran within Kvarteret Kommerserådet. The water in the canal extended to the river but was not sufficient to be used by residents to wash, bath, throw rubbish and offal in and to

drink from. The canal was called the "dirty canal" in popular parlance as it smelled bad. Several dredging attempts were made without a good result and in 1905 the canal was filled in. A tram service was then developed and new tram lines were laid down over the former harbour canal. The new tram lines improved accessibility to the Harbour's streets.

### Home for the city's banks

During the first half of the 19th century, the property was owned by a number of owners that ranged from banks over the property and conducted operations in the building for over 90 years.

### Antikhallarna take shape

**1905**

The appearance of Kvarteret Kommerserådet changed radically in the early 19th century but it was not until the end of the 19th century that the property began to take its current shape. In 1882, Skandinaviska Kreditaktiebolaget acquired the property and in the same year the work began on building the property we now call "Antikhallarna". The property was designed by the brothers Axel Kumlien and Hjalmar Kumlien who were the most successful architects of the era in the country. The brothers had studied in Chalmers' arts school and were back in Sweden after further studies at technical building schools in Germany. For several decades, the brothers set the



We are glad to have acquired such a fine property.

Erik Selin, ceo



tone for the general look of Gothenburg and were the most retained architects in the city. The combination of Axel's technical knowledge and Hjalmar's flair for design and appearance made them unique in their era.

#### Extension

The property lacked room for a vault so in 1895 a building was constructed with a tiled frontage on the neighbouring site. This part of the property faces towards Drottninggatan. The foundations of the property were reinforced in 1986 and in 2012 a renovation and conversion of the property was carried out. That, among

other things, means that Antikhallarna gained its own new entrance on the corner of Hamngatan/Drottninggatan.

#### Modern antique building

The activities conducted in the Antikhallarna premises over the years have not had much impact on the property. This means that the mixed historical styles remain in the building and make it interesting from a cultural history perspective. Balder is proud to own Antikhallarna, which is one of the few properties that has retained the building character of the old harbour streets. Antikhallarna began its activities in the building on 1 April 1975. On 22 May 2014, Fastighets AB Balder acquired this distinguished property,

#### Property data

##### Address

Västra Hamngatan 6, Gothenburg

##### Name of property

Inom Vallgraven 16:21

##### Start of construction, present form

1882

##### Architects

Axel Kumlien and Hjalmar Kumlien

##### Developer

Skandinaviska Kreditaktiebolaget

Source: Antikhallarna – Bankpalats i centrala Göteborg, [www.antikhallarna.se/antikviteter/historia\\_4.html](http://www.antikhallarna.se/antikviteter/historia_4.html)

# The property market

Real estate will continue to attract capital during 2015, both through indirect investments in the stock market and direct investments in properties.

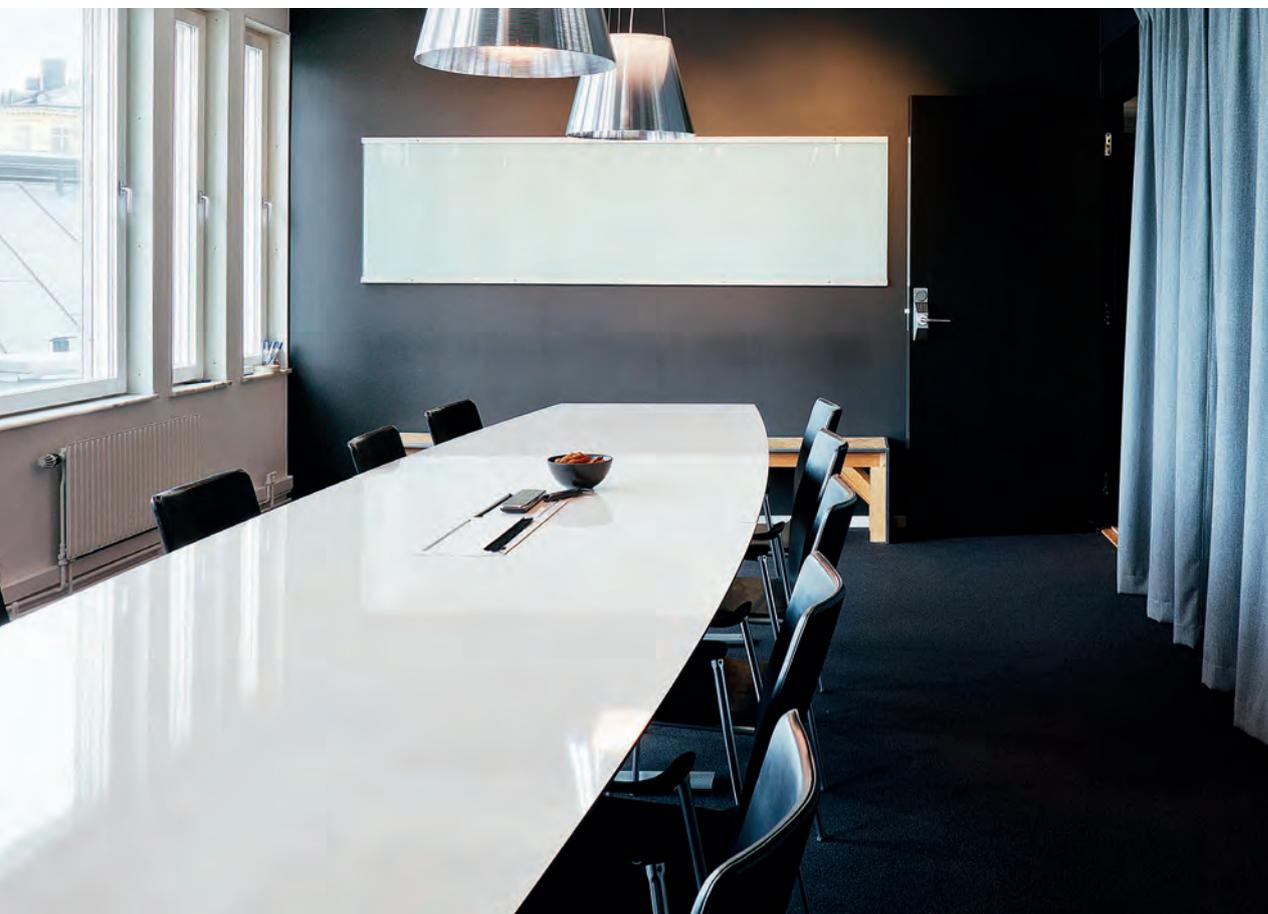
**D**espite the downturn in the global economy and the fact that the underlying drivers for property yields are developing weakly, the performance of the Swedish property market has been very strong. An attractive gap between interest rates and property yields has meant that a lot of capital has been moving towards investments in property with an imbalance between supply and demand as well as falling yield requirements as a result. The appetite for risk is increasing in the hunt for returns and we see a broad-based demand in the Swedish property market. A record-high transaction volume, increased risk taking and falling yield requirements for properties are all indicators that there is a boom in the property market. Meanwhile, the underlying demand in the rental market is dependent on the economic recovery gaining momentum.

The Swedish economy is relatively strong and market conditions are continuing to improve. The slow global recovery and a relatively weak economic trend in some of Sweden's most important export markets, however, has been reflected for some time by weak Swedish exports, which means that Swedish growth is being largely driven by domestic demand and private consumption. However, the fall in the oil price during the autumn and a weaker Swedish krona have boosted Swedish exports. In line with improving external market conditions, GDP growth is predicted to increasingly shift to export-led growth.

Large-scale monetary stimulus programmes have been initiated, and are continuing to be launched, by the largest Western economies. Despite a relatively strong Swedish economy and a positive growth outlook, the external situation and inflation have prompted the Riksbank to introduce further monetary stimulus measures. One of the world's most stimulatory monetary policies is now being pursued in Sweden with negative key interest rates and support purchases of government bonds.

## **The property market**

Despite the economic situation, the development in the Swedish property market is strong and transaction volume is back at the levels last seen during the record years



Large photo:  
Interior Spärvagnen 4, Stockholm  
Left and thumbnail photos:  
Norr:27:2, Gävle





**Bö 93:2, Gothenburg**  
In 1911, work began on building the Kanold brothers' chocolate factory. For 70 years, toffee flowed inside these building walls. In the late 1980s, the property was converted and today consists of modern office premises.



2006- 2008. With a strong flow of capital to the property sector and an imbalance between supply and demand in the large submarkets, yields have been forced downwards. In line with falling yields in the segments that have dominated buyin interest in recent years, we have seen risk-taking increase during 2014. In the hunt for returns, capital is moving towards secondary submarkets and secondary objects.

The residential share of the total transaction market has decreased while an increasing sales volume is being noted for community properties, hotel properties and retail properties.

Another category of properties that have become attractive investment objects in recent years is “million programme” properties in growth regions. The strategy is that necessary renovations are performed when an apartment become vacant and the apartment subsequently gains a higher utility value. Unlike renovations where buildings are more or less emptied of tenants, cash flow can thus be maintained during the renovation period.

NAI Svefa’s estimate is that real estate will continue to attract capital during 2015, both through indirect investments in the stock market and direct investments in properties.

Alternative returns in the financial markets mean that real estate is still considered to offer a relatively good return in relation to the risk.

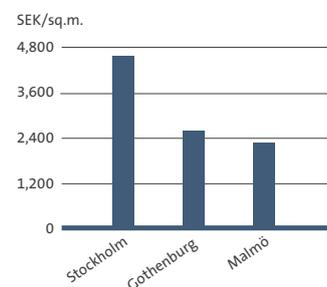
Together with the global supply of capital in the financial markets, this is creating the basis for continued falling yield requirements in the immediate future. The opportunities for property companies to attract capital via stock market listings, new issues, preference share issues, bonds or traditional borrowing are still considered to be good in the current stock market climate. The high transaction volume during 2014 is thus considered to have good potential to be maintained during 2015.

#### A strong 2014 in terms of property transactions

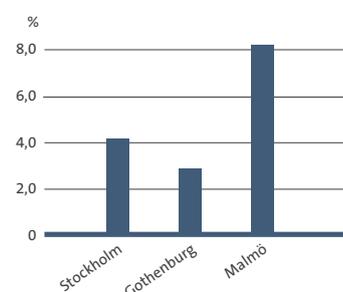
In terms of overall transaction volume, 2014 was a record year – SEK 157 billion in total when the magazine Fastighetsvärlden took the average figure from six different companies included.

Swedish players have dominated the market. Only 17 per cent of buyers and 28 per cent of the sellers were foreign players according to statistics from the advisory company Pangea.

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



**Vacancy rate, office, CBD**



CBD = Central Business District  
Source: Fastighetsvärlden

Source The property market: Nai Svefa

# Balder's real estate portfolio

- Residential properties
- Commercial properties

## Stockholm Region



Number of employees: 59

### Residential properties

Number of properties	14
Lettable area, sq.m.	137,338
Carrying amount of properties, SEKm	2,316
Economic occupancy rate, %	99

### Commercial properties

Number of properties	48
Lettable area, sq.m.	365,489
Carrying amount of properties, SEKm	10,232
Economic occupancy rate, %	92



## Gothenburg/West Region



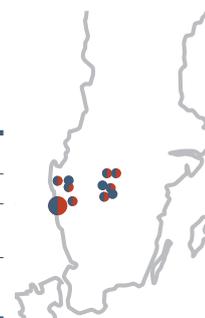
Number of employees: 115

### Residential properties

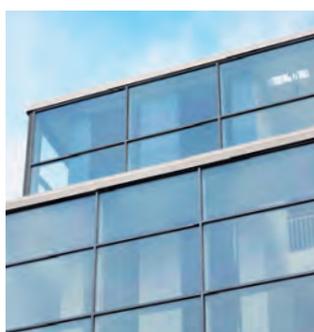
Number of properties	130
Lettable area, sq.m.	414,916
Carrying amount of properties, SEKm	3,778
Economic occupancy rate, %	97

### Commercial properties

Number of properties	85
Lettable area, sq.m.	390,953
Carrying amount of properties, SEKm	8,402
Economic occupancy rate, %	95



## Öresund Region



Number of employees: 36

### Residential properties

Number of properties	33
Lettable area, sq.m.	145,143
Carrying amount of properties, SEKm	3,419
Economic occupancy rate, %	99

### Commercial properties

Number of properties	18
Lettable area, sq.m.	153,012
Carrying amount of properties, SEKm	3,241
Economic occupancy rate, %	92



## East Region



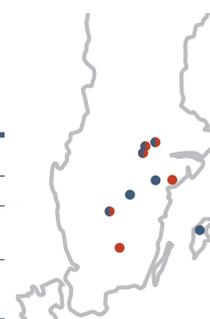
**Number of employees: 41**

### Residential properties

Number of properties	67
Lettable area, sq.m.	302,007
Carrying amount of properties, SEKm	2,914
Economic occupancy rate, %	96

### Commercial properties <sup>1</sup>

Number of properties	17
Lettable area, sq.m.	101,003
Carrying amount of properties, SEKm	1,096
Economic occupancy rate, %	92



1) Finland is included.

## North Region



**Number of employees: 27**

### Residential properties

Number of properties	75
Lettable area, sq.m.	148,916
Carrying amount of properties, SEKm	1,687
Economic occupancy rate, %	98

### Commercial properties

Number of properties	7
Lettable area, sq.m.	18,110
Carrying amount of properties, SEKm	299
Economic occupancy rate, %	93



## Total Balder



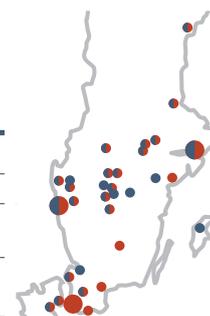
**Number of employees: 313 <sup>1</sup>**

### Residential properties

Number of properties	319
Lettable area, sq.m.	1,148,320
Carrying amount of properties, SEKm	14,113
Economic occupancy rate, %	98

### Commercial properties

Number of properties	175
Lettable area, sq.m.	1,028,567
Carrying amount of properties, SEKm	23,269
Economic occupancy rate, %	93



1) Including group-wide functions.

### Balder's residential properties

Number of properties	319
Lettable area, sq.m. thousands	1,148
Number of apartments	14,457
Rental value, SEKm	1,141
Economic occupancy rate, %	98
Carrying amount, SEKm	14,113



## Residential properties

Today Balder is a major player in the Swedish housing market with approximately 15,000 apartments. Balder's goal is grow its residential portfolio. This will occur through acquisitions in growth locations, but also through production of new housing and increasing development density in existing properties.

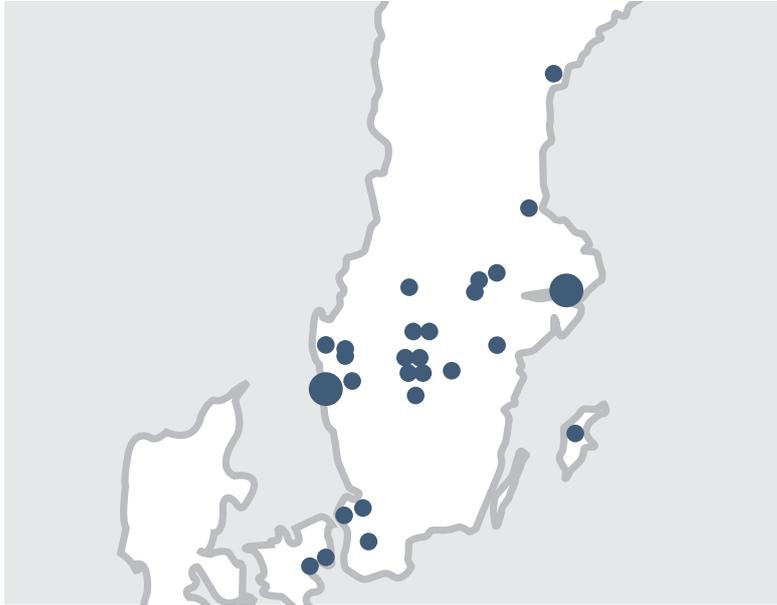
Investments in residential properties are still a very attractive low-risk investment. Rental levels are stable and demand is very high.

In several locations, the public housing sector has sold parts of its holdings, in order to finance new housing production and renovations of the existing portfolio, among other reasons. This has created large fluctuations in the housing market and a number of new players have emerged.

There is currently a housing shortage in many Swedish municipalities and together with the low rate of building production this means that the supply shortage will continue for a long time in many places. This points towards continued stable rental income, low risk and strong demand.

In late 2013, Balder increased its residential portfolio through the acquisition of Bovista, with about 4,300 apartments and total area of 320,000 sq.m. This portfolio was refined during the year through sale of the properties in Finspång, Hjo, Åtvidaberg and Landskrona. The remaining locations have been integrated into Balder's property management operations and will be marketed under the Balder and Din Bostad brands.

Balder's residential properties are found in municipalities with strong demand and where vacancies are very low. In several of our existing residential areas plan-



### Residential properties, Geographical distribution

Area	sq.m. thousands	%
The Gothenburg area	248	22
Mälardalen	188	16
Skaraborg	172	15
The Öresund area	145	13
The Stockholm area	137	12
Jönköping, Tranås	110	9
Sundsvall	82	7
Gävle	33	3
Karlstad	33	3
<b>Total</b>	<b>1,148</b>	<b>100</b>

ning and design work is under way to increase development density and new housing production, in and adjacent to existing properties. Read more about our project development on pages 38-39.

According to the IPD Swedish Property Index, investments in residential properties have displayed an annual, average total yield of approximately 8 per cent during the past five-year period. The total yield includes increases in value together with the annual yield.

According to DTZ, residential property turnover amounted to about SEK 42 billion during 2014. The ten largest transactions accounted for approximately SEK 19 billion, in other words about 46 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 that are sold are often converted to tenant-owner's rights.

In 2014, 29 residential properties were divested to a value of SEK 550m. A more detailed description of the transactions is available on pages 36-37. 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 through increasing the development density in the existing residential portfolio. On page 39, some ongoing and planned residential projects are presented.

Estimated and recorded yield values and price levels for residential properties in A locations were as follows;

Place	Yield, %	Price per sq.m.
Stockholm	1.5–1.75	37,000–44,000
Gothenburg	2.5–2.75	21,000–25,000
Malmö	3.25–3.75	19,000–22,000

Source: Fastighetsvärlden

### Balder's commercial properties

Number of properties	175
Lettable area, sq.m. thousands	1,029
Rental value, SEKm	1,744
Economic occupancy rate, %	93
Carrying amount, SEKm	23,269



## Commercial properties

There continues to be strong demand for commercial properties in Sweden and the metropolitan regions account for the lowest yield requirements. The low level of interest rates combined with lower vacancies is helping to keep the price level stable.

The Riksbank estimates that the repo rate needs to remain at an historically low level until inflation starts to clearly gain momentum. We currently have a negative repo rate, which has never happened previously. Interest rates are expected to be raised slowly starting in the second half of 2016 and then reach 1.4 per cent in early 2018. It is very unusual to have a negative repo rate during a period when market conditions are good, when use of resources is close to normal levels and CPI inflation is in line with the inflation target. Supply of capital, both via traditional bank financing and through new issues and bonds, is still favourable.

In the commercial portfolio, certain structural divestments were made in less central locations during the year. These included the sale of a number of properties in Stockholm to local property companies and Balder's entire portfolio in Halmstad.

Several acquisitions were made that complement Balder's holdings in Stockholm and Gothenburg. Through the acquisitions of Göta Ark and Årsta Äng, Balder became the exclusive owner of three site leasehold rights with good locations in Stockholm. In Gothenburg, a number of central acquisitions were carried out.

During the year, we have continued to develop our letting organisation, which has delivered good results. Several major lettings were made and Balder's economic occupancy rate was 93 per cent (92) at year-end.

After acquisition of 14 hotel properties during the year, Balder is today one of Sweden's largest owners of hotel properties with 28 hotels and approximately 5,000 hotel rooms in its portfolio. Long leases with stable tenants are also generating interesting business opportunities going forward.



### Commercial properties, geographical distribution

Area	sq.m. thousands	%
The Stockholm area	366	36
The Göteborg area	359	35
The Öresund area	142	14
Finland	66	6
Skaraborg	34	3
Mälardalen	31	3
Jönköping, Tranås	13	2
Gävle	7	1
Karlstad	6	—
Sundsvall	5	—
<b>Total</b>	<b>1,029</b>	<b>100</b>

According to the IPD Swedish Property Index, investments in commercial properties have displayed an annual, average total yield of approximately 7.9 per cent during the past five years. The total yield includes increases in value together with the annual yield.

According to DTZ, commercial property turnover amounted to about SEK 14 billion during 2014. The ten largest transactions accounted for approximately SEK 34 billion, in other words almost 30 per cent.

The value of Balder's properties in Stockholm's inner city amounted to about SEK 6.3 billion, which corresponds to 61 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 49,000.

The equivalent figures in Gothenburg are SEK 5.5 billion and 65 per cent, and SEK 2.0 billion and 66 per cent in Malmö. The average value per sq.m. for office properties with A locations in Gothenburg amounts to SEK 36,000 and in Malmö to approximately SEK 29,000.

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

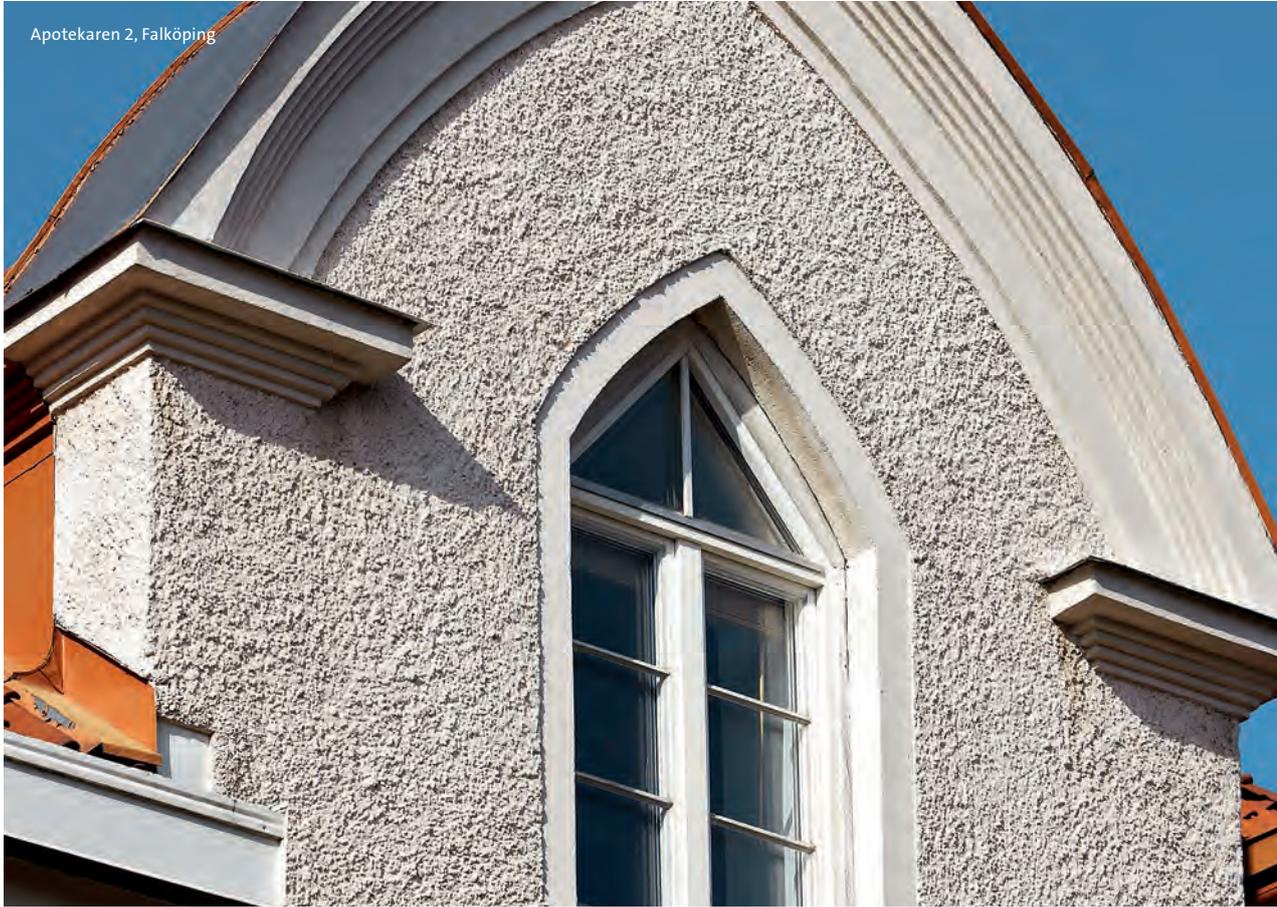
During 2014, 42 properties were acquired at an underlying property value of SEK 7,059m, where the three largest acquisitions related to hotel properties.

In 2014, 16 properties were divested to a value of SEK 567m. This included divestment of properties in Lund and Halmstad. A more detailed description of the transactions is available on pages 36-37. Estimated and recorded yield values and price levels for office properties in A locations were as follows;

Place	Yield, %	Price per sq.m.
Stockholm	4.25	70,000–90,000
Gothenburg	4.50	36,000–46,000
Malmö	5.25	25,000–35,000

Source: JLL

Apotekaren 2, Falköping



Inom Vallgraven 54:9, Gothenburg



Rosen 9, Malmö

# Transactions

In 2014, the year was largely dominated by sales of commercial properties in suburban areas and acquisition of centrally-located properties and hotels. The single largest transaction was the purchase of a hotel portfolio consisting of 14 hotels for about SEK 2,200m.

In 2014, Balder acquired properties for SEK 7,100m in total and sold properties for about SEK 1,100m. This means that we made a net investment of about SEK 6,088m equivalent to about 16 per cent of the real estate value at year-end.

## Acquisitions

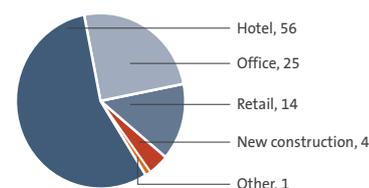
The largest transaction during 2014 was the acquisition of 14 hotel properties for a purchase price of SEK 2.2 billion. Of the overall value of the hotel portfolio, about 40 per cent is located in the Stockholm region. The largest tenant is Scandic, which accounts for 65 per cent of the rental value and the other tenants include Nordic Choice and Winn Hotel Group. During the year, we also acquired the hotels Scandic Opalen, Grand Hotel Opera and Radisson Blu Scandinavia, which are all located in central Gothenburg. In Gothenburg, apart from the hotel properties, Balder also acquired a number of additional centrally-located retail and office properties such as Antikhallarna and Dahlgrenska huset, among other properties. In Stockholm, we acquired the remaining 50 per cent of Akroterion Fastighets AB where we previously owned a property with GE Real Estate at Medborgarplatsen and two site leasehold rights in Årstaäng. In Östermalm in Stockholm, we acquired the office property Havsfrun.

During the year, we carried out our first acquisition in Finland consisting of a property portfolio with a total area of about 65,000 sq.m. distributed in four locations. The properties in Finland contain grocery trading and builder suppliers and the largest tenants are Kesko and S-Group. In the Danish property market, Balder has entered into an agreement with Skanska regarding new construction of about 200 apartments and the company now has approximately 400 apartments under production in Denmark.

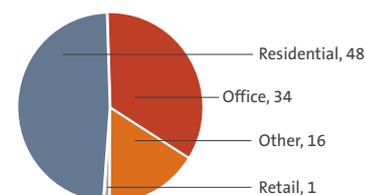
## Divestments

Balder's strategy is to divest properties held in places where the company cannot sustain a sufficiently large management unit. During the year, all properties in Hjo, Åtvidaberg, Landskrona, Halmstad, Falkenberg and Finspång were divested. Balder has sold properties for about SEK 1,100m. The divestments carried out generated a profit of SEK 144m, equivalent to 15 per cent over the carrying amount.

Acquisitions  
per property category, %



Divestments  
per property category, %



## Property transactions 2014

Quarter	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
<b>Acquisitions</b>					
One	1	Nordstaden 10:15	Gothenburg	Office	2,529
One	1	Backa 170:1	Gothenburg	Other	3,500
One	1	Tingstadsvassen 3:7	Gothenburg	Retail	5,243
One	1	Backa 169:3	Gothenburg	Retail	1,975
One	1	Jöns Petter Borg 14	Lund	Hotel	8,462
One	1	Heden 24:11	Gothenburg	Hotel	17,875
Two	1	Porfyren 2	Lund	Hotel	15,711
Two	1	Banken 14	Solna	Hotel	11,537
Two	1	Hovrätten 41	Kristianstad	Hotel	7,524
Two	1	Kocken 3	Växjö	Hotel	3,982
Two	1	Elden Södra 17	Växjö	Hotel	7,112
Two	1	Dragarbrunn 16:4	Uppsala	Hotel	5,402
Two	1	Vilunda 6:48	Upplands Väsby	Hotel	6,955
Two	1	Sicklaön 363:2	Nacka	Hotel	10,840
Two	1	Yxan 8	Södertälje	Hotel	14,115
Two	1	Höken 1	Karlstad	Hotel	5,890
Two	1	Svan 7	Trollhättan	Hotel	11,632
Two	1	Kvarngärdet 3:2	Uppsala	Hotel	7,518
Two	1	Sågen 1	Västerås	Hotel	8,317
Two	1	Valbo-backa 6:12	Gävle	Hotel	7,382
Two	1	Inom Vallgraven 16:21	Gothenburg	Retail	2,972
Two	1	Göta Ark 18	Stockholm	Office	18,775
Two	1	Årstaäng 4 & 6	Stockholm	Office	24,588
Two	1	Vestervold Kvarter	Copenhagen	Retail	5,300
Two	1	Leväsentie 2B	Koupio	Retail	19,473
Two	1	Ouluntaival 1	Kuusamo	Retail	3,718
Two	1	Loumantie 1-3	Kuusamo	Retail	12,623
Two	1	Joulantie 1-3	Keminmaa	Retail	12,337
Two	1	Isoseppäla 14	Klaukkala	Retail	2,742
Two	1	Mäntsäläntie 1	Mäntsälä	Retail	3,573
Two	1	Kauppakaju 2	Raisio	Retail	5,856
Two	1	Kauppakatu 4	Seinäjäki	Retail	4,591
Three	1	Nordstan 10:16 -17	Gothenburg	Hotel	7,866
Three	1	Havsfrun 26	Stockholm	Office	3,506
Three	1	Kalkstenen 1	Lund	Retail	2,180
Three	1	Lavetten 41	Trelleborg	Retail	990
Three	1	Spännbucklan 12 and 13	Malmö	Retail	5,320
Four	1	Inom Vallgraven 22:6	Gothenburg	Office	1,110
Four	1	Inom Vallgraven 2:2	Gothenburg	Office	1,292
Four	1	Inom Vallgraven 8:19	Gothenburg	Office	1,365
Four	1	Inom Vallgraven 1:13	Gothenburg	Hotel	26,656
Four	0	Udenbys Vester Kvarter	Copenhagen	Ground for residen- tial development	0
<b>Total</b>	<b>41</b>				<b>330,334</b>

## Property transactions 2014 (continued)

Quarter	Number	Name of property	Municipality	Property category	Lettable area, sq.m.
<b>Divestments</b>					
One	1	Rivan 4	Lund	Retail	1,231
One	1	Edberga 1	Åtvidaberg	Residential	5,572
One	1	Norr 5:8	Hjo	Residential	3,270
Two	1	Banér 13	Landskrona	Residential	1,615
Two	1	Berzelius 12	Landskrona	Residential	840
Two	1	Delfinen 25	Landskrona	Residential	868
Two	1	Erik Dahlberg 3	Landskrona	Residential	775
Two	1	Juno 3	Landskrona	Residential	1,302
Two	1	Juno 37	Landskrona	Residential	2,214
Two	1	Lyckan 1	Landskrona	Residential	866
Two	1	Sankt Göran 12	Landskrona	Residential	1,145
Two	1	Vildanden 6	Landskrona	Residential	446
Two	2	Klubben 5 & Generatorn 2	Finspång	Residential	4,723
Two	1	Kjusorna 12	Finspång	Residential	3,689
Two	1	Klubben 6	Finspång	Residential	3,448
Two	2	Kuggväxeln 7 & 8	Finspång	Residential	11,114
Two	2	Ringugnen 1 & Lervagnen 1	Finspång	Residential	9,027
Two	1	Lodet 1	Finspång	Residential	1,728
Two	2	Manan 1 & 2	Finspång	Residential	3,152
Two	1	Manteln 9	Finspång	Residential	1,719
Two	1	Murklan 1	Finspång	Residential	3,720
Two	1	Soldaten 10	Finspång	Residential	3,108
Two	1	Luntan 1	Finspång	Residential	1,378
Two	1	Trasten 7	Finspång	Residential	3,880
Two	1	Kalkugnen 3	Finspång	Retail	3,359
Two	1	Köpmanen 3	Finspång	Retail	1,291
Two	1	Köpmanen 6	Finspång	Office	4,821
Two	1	Vinkelhaken 4	Finspång	Retail	3,857
Two	1	Hårstorp 4:7	Finspång	Office	1,962
Two	1	Kullerstads- Åby 3:7	Norrköping	Residential	662
Two	1	Kullerstads- Åby 2:48	Norrköping	Residential	1,406
Two	1	Magneten 19	Stockholm	Office	9,325
Two	1	Eketånga 24:45	Halmstad	Office	3,522
Two	–	Eketånga 24:72	Halmstad	Other	–
Two	1	Magneten 25	Stockholm	Office	4,782
Two	1	Motståndet 7 & 9	Stockholm	Office	4,253
Two	1	Sparrisen 2	Solna	Office	12,322
Three	1	Faktorn 6	Falkenberg	Office	4,395
Four	1	Bonden 5	Halmstad	Other	7,617
Four	1	Flygaren 17	Halmstad	Other	600
Four	1	Hjärtat 4	Halmstad	Retail	2,313
Four	1	Makrillen 8	Halmstad	Hotel	2,145
<b>Total</b>	<b>45</b>				<b>139,462</b>

# Property and project development

Balder considers that it is important to be able to control the entire value chain, from acquisition of land to completion of the project.

**D**uring the year, Balder has continued the work on building up a property development organisation. A large number of building rights have been identified in the existing portfolio and at the same time external acquisitions of project real estate have been completed. The ambition over time is to create an extensive portfolio of building rights in terms of development properties and real estate projects, with the goal of producing a large number of new apartments annually – both rights of tenancy and tenant-owner's rights. During 2014, detailed development plan work commenced in a number of projects in Stockholm, Gothenburg and in the Öresund region.

Property development will mainly concentrate on residential projects. Commercial property development will concentrate on supporting housing projects and will be a part of the requirements 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 building rights on existing land. Where there are opportunities for conversions to tenant-owners' 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 proceeds in close cooperation with municipalities and other stakeholders.

# Ongoing and planned projects

## Stockholm

In Stadshagen on Kungsholmen, Balder is planning to construct 100 smart well-designed apartments. The buildings will have a modern layout in brick with balconies and patios. In the immediate surroundings, there is the metro, parks, water areas and restaurants. The work on the detailed development plan is expected to be finished in 2016.

## Gothenburg

Together with the City of Gothenburg and other property owners in Backaplan, a new city district is planned of approximately 5,000 apartments and approximately 60,000 sq.m. of retail and premises, with Balder and Coop as the dominating property owners.

Backaplan's central location with good infrastructure means that the area has good potential to meet the city's need for centrally-located housing, retail and offices. The area today is very lightly developed and great opportunities exist to build a more robust and dense city district, with a large residential component. Work on the detailed development plan will commence during 2015.

Backaplan, Gothenburg



## Kopenhagen

At Skibbroen close to Fisketorvet shopping centre in central Copenhagen, Balder is constructing 184 apartments. Construction has commenced in the project and completion is expected in the second quarter of 2016. Buildings will be constructed of 6–7 floors with light brick frontage, generous patios and roof terraces. The immediate surroundings are lively featuring a mix of offices, apartments, stores and cafés. The central location in direct connection to the dock offers a unique and exclusive housing location.



## 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 densities and large-scale parking and traffic solutions. The infrastructure is often well-developed and it is easy to get to and from the apartment. New construction in these areas has been very limited for a long time, while the population has increased. These areas are largely characterised by social imbalances.

Balder's view 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 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.

# Real estate valuation

The market value of Balder's property portfolio amounted to SEK 37,382m on 31 December and the average yield amounted to 5.5 per cent.

**B**alder's real estate portfolio consists of 494 properties of which 319 consist of residential properties. The holdings are divided into five geographical regions: Stockholm, Gothenburg/West, Öresund, East and North. Balder also owns properties in Denmark and Finland which are reported under Öresund and East, respectively. Each region is unique with specific characteristics that must be considered when the holdings are valued. Balder reports its properties at fair value according to IFRS, which means that the market value of the properties is assessed during each quarter and year-end.

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 as well as 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.

## **Rent payments**

The rental trend for the property portfolio is expected to track inflation over time. Commercial leases include indexation, 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 during the calculation period, 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. The total rental value amounted to SEK 2,885m on 31 December 2014.

## **Operating and maintenance payments**

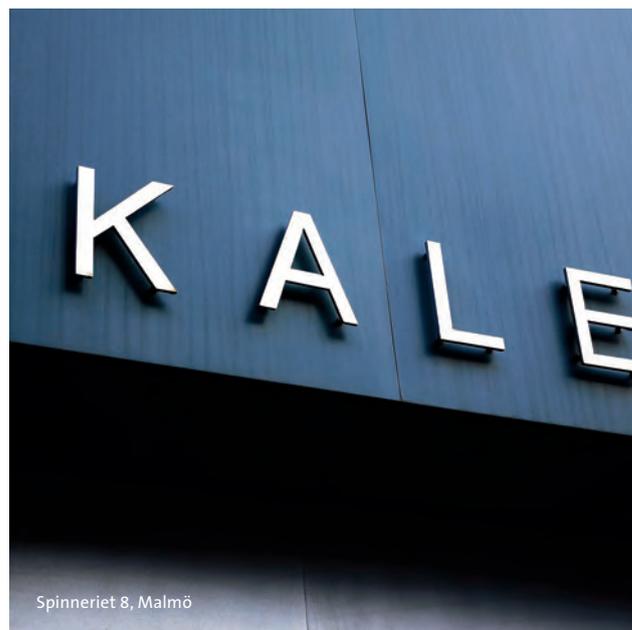
Assumptions have been made regarding future operating and maintenance payments. These assumptions are based on historic outcomes and future projections as well as estimated standardised costs. Operating and maintenance costs are adjusted upwards each year by inflation.



Tor 10, Skara

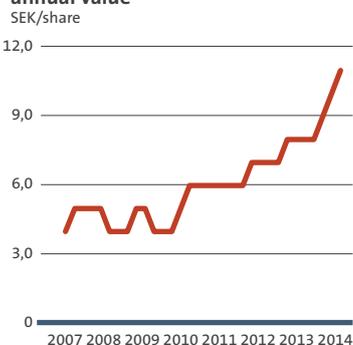


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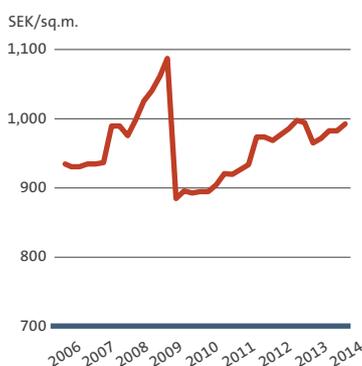


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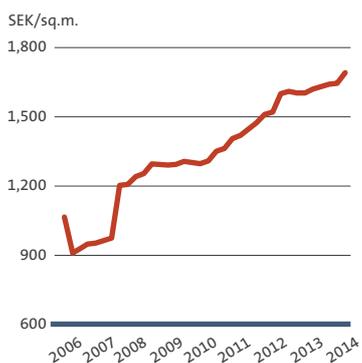
**Net operating income rolling annual value**



**Rental value, Residential**



**Rental value, Commercial**



**Yield requirement and cost of capital**

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 condition 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 additional guidance.

On 31 December, Balder's average yield amounted to 5.5 per cent (5.9). The yield requirement for commercial properties amounted on average to 5.7 per cent (6.0) and to 5.1 per cent (5.7) for residential properties.

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

In 2014, Balder acquired properties for SEK 7,059m (3,606) in total. Divestments during the year amounted to SEK 1,114m (145), which generated a profit of SEK 144m (16). According to Balder's internal valuation, the carrying amount of the properties at year-end amounted to SEK 37,382m (27,532), which corresponds to an unrealised change in value of SEK 2,906m (838). The largest share of the market value is found in the Stockholm and Gothenburg/West regions, which combined represent a real estate value of SEK 24,727m.

**External valuations**

To guarantee its internal valuations, Balder allowed external valuation of selected properties during the year with a value equivalent to SEK 2,400m. The properties that were externally valued are located in Malmö, Gothenburg, Stockholm, Lund among other places. The external valuations were carried out by Newsec and Nybolig during 2014 and exceeded Balder's internal valuations by about eight per cent on the valuation date. 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	2,885	1,325
Long-term vacancy	-81	-37
<b>Rental income</b>	<b>2,804</b>	<b>1,288</b>
Operating and maintenance	-665	-305
Property tax	-113	-52
Ground rent	-15	-7
<b>Net operating income</b>	<b>2,011</b>	<b>924</b>
Valuation, excluding real estate projects	36,879	16,940
<b>Yield, %</b>	<b>5.5</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	5.5–10.0	3.5–8.0	5.3
Gothenburg/West	5.5–12.0	3.5–10.0	5.6
Öresund	5.8–8.8	3.8–6.8	5.2
East	6.5–12.0	4.5–10.0	6.2
North	6.3–12.8	4.3–10.8	5.3

# Financing

Balder's equity at the end of 2014 amounted to SEK 14,261m and the interest-bearing liabilities amounted to SEK 22,378m. The loan-to-value ratio of the properties amounted to 54.3 per cent and the interest coverage ratio was 3.4 times.

**B**alder is a long-term property owner and access to capital is a requirement for successful property management. Organisationally, the financial operations at Balder 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.

## Equity

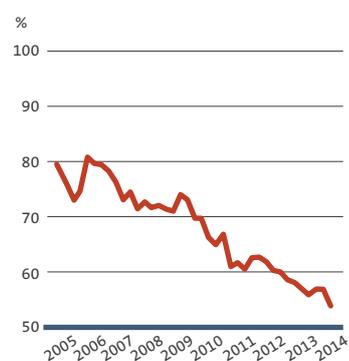
Balder increased shareholders' equity during the year by SEK 3,065m. The increase occurred partly through sale of repurchased shares of SEK 220m, partly through comprehensive income for the year of SEK 3,145m and through dividends paid to the preference shareholders as well as dividends of SEK 100m entered as a liability but still not disbursed.

## Interest-bearing liabilities

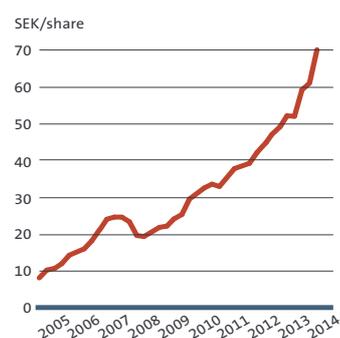
The Group's interest-bearing liabilities amounted to SEK 22,378m (16,521) on 31 December, which corresponds to a loan-to-value ratio on the properties of 54.3 per cent (57.0). The interest-bearing liabilities consist of bilateral loan agreements with Nordic banks, bond loan of SEK 1,950m (750) and a certificate programme of SEK 1,500m (SEK 1,000m). The certificate programme is secured through back-up facilities from banks, which means that if Balder 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 less expensively for longer maturities 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.

Loan to value ratio, properties



Development of net asset value



Kungsbacken 8, Stockholm



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 2014, bank margins decreased, while the market rate of interest (STIBOR) fell. Balders' average interest rate refixing period amounted to 2.3 years (3.5) at year-end and the average fixed credit term amounted to 4.3 years (5.4).

#### **Interest rate derivatives**

Interest rate derivative instruments are deployed in order to obtain preferred interest rate refixing periods. Balder's view is that interest rate derivatives are a more flexible and cost efficient instrument compared to taking out fixed-interest loans, which would give 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. 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 -624m (433) during the year. The deficit on derivatives, SEK 1,086m (472), will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 1,086m that will be reversed to equity, adjusted by deferred tax, in line with the maturity of the interest rate derivatives.

#### **Currency derivatives**

Balder applies hedge accounting in relation to a swap where we hedged our own capital position against Danish kroner, which is recognised directly against equity

and the change in value over comprehensive income. Through this hedging transaction, Balder has marginal exposure to the Danish krone.

### Net financial items

Net financial items, excluding changes in value in interest rate derivatives, amounted to SEK –531m (–456), which is a result of a larger average debt, however, the average interest rate was lower during the year. At year-end, Balder's average interest rate was 2.6 per cent (3.2).

### Interest maturity structure 2014-12-31

Year	Interest rate refixing period		
	SEKm	Interest, %	Proportion, %
Within one year	13,960	1.8	62.4
1–2 years	500	4.3	2.2
2–3 years	–	–	–
3–4 years	3,000	4.7	13.4
4–5 years	–	–	–
>5 years	4,918	3.6	22.0
<b>Total</b>	<b>22,378</b>	<b>2.6</b>	<b>100</b>

### Financial 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 need of short- and long-term capital supply,
- that the equity/assets ratio should not be less than 35,
- that the interest coverage ratio should not be less than 1.5 times.

### Financial goals

	Goal	Outcome	
		2014	2013
Equity/assets ratio, %	35.0	35.5	37.3
Interest coverage ratio, times	1.5	3.4	2.9

### Likviditet

Balder utilises credit facilities in order to balance its liquidity needs. At year-end, Balder's disposable liquidity amounted to SEK 806m (1,004), 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

2014-12-31	2014	2013
Return on equity, %	29.7	21.5
Return on total assets, %	12.4	9.7
Interest coverage ratio, times	3.4	2.9
Equity/assets ratio, %	35.5	37.3
Average fixed credit term, years	4.3	5.4
Average interest rate refixing period, years	2.3	3.5

# Opportunities and risks

All business activity is associated with risks and these may affect the company negatively but they may also create opportunities. Balder works actively with diversification of risks as regards type of property, geographical distribution and customer composition in order to limit the company's risk exposure.

## Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/- 1 per cent	+/- 27
Economic occupancy rate	+/- 1 percentage unit	+/- 29
Interest-rate level of interest-bearing liabilities	+ 1 percentage unit	- 139
Property costs	+/- 1 per cent	-/+ 8
Changes in value of properties	+/- 5 per cent	+/- 1,869

## Rental income, rental development and occupancy rate

Of Balder's contracted rental income, 41 per cent relates to residential properties and 59 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 9.4 per cent of total rental income and the average lease term amounts to 11.1 years. No individual lease accounts for more than 1.5 per cent of Balder's total rental income and no individual customer accounts for more than 4.8 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 95 per cent, which means that the vacancy level at year-end amounted to SEK 155m and represents an opportunity for potential new lettings. The table on page 46 shows how profit before tax would be affected by a change of +/- 1 per cent in the rental level and +/- 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**

84 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 the real estate portfolio in con-

Lillhagen 2:2, Gävle



nection 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. An alteration in tax legislation or practice which implies changes in 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 to meet lenders' requirements for securing loans at market-related conditions. The financing via loans means that Balder is exposed to financing, interest and credit risks. Financing conditions include requirements as regards 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 the credit institutions' margins and by what strategy Balder 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 Balder. 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.

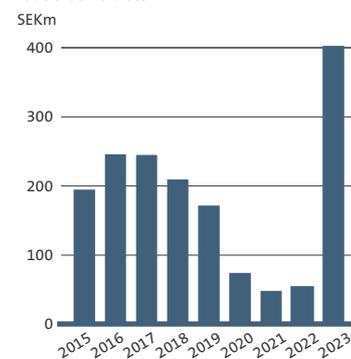
#### Foreign exchange risk

Balder owns properties via subsidiaries in Denmark and in Finland. Companies' revenue and costs are in local currency and they 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.

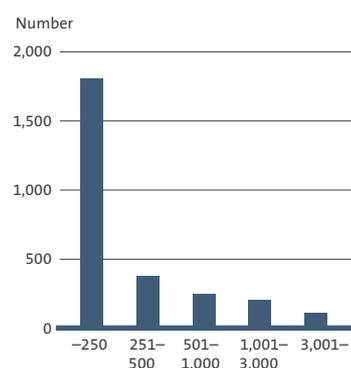
### Environmental risk

Property management and property development have an environmental impact. Balder has established an environmental policy and works actively with environmental issues. Under the Environmental Code, the party conducting an activity which has contributed to pollution is 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



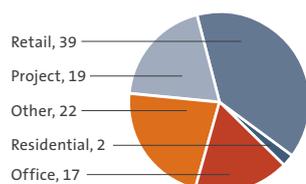
### Number of commercial leases per rental value



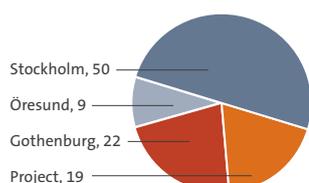
# Associated companies

Balder's associated companies together own 57 properties with a total carrying amount of SEK 3,396m. Balder also holds shares in the rapidly growing credit market company Collector, where the participating interest amounts to approximately 48 per cent.

Carrying amount per property category, %



Carrying amount per region, %



Balder is a part-owner in property-managing associated companies, in associated companies that conduct project development and in the credit management company Collector, see Note 15. In June, Balder acquired the remaining 50 per cent of the shares in Akroterion AB, which means that the Akroterion is no longer an associated company. On 1 October, Balder acquired 50 per cent of the shares in Första Långgatan Fastigheter i Gbg HB. The property-managing associated companies include Centur, Tulia and Första Långgatan while Bovieran and Fix Holding are focused on project development.

The property-managing associated companies together own 57 properties (53) with a total carrying amount of SEK 6,792m (5,086), a total lettable area of about 317,000 sq.m. (285,000) and a rental value amounting to SEK 400m (400). Profit from property management, in other words, profit excluding changes in value and tax, amounted to SEK 427m (345), of which Balder's participation amounted to SEK 195m (157). The companies' profit after tax amounted to SEK 646m (429), of which Balder's participation amounted to SEK 317m (204).

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

2014-12-31	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	86,815	125	1,441	123	98	1,685	50
Gothenburg	12	47,401	50	1,051	47	95	735	22
Öresund	7	24,282	25	1,049	24	93	317	9
<b>Total</b>	<b>51</b>	<b>158,498</b>	<b>200</b>	<b>1,264</b>	<b>194</b>	<b>97</b>	<b>2,737</b>	<b>81</b>
Projects	6	—	—	—	—	—	658	19
<b>Total</b>	<b>57</b>	<b>158,498</b>	<b>200</b>	<b>1,264</b>	<b>194</b>	<b>97</b>	<b>3,396</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	4	3,461	4	1,297	4	98	84	2
Office	7	25,198	38	1,506	34	89	572	17
Retail	32	94,448	102	1,079	100	98	1,337	39
Other	8	35,391	56	1,583	56	100	744	22
<b>Total</b>	<b>51</b>	<b>158,498</b>	<b>200</b>	<b>1,264</b>	<b>194</b>	<b>97</b>	<b>2,737</b>	<b>81</b>
Projects	6	—	—	—	—	—	658	19
<b>Total</b>	<b>57</b>	<b>158,498</b>	<b>200</b>	<b>1,264</b>	<b>194</b>	<b>97</b>	<b>3,396</b>	<b>100</b>



Jakob Större 14, Stockholm

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

SEKm	2014	2013	2012
Rental income	180	179	159
Property costs	-35	-40	-33
<b>Net operating income</b>	<b>145</b>	<b>140</b>	<b>126</b>

	2014	2013	2012
Carrying amount properties, SEKm	3,396	2,543	2,171
Number of properties	57	49	43
Lettable area, sq.m. thousands	158	142	135

Balder's results were affected by changes in value in respect of properties and derivatives of SEK 178m (100) before tax. For more information about Balder's associated companies, see Note 15, Participations in associated companies.

#### 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 improvements relating to real estate projects.

During the year, Varvsstaden in Malmö and Polishögskolan in Stockholm were acquired. Varvsstaden contains future building rights for about 350,000 sq.m. of residential and commercial areas. The project aims to develop a new district in central Malmö, at the site where Kockums once conducted shipbuilding operations. Polishögskolan contains about 49,000 sq.m. of office space as well as commercial building rights of about 20,000 sq.m. The property is entirely let to the National Swedish Police Board. The purchase price of the properties amounted to SEK 1,454m.

At year-end, Centur owned 29 investment properties (27) with a lettable area of 213,000 sq.m. (162,000) and a rental value of SEK 232m (155) and 3 real estate projects (3). The carrying amount of the properties amounted to SEK 4,061m (2,027). The properties are located in Stockholm, Gothenburg and the Öresund region.

#### Tulia AB

Balder owns 50 per cent of Tulia and the remaining part is owned by André Åkerlund AB. In December, the company acquired the office property Jakob Större 14 in Stockholm, which is situated at Kungsträdgården in one of Stockholm's most central areas. At year-end, Tulia owned 21 properties (20) with mainly central locations in Stockholm. The company's total lettable area amounted to 71,000 sq.m. (70,000) and the carrying amount of the properties totalled SEK 1,999m (1,877) with a rental value amounting to SEK 131m (122).

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

	2014-12-31	2013-12-31
<b>Assets</b>		
Properties	3,396	2,543
Other assets	27	34
Cash and cash equivalents	24	40
<b>Total assets</b>	<b>3,447</b>	<b>2,617</b>
<b>Equity and liabilities</b>		
Equity/ shareholders' loan	1,230	990
Interest-bearing liabilities	2,032	1,454
Other liabilities	185	173
<b>Total equity and liabilities</b>	<b>3,447</b>	<b>2,617</b>

**Första Långgatan Properties in GBG HB**

Balder owns the company Första Långgatan Fastigheter i Gbg HB together with Elof Hansson. In October, the company acquired the property Göteborg Masthugget 11:13 in Gothenburg. The property is located, adjacent to Masthuggstorget and the lettable area amounted to 32,000 sq.m. of premises and apartments. The rental value amounts to SEK 44m.

**Bovieran Holding AB**

Balder owns 80 per cent and the remaining part is owned by Mellberg Förvaltning AB. 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 has a pleasant temperature all year round and contains lush greenery with tropical, Mediterranean, Japanese and Scandinavian environments.

The Bovieran concept has been built in nine different places so far. Construction is in progress or about to start in Enköping, Haninge, Järfälla, Norrköping and Linköping. The company is still in the midst of a strong growth phase and will begin a number of new construction projects during 2015. See also [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 Majorna where Fixfabriken was previously located. Fix Holding will develop almost 500 new apartments here with complementary 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 and it is also 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. See also [www.fixfabriken.se](http://www.fixfabriken.se)

**Collector AB**

The company has a stable group of owners where the largest owners are Balder, Ernströmgruppen and Provobis. Balder is the principal owner and increased its stake during the year to 48 per cent. Collector is a successful credit market company that is experiencing 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 at year-end amounted to SEK 6,500m (4,600m), sales amounted to SEK 900m (700m) and profit before tax was SEK 244m (190). See also [www.collector.se](http://www.collector.se)

# Financial reporting

**Financial reporting**

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# Report of the Board of Directors

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 2014.

Fastighets AB Balder is listed on Nasdaq Stockholm, Large Cap segment. The company has approximately 16,300 shareholders (16,100).

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.

## 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, environmental matters 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 313 employees (290) on 31 December, of whom 110 (102) were women.

Balder's management team is composed of six people, of whom 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 2015.

## Significant events during the financial year

In 2014, Balder acquired 42 properties for about SEK 7,100m in total with an area of about 330,000 sq.m. and also divested properties for about SEK 1,100m with an area of about 139,000 sq.m. This means that we made a net investment of about SEK 6,000m equivalent to about 16 per cent of the real estate value at year-end.

## Acquisitions

The largest transaction during 2014 was the acquisition of 14 hotel properties for a purchase price of SEK 2.2 billion. Of the overall value of the hotel portfolio, about 40 per cent is located in the Stockholm region.

The largest tenant is Scandic, which accounts for 65 per cent of the rental value and the other tenants include Nordic Choice and Winn Hotel Group. During the year, we also acquired the hotels Scandic Opalen, Grand Hotel Opera and Radisson Blu Scandinavia, which are all located in central Gothenburg. In Gothenburg, apart from the hotel properties, Balder also acquired a number of additional centrally-located retail and office properties such as Antikhallarna and Dahlgrenska huset among others. In Stockholm, we acquired the remaining 50 per cent of Akrotorion Fastighets AB where we previously owned a site leasehold right with GE Real Estate at Medborgarplatsen and two site leasehold rights in Årstaäng. In Östermalm, we acquired the office property Havsfrun.

During the year, we carried out our first acquisition in Finland consisting of a property portfolio with a total area of about 65,000 sq.m. distributed in four locations. The properties in Finland contain grocery trading and builder suppliers and the largest tenants are Kesko and S-Group.

In the Danish property market, Balder has entered into an agreement with Skanska regarding construction of about 200 apartments and the Group now has approximately 400 apartments under production in Denmark.

## Divestments

Balder's strategy for a number of years has been to divest properties in places where the company cannot sustain a sufficiently large management unit. During the year, all properties in Hjo, Ätvidaberg, Landskrona, Halmstad, Falkenberg and Finspång were divested. During the year, Balder divested properties for about SEK 1,114m. The divestments carried out generated a profit of SEK 144m, equivalent to 15 per cent over the carrying amount.

## Other

During the year, all repurchased shares were sold for a value of about SEK 220m. The entire proceeds have been recognised directly against equity.

## 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 494 properties (498) with a lettable area of 2,177,000 sq.m. (1,969,000) at a carrying amount of SEK 37.4 billion (27.5). During the year, 41 properties (74) with a lettable area of approximately 330,000 sq.m. (439,000) were acquired for SEK 7,059m (3,606). 45 properties (8) were divested during the year with a total lettable area of 139,000 sq.m. (14,000) for SEK 1,114m (145), which generated a profit of SEK 144m (16). In 2015, Balder will continue the work on consolidating its property portfolio.

When allocating carrying amounts by region, Stockholm

amounted to 34 per cent (33), Gothenburg/West 33 per cent (31), Öresund 18 per cent (19), East 11 per cent (12) and North 5 per cent (6). Of the carrying amounts, 62 per cent (55) related to commercial properties and 38 per cent (45) 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 95 per cent (94). Balder's ten largest leases account for 9.4 per cent (9.1) of total rental income and the average lease term amounts to 11.1 years (9.9). No individual lease accounts for more than 1.5 per cent (1.7) of Balder's total rental income and no individual customer accounts for more than 4.8 per cent (1.7) of total rental income. The average lease term in the overall commercial portfolio amounted to 5.9 years (4.9).

A change of +/- 1 per cent in rental income would affect the profit before tax by +/- SEK 27m.

#### 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 4.3 years (5.4).

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 139m. Of Balder's total loan stock at year-end, 38 per cent (50) had an interest rate refixing period of more than one year. The holdings in Denmark and Finland 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 for preemptive work, which is more cost-effective in the long-term than extensive repairs.

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

A change of +/- 1 per cent in property costs would affect the property costs by SEK +/- 8m.

#### 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 +/- 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 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 +/- 1,869m in the event of a change in value of the investment properties of +/- 5 per cent. The equity/assets ratio in the event of a positive change in value would amount to 37.4 per cent and in the event of a negative change in value it would amount to 33.4 per cent.

### Sensitivity analysis

Factor	Change	Earnings effect before tax, SEKm
Rental income	+/-1 per cent	+/-27
Economic occupancy rate	+/-1 percentage	+/-29
Interest-rate level of interest-bearing liabilities	+1 percentage	-139
Property costs	+/-1 per cent	-/+8
Changes in value of investment properties	+/-5 per cent	+/-1 869

### 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 28 per cent of the company's own electricity consumption.

### The share and owners

During the year, the company sold 2,859,600 repurchased Class B shares at a price of SEK 77.25 per ordinary share, amounting to approximately SEK 220m in total. After the disposal, Balder

no longer holds any repurchased ordinary shares. The entire proceeds have been recognised directly against equity.

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 shares 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.

The Annual General Meeting 2014 resolved to authorise the Board during the period until the next AGM 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.

### Earnings

Profit from property management for the year, in other words profit excluding changes in value, derivatives and tax, amounted to SEK 1,275m (854), which corresponds to SEK 6.64 per ordinary share (4.57). The increase was primarily due to changes in the real estate portfolio. The profit from property management includes SEK 195m (157) 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 3,128m (1,738), corresponding to SEK 18.10 per ordinary share (10.11).

The result was impacted by realised changes in value in respect of properties of SEK 144m (16), unrealised changes in value of properties of SEK 2,906m (838), changes in value in respect of wind turbines of SEK 0 (–37), unrealised changes in value in respect of interest rate derivatives of SEK –624m (433) and profit from participations in associated companies of SEK 317m (204).

The Group's rental income amounted to SEK 2,525m (1,884) during the year. The leasing portfolio was estimated to have a rental value on 31 December of SEK 2,885m (2,394) on a full-year basis. The average rental level for the entire real estate portfolio amounted to SEK 1,325/sq.m (1,216). The increase in the average rental level property costs was mainly due to changes in the real estate portfolio. The rental income shows a considerable diversification of risks as regards tenants, sectors and locations.

The economic occupancy rate amounted to 95 per cent (94) on the closing date. The total rental value for unlet areas

on 31 December amounted to SEK 155m (134) on a full-year basis.

Property costs amounted to SEK 760m (609) during the year. The increase in property costs was due to changes in the real estate portfolio. Net operating income increased by 39 per cent to SEK 1,766m (1,274), which provided a surplus ratio of 70 per cent (68).

Net financial items amounted to SEK –531m (–456) and chan-

ges in value of interest rate derivatives amounted to SEK –624m (433). 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 1,086m (472) at year-end. The negative change in value during the year was due to the fall in the level of interest rates which means that the difference in relation to the contracted interest rate level of the interest rate derivatives has increased.

The deficit on derivatives will be released during the remaining term and recognised as income. This means that Balder has a reserve of SEK 1,086m that will be reversed to equity in its entirety, 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 2.7 per cent (3.1) 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 rate 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. During the fourth quarter, Balder externally valued more than six per cent of its property portfolio. The externally valued properties are located in Skåne, Copenhagen and Gothenburg. The external valuation exceeded Balder's internal valuation by about eight per cent.

On 31 December, Balder's average yield requirement amounted to 5.5 per cent (5.9), excluding project real estate and development properties, which was 0.4 percentage units lower than at the start of the year. The reduction in the yield requirement is attributable to the strong prevailing demand for properties. Our assessment is that the new yield requirement better reflects the market's determination of prices. On 31 December, the carrying amount of the investment properties amounted to SEK 37,382m (27,532) according to the individual internal valuation, which implied an unrealised change in value of SEK 2,906m (838).

### Tax

Balder reported a current tax expense of SEK –11m (6) and a deferred tax expense of SEK –682m (–418).

Current tax and deferred tax have been calculated based on the applicable tax rate for 2014. 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. For the small number of subsidiaries where no group contributions for tax purposes exist, current tax can arise. Current tax for the year mainly relates to companies acquired and divested during the year.

The Group's remaining tax deficit has been estimated at about SEK 1.7 billion (2.0) and the temporary difference between carrying amounts and values for tax purposes of properties and interest rate derivatives amounted to about SEK 8.7 billion (5.9). 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 1,549m (862). For more detailed information, see Note 11, Taxes.

### Cash flow and financial position

Balder's assets amounted to SEK 40,185m (30,041) on 31 December. These have been financed by equity of SEK 14,261m (11,196) and by liabilities of SEK 25,923m (18,846), of which SEK 22,378m (16,521) are interest-bearing.

Cash flow from operating activities before changes in working capital amounted to SEK 1,038m (708). Investing activities have burdened the cash flow by SEK 6,708m (4,593). During the year, acquisition of properties of SEK 6,835m (3,606), investments in existing properties and projects of SEK 700m (880), investments in property, plant and equipment, financial investments and associated companies of SEK 570m (297) and dividends paid of SEK 200m (125) totalled SEK 8,305m (4,908). These were financed through cash flow from operating activities of SEK 1,340m (502), through property divestments of SEK 1,114m (145) and financial investments of SEK 219m (7), divestment of own shares of SEK 220m (–), acquired liquidity of SEK 19m (36), dividend from associated companies of SEK 45m (–) and net borrowing of SEK 5,338m (3,079). Total cash flow for the year amounted to SEK –8m (160). The Group's cash and cash equivalents, financial investments and unutilised credit facilities amounted to SEK 806m (1,004) on 31 December.

### Equity

Shareholders' equity amounted to SEK 14,261m (11,196) on 31 December, corresponding to SEK 70.10 per ordinary share (52.14). The equity/assets ratio amounted to 35.5 per cent (37.3).

### Interest-bearing liabilities

The Group's interest-bearing liabilities amounted to SEK 22,378m (16,521) on 31 December. The proportion of loans with interest dates during the coming 12-month period amounted to 62 per cent (50) and the average fixed credit term amounted to 4.3 years (5.4). 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 –624m (433). 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 806m (1,004).

### Investments

Real estate investments amounted to SEK 7,759m (4,486) during the year, of which SEK 7,059m (3,606) related to acquisitions and SEK 700m (880) related to investments in existing properties and projects. Remaining investments in projects amount to approximately SEK 570m (730). Of the total investments SEK 2,545m (1,474) related to Stockholm, SEK 2,615m (1,693) Gothenburg/West, SEK 1,227m (222) Öresund, SEK 788m (1,083) East and SEK 583m (14) North.

### Associated companies

Balder is a part-owner in property-managing associated companies, in associated companies that conduct project development and in the credit management company Collector, see Note 15. The largest property-managing associated companies are Centur and Tulia. Bovieran and Fix Holding work with project development. On pages 50-51, 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 51 investment properties (49) and 6 real estate projects (4). Balder's participation in the lettable area of the real estate holdings amounts to approximately 158,000 sq.m. (142,000) with a rental value of SEK 200m (200). The economic occupancy rate amounted to 97 per cent (93).

### 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 124m (99) during the year, of which intra-group services represented SEK 97m (83) and the remainder mostly related to management assignments for associated companies.

Profit after tax during the year amounted to SEK 302m (365). The profit was impacted by changes in value in respect of interest rate derivatives of SEK –585m (374).

The parent company's financial investments and cash and cash equivalents, including unutilised credit facilities amounted to SEK 772m (895) on 31 December. Receivables from group companies amounted to SEK 15,777m (11,506) on the closing date. Investments in property, plant and equipment and financial investments amounted to SEK 1m (0) and SEK 144m (218) respectively during the year. The change in non-current liabili-

ties was mainly related to acquisitions during the year.

### Report on the Board work during the year

The Board held 10 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 of 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 participate 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 the listing agreement with Nasdaq Stockholm. 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, the Stockholm Stock Exchange's rules for issuers, the Swedish Code of Corporate Governance as well as other rules and guidelines. Some of the Code's principles aim to create a good basis for exercise of an active balance of power between owners, the Board and management, which Balder views as a natural element in 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

See Note 29.

### 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	2,257,142,218
Net profit for the year	302,353,649
Total <sup>1)</sup>	<b>6,324,897,407</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	6,124,897,407
<b>Total</b>	<b>6,324,897,407</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 3.1 per cent (3.2) of the company's equity and 1.4 per cent (1.8) 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, 9 October and 8 January and 8 April.

Gothenburg, 8 April 2015  
Board of Directors

# Financial statements

## Consolidated statement of comprehensive income

SEKm	Note	2014	2013
Rental income	2, 3	2,525	1,884
Property costs	3, 6, 7, 8	-760	-609
<b>Net operating income</b>		<b>1,766</b>	<b>1,274</b>
Changes in value of investment properties, realised	13	144	16
Changes in value of investment properties and wind turbines, unrealised <sup>1)</sup>	13	2,906	801
Management and administrative expenses	5, 6	-154	-121
Participation in profits of associated companies	15	317	204
<b>Operating profit</b>	3, 4, 5, 6, 7	<b>4,977</b>	<b>2,174</b>
<b>Financial items</b>			
Financial income	9	108	87
Financial expenses	10	-640	-543
Changes in value of derivatives	21	-624	433
<b>Net financial items</b>		<b>-1,156</b>	<b>-23</b>
<b>Profit before tax</b>		<b>3,822</b>	<b>2,151</b>
Income tax	11	-693	-412
<b>Net profit for the year</b>		<b>3,128</b>	<b>1,738</b>
<b>Other comprehensive income – items that may later be reclassified in the income statement</b>			
Translation difference		16	8
Participation in other comprehensive income from associated companies		1	-12
<b>Comprehensive income for the year</b>		<b>3,145</b>	<b>1,735</b>
<b>Net profit for the year attributable to</b>			
The parent company's shareholders		3,128	1,738
<b>Total comprehensive income for the year attributable to</b>			
The parent company's shareholders		3,145	1,735
Profit from property management before tax		1,275	854
Profit from property management before tax per ordinary share, SEK <sup>2)</sup>		6.64	4.57
Profit after tax per ordinary share, SEK <sup>2)</sup>	12	18.10	10.11
1) Unrealised changes in value in respect of properties		2,906	838
Unrealised changes in value in respect of wind turbines		–	-37
<b>Total</b>		<b>2,906</b>	<b>801</b>

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

## Consolidated statement of financial position

SEKm	Note	31 dec 2014	31 dec 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	13	37,382	27,532
Other property, plant and equipment	14	96	108
Participations in associated companies	15	1,489	1,020
Receivables from associated companies		616	748
<b>Total non-current assets</b>		<b>39,584</b>	<b>29,408</b>
<b>Current assets</b>			
Trade receivables	16	19	23
Other receivables	17	80	65
Prepaid expenses and accrued income	18	45	32
Financial investments	19	257	305
Cash and cash equivalents	25	199	208
<b>Total current assets</b>		<b>600</b>	<b>633</b>
<b>TOTAL ASSETS</b>		<b>40,185</b>	<b>30,041</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the parent company's shareholders</b>			
Share capital	20	172	172
Other paid-up capital		4,339	4,339
Retained earnings including net profit for the year		9,750	6,685
<b>Total equity</b>		<b>14,261</b>	<b>11,196</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	11	1,549	862
Non-current interest-bearing liabilities	21	22,157	16,338
Credit facilities	21, 22	—	4
Derivatives	21	1,086	472
<b>Total non-current liabilities</b>		<b>24,792</b>	<b>17,676</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	21	221	179
Trade payables		74	150
Other liabilities		297	465
Accrued expenses and deferred income	23	538	376
<b>Total current liabilities</b>		<b>1,131</b>	<b>1,170</b>
<b>Total liabilities</b>		<b>25,923</b>	<b>18,846</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>40,185</b>	<b>30,041</b>
<b>Pledged assets and contingent liabilities</b>			
Pledged assets	24	24,613	19,317
Contingent liabilities	24	1,486	925

## Consolidated statement of changes in equity

SEKm	Attributable to the parent company's shareholders				Total equity
	Share capital	Other paid-up capital	Reserves	Retained earnings including net profit for the year	
<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>
Net profit for the year				1,738	1,738
Other comprehensive income			-4		-4
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>-4</b>	<b>1,738</b>	<b>1,735</b>
New issue <sup>1)</sup>	4	1,293			1,297
Dividend paid preference shares				-125	-125
<b>Total transactions with the company's owners</b>	<b>4</b>	<b>1,293</b>	<b>—</b>	<b>-125</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>Equity at 1 Jan 2014</b>	<b>172</b>	<b>4,339</b>	<b>-16</b>	<b>6,701</b>	<b>11,196</b>
Net profit for the year				3,128	3,128
Other comprehensive income			17		17
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>17</b>	<b>3,128</b>	<b>3,145</b>
Disposal of treasury shares				220	220
Dividend on preference shares booked as a liability but still unpaid				-100	-100
Dividend paid preference shares				-200	-200
<b>Total transactions with the company's owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-80</b>	<b>-80</b>
<b>Equity at 31 Dec 2014</b>	<b>172</b>	<b>4,339</b>	<b>1</b>	<b>9,749</b>	<b>14,261</b>

## Consolidated statement of cash flows

SEKm	Note 25	2014	2013
<b>Operating activities</b>			
Net operating income		1,766	1,274
Management and administrative expenses		-154	-121
Reversal of depreciation and amortisation		18	17
Adjustment item		11	3
Interest received		27	27
Interest paid		-617	-492
Tax paid		-11	0
<b>Cash flow from operating activities before change in working capital</b>		<b>1,038</b>	<b>708</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		148	-332
Change in operating liabilities		155	126
<b>Cash flow from operating activities</b>		<b>1,340</b>	<b>502</b>
<b>Investing activities</b>			
Acquisition of properties		-6,835	-3,606
Acquisition of property, plant and equipment		-6	-12
Purchase of financial investments		-144	-218
Investment in existing properties		-700	-880
Acquisitions of Companies, liquidity <sup>1)</sup>		19	36
Divestment of properties		1,114	145
Sale of financial investments		219	7
Acquisition of associated companies		-420	-67
Dividend paid from associated companies		45	-
<b>Cash flow from investing activities</b>		<b>-6,708</b>	<b>-4,593</b>
<b>Financing activities</b>			
New issue		-	1,297
Dividend paid preference share		-200	-125
Borrowings		6,575	3,865
Disposal of treasury shares		220	-
Amortisation/Redemption of loans		-1,232	-668
Change in credit facilities		-4	-118
<b>Cash flow from financing activities</b>		<b>5,359</b>	<b>4,252</b>
Cash flow for the year		<b>-8</b>	<b>160</b>
Cash and cash equivalents at beginning of year		208	47
<b>Cash and cash equivalents at end of year</b>		<b>199</b>	<b>208</b>
Unutilised credit facilities	22	350	491
Financial investments	19	257	305

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

## Parent Company income statement

SEKm	Note	2014	2013
Net sales	2	124	99
Administrative expenses		-139	-113
<b>Operating profit</b>	4,5	<b>-16</b>	<b>-14</b>
<b>Profit from financial items</b>			
Impairment of shares in subsidiaries	26	—	-2
Dividends from subsidiaries		700	—
Interest income and similar profit/loss items	9	877	660
Interest expenses and similar profit/loss items	10	-539	-440
Changes in value of derivatives	21	-585	374
<b>Profit before appropriations and taxes</b>		<b>438</b>	<b>578</b>
<b>Appropriations</b>			
Group contributions paid/received		-250	-114
<b>Profit before tax</b>		<b>188</b>	<b>464</b>
Income tax	11	115	-99
<b>Net profit for the year/comprehensive income</b>		<b>302</b>	<b>365</b>

## Parent Company balance sheet

SEKm	Note	31 dec 2014	31 dec 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	22	24
<b>Financial assets</b>			
Participations in group companies	26	1,822	1,822
Participations in associated companies	15	536	483
Deferred tax assets	11	213	98
Receivables from associated companies		616	748
Receivables from group companies	27	15,777	11,506
<b>Total financial assets</b>		<b>18,963</b>	<b>14,656</b>
<b>Total non-current assets</b>		<b>18,985</b>	<b>14,680</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Other receivables	17	8	15
Prepaid expenses and accrued income	18	7	16
Financial investments	19	257	305
<b>Total current receivables</b>		<b>272</b>	<b>336</b>
Cash and cash equivalents	25	165	144
<b>Total current assets</b>		<b>437</b>	<b>481</b>
<b>TOTAL ASSETS</b>		<b>19,422</b>	<b>15,161</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Restricted equity</b>			
Share capital	20	172	172
<b>Unrestricted equity</b>			
Share premium reserve		3,765	3,765
Retained earnings		2,257	1,972
Net profit for the year		302	365
<b>Total equity</b>		<b>6,497</b>	<b>6,274</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	21,22	7,806	5,632
Derivatives	21	936	361
Liabilities to group companies	27	3,952	2,782
<b>Total non-current liabilities</b>		<b>12,694</b>	<b>8,775</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	21	37	58
Trade payables		5	2
Other liabilities		145	6
Accrued expenses and deferred income	23	44	45
<b>Total current liabilities</b>		<b>231</b>	<b>111</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,422</b>	<b>15,161</b>
<b>Pledged assets and contingent liabilities</b>			
Pledged assets	24	5,898	5,008
Contingent liabilities	24	15,028	11,076

## Parent Company statement of changes in equity

SEKm	Restricted equity		Unrestricted equity			Total equity
	Number of shares	Share capital	Share premium reserve	Retained earnings	Net profit for the year	
<b>Equity at 1 Jan 2013</b>	<b>168,396,852</b>	<b>168</b>	<b>2,473</b>	<b>1,710</b>	<b>387</b>	<b>4,738</b>
<b>Net profit for the year/comprehensive income</b>	—	—	—	—	<b>365</b>	<b>365</b>
Distribution of earnings				387	-387	—
New issue	4,000,000	4	1,293			1,297
Dividend paid preference shares				-125		-125
<b>Total transactions with the company's owners</b>	<b>4,000,000</b>	<b>4</b>	<b>1,293</b>	<b>262</b>	<b>-387</b>	<b>1,172</b>
<b>Equity at 31 Dec 2013</b>	<b>172,396,852</b>	<b>172</b>	<b>3,765</b>	<b>1,972</b>	<b>365</b>	<b>6,274</b>
<b>Equity at 1 Jan 2014</b>	<b>172,396,852</b>	<b>172</b>	<b>3,765</b>	<b>1,972</b>	<b>365</b>	<b>6,274</b>
<b>Net profit for the year/comprehensive income</b>	—	—	—	—	<b>302</b>	<b>302</b>
Distribution of earnings				365	-365	—
Disposal of treasury shares				220		220
Dividend on preference shares booked as a liability but still unpaid				-100		-100
Dividend paid preference shares				-200		-200
<b>Total transactions with the company's owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>285</b>	<b>-365</b>	<b>-80</b>
<b>Equity at 31 Dec 2014</b>	<b>172,396,852</b>	<b>172</b>	<b>3,765</b>	<b>2,257</b>	<b>302</b>	<b>6,497</b>

## Parent Company cash flow statement

SEKm	Note 25	2014	2013
<b>Operating activities</b>			
Operating profit		-16	-14
Reversal of depreciation		3	3
Changes in value of derivatives, realised		-11	37
Interest received		16	33
Interest paid		-308	-239
<b>Cash flow from operating activities before change in working capital</b>		<b>-316</b>	<b>-180</b>
<b>Cash flow from changes in working capital</b>			
Change in operating receivables		13	0
Change in operating liabilities		41	8
<b>Cash flow from operating activities</b>		<b>-262</b>	<b>-172</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		-1	0
Purchase of financial investments		-148	-218
Change in lending to group companies		-2,099	-791
Change in lending to associated companies		190	-287
Sale of financial investments		219	7
Acquisition of associated companies		-52	-62
<b>Cash flow from investing activities</b>		<b>-1,891</b>	<b>-1,351</b>
<b>Financing activities</b>			
New issue		—	1,297
Dividend paid preference shares		-200	-125
Borrowings		3,075	1,534
Disposal of treasury shares		220	—
Amortisation/Redemption of loans		-921	-922
Change in credit facilities		—	-122
<b>Cash flow from financing activities</b>		<b>2,174</b>	<b>1,662</b>
<b>Cash flow for the year</b>		<b>21</b>	<b>139</b>
Cash and cash equivalents at beginning of year		144	5
<b>Cash and cash equivalents at end of year</b>		<b>165</b>	<b>144</b>
Unutilised credit facilities	22	300	445
Financial investments	19	257	305

# Notes to the financial statements

## Note 1 · Accounting policies applied

### General information

The financial statements for Fastighets AB Balder, as of 31 December 2014, were approved by the Board of Directors and Chief Executive Officer on 8 April 2015 and will be submitted for adoption by the Annual General Meeting on 6 May 2015. 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 krona 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 results of these estimates and assumptions are then used in determining the carrying amounts of assets and liabilities, which are not otherwise evident 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. The company's interest-bearing liabilities are non-current in character, as they are continually extended, see Note 21. In the parent company, receivables and liabilities from/to group companies are recognised as non-current, when there is no approved amortisation plan.

### Consolidation principles

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 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 analysis establishes the cost of the shares or entity, as well as the fair value on the date of acquisition of the identifiable assets acquired and liabilities and contingent liabilities assumed. 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.

#### **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 in the Group 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 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 revenue**

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 refixing 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 can 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 investments held as fixed assets 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 when 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.

**forts. note 1***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 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 investments held as fixed assets.

*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, under 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 risk limits. Borrowing is recognised initially at the amount received less transaction costs. After the date of acquisition, the loan is measured at amortised cost using 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 a matter of 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**

FölInvestment 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 divestments 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 divestment is recognised as income on this earlier date. The assessment of the date of revenue recognition considers 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**

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 loan receivables 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.

### **Remuneration to employees**

#### *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; that is, the individual carries 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 conjunction with termination of employment only if the company is unquestionably obligated to terminate employment prior to the scheduled time or when remuneration is paid as an offer to encourage voluntary resignation.

### **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 prior 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 are temporary differences arising on the initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and that 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 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 a possible obligation arises from past events whose existence will only be confirmed by one or more uncertain future events or when an obligation exists that is not recognised as a liability or provision, since it is not probable that an outflow of resources will be required.

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

The following standards are applied by the Group for the first time for annual periods beginning on 1 January 2014 and have an impact on the consolidated financial statements:

**Note 1 (continued)**

The implementation of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" has only had an impact in terms of supplementary disclosures.

Other standards, amendments and interpretations that became effective for annual periods beginning on 1 January 2014 have not had any material impact on the consolidated financial statements.

**New standards and interpretations that have not yet been applied by the Group**

A number of new standards and interpretations entered into effect for annual periods starting on 1 January 2014 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 9 "Financial Instruments" deals with classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was published in July 2014. It replaces the parts of IAS 39 that deal with classification and measurement of financial instruments. The standard will be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Group has still not evaluated the effects of introducing the standard.

IFRS 15 "Revenue from Contracts with Customers" prescribes how revenue recognition should occur. The principles that IFRS 15 is based on should provide users of financial statements with more useful information about the company's revenue. The expanded disclosure requirements mean that information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer should be reported. Under IFRS 15, revenue should be recognised when the customer obtains control over the sold good or service and is able to use and obtain the benefit of the good or service.

IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and the related SIC and IFRIC interpretations. IFRS 15 will become effective on 1 January 2017. Earlier application is permitted. The Group has still not evaluated the effects of introducing the standard.

IFRIC 21 "Levies" is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IFRIC 21 addresses the recognition of levies, i.e. various types of levies that may be imposed on an entity by a governmental, or equivalent body, by law and/or regulation, which for the Group impacts the recognition of property tax. The obligating event that gives rise to a liability is the event that triggers the payment of a levy. The interpretation will become effective for annual periods beginning after 17 June 2014 according to the EU. The interpretation will not affect the Group on a full-year basis, however, the liability for property tax will be recognised as of 1 January and the cost will be allocated after that on a straight-line basis over the year.

None of the other IFRSs or IFRIC interpretations which have not yet become effective, are expected to have any material impact on the Group.

**Accounting principles for the Parent Company**

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 implies 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 accounting 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. Dividends received 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.

*Revenue*

The parent company's net sales consist of management services in relation to subsidiaries. This revenue 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.

*Finansiella garantier*

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.

**Note 2 · Revenue distribution**

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Rental income	2,525	1,884	–	–
Rendering of services	–	–	124	99
<b>Total</b>	<b>2,525</b>	<b>1,884</b>	<b>124</b>	<b>99</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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
SEKm												
Rental income	765	584	857	624	402	346	345	192	156	137	2,525	1,884
Property costs	-191	-165	-276	-199	-108	-106	-126	-84	-59	-57	-760	-609
<b>Net operating income</b>	<b>574</b>	<b>420</b>	<b>582</b>	<b>425</b>	<b>294</b>	<b>240</b>	<b>219</b>	<b>109</b>	<b>97</b>	<b>81</b>	<b>1,766</b>	<b>1,274</b>
Changes in value of properties and wind turbines												
Commercial properties	921	213	588	180	111	-5	17	-16	-13	-2	1,625	371
Residential properties	252	48	366	226	270	20	391	126	145	64	1,424	483
Wind turbines	—	—	—	—	—	—	—	-37	—	—	—	-37
<b>Profit incl. changes in value</b>	<b>1,747</b>	<b>681</b>	<b>1,536</b>	<b>832</b>	<b>675</b>	<b>255</b>	<b>628</b>	<b>182</b>	<b>229</b>	<b>142</b>	<b>4,815</b>	<b>2,092</b>
<i>Non-allocated items:</i>												
Management and administrative expenses											-154	-121
Participations in the profits of associated companies											317	204
<b>Operating profit</b>											<b>4,977</b>	<b>2,174</b>
Net interest income/expense											-532	-456
Changes in value of derivatives											-624	433
Income tax											-693	-412
<b>Net profit for the year</b>											<b>3,128</b>	<b>1,738</b>
Translation difference/participation in comprehensive income of associated companies											17	-4
<b>Comprehensive income for the year</b>											<b>3,145</b>	<b>1,735</b>
<b>Assets</b>												
Commercial properties	10,232	6,947	8,402	5,307	3,241	2,450	1,096	334	299	39	23,269	15,077
Residential properties	2,316	2,015	3,778	3,328	3,419	2,731	2,914	2,859	1,687	1,522	14,113	12,455
<b>Investment properties</b>	<b>12,548</b>	<b>8,962</b>	<b>12,179</b>	<b>8,635</b>	<b>6,659</b>	<b>5,181</b>	<b>4,010</b>	<b>3,193</b>	<b>1,986</b>	<b>1,561</b>	<b>37,382</b>	<b>27,532</b>
<i>Non-allocated items:</i>												
Property, plant and equipment											96	108
Receivables from associated companies											616	748
Participations in associated companies											1,489	1,020
Current assets											600	633
<b>Total assets</b>											<b>40,185</b>	<b>30,041</b>
<b>Shareholders' equity and liabilities</b>												
<i>Non-allocated items:</i>												
Equity											14,261	11,196
Deferred tax liability											1,549	862
Interest-bearing liabilities, non-current											22,157	16,342
Derivatives											1,086	472
Interest-bearing liabilities, current											221	179
Non-interest-bearing liabilities											910	990
<b>Total equity and liabilities</b>											<b>40,185</b>	<b>30,041</b>
<i>Investments and acquisitions in:</i>												
Commercial properties	2,496	1,453	2,528	840	775	10	740	116	564	—	7,103	2,419
Residential properties	49	20	87	853	452	212	48	967	19	14	655	2,068
<b>Total investment properties</b>	<b>2,545</b>	<b>1,474</b>	<b>2,615</b>	<b>1,693</b>	<b>1,227</b>	<b>222</b>	<b>788</b>	<b>1,083</b>	<b>583</b>	<b>14</b>	<b>7,759</b>	<b>4,486</b>

The Group's registered office is in Sweden. Revenue from external customers in Sweden amounted to SEK 2,379m (1,796) and total revenue from external customers in Denmark amounted to SEK 147m (88). Total non-current assets, other than financial instruments and deferred tax receivables that are located in Sweden amounted to SEK 34,349m (25,852) and the total of such non-current assets located in other countries amounted to SEK 3,130m (1,789).

**Note 4 · Employees and personnel expenses**

At year-end, the Group had a total of 313 employees (290), of whom 110 (102) were women. The number of employees in the parent company at year-end was 160 (121), of whom 58 (44) were women.

During 2014, 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	
	2014	2013	2014	2013
Average number of employees (all in Sweden)	294	243	136	117
<i>of whom, women</i>	101	75	51	41

**Salaries, fees and benefits**

SEKm	Group		Parent Company	
	2014	2013	2014	2013
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	5.1	5.3	5.1	5.3
Benefits	0.3	0.3	0.3	0.3
<b>Other employees</b>				
Basic salary	101.8	83.4	47.7	43.7
Benefits	1.4	1.0	0.8	0.8
<b>Total</b>	<b>110.0</b>	<b>91.4</b>	<b>55.3</b>	<b>51.5</b>

**Statutory social security contributions including payroll tax**

SEKm	Group		Parent Company	
	2014	2013	2014	2013
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	32.9	26.1	15.1	13.8
<b>Total</b>	<b>35.2</b>	<b>28.4</b>	<b>17.4</b>	<b>16.1</b>

**Contractual pension expenses**

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Chief Executive Officer	0.3	0.3	0.3	0.3
Other senior executives	0.7	0.7	0.7	0.7
Other employees	6.5	4.3	2.1	2.5
<b>Total</b>	<b>7.5</b>	<b>5.3</b>	<b>3.1</b>	<b>3.5</b>
<b>Total</b>	<b>152.7</b>	<b>125.1</b>	<b>75.8</b>	<b>71.1</b>

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

SEKm	2014-01-01–2014-12-31				2013-01-01–2013-12-31			
	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)	5.1	0.3	0.7	6.1	5.3	0.3	0.7	6.3
<b>Total</b>	<b>6.5</b>	<b>0.3</b>	<b>1.0</b>	<b>7.8</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 0.4m (0.3) will be paid out annually to the CEO when he reaches 55 until he is 65. Future payments will be limited by the fund's assets by agreement. The payments are not dependent on future employment. The present value of the commitment amounted to SEK 3.0m (2.5). The commitment has been secured by a provision to a pension fund, whose plan assets amounted to SEK 3.0m (2.5). 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	
	2014	2013	2014	2013
Total absence due to illness as a percentage of ordinary working hours	4.7	4.6	4.2	5.6
<i>of which total absence due to illness over 60 calendar days of the overall absence due to illness</i>	<i>57.4</i>	<i>46.4</i>	<i>51.1</i>	<i>54.6</i>
Distributed by gender, %	2014	2013	2014	2013
Men	3.2	3.3	2.7	3.9
Women	7.3	6.9	6.7	8.4
Distributed by age, %	2014	2013	2014	2013
Employees 29 years old or younger	3.5	2.9	3.8	2.3
Employees 30–49 years old	3.2	3.1	2.2	3.7
Employees 50 years or older	7.9	8.0	9.8	12.4

#### Note 5 · Audit fees and reimbursements

SEKm	Group		Parent Company	
	2014	2013	2014	2013
<b>PwC</b>				
The audit assignment in Sweden	2.0	1.6	1.7	1.6
The audit assignment in Denmark	0.5	0.6	—	—
The audit assignment in Finland	0.1	—	—	—
Tax consultancy	0.1	0.1	0.1	0.1
Other services	0.2	0.7	0.2	0.7
<b>Total</b>	<b>2.9</b>	<b>3.0</b>	<b>2.0</b>	<b>2.4</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 observations during the 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, Mkr	2014	2013
Property costs	760	609
Management and administrative expenses	154	121
<b>Total</b>	<b>914</b>	<b>730</b>
Group, Mkr	2014	2013
Personnel expenses	153	125
Depreciation/amortisation	16	17
Media expenses	295	252
Property tax	113	85
Ground rent	15	12
Maintenance and other costs <sup>1)</sup>	323	240
<b>Total</b>	<b>914</b>	<b>730</b>

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

#### Note 7 · Specification of property costs

Group, Mkr	2014	2013
Operating and maintenance costs <sup>1)</sup>	331	261
Media expenses <sup>2)</sup>	301	252
Property tax	113	85
Ground rent	15	12
<b>Total</b>	<b>760</b>	<b>609</b>

1) Operating costs include personnel expenses relating to property maintenance

2) 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 470m (270) in total. In the annual accounts for 2014, an expense of SEK 15m (12) 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	2014	2013
Residential, parking etc. (within one year)	1,094	1,114
Commercial premises		
Within one year	193	165
1–5 years	2,918	2,073
>5 years	7,062	3,634
<b>Total</b>	<b>11,268</b>	<b>6,986</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 5.9 years (4.9).

## Note 9 · Financial income

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Interest income	75	60	57	50
Interest income, subsidiaries	–	–	767	577
Other financial income	33	27	53	34
<b>Total</b>	<b>108</b>	<b>87</b>	<b>877</b>	<b>660</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 costs

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Interest expenses, borrowings	407	369	148	132
Interest expenses, interest rate derivatives	198	164	161	122
Interest expenses, subsidiaries	–	–	216	178
Other financial expenses	35	9	15	8
<b>Total</b>	<b>640</b>	<b>543</b>	<b>539</b>	<b>440</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	
	2014	2013	2014	2013
<b>Current tax expense (-)/tax revenue (+)</b>				
Current tax	-11	6	–	–
<b>Deferred tax expense (-)/tax revenue (+)</b>				
Deferred tax related to temporary differences	-665	-343	121	-79
Deferred tax on changes in loss carry-forwards	-53	-45	-7	-20
Released deferred tax in respect of temporary differences on sale	40	0	–	–
Change in untaxed reserves etc.	-5	-29	–	–
<b>Total deferred tax</b>	<b>-682</b>	<b>-418</b>	<b>115</b>	<b>-99</b>
<b>Total recognised tax</b>	<b>-693</b>	<b>-412</b>	<b>115</b>	<b>-99</b>

### Reconciliation of effective tax

Group, SEKm	2014, %	2014	2013, %	2013
<b>Profit before tax</b>		<b>3,822</b>		<b>2,151</b>
Tax according to current tax rate in Parent Company	22	-841	22	-473
Difference between profit for tax purposes and recognised profit on sale of property	-2	59	0	-2
Tax on participation in profits of associated companies	-2	70	-2	45
Tax pertaining to prior years	0	4	0	7
Non-taxable income/non-deductible expenses etc.	0	15	-1	11
<b>Recognised effective tax</b>	<b>18</b>	<b>-693</b>	<b>19</b>	<b>-412</b>

## Note 11 (continued)

Parent Company, SEKm	2014, %	2014	2013, %	2013
<b>Profit before tax</b>		<b>188</b>		<b>464</b>
Tax according to current tax rate for the Parent Company	22	-41	22	-102
Non-taxable income/non-deductible expenses	1	-1	-1	3
Tax-exempt dividends	-84	157	-	-
<b>Recognised effective tax</b>		<b>-61</b>	<b>21</b>	<b>-99</b>

Recognised in the balance sheet

### Deferred tax assets and tax liabilities

Group 2014, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Properties	—	-2,119	-2,119
Derivative instruments	239	—	239
Loss carry-forwards	380	—	380
Untaxed reserves etc.	—	-49	-49
Set-off	-618	618	—
<b>Total</b>	<b>—</b>	<b>-1,549</b>	<b>-1,549</b>

No non-capitalised loss carry-forwards exist.

Parent Company 2014, SEKm	Deferred tax assets	Deferred tax liabilities	Net	Netto
Deferred tax assets and tax liabilities relate to the following:				
Derivative instruments		206	—	206
Loss carry-forwards		16	—	16
Financial investments		—	-9	-9
Set-off		-9	9	—
<b>Total</b>		<b>213</b>	<b>—</b>	<b>213</b>

No non-capitalised loss carry-forwards exist in Sweden.

### Förändring av uppskjuten skatt i temporära skillnader och underskottsavdrag

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>

Group, SEKm	Balance on 1 Jan 2014	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2014
Properties	-1,359	-759	-1	-2,119
Derivative instruments	104	135	—	239
Capitalisation of the value of loss carry-forwards	432	-53	0	380
Untaxed reserves etc.	-39	-5	-5	-49
<b>Total</b>	<b>-862</b>	<b>-682</b>	<b>-6</b>	<b>-1,549</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>

Parent Company, SEKm	Balance on 1 Jan 2014	Recognised in statement of comprehensive income	Acquisitions and disposals of companies	Balance on 31 Dec 2014
Derivative instruments	79	126	—	206
Capitalisation of the value of loss carry-forwards	23	-7	—	16
Financial investments	-4	-5	—	-9
<b>Total</b>	<b>98</b>	<b>115</b>	<b>—</b>	<b>213</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 2,928m (1,613), after taking account of the participation of preference shares in net profit for the period and on a weighted average number of shares during the year amounting to 161,785,759 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	2014	2013
Total number of shares, 1 January	159,537	159,537
Effect of newly issued shares	2,249	–
<b>Weighted average number of outstanding ordinary shares during the year</b>	<b>161,786</b>	<b>159,537</b>

**Note 13 · Investment properties**

Group, SEKm	2014	2013
<b>Opening fair value</b>	<b>27,532</b>	<b>22,278</b>
Acquisitions	7,059	3,606
Investments in existing properties	700	880
Changes in value	2,906	839
Divestments	–971	–129
Currency changes	157	59
<b>Closing fair value</b>	<b>37,382</b>	<b>27,532</b>

Investment properties are recognised at fair value in the consolidated statement of financial position and the changes in value are recognised in the consolidated statement of comprehensive income. All investment properties are deemed to be at Level 3 in 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 individually valued by computing the present value of future cash flows, in other words future rent payments less estimated operating and maintenance payments and the residual value in 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.

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 and should be regarded as the uncertainty that is part of the assumptions and calculations made. In a less liquid market, the range can be greater. For Balder, a range of uncertainty of +/- 5 per cent means a value range of SEK +/- 1,869m, equivalent to SEK 35,515–39,251m.

**Sensitivity analysis +1/–1 percentage**

Impact on the value, SEKm	Residential properties	Commercial properties
Rental value	+/- 216	+/- 298
Economic		
occupancy rate	+/- 216	+/- 298
Property costs	+/- 78	+/- 53
Yield	– 2,282/+ 3,454	– 3,385/+ 4,774

The sensitivity analysis above shows how a +/- 1 percentage point change in cash flow and yield requirement would affect the valuation. However, the sensitivity analysis is not realistic as one parameter rarely changes in isolation, but different assumptions are interconnected as regards cash flow and yield requirement.

**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 on page 77. The average yield on the closing date amounted to 5.5 per cent (5.9). On 31 December 2014, after Balder's valuation, the company's total real estate value amounted to SEK 37,382m (27,532). For more information see the Report of the Board of Directors and Sensitivity analysis on page 46.

**Future investments**

Balder had two projects under construction as of 31 December. The overall investment will amount to about SEK 1,100m on completion, of which about SEK 570m remains to be invested. Both projects relate to construction of apartments in Copenhagen. The first project involves approximately 200 apartments and is located in Örestad Syd where Balder already owns housing units. The other project relates to construction of about 185 apartments at Havneholmen in central Copenhagen. Both projects are expected to be completed during the first half of 2016.

On 31 December 2014, Balder's investment undertakings amounted to approximately SEK 570m (830).

## Note 13 (continued)

Region	Residential properties		Commercial properties		The average yield requirement for assessment of residual value, %
	Cost of capital requirement for discounting of future cash flows, %	Yield requirement for assessment of residual value, %	Cost of capital requirement for discounting of future cash flows, %	Yield requirement for assessment of residual value, %	
Stockholm	5.5–7.0	3.5–5.0	6.5–10.0	4.5–8.0	5.3
Gothenburg/West	5.5–10.5	3.5–8.5	6.3–12.0	4.3–10.0	5.6
Öresund	6.5–8.0	4.5–6.0	6.8–8.8	4.8–6.8	5.2
East	6.5–8.8	4.5–6.8	7.8–12.0	5.8–10.0	6.0
North	6.3–8.0	4.3–6.0	7.8–12.0	5.8–10.0	5.3

The yield requirement is the single most important parameter during valuation. Generally speaking, residential has a lower yield requirement, mainly due to a secure cash flow and low risk.

## Note 14 · Other property, plant and equipment

Equipment SEKm	Group		Parent Company	
	2014	2013	2014	2013
<b>Cost</b>				
Opening balance	53	41	8	7
Acquisitions during the year	6	12	1	0
Retirements	—	—	—	—
<b>Closing balance</b>	<b>59</b>	<b>53</b>	<b>9</b>	<b>8</b>
<b>Depreciation</b>				
Opening balance	–29	–19	–6	–5
Acquisitions during the year	–2	–1	—	—
Retirements	–10	–8	–1	–1
<b>Closing balance</b>	<b>–40</b>	<b>–29</b>	<b>–7</b>	<b>–6</b>
<b>Carrying amount</b>	<b>18</b>	<b>24</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	–80	–34	–8	–6
Depreciation for the year	–6	–9	–2	–2
Impairment for the year	—	–37	—	—
<b>Closing balance</b>	<b>–86</b>	<b>–80</b>	<b>–10</b>	<b>–8</b>
<b>Carrying amount</b>	<b>78</b>	<b>84</b>	<b>20</b>	<b>22</b>
<b>Total carrying amount</b>	<b>96</b>	<b>108</b>	<b>22</b>	<b>24</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	
	2014	2013	2014	2013
Opening balance	1,020	760	483	421
Acquisition of associated companies	420	67	153	62
Disposal of associated Companies	-224	—	-100	—
Dividend	-45	—	—	—
Participations in the profits of associated companies after tax	317	204	—	—
Change in shareholders' equity of associated companies	1	-11	—	—
<b>Closing balance</b>	<b>1,489</b>	<b>1,020</b>	<b>536</b>	<b>483</b>

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

Group, SEKm	2014	2013
Rental income	180	179
Property costs	-35	-40
<b>Net operating income</b>	<b>145</b>	<b>140</b>
Changes in value of properties, unrealised	176	99
Management and administrative expenses	-13	-8
Other operating income <sup>1)</sup>	131	100
<b>Operating profit</b>	<b>439</b>	<b>331</b>
Net interest income/expense	-68	-74
Changes in value of derivatives, unrealised	—	1
<b>Profit before tax</b>	<b>371</b>	<b>257</b>
Tax	-54	-53
<b>Net profit for the year</b>	<b>317</b>	<b>204</b>
Profit from property management before tax	195	157

1) Relates to Collector AB and Bovieran Holding AB.

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

Group, SEKm	2014	2013
Assets	3,717	2,786
Shareholders' equity including shareholders' loan	1,489	1,146
Liabilities	2,228	1,640

**Group holdings of participations in associated companies in 2014**

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	8,220,380	48	698	517
Tulia AB	556712-9811	Gothenburg	50,000	50	243	—
Bovieran Holding AB <sup>1)</sup>	556813-3168	Gothenburg	8,070	80	68	—
Fastighets AB Centur	556813-6369	Stockholm	500	50	195	4
Mötesplatsen Intressenter AB	556859-0417	Alingsås	320	32	12	15
Bergsspiran AB	556736-4475	Gothenburg	250	25	0	0
Fix Holding AB	556949-3702	Gothenburg	50,000	50	0	—
Proximion Holding AB	556915-7331	Stockholm	50,000	34	6	—
Balder Skåne AB	556899-9230	Gothenburg	1,000	50	36	—
Första Långgatan Fastighet I GBG HB	916851-7259	Gothenburg	—	50	231	—
<b>Total</b>					<b>1,489</b>	<b>536</b>

1) The company was not consolidated on 31 December 2014, as the holding of over 50 per cent was deemed to be of a temporary nature

## Note 15 (continued)

### 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	—
Boveran Holding AB	556813-3168	Gothenburg	5,000	50	47	—
Fastighets AB Centur	556813-6369	Stockholm	500	50	89	4
Akroterion Fastighets AB	556714-5478	Stockholm	500	50	176	100
Mötesplatsen Intressenter AB	556859-0417	Alingsås	320	32	14	15
Bergsspiran AB	556736-4475	Gothenburg	250	25	0	0
Fix Holding AB	556949-3702	Gothenburg	50,000	50	0	—
Proximion Holding AB	556915-7331	Stockholm	50,000	34	6	—
Balder Skåne AB	556899-9230	Gothenburg	1,000	50	0	—
<b>Total</b>					<b>1,020</b>	<b>483</b>

## Note 16 · Kundfordringar

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 2014 was charged with SEK 10m (11) in respect of expected 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	2014	2013
–30 days	10	17
31–60 days	9	3
61–90 days	0	2
91 days–	17	26
<b>Total</b>	<b>36</b>	<b>48</b>
Doubtful trade receivables	–17	–25
<b>Trade receivables, net</b>	<b>19</b>	<b>23</b>

### Doubtful trade receivables

Group, SEKm	2014	2013
Opening balance	–25	–41
Acquired opening balance	—	–1
Paid doubtful trade receivables	10	9
Reversed actual bad debt losses	9	18
Doubtful trade receivables during the year	–10	–11
<b>Closing balance</b>	<b>–17</b>	<b>–25</b>

## Note 17 · Other receivables

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Other receivables	80	65	8	15

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	
	2014	2013	2014	2013
Insurance	4	5	—	—
Interest income	2	8	2	8
Rental income	16	2	—	2
Property costs	14	9	—	—
Other items	9	8	5	6
<b>Total</b>	<b>45</b>	<b>32</b>	<b>7</b>	<b>16</b>

## Note 19 · Financial investments

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Quoted securities				
Shares and bonds	257	305	257	305
<b>Total</b>	<b>257</b>	<b>305</b>	<b>257</b>	<b>305</b>

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

**Note 20 · Share capital**

On 31 December 2014, 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. During the year, the company sold all of its 2,859,600 repurchased Class B shares. 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. Shareholdings provide entitlement to voting rights at the AGM.

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. Shareholdings provide entitlement to voting rights at the AGM.

**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, treasury shares	-476,600	16,219,640	15,743,040	1.00	—	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
19	March	2014	Disposal of repurchased shares	2,859,600	172,396,852	172,396,852	1.00	—	172,396,852
31	December	2014		—	172,396,852	172,396,852	1.00	—	172,396,852

The Group has made the assessment that the outstanding preference shares constitute equity instruments. This assessment is based on the fact that both the dividend and redemption of preference shares require a resolution of the general meeting of shareholders where the ordinary shareholders have a majority. Thus, it is discretionary for the company whether payment or redemption of these preference shares occurs and

consequently no contractual obligation exists to pay out funds, which means that the instrument should be classified as equity.

The Board will propose to the AGM 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-up.

**Note 21 · Financial risks and financial policies**

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.

**Financial 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	
		2014	2013
Equity/assets ratio, %	35.0	35.5	37.3
Interest coverage ratio, times	1.5	3.4	2.9

**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 1,500m 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 the day-to-day liquidity requirements. 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 806m (1,004).

#### Duration analysis of financial liabilities

Cash flow per year as regards 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 2014-12-31

SEKm	0-3 years	4-5 years	6-7 years	≥8 years
Maturity structure, loans	16,740	1,200	2,183	2,255
Interest expenses <sup>1)</sup>	1,728	1,122	1,098	1,602
Trade payables	74	—	—	—
Other liabilities	297	—	—	—
<b>Total</b>	<b>18,839</b>	<b>2,322</b>	<b>3,281</b>	<b>3,857</b>

#### 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>

#### Parent Company 2014-12-31

SEKm	0-3 years	4-5 years	6-7 years	≥8 years
Maturity structure, loans	5,854	1,200	789	—
Interest expenses <sup>1)</sup>	608	400	396	587
Trade payables	5	—	—	—
Other liabilities	145	—	—	—
<b>Total</b>	<b>6,612</b>	<b>1,600</b>	<b>1,185</b>	<b>587</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>

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 rate levels. The key factor affecting 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 manage the interest risk cost-effectively, 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 entered into 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 2014 amounted to SEK -624m (433). The fair value of financial instruments is based on measurements by the intermediating 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 54.

#### Foreign exchange risk

Balder owns properties via subsidiaries in Denmark and in Finland. 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 rent level or the economic occupancy rate has an effect on profit before tax of +/- SEK 27m and +/- 29m 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 arises 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 totalling SEK 22,378m (16,521). The credit agreements mainly consist of bilateral agreements with Nordic banks as well as a certificate programme of SEK 1,500m (1,000). On 31 December 2014, the outstanding certificate volume was SEK 675m (685). Net interest-bearing liabilities less cash and cash equivalents and financial investments of SEK 456m (513) amounted to SEK 21,922m (16,008)..

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 pledging of mortgage deeds on property,
- loans against pledging of subsidiaries' limited partnership shares,
- certificate programme,
- bond loan.

Interest-bearing liabilities for the most part are formally current but are non-current in character, as they are continually extended. One year of agreed amortisation is recognised as current interest-bearing liabilities.

In certain cases, the security is augmented by guarantees relating to 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 4.3 years (5.4) on 31 December 2014. 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 amounted to 2.6 per cent (3.2) including the effect of accrued interest from Balder's interest rate derivatives. The average interest rate refixing period on the same date was 2.3 years (3.5). The proportion of loans with interest dates during the coming 3-year period amounted to 65 per cent (59).

**Note 21 (continued)****Interest rate refixing period**

Year	Carrying amount, SEK	Interest, %	Share, %	Fair value, SEKm
Within one year	13,960	1.8	62.4	13,960
1–2 years	500	4.3	2.2	500
2–3 years	—	—	—	—
3–4 years	3,000	4.7	13.4	3,000
4–5 years	—	—	—	—
>5 years	4,918	3.6	22.0	4,918
<b>Total</b>	<b>22,378</b>	<b>2.6</b>	<b>100</b>	<b>22,378</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 1.5–3.8 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>3)</sup>		Other liabilities		Total carrying amount		Total fair value	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Trade receivables	19	23	—	—	—	—	19	23	19	23
Receivables from associated companies	616	748	—	—	—	—	616	748	616	748
Financial investments <sup>2)</sup>	—	—	257	305	—	—	257	305	257	305
<b>Total receivables</b>	<b>635</b>	<b>771</b>	<b>257</b>	<b>305</b>	<b>—</b>	<b>—</b>	<b>892</b>	<b>1,076</b>	<b>892</b>	<b>1,076</b>
Non-current interest-bearing liabilities	—	—	—	—	22,157	16,338	22,157	16,338	22,157	16,342
Credit facilities	—	—	—	—	—	4	—	4	—	4
Derivatives <sup>3)</sup>	—	—	1,086	472	—	—	1,086	472	1,086	472
Non-interest-bearing liabilities, non-current	—	—	—	—	—	—	—	—	—	—
Current interest-bearing liabilities	—	—	—	—	221	179	221	179	221	179
Trade payables	—	—	—	—	74	150	74	150	74	150
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>1,086</b>	<b>472</b>	<b>22,452</b>	<b>16,671</b>	<b>23,538</b>	<b>17,143</b>	<b>23,538</b>	<b>17,147</b>

**Parent Company, SEKm**

Receivables from group companies	15,777	11,506	—	—	—	—	15,777	11,506	15,777	11,506
Receivables from associated companies	616	748	—	—	—	—	616	748	616	748
Financial investments <sup>2)</sup>	—	—	257	305	—	—	257	305	257	305
<b>Total receivables</b>	<b>16,393</b>	<b>12,253</b>	<b>257</b>	<b>305</b>	<b>—</b>	<b>—</b>	<b>16,650</b>	<b>12,558</b>	<b>16,650</b>	<b>12,558</b>

Non-current liabilities to credit institutions	—	—	—	—	7,806	5,632	7,806	5,632	7,806	5,632
Credit facilities	—	—	—	—	—	—	—	—	—	—
Derivatives <sup>3)</sup>	—	—	936	361	—	—	936	361	936	361
Non-interest-bearing liabilities, non-current	—	—	—	—	—	—	—	—	—	—
Liabilities to group companies	—	—	—	—	3,952	2,782	3,952	2,782	3,952	2,782
Current liabilities to credit institutions	—	—	—	—	37	58	37	58	37	58
Trade payables	—	—	—	—	5	2	5	2	5	2
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>936</b>	<b>361</b>	<b>11,801</b>	<b>8,474</b>	<b>12,736</b>	<b>8,835</b>	<b>12,736</b>	<b>8,835</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 no positives values (51).

**Note 22 · Credit facilities**

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Granted credit facility	350	495	300	445
Utilised portion	—	–4	—	—
<b>Unutilised portion</b>	<b>350</b>	<b>491</b>	<b>300</b>	<b>445</b>

**Note 23 · Accrued expenses and deferred income**

SEKm	Group		Parent Company	
	2014	2013	2014	2013
Personnel expenses	22	27	7	9
Interest expenses	70	74	34	34
Prepaid rents	361	220	—	—
Property costs	69	47	—	—
Other items	17	8	2	2
<b>Total</b>	<b>538</b>	<b>376</b>	<b>44</b>	<b>45</b>

## Note 24 · Pledged assets and contingent liabilities

Pledged assets SEKm	Group		Parent Company	
	2014	2013	2014	2013
Real estate mortgages	22,358	17,848	—	—
Shares in group companies	2,255	1,469	—	—
Promissory notes	—	—	5,898	5,008
<b>Total</b>	<b>24,613</b>	<b>19,317</b>	<b>5,898</b>	<b>5,008</b>

Contingent liabilities SEKm	Group		Parent Company	
	2014	2013	2014	2013
Guarantees for subsidiaries	—	—	13,542	10,151
Guarantees for associated companies	1,486	925	1,486	925
<b>Total</b>	<b>1,486</b>	<b>925</b>	<b>15,028</b>	<b>11,076</b>

## Note 25 · Cash flow statement

Cash and cash equivalents SEKm	Group		Parent Company	
	2014	2013	2014	2013
The following sub-components are included in cash and cash equivalents:				
Cash and bank balances	199	208	165	144
<b>Total according to the balance sheet</b>	<b>199</b>	<b>208</b>	<b>165</b>	<b>144</b>
<b>Total according to the cash flow statement</b>	<b>199</b>	<b>208</b>	<b>165</b>	<b>144</b>

Interest and derivative expenses paid SEKm	Group		Parent Company	
	2014	2013	2014	2013
Interest received	27	27	16	33
Interest paid	-419	-328	-147	-117
Derivative expense paid	-198	-164	-161	-122
<b>Total</b>	<b>-591</b>	<b>-465</b>	<b>-292</b>	<b>-206</b>

Intra-group interest income and interest expenses for 2014 and 2013 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, %	2014	2013
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	0
Balder Danmark ApS	34058016	Copenhagen	80,000	100	0	0
<b>Total</b>					<b>1,822</b>	<b>1,822</b>

The Balder Group owns 100 per cent in 238 additional companies (201) via the above-mentioned subsidiaries, as presented in each subsidiary's annual accounts.

Parent Company, SEKm	2014	2013
<b>Accumulated cost</b>		
Opening balance	1,822	1,827
Dividend/Shareholders' contribution	—	-4
Impairment losses	—	-2
Acquisitions	—	—
<b>Closing balance</b>	<b>1,822</b>	<b>1,822</b>

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

Parent Company, SEKm	Receivables		Liabilities	
	2014	2013	2014	2013
Opening balance	11,506	10,571	2,782	2,927
Change in lending to subsidiaries	4,271	935	1,170	-145
<b>Closing balance</b>	<b>15,777</b>	<b>11,506</b>	<b>3,952</b>	<b>2,782</b>

There is no fixed amortisation plan.

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

The Group is under the controlling influence of Erik Selin Fastigheter AB which holds 51.3 per cent (51.3) of the votes in the parent company Fastighets AB Balder. The parent company in 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 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 services are priced based on market-related terms.

*Parent Company*

The parent company has performed property-related administrative services on behalf of its subsidiaries amounting to SEK 98m (83). The parent company functions as an internal bank. On the closing date, receivables from subsidiaries amounted to SEK 15,777m (11,506). The price of the administrative and financial services is based on market-related terms.

*Associated companies*

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

During the financial year, the associated companies have purchased management and administrative services for their organisations from Balder amounting to SEK 23m (14). Net receivables from associated companies amounted to SEK 616m (748) 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 (66.9) of the votes in Balder. With regard to the Board, CEO and other officers' 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**

In early January, 50 per cent of the property Stockholm Murmästaren 3 was divested to Oscar Properties Holding AB. Balder will continue to own 50 per cent of the property and will develop the property together with Oscar Properties.

After the end of the period, Balder also acquired the hotel property Stockholm Snöflingan 3 for about SEK 670m. The property, completed in 2009 has a lettable area of about 22,000 sq.m. Courtyard by Marriott Stockholm manages the hotel operations.

**Note 30 · Critical estimates and judgements**

The company management and the Board have discussed the development, 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 significantly.

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 its portfolio to be externally valued during the year.

**Tax**

Balder controls loss carry-forwards which mainly derive from operations that were conducted previously. Furthermore, there are loss carry-forwards in subsidiaries. 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**

The IFRS 3 accounting standard 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 Stockholm, Large 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 2014 include the parent company and its subsidiaries, together referred to as the Group

The annual accounts and the consolidated accounts were approved for publication by the Board of Directors and CEO on 8 April 2015. 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 6 May 2015. The Board will propose to the AGM 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 2014.

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 provide a true and fair view of the parent company's and Group's financial position and results of operations. The statutory administration report 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, 8 April 2015

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 2015-04-08  
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 2014. The company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 53–85.

## **Responsibilities of the Board of Directors and the Managing Director 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 opinions.

## **Opinions**

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014

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 2014 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 2014.

## **Responsibilities 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 the 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 Managing Director 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, 8 April 2015  
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 aim to create a good basis for exercise of an active and responsible ownership role and to create a well-adjusted balance of power among owners, the Board and the executive management, which Balder views as a natural element 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) where the Swedish model for corporate governance is also described.

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 company's Board of Directors has its registered office 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 (AGM) 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 AGM according to the proposal of the nomination committee. The AGM 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 AGM 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 Swe-

dish Companies Act prescribes that proposals must be approved by a larger proportion of the shares represented and cast at the meeting.

## Annual General Meeting 2014

At the AGM on 7 May 2014 in the Restaurang Palace in Gothenburg, 191 shareholders were represented, holding 76 per cent of the total number of votes. All Board members and the company's auditor were present at the general meeting.

The AGM adopted the financial statements for 2013 and discharged the Board and CEO from liability for the financial year 2013.

The following resolutions were passed by the AGM on 7 May 2014;

- 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 AGM 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 Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren. All members are elected until the AGM 2015. 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 AGM on 7 May 2014 are available on the company's website. The AGM for 2015 will take place on 6 May 2015 at 3.00 p.m. at the Radisson Blu Scandinavia Hotel Gothenburg, Södra Hamngatan 59–65 in Gothenburg. Information concerning the AGM is published on the company's website [www.balder.se](http://www.balder.se).

## The share and owners

The Balder share is listed on Nasdaq Stockholm, Large Cap segment. At year-end, the number of shareholders amounted to 16,310. During the year, Balder sold all 2,859,600 repurchased

ordinary shares of Class B for approximately SEK 220m. Balder's share capital on 31 December 2014 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. 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 13–15, The share and owners.

### Board of Directors

The Board of Directors is elected by the AGM and according to the articles of association shall consist of at least three and at most seven members. The members are elected at the AGM for the period until the end of the first AGM that is held after the members were elected. During 2014, 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 has 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 formal work plan of the Board. The Board shall perform the Board

work collectively 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 shall 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 proceeds 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 four 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 of Directors' work

Balder's Board held 10 board meetings during 2014 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 divestment 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 2014, 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 AGM has determined and shall also draw up proposals for new guidelines for principles of remuneration and other terms of employment. Ahead of the AGM'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 AGM, 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 2014, 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	10/10	1/1	1/1
Erik Selin	2005	No	10/10	—	—
Fredrik Svensson	2005	Yes	9/10	1/1	1/1
Sten Dunér	2007	Yes	10/10	1/1	1/1
Anders Wennergren	2009	Yes	10/10	1/1	1/1

Further information about the company's Board may be found on page 92 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 AGM resolves on the procedure for election of the Board, and when applicable, auditors. The AGM 2014 resolved that a nomination committee should be established before the 2015 AGM 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 AGM. All shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The AGM 2014 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 AGM. 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 AGM 2015 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 pursu-

ant 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 AGM.

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 AGM on 7 May 2013 as auditor for a period of four years until the AGM 2017.

#### **Ahead of the AGM 2015**

Ahead of the AGM on 6 May 2015, 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 AGM, 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 AGM, 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 AGM on 6 May 2015, 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,
- directors' fees of SEK 160,000 are proposed 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 AGM. 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 in its year-end report and publishes its annual accounts in good time before the AGM.

The annual accounts for 2014 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 over 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 level**

The control environment constitutes the basis for the internal control over 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 494 properties, each with its own profit centre, which is 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 document for the control environment.

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 risk assessment is continually updated to cover changes that have a

material impact on the internal control over 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. Once every year, the Board receives a report from Balder's auditor regarding internal control, risk management and financial reporting.

### Need of internal audit

Balder has a decentralised organisation that manages 494 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, 8 April 2015

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 2014 on pages 87–91 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 review and on our knowledge of the company and the Group, we believe we have a sufficient basis for our opinion. This means that our statutory

review of the corporate governance report 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 accounts.

Gothenburg, 8 April 2015

Öhrlings PricewaterhouseCoopers AB  
Bengt Kron

Authorised Public Accountant

# Board of Directors



## **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.



## **Anders Wennergren**

Born 1956.  
Board member since 2009.  
Education: Bachelor of Laws. Lawyer, partner and Board member of Advokatfirman Glimstedt. Board member of Serneke AB.  
Shareholding in Balder: 2,050 B shares and 214,000 B shares 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.



## **Fredrik Svensson**

Born 1961. Board member since 2005.  
Education: Master of Business Administration. CEO of AB Arvid Svensson, Chairman of Klövern AB.  
Shareholding in Balder: 2,915,892 A shares and 13,542,540 B shares, all via company.



## **Erik Selin**

Born 1967.  
Board member since 2005.  
Education: Business school economist. CEO of Fastighets AB Balder.  
Chairman of Skandrenting AB, Board member of Collector AB and Collector Credit AB and of Västsvenska Handelskammaren, Stendörren AB and Hexatronic Scandinavia AB.  
Shareholding in Balder: 10,500 B shares and 500 preference shares and 8,301,930 A shares and 57,207,798 B shares via company.

## **Balder's Board of Directors**

Balder's Board of Directors is composed of five people, including the Chairman. Board members are elected annually at the AGM for the period until the end of the next AGM.

# Management



**Erik Selin**  
Born 1967.  
Board member since 2005.  
Education: Business school economist. CEO of Fastighets AB Balder.  
Shareholding in Balder: 10,500 B shares and 500 preference shares and 8,301,930 A shares and 57,207,798 B shares via company.



**Magnus Björndahl**  
Born 1957.  
CFO.  
Employed since 2008.  
Education: Master of Business Administration  
Shareholding in Balder: 21,000 B shares



**Petra Wing Engström,**  
Born 1965.  
Head of personnel and administration.  
Employed since 2007.  
Education: Business school economist  
Shareholding in Balder: No shareholding in Balder.



**Benny Ivarsson**  
Born 1955.  
Head of property.  
Employed since 2006.  
Education: Master of Business Administration  
Shareholding in Balder: 12,494 B shares and 8,500 preference shares and 12,720 B shares via company.



**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.



**Marcus Hansson**  
Born 1974.  
Head of finance.  
Employed since 2007.  
Education: Bachelor's degree in business and managerial economics  
Shareholding in Balder: 64,500 B shares

## Auditor

### Öhrlings PricewaterhouseCoopers AB

Öhrlings PricewaterhouseCoopers AB  
Chief auditor: Bengt Kron, born 1965  
Auditor of the company since 2009, elected at the AGM on 7 May 2013 for four years until the AGM 2017.

# Property list

Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Lettable area, sq.m.								Tax assessment value, SEKm
						Office	Retail	Industrial/Warehouse	Education/Care	Hotel	Residential	Other	Total	
<b>Stockholm Region</b>														
Botkyrka	Freja 2	Balders väg 4–16	1973	Residential	Yes						7,060	220	7,280	51
Botkyrka	Freja 3	Balders väg 1–5, 9–15	1973	Residential	Yes						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	1972	Residential							7,060	256	7,316	51
Botkyrka	Idun 3	Iduns väg 1–5, 9–15	1972	Residential							7,060		7,060	52
Huddinge	Bäckgården 8	Vårby Allé 8, 10, 14–22	1974	Other	Yes	2,818	1,731					3,805	8,354	49
Huddinge	Vårby Gård 1:16	Vårby Allé 58 m fl	1973	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 363:2	Ektorpsvägen 2–6 m fl	1986	Other		2,350				8,383			10,733	94
Nacka	Sicklaön 354:2	Ektorpsvägen 6	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
Nynäshamn	Musköten 1	Björn Barkmans väg 1–48	1968	Residential		16		100			22,494	207	22,817	140
● Solna	Banken 14	Hotellgatan 11	1965	Other		93				11,444			11,537	113
Solna	Puman 1	Bangatan 21 m fl	1972	Office		2,115							2,115	16
Stockholm	Berget 2	Västmannagatan 13	1929	Other						1,176	339		1,515	31
Stockholm	Doggen 1	Vinhundsvägen 157	1974	Office		1,650							1,650	7
Stockholm	Doggen 2	Vinhundsvägen 159 A–B	1984	Office	Yes	4,690							4,690	28
Stockholm	Fiskaren Större 3	Götgatan 21	1929	Office		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	Florsgatan 21	1972	Office		4,284		8					4,292	161
● Stockholm	Göta Ark 18	Medborgarplatsen 21	1985	Office	Yes	17,807		668					18,475	376
● Stockholm	Havsfrun 25	Artillerigatan 42	1929	Office		3,267		239					3,506	83
Stockholm	Holar 3	Skalholtsgränd 10	1985	Other	Yes	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	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	1975	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	Norrlindsgatan 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	1929	Office		642	372	61			613	794	2,482	37
Stockholm	Lärfvet 2	Brommaplan 407–413 m fl	1941	Residential	Yes	204	530	114			895		1,743	22
Stockholm	Magneten 32	Voltavägen 13–15 m fl	1982	Office		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	Residential	Yes		1,090	74			1,227		2,391	34
Stockholm	Miklaholt 2	Haukadalsgatan 10	1981	Office	Yes	1,128		788					1,916	16
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						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	Gyldengatan 6 m fl	1939	Other					2,700				2,700	
Stockholm	Spårvagnen 4	Birger Jarlsgatan 57	1995	Office		19,507	3,069	1,086				102	23,764	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	1959	Office	Yes	6,550							6,550	52
Stockholm	Vreten 25	Västberga Allé 1 m fl	1965	Office	Yes	9,777	580	2,198				55	12,610	109
● Stockholm	Årstaäng 4 & 6	Sjöviksbacken 8	1900	Office	Yes	22,208	930	1,183					24,321	278
Sundbyberg	Eken 14	Ågatan 10	1936	Office		8,410		217				286	8,913	88
● Södertälje	Yxan 8	Täppgatan 15	1975	Other						14,115			14,115	75
● Upplands Väsby	Vilunda 6:48	Hotellvägen 1	1986	Other						6,955			6,955	50
Uppsala	Berthåga 53:1	Naturstensvägen 41–115 m fl	2007	Residential							3,814		3,814	48
● Uppsala	Dragarbrunn 16:4	Dragarbrunnstorg 18	1962	Other			680	51		5,275			6,006	64
● Uppsala	Kvarngärdet	Gamla Uppsalagatan 50	1983	Other						7,518			7,518	38
Uppsala	Årsta 94:1	Stålgatan 57–101	1988	Residential							5,274	31	5,305	67
Uppsala	Årsta 95:1	Stålgatan 35–39	2005	Residential							4,117		4,117	51
<b>Stockholm total</b>						<b>208,952</b>	<b>36,122</b>	<b>21,410</b>	<b>29,424</b>	<b>62,888</b>	<b>131,140</b>	<b>12,891</b>	<b>502,827</b>	<b>5,516</b>

● Acquisitions during 2014.

Lettable area, sq.m.

Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Lettable area, sq.m.							Tax assessment value, SEKm	
						Office	Retail	Warehouse	Education/Care	Hotel	Residential	Other		Total
<b>Gothenburg/West Region</b>														
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	1929	Other			177		5,404				5,581	29
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	1929	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							1,234		1,234	6
Falköping	Avenboken 2	Margaretagatan 42 m fl	1961	Residential							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	1929	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	Eriksgratan 33 A–B	1943	Residential							376		376	2
Falköping	Hovslagaren 16	Jakobsgatan 18 B m fl	1960	Residential							2,104	87	2,191	10
Falköping	Hytten 1	Storgatan 34		Ground										
Falköping	Kemisten 1	Stora Torget 7 m fl	1929	Retail			316				215		531	2
Falköping	Lejonet 2	Hjelmarsörsgatan 24–46	1972	Residential							6,724	151	6,875	30
Falköping	Mejseln 4	Sankt Sigfridsgatan 20	1942	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	1959	Residential							787		787	
Falköping	Oxeln 1	Wetterlingsgatan 24 A–C	1953	Residential							1,357	25	1,382	7
Falköping	Sankt Lars 1	Per Larsgratan 4	1961	Residential		69					811		880	4
Falköping	Sankt Jakob 14	Sankt Sigfridsgatan 27	1940	Residential							316		316	2
Falköping	Sankt Jakob 18	Eriksgratan 29	1940	Residential							293		293	1
Falköping	Sankt Johannes 18	Sankt Sigfridsgatan 5	1939	Residential							400		400	2
Falköping	Sankt Olof 17	Sankt Olofsgatan 10		Ground										
Falköping	Sankt Olof 18	Sankt Olofsgatan 14 m fl	1990	Residential		432					1,599		2,031	9
Falköping	Sankt Staffan 13	Bryngelsgatan 6	1929	Office		1,703						366	2,069	7
Falköping	Sankt Tomas 13	Wetterlingsgatan 11	1938	Residential							393		393	2
Falköping	Skalbaggen 1	Scheelegatan 21 A–B	1957	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	1948	Residential							716		716	4
Falköping	Skogslinden 4	Margaretagatan 32 m fl	1946	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	Högarensgratan 8 A–C	1989	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	Wetterlingsgatan 13 C–E	1955	Residential							1,441		1,441	7
Falköping	Vargen 2	Dotorsgratan 67 A–B	1956	Residential							1,163	43	1,206	6
Falköping	Vargen 3	Wetterlingsgatan 13 F–H	1955	Residential		242					832		1,074	5
Falköping	Vargen 4	Wetterlingsgatan 11 G–H	1957	Residential							1,130	521	1,651	6
Falköping	Vargen 5	Wetterlingsgatan 11 A–B	1956	Residential							1,086	357	1,443	6
Falköping	Vargen 6 & 8	Wetterlingsgatan 11 C–E	1956	Residential							1,503	23	1,526	7
Falköping	Vargen 7	Wetterlingsgatan 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
Gothenburg	Backa 171:3	Backavägen 1	1955	Retail			4,417						4,417	50

PROPERTY LIST

Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Lettable area, sq.m.							Total	Tax assessment value, SEKm
						Office	Retail	Industrial/Warehouse	Education/Care	Hotel	Residential	Other		
<b>Gothenburg/West Region (continued)</b>														
Gothenburg	Backa 21:14	Exportgatan 47 B	1989	Other		564		1,834				108	2,506	11
● Gothenburg	Backa 170:1	Backavägen 7	1968/1999	Other				3,500					3,500	9
● Gothenburg	Backa 169:3	Södra Deltavägen 3 A	2006	Retail			1,975						1,975	40
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	Atmosfärgatan 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	Yes						302		302	
Gothenburg	Bö 93:2	Sofierogatan 1	1940	Office		8,417		472				316	9,205	81
Gothenburg	Gamlestaden 25:11	Marieholmogatan 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	Fabriksgatan 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	Heden 24:11	Engelbrektsgatan 73	1964	Other	Yes					17,875			17,875	218
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 1:13	Drottninggatan 62	1986	Other						26,656			26,656	271
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 16:21	Drottninggatan 10–12	1929	Retail		2,365	321	86				200	2,972	55
Gothenburg	Inom Vallgraven 19:6	Drottninggatan 35	1929	Office		525	597						1,122	17
● Gothenburg	Inom Vallgraven 2:2	Drottninggatan 69	1929	Office		254	1,038						1,292	21
● Gothenburg	Inom Vallgraven 22:6	Kungsgatan 41	1869	Office		642	468						1,110	32
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	1912	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	1989	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 8:19	Kungsgatan 56	1962	Office		956	409						1,365	47
Gothenburg	Inom Vallgraven 8:20	Kyrkogatan 33	1940	Retail			803						803	17
Gothenburg	Järnbrott 145:6	Svägrumsgatan 45–57	1963	Residential	Yes						3,844	13	3,857	29
Gothenburg	Kobbegården 6:725	Datavägen 12 A	1988	Office		3,388							3,388	22
Gothenburg	Kyrkbyn 147:1	Almquistgatan 1	1967	Other					520				520	
Gothenburg	Källtorp 36:7	Solrosogatan 13 A	1935	Residential							769	105	874	11
Gothenburg	Källtorp 39:1	Råstengatan 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	Kungsportsavenyn 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	Kungsportsavenyn 11, 13 m fl	1929	Retail			2,394						2,394	55
Gothenburg	Lorensberg 46:5	Kungsportsavenyn 7	1929	Retail		201	766						967	20
Gothenburg	Lorensberg 46:6	Kungsportsavenyn 9	1950	Retail								1,176	1,176	31
● Gothenburg	Nordstaden 10:15	Köpmansgatan 27	1900	Office		1,031	590					812	2,433	64
● Gothenburg	Nordstaden 10:16–17	Köpmansgatan 29	1929	Other			113			7,753			7,866	117
Gothenburg	Olskroken 10:5	Olskrokgatan 30	1985	Office		3,034			1,477				4,511	
Gothenburg	Olskroken 25:11	Falkgatan 7	1932	Other					1,969			292	2,261	
Gothenburg	Rud 8:10	Munspelsgatan/Speldosegatan/Tamburingatan	1962–1963	Residential		1,014		430			43,269	10	44,723	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	1944	Retail		64	3,493	230				7	3,794	77
● Gothenburg	Tingstadsvassen 3:7	Krokgårdsgatan 7–9, 2	1987	Retail			5,243						5,243	91
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	28
Kungälv	Krabbetorget 18&35	Västra gatan 84–88, 90, 92	1961	Retail		213	840				430		1,483	12
Kungälv	Nedre Platt 1	Östra gatan 1		Ground										
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

● Acquisitions during 2014.

Lettable area, sq.m.

Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Office	Retail	Industrial/Warehouse	Education/Care	Hotel	Residential	Other	Total	Tax assessment value, SEKm
<b>Gothenburg/West Region (continued)</b>														
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	1988	Residential							428	11	439	4
Mariestad	Enen 23	Stockholmsvägen 11, 16, 18, 20	1985	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
Mariestad	Granen 8	Viktoriegatan 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
Mölnådal	Stockrosen 3	Norra Ågatan 38	1964	Office		600		5,292				190	6,082	17
Mölnådal	Stockrosen 6	Norra Ågatan 34	1948	Office		551	1,212	252					2,015	10
Mölnådal	Stockrosen 10	Norra Ågatan 26 C	1973	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	1989	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	1956	Residential							824		824	5
Skara	Frigga 5	Mariebergsgatan 6 A–B	1956	Residential							828		828	5
Skara	Heimdäl 1	Hindsbogatan 43 A–B m fl	1947	Residential							632	50	682	4
Skara	Heimdäl 4	Hindsbogatan 37 A–B m fl	1947	Residential							647	25	672	4
Skara	Plymen 4, 5	Vallgatan 36 A–B	1929	Residential							705		705	4
Skara	Rådhuset 40	Nicolai Gränd 1–3 m fl	1929	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	1988	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	1936	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	Dagslåndan 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	Yes	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	1990	Residential							248		248	1
Tidaholm	Ankan 16	Norra Kungsvägen 66 A–B	1990	Residential							248		248	1
Tidaholm	Drott 16	Norra Kungsvägen 23 A–C, 25 A–C	1987	Residential							606		606	2
Tidaholm	Gimle 3	Smedjegatan 6 A–F	1989	Residential							400		400	1
Tidaholm	Linden 4	Långgatan 41 A–D	1989	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	1988	Residential							224		224	1
Tidaholm	Tordyveln 3	Västra Ringvägen 1 A–B	1988	Residential							224		224	1
Tidaholm	Tumlaren 1	Västra Drottningvägen 64 A–B	1943	Residential							512		512	2
Trollhättan	Hoppet 1	Drottninggatan 13 m fl	1992	Residential		295					2,341	265	2,901	21
Trollhättan	Oden 7	Drottninggatan 25–33 m fl	1976	Retail			14,321	1,014				1,416	16,751	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	1936	Residential				193			1,367	161	1,721	11
Trollhättan	Strandpiparen 12	Slättbergavägen 22	1952	Residential				110			654		764	6
Trollhättan	Svan 7	Storgatan 47	1989	Other						11,632			11,632	53
Trollhättan	Venus 9	Österlånggatan 44 m fl	1989	Residential		1,250	475				1,594		3,319	22
Trollhättan	Verkmästaren 14	Ekholmogatan 11 m fl	1910	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	Lillbräckegetan 1–27	1972	Residential	Yes	1,425	239	106			13,338		15,108	95
Vänersborg	Resedan 15	Kungsgatan 5 m fl	1994	Residential			1,168				1,203	35	2,406	15
<b>Total Gothenburg/West</b>						<b>133,287</b>	<b>91,169</b>	<b>50,106</b>	<b>19,725</b>	<b>98,538</b>	<b>383,015</b>	<b>30,029</b>	<b>805,869</b>	<b>5,574</b>

## PROPERTY LIST

Municipality	Name of property	Address	Year of construction	Property category	Site lease-hold right	Lettable area, sq.m.							Total	Tax assessment value, SEKm		
						Office	Retail	Industrial/Warehouse	Education/Care	Hotel	Residential	Other				
<b>Region Öresund</b>																
DK, Greve	Ventrupparken 6	Ventrupparken 6	1900	Retail				4,723						4,723		
DK, Köpenhamn	Staevern Örestad	Robert Jacobsens Vej 81	2009	Residential							6,830			6,830		
● DK, Köpenhamn	Udenbys Vester Kvarter	Skibbroen 2		Residential, Ground												
● DK, Köpenhamn	Vestervold Kvarter	Jernbanegade 8	1900	Retail								5,300		5,300		
DK, Köpenhamn	Österfaelled Torv	Marskensgade 13	1996	Residential							43,500			43,500		
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	1929	Residential							688	96	784	5		
Helsingborg	Skalbaggen 15	Gustav Adolfs gata 13	1939	Residential							762	19	781	6		
Helsingborg	Skalbaggen 16	Gustav Adolfs gata 11 m fl	1935	Residential				195			2,155	30	2,380	18		
Helsingborg	Skalbaggen 17	Gasverksgatan 34	1935	Residential				83			712	32	827	6		
Helsingborg	Skalbaggen 18	Gasverksgatan 36	1933	Residential				34			818	82	934	6		
Helsingborg	Skalbaggen 19	Gasverksgatan 38	1945	Residential							708	72	780	5		
Helsingborg	Skalbaggen 20	Gasverksgatan 40	1935	Residential				83			632	109	824	5		
Helsingborg	Skalbaggen 21	Gasverksgatan 42	1935	Residential							711	117	828	2		
Helsingborg	Skalbaggen 22	Gasverksgatan 44 A–B m fl	1930	Residential				143			1,905	24	2,072	15		
Helsingborg	Skalbaggen 23	Gustav Adolfs gata 17–19 m fl	1967	Residential				42			3,643	51	3,736	24		
Helsingborg	Skalbaggen 24	Gustav Adolfs gata 15	1983	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		
● Kristianstad	Hovrätten 41	Västra Storgatan 13	1985	Other					380		7,075		7,455	34		
Lund	Dioriten 1	Brunnsgård m fl	2001	Office				3,080					3,080	36		
● Lund	Jöns Petter Borg 14	Hedvig Möllers gata 2	2013	Other							8,462		8,462	103		
● Lund	Kalkstenen 1	Kalkstensvägen 32	2000	Retail					2,180				2,180	18		
Lund	Lagfarten 1 & 2	Magistratvägen 10, 12	1968	Office				3,472	1,294				4,766	30		
● Lund	Porfyren 2	Glimmervägen 3	1991	Other							15,711		15,711	104		
Lund	Rügen 1	Stralsundsvägen 1–25	2006	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	Engelbrektsgränd 2	1960	Other					1,430		9,777		11,207	225		
Malmö	Spinneriet 8	Baltzarsgatan 20, 22 m fl	1957	Office				12,197	3,097	2,346	5,540	1,491	24,671	479		
● Malmö	Spännbucklan 12 & 13	Agnesfridsvägen 180	1983	Retail	Yes				5,320				5,320	23		
Malmö	Von Conow 54	Baltzarsgatan 31	1964	Office				9,393	3,567	579		2,584	4,751	20,874	284	
● Trelleborg	Lavetten 41	Hedvägen 167–173	1987	Retail					990				990	4		
● Växjö	Elden Södra 17	Biblioteksgatan 7	1985	Other							6,888		57	6,945	37	
● Växjö	Kocken 3	Hejaregatan 19	1969	Other							3,982		3,982	17		
Åstorp	Asken 14	Skolgatan 14	1929	Residential				167	239	47		771	1,224	5		
Åstorp	Blåklockan 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	Fabriksgränd 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							340		340	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	7,871	165	8,046	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	Svärdsliljans 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		
<b>Total Öresund</b>								<b>43,992</b>	<b>29,047</b>	<b>8,208</b>	<b>120</b>	<b>57,435</b>	<b>141,563</b>	<b>17,790</b>	<b>298,155</b>	<b>2,275</b>

● Acquisitions during 2014.

Lettable area, sq.m.

Municipality	Name of property	Address	Year of construction	Property category	Site leasehold right	Office	Retail	Industrial/Warehouse	Education/Care	Hotel	Residential	Other	Total	Tax assessment value, SEKm
<b>Region East</b>														
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		71			3,846		4,200	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
● FI, Kuopio	Leväsentie 2B		2006	Retail			20,123						20,123	
● FI, Kuusamo	Ouluntaival 1		1978	Retail			3,718						3,718	
● FI, Kuusamo	Loumantie 1–3		1990/2006 /2008	Retail			12,623						12,623	
● FI, Keminmaa	Joulantie 1–3		2001–2002	Retail			12,337						12,337	
● FI, Nurmijärvi	Isoseppälä 14		1996	Retail			2,742						2,742	
● FI, Mäntsälä	Mäntsäläntie 1		1989	Retail			3,573						3,573	
● FI, Raisio	Kauppakaju 2		1995	Retail			5,856						5,856	
● FI, Seinäjoki	Kauppakatu 4		1971/1982	Retail			4,591						4,591	
Gotland	Soldaten 1	Volontärsgatan 1–226	2005	Residential							3,315		3,315	32
Gotland	Vibble 1:457	Tvinnaregatan 1–263	1989	Residential							7,741		7,741	51
Jönköping	Björnen 6	Tormenäsgatan 15	1991	Office		773					176		949	6
Jönköping	Hålan 6:2	Bågvägen 1–46	1972	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	1991	Residential							2,611	337	2,948	17
Jönköping	Tigern 7	Backgatan 2, 4	1968	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 Olovgatan 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	1958	Residential				491			4,609		5,100	33
Nyköping	Brandholmen 1:72	Idrottsvägen 12	2014	Other								16,324	16,324	
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	1930	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
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

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				
<b>Region East (continued)</b>																
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 Järnvägsgatan 1, 3	1985	Residential							2,073	10	2,083	11		
Tranås	Västermalm 23	Storgatan 15, 17, 19, 21 m fl	1955	Residential			3,310	15			2,913	617	6,855	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	Fältsmössan 1 & Vapenrocken 1	Rönnebergagatan 1–39, 10–36	1963/1965	Residential		486	105	38			33,707	2	34,338	193		
Västerås	Klockarkärleken 2	Rönnebergagatan 4–8	1962	Residential				260			5,778		6,038	33		
Västerås	Rödsklinten 2	Bangatan 15–19	1957	Residential		110	160				7,003		7,273	40		
Västerås	Sågen 1	Pilgatan 33	1980	Other						8,317			8,317	27		
Västerås	Vallmon 6	Bangatan 1 A–11 B	1968/1979	Residential				32			14,121		14,153	78		
<b>Total East</b>						<b>11,038</b>	<b>86,624</b>	<b>694</b>			<b>8,317</b>	<b>272,320</b>	<b>24,017</b>	<b>403,010</b>	<b>1,642</b>	
<b>Region North</b>																
Gävle	Holmsund 11:1 mfl	Korsnäsavägen 108 m fl	1958	Residential							1,200	260	1,460	3		
Gävle	Holmsund 7:6	Holmsundsavägen 7, 17–29	1929	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							2,871		2,871	10		
Gävle	Norr 18:6	Nygatan 37–39 m fl	1985	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		
Gävle	Valbo-Backa 6:12	Johanneslötsvägen 6	1981	Other						7,382			7,382	31		
Karlstad	Anden 9	Åttkantslunden 1 A–B, 3 A–B	1983	Residential							1,472	20	1,492	13		
Karlstad	Braxen 34	Östra Kanalgratan 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 Kanalgratan 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	Höken 1	Hamngatan 16	1929	Other						5,890			5,890	52		
Karlstad	Pilbågen 1	Sandelsgatan 2, 4, 6, 8	1942	Residential							2,184		2,184	16		
Karlstad	Registratören 1	Norra Allén 26 A–B	1949	Residential							502	56	558	4		
Karlstad	Registratören 8	Norra Allén 30 A–B	1948	Residential							456	61	517	4		
Karlstad	Registratören 9	Norra Allén 28	1946	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	Våduren 3	Rudsvägen 1 A–D	1942	Residential							1,344	24	1,368	12		
Sundsvall	Aeolus 1	Nybrogatan 19 m fl	1944	Residential		89	501				872		1,462	8		
Sundsvall	Bredsand 1:13	Appelbergsvägen 3		Ground												
Sundsvall	Bredsand 1:14	Appelbergsvägen 4		Ground												
Sundsvall	Bredsand 1:3 mfl	Appelbergsvägen 1 A–B	1950	Residential							7,127	82	7,209	21		
Sundsvall	Bredsand 1:4 mfl	Appelbergsvägen 14–18	1950	Residential							4,479		4,479	12		
Sundsvall	Dingersjö 28:27 mfl	Appelbergsvägen 26–32 m fl	1989	Residential							9,464	50	9,514	27		
Sundsvall	Dingersjö 3:131 m fl	Bergsvägen 3 A–J	1964	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	1990	Office		3,125						36	3,161	25		
Sundsvall	Fliten 11	Rådhusgatan 39 A–B m fl	1992	Residential		272					3,371		3,643	29		
Sundsvall	Kvissle 2:53 & 2:43	Affärsgratan 26 A–D	1962	Residential							1,468		1,468	3		
Sundsvall	Kvissle 22:2 & 39:1	Affärsgratan 22–24 m fl	1968	Residential		192	137				6,311	45	6,685	15		
Sundsvall	Lagmannen 10	Esplanaden 18–22 m fl	1962	Residential		757	240	70			3,980	1,099	6,146	32		
Sundsvall	Nolby 1:48, 40:1, 1:108	Skolgatan 4	1983	Residential		1,070					4,079	766	5,915	15		
Sundsvall	Nolby 3:268	Brovägen 9	1988	Residential							997		997	3		
Sundsvall	Nolby 40:2	Affärsgratan 18 A–C	1964	Residential			866				2,166	207	3,239	8		
Sundsvall	Nolby 41:3 & 37:1	Affärsgratan 14 A–H, 16 A–N	1974	Residential			1,006				5,328	43	6,377	16		
<b>Total North</b>						<b>8,049</b>	<b>6,601</b>	<b>322</b>			<b>13,272</b>	<b>125,835</b>	<b>12,947</b>	<b>167,026</b>	<b>783</b>	
<b>Total Fastighets AB Balder</b>						<b>405,318</b>	<b>249,563</b>	<b>80,740</b>			<b>49,269</b>	<b>240,450</b>	<b>1,053,873</b>	<b>97,674</b>	<b>2,176,887</b>	<b>15,790</b>

● Acquisitions during 2014.

# 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** 6 May 2015

**Interim report** 6 May 2015  
Jan–Mar 2015

**Interim report** 21 August 2015  
Jan–jun 2015

**Interim report** 4 November 2015  
Jan–Sep 2015

**Interim report** 18 February 2016  
Jan–Dec 2015

This report is a translation of the Swedish Annual report 2014.  
In the event of any disparities between this report and the Swedish version, the latter will have priority.

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