



PRESS RELEASE
2015-12-15

Balder acquires an additional 22.9 per cent of SATO – mandates Carnegie and SEB to evaluate the possibility to implement a directed issue in order to partially finance the acquisition

Summary of the acquisition and its overall effects

- Fastighets AB Balder (publ) ("Balder") has agreed to acquire an additional 22.9 per cent of the outstanding shares of SATO Oyj ("SATO") from Varma Mutual Pension Insurance Company ("Varma") for a purchase price of EUR 235m (the "Acquisition")
- After the Acquisition, Balder will own 53.3 per cent of the outstanding shares and votes in SATO, whereby Balder will consolidate SATO in the group's accounts from year end, 2015
- Property value, pro forma as of September 30, 2015, amounts to approximately SEK 67bn – an increase of approximately SEK 27bn compared to September 30, 2015
- Loan-to-value ratio, regarding interest-bearing liabilities related to investment properties, pro forma as of September 30, 2015 decreases to approximately 49 per cent
- The share of residential properties pro forma as of September 30, 2015 including residential property projects are 65 per cent – an increase from 41 per cent as of September 30, 2015
- The rental value pro forma as of September 30, 2015 amounts to SEK 5,358m - an increase from SEK 2,795m as of September 30, 2015
- Profit from property management based on current earnings capacity pro forma as of September 30, 2015 attributable to the shareholders of the parent company increase to SEK 2,005m - an increase from SEK 1,805m as of September 30, 2015
- Balder intends to partially finance the Acquisition through a directed share issue of 7,500,000 Class B shares, which might be increased, and has mandated Carnegie and SEB to investigate the conditions therefor

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Background to the acquisition

Over the past 10 years Balder has grown and become one of the largest listed property companies in Scandinavia with a property value of approximately SEK 40bn. As the company has grown, markets in neighboring countries has become increasingly interesting as these real estate markets among other are logical complement to the Swedish real estate market in general and to Balder in particular. The first property acquisition was made in Denmark in 2010 and in Finland 2014.

On April 1, 2015 Balder conducted its first acquisition of shares in SATO equivalent to 21 per cent of the outstanding shares and votes. Balder has thereafter gradually acquired additional shares in SATO and the total holding of shares and votes in SATO was 30.4 per cent prior to the Acquisition.

Since the initial acquisition Balder's knowledge and appreciation of SATO as well as its management and organization have deepened and strengthened. Balder finds SATO a very well managed residential property company with high-quality properties in good locations that complement Balder's existing operations and property portfolio. Balder has therefore agreed to acquire additional shares in SATO from Varma and Balder's ownership in SATO after the Acquisition amounts to 53.3 per cent of the outstanding shares and votes. The purchase price for the acquired 22.9 per cent amounts to EUR 235m (SEK 2,212m).

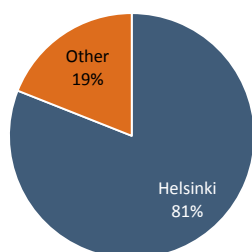
As a consequence, Balder will consolidate SATO from year end 2015. The pro forma value of the group's property portfolio amounts, as of September 30, 2015, to approximately SEK 67bn.

Briefly about SATO

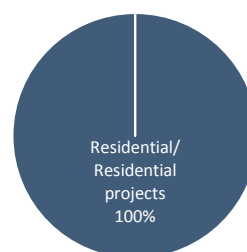
SATO is one of the largest residential property companies in Finland. As of September 30, 2015 the carrying amount of the property portfolio amounted to EUR 2,836m (SEK 26,696m), annual rental value to EUR 265m (SEK 2,493m) and the lettable area to 1,364,773 square meters.

The property portfolio is primarily located in the Helsinki region but also in Tampere, Turku, Jyväskylä, Oulu and St. Petersburg.

Carrying amount by region, %



Carrying amount by property category, %



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SATO'S REAL ESTATE PORTFOLIO AS OF SEPTEMBER 30, 2015

The table below shows the properties SATO held on September 30, 2015. Sold properties have been excluded and acquired properties and completed housing projects have been recalculated to full-year values.

	Number of properties	Lettable area, Sq.m.	Rental value, SEKm ¹⁾	Rental value, SEK/sq.m.	Rental income, SEKm ¹⁾	Economic occupancy Rate %	Carrying amount SEKm ¹⁾	Carrying amount,%
Distributed by region								
Helsinki	509	976,484	1,974	2,021	1,920	97	19,293	72
Other	219	388,289	520	1,339	489	94	5,020	19
Total	728	1,364,773	2,493	1,827	2,409	97	24,313	91
Residential projects	–	–	–	–	–	–	2,383	9
Total	728	1,364,773	2,493	1,827	2,409	97	26,696	100
Distributed by property category								
Residential	728	1,364,773	2,493	1,827	2,409	97	24,313	91
Total	728	1,364,773	2,493	1,827	2,409	97	24,313	91
Residential projects	–	–	–	–	–	–	2,383	9
Total	728	1,364,773	2,493	1,827	2,409	97	26,696	100

¹⁾ Based on a EUR/SEK 9.41 as of September 30, 2015

SATO'S FINANCING AS OF SEPTEMBER 30, 2015

SATO's reported consolidated equity as of September 30, 2015 amounted to EUR 948m (SEK 8,923m). In addition to equity, the majority of SATO's financing consists of interest-bearing liabilities, which as of September 30, 2015 amounted to EUR 1,778m (SEK 16,734m). Interest-bearing liabilities consist of EUR 1,139m (SEK 10,720m) in the form of bilateral bank loans and government-subsidized loans, secured bonds of EUR 249m (SEK 2,344m) and unsecured bonds and commercial papers of EUR 390m (SEK 3,670m). As of September 30, 2015 the average fixed credit term and the interest rate refixing period (including the effect of interest rate derivative instruments) as of September 30, 2015 were 5.4 years and 3.8 years respectively. The average interest rate as of September 30, 2015 amounted to 2.2 per cent.

Unlike Balder, SATO uses hedge accounting for its interest rate derivatives, meaning that the value is recognized directly in equity. The value of SATO's interest rate derivatives as of September 30, 2015 amounted to EUR - 49.5m (SEK - 466m).

SATO's cash equivalents, financial investments and unutilized credit facilities as of September 30, 2015 amounted to EUR 378m (SEK 3,558m).

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SATO'S CONSOLIDATED INCOME STATEMENT

EURm	2015 July-Sep	2014 July-Sep	2015 Jan-Sep	2014 Jan-Sep	2014/2015 Oct-Sep	2014 Jan-Dec
Rental income	62.8	61.3	187.8	181.8	249.2	243.2
Other income	0.1	0.1	0.4	0.4	0.5	0.5
Property costs	-22.8	-24.7	-68.9	-67.5	-95.8	-94.4
Net operating income	40.1	36.7	119.3	114.7	153.9	149.3
Changes in value of properties, realised	4.1	1.6	12.5	10.1	8.6	6.2
Changes in value of properties, unrealised	-18.3	4.8	26.4	47.7	42.5	63.8
Other income/costs	-0.5	0.3	-5.6	0.7	-6.0	0.3
Property and administrative costs	-6.8	-6.5	-22.2	-20.3	-30.3	-28.4
Operating profit	18.6	36.9	130.4	152.9	168.7	191.2
Net financial items	-9.2	-9.8	-28.0	-29.2	-37.9	-39.1
Profit before tax	9.4	27.1	102.4	123.7	130.8	152.1
Taxes	-2.0	-5.4	-21.1	-24.7	-28.2	-31.8
Net profit for the period/year	7.4	21.7	81.3	99.0	102.6	120.3

SATO'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EURm	2015 30 Sep	2014 30 Sep	2014 31 Dec
Assets			
Investment properties	2,836.4	2,665.9	2,716.1
Other fixed assets	4.0	3.6	3.7
Participations in associated companies	0.0	0.0	0.1
Other receivables	27.4	24.8	23.9
Cash and cash equivalents and financial investments	144.3	34.7	33.5
Total assets	3,012.1	2,729.0	2,777.3
Shareholders' equity and liabilities			
Equity attributable to Equity holders of the parent	948.0	874.1	892.2
Non-controlling interests	0.1	1.2	0.1
Total shareholders' equity	948.1	875.3	892.3
Deferred tax liability	173.9	170.0	172.4
Interest-bearing liabilities	1,778.0	1,569.3	1,584.8
Other liabilities	112.1	114.4	127.8
Total shareholders' equity and liabilities	3 012.1	2,729.0	2,777.3

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Assignments for Carnegie and SEB to evaluate the possibility to implement a directed share issue

Balder intends to finance the Acquisition partly through a directed issue of 7,500,000 Class B shares and partly through the use of existing cash resources.

Balder has, based on the authorization granted by Balder's Annual General Meeting on May 6, 2015, mandated Carnegie and SEB to evaluate the possibility to implement a directed share issue of 7,500,000 Class B shares through a so-called "accelerated book-building" procedure. The number of new Class B shares issued through this procedure might be increased.

Financial effects for Balder - current earnings capacity pro forma on a twelve-months basis as of September 30, 2015

After the Acquisition, Balder will own 53.3 per cent of the outstanding shares and votes in SATO. As a consequence of this, Balder will consolidate SATO as of 30 December, 2015.

SEKm	Balder 30 Sep 2015	Balder pro forma 30 Sep 2015 ¹⁾
Rental income	2,725	5,134
Property costs	-775	-1,692
Net operating income	1,950	3,442
Property and administrative costs	-175	-407
Profit from property management from associated companies	560	290
Operating profit	2,335	3,326
Net financial items	-530	-908
Profit from property management	1,805	2,417
<i>Profit from property management attributable to parent company shareholders</i>	<i>1,805</i>	<i>2,005</i>
Taxes	-397	-520
Profit after tax	1,408	1,898
Profit after tax attributable to:		
Parent company shareholders	1,408	1,568
Non-controlling interests	—	330

¹⁾ Based on a EUR/SEK 9.41 as of September 30, 2015

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Financial effects for Balder - a pro forma balance sheet as of September 30, 2015 including Collector AB (publ) at market value

In order to describe the financial position before and after the Acquisition, considering a directed issue of 7,500,000 Class B shares, a pro forma balance sheet as of 30 September 2015 is presented below. Admission to the acquired shares is scheduled to take place December 30, 2015 which will affect the final acquisition balance sheet. Consolidation will be done based on accounting principles for business combinations.

Collector AB (publ) is an associated company of Balder. Under IFRS, Collector AB (publ) should not be recognised at market value when Balder reports its participation in the profit from associated companies from Collector. In order to clarify Collector's market value, Collector is reported below at the share price as of both September 30, 2015 and also as of December 14, 2015.

SEKm	Balder 30 Sep 2015 ¹⁾	Balder pro forma 30 Sep 2015 ²⁾
Assets		
Investment properties	39,895	67,335
Other fixed assets	91	128
Participations in associated companies	6,726	6,554
Other receivables	1,316	1,574
Cash and cash equivalents and financial investments	928	1,370
Total assets	48,956	76,961
Shareholders' equity and liabilities		
Equity attributable to Equity holders of the parent	18,694	22,759
Non-controlling interests	—	4,513
Total shareholders' equity	18,694	27,272
Deferred tax liability	1,975	3,612
Interest-bearing liabilities	25,961	42,696
Derivatives	1,056	1,056
Other liabilities	1,270	2,325
Total shareholders' equity and liabilities	48,956	76,961

Based on a EUR/SEK 9.41 as of September 30, 2015

- 1) Collector's share price as of September 30, 2015 was SEK 75.75 per share and included in the balance sheet as of September 30, 2015 at a value of SEK 3,116m (Balder's consolidated value of Collector as of September 30, 2015 amounted to around SEK 911m).
- 2) Collectors share price as of December 14, 2015 was SEK 136.25 per share, and is included in the Balder Pro forma September 30, 2015 at a value of SEK 5 600m.

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Balder's property portfolio pro forma as of September 30, 2015

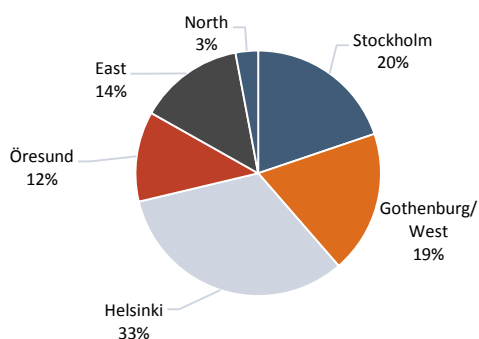
	Number of properties	Lettable area, sq.m.	Rental value, SEKm ¹⁾	Rental value, SEK/sq.m.	Rental income, SEKm ¹⁾	Economic occupancy rate, %	Carrying amount, SEKm ¹⁾	Carrying amount, %
Distributed by region								
Stockholm	57	456,509	854	1,870	800	94	12,947	19
Gothenburg/West	200	779,963	950	1,218	912	96	12,376	18
Helsinki	509	976,484	1,974	2,021	1,920	97	19,509	29
Öresund	51	298,212	433	1,450	404	94	6,399	10
East ²⁾	298	783,650	911	1,163	865	95	9,182	14
North	79	167,026	168	1,003	164	98	2,093	3
Total	1,194	3,461,844	5,289	1,528	5,065	96	62,505	93
Residential projects	–	–	69	–	69	–	4,830	7
Total	1,194	3,461,844	5,358	1,528	5,134	96	67,335	100

Distributed by property category								
Residential	1,034	2,501,568	3,638	1,454	3,529	97	38,895	58
Office	71	425,656	801	1,881	725	91	11,647	17
Retail	49	232,013	385	1,660	366	95	5,239	8
Other	40	302,607	464	1,534	445	96	6,724	10
Total	1,194	3,461,844	5,289	1,528	5,065	96	62,505	93
Residential projects	–	–	69	–	69	–	4,830	7
Total	1,194	3,461,844	5,358	1,528	5,134	96	67,335	100

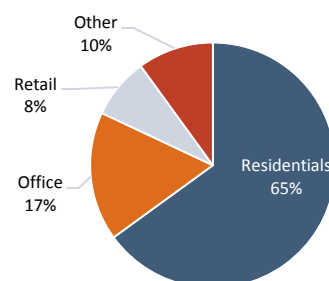
¹⁾ Based on a EUR/SEK 9.41 as of September 30, 2015

²⁾ Includes SATO, excluding Helsinki and Residential projects.

Carrying amount by region, %



Carrying amount by property category, %



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Balder's financing pro forma as of September 30, 2015

Interest-bearing liabilities pro forma as of September 30, 2015 attributable to properties amounts to SEK 33,059m, corresponding to a loan-to-value ratio of 49.1 per cent. The total interest-bearing liabilities pro forma as of September 30, 2015 amounts to SEK 42,696m, consisting of unsecured bonds, outstanding commercial papers of SEK 8,320m and SEK 2,344m of covered bonds and SEK 32,032m of bilateral bank loans and government-subsidized loans.

The interest rate refixing period pro forma as of September 30, 2015 amounts to 3.0 years, and the fixed credit term amounted to 4.1 years. The average interest rate was 2.2 per cent, including the effect of accrued interest from interest rate derivative instruments, which are recognized as fixed interest-bearing loans in the table below.

Cash and cash equivalents, financial investments and unutilized credit facilities pro forma as of September 30, 2015 amounts to SEK [4,435]m.

Interest maturity structure, pro forma	SEKm	Interest, %	Proportion, %
Within one year	22,538	1.2	52.8
1-2 years	495	2.8	1.2
2-3 years	5,019	4.3	11.8
3-4 years	1,458	2.9	3.4
4-5 years	3,122	2.6	7.3
> 5 years	10,064	3.2	23.6
Total	42,696	2.2	100.0

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Fastighets AB Balder (publ) is required to disclose the above information pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 17:31 p.m CET 15 December 2015.

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