

Fastighets AB Balder

Interim report

January-September 2016

- Profit from property management before tax attributable to parent company shareholders amounted to SEK 1,615m (1,298), corresponding to an increase per ordinary share by 20 % to SEK 8.49 (7.07)
- Rental income amounted to SEK 3,946m (2,031)
- Profit after tax attributable to parent company shareholders amounted to SEK 2,938m (2,410) corresponding to SEK 16.16 per ordinary share (13.92)
- Net asset value amounted to SEK 184.72 per ordinary share (116.06) and shareholders' equity (including listed associated companies at market value) amounted to SEK 146.16 per ordinary share (97.39)

Fastighets AB Balder is a listed property company which shall meet the needs of different customer groups for premises and housing based on local support. Balder's real estate portfolio had a value of SEK 79.9 billion (39.9) as of 30 September 2016. The Balder share is listed on Nasdaq Stockholm, Large Cap



The period in brief

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

July-September 2016

- Rental income amounted to SEK 1,381m (661).
- Net operating income amounted to SEK 967m (503).
- Profit from property management attributable to parent company shareholders increased by 12 % to SEK 600m (535), which corresponds to an increase by 6 % per ordinary share to SEK 3.18 (2.99).
- Changes in value in respect of investment properties amounted to SEK 1,070m (578). The average yield requirement amounted to 5.3 % (5.3).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK 3m (–112).
- Net profit after tax for the period amounted to SEK 1,430m (815).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,205m (815) which corresponds to SEK 6.69 per ordinary share (4.71).
- 6 properties (4) has been acquired at a property value of SEK 605m (1,151).
- 12 properties (1) were divested at a property value of SEK 583m (184).
- The associated company Brinova Fastigheter AB (publ) was listed on 30 September 2016. Balder's share amounts to 28.0 %.
- A directed new issue of 3,000,633 ordinary shares at a value of SEK 682m after issue costs has been conducted.
- Balder has entered into an agreement to acquire all properties in I.A Hedin Fastighet AB group from Anders Hedin Invest AB. The property value amount to SEK 4,150m including ongoing construction projects. The closing of the acquisition is planned for 30 November 2016.

January-September 2016

- Sato Oyj's income statement is consolidated for the first time from 1 January 2016.
- Rental income amounted to SEK 3,946m (2,031).
- Net operating income amounted to SEK 2,677m (1,435).
- Profit from property management attributable to parent company shareholders increased by 24 % to SEK 1,615m (1,298), which corresponds to an increase per ordinary share by 20 % to SEK 8.49 (7.07).
- Changes in value in respect of investment properties amounted to SEK 2,721m (1,371). The average yield requirement amounted to 5.3 % (5.3).
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –426m (30).
- Net profit after tax for the period amounted to SEK 3,389m (2,410).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 2,938m (2,410) which corresponds to SEK 16.16 per ordinary share (13.92).
- 65 properties (11) has been acquired at a property value of SEK 6,710m (2,180).
- 49 properties (22) were divested at a property value of SEK 1,308m (1,610).

	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec	2012 Jan-Dec	2011 Jan-Dec	2010 Jan-Dec	2009 Jan-Dec	2008 Jan-Dec
Rental income, SEKm	3,946	2,031	2,711	2,525	1,884	1,701	1,466	1,333	854	633
Profit from property management before tax, SEKm ¹⁾	1,615	1,298	1,780	1,275	854	691	516	417	315	174
Changes in value of properties, SEKm	2,721	1,371	3,388	3,050	854	812	990	1,047	4	–201
Changes in value of derivatives, SEKm	–426	30	227	–624	433	–71	–520	148	–23	–333
Profit after tax, SEKm ¹⁾	2,938	2,410	4,916	3,128	1,738	1,162	812	1,338	248	–388
Carrying amount of properties, SEKm	79,875	39,895	68,456	37,382	27,532	22,278	17,556	14,389	12,669	7,086

Data per ordinary share including listed associated companies at market value ²⁾

Average number of shares, thousands	172,474	162,397	162,753	161,786	159,537	159,537	158,656	149,487	112,902	95,910
Profit after tax, SEK	16.16	13.92	28.98	18.10	10.11	6.69	4.87	8.95	2.20	–4.04
Profit from property management before tax, SEK	8.49	7.07	9.71	6.64	4.57	3.73	3.00	2.79	2.79	1.81
Outstanding number of shares, thousands	175,397	162,397	172,397	162,397	159,537	159,537	159,537	149,487	149,487	94,458
Shareholders' equity, SEK	146.16	97.39	128.03	70.10	52.14	42.15	35.57	31.13	22.19	19.63
Long-term net asset value (EPRA NAV), SEK	184.72	116.06	159.14	86.33	60.50	50.37	41.83	32.89	22.16	20.95
Share price on the closing date, SEK	228.00	158.80	208.70	110.25	66.00	37.30	25.30	29.40	12.50	7.00

1) Attributable to parent company shareholders.

2) Listed associated companies at market value refers to Collector AB (publ) och Brinova Fastigheter AB (publ).

Comments by the CEO

Dear shareholders

Profit from property management for the parent company's shareholders amounted to SEK 600m during Q3, corresponding to SEK 3.18 per ordinary share. This is equivalent to an increase of 6.5 % compared to the same period of last year. If it seems like a low percentage increase that is a correct observation. The explanation is that non-recurring income of SEK 50m was included in the net financial income in last year's Q3 result. The increase between the years, if we adjust for this non-recurring income, becomes 19 % instead (3.18 compared with 2.68, which feels a bit better straight away).

During Q3, we reached an agreement with Anders Hedin to acquire all properties in I. A. Hedin Fastighet AB. The property value including investments in progress amounted to SEK 4,150m and thus it constitutes one of the largest acquisitions that Balder has carried out to date. The properties are mainly rented by the Hedin Bil Group, which was founded in 1985. Since then, it has successfully grown to become Sweden's second largest company in the motor trade with related business activities. Part of the purchase

price will be paid through an issue of shares and after the completion of the transaction, Anders Hedin will become one of our largest shareholders. For our associated company Brinova, the final day of the quarter marked the first day of trading in its shares on the First North marketplace. Brinova feels like a great company and I look forward to participating in its development for many years to come.

It is also worth mentioning that on 6 October, we agreed to become a 25%-owner of "Culture Casbah" and adjacent residential quarters in Malmö. The transaction requires the approval of various authorities in the City of Malmö.

All in all, I can say that most things in our company are developing positively and we are working hard as usual.

It feels like our best days are yet to come.

Erik Selin
Chief Executive Officer

Current earning capacity

Balder presents its earning capacity on a twelve-month basis in the table below. It is important to note that the current earning capacity should not be placed on a par with a forecast for the coming 12 months. For instance, the earning capacity contains no estimate of rental, vacancy, currency or interest rate changes.

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

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

The earning capacity is based on the real estate portfolio's contracted rental income, estimated property costs during a normal year as well as administrative costs. The costs of the interest-bearing liabilities are based on the group's average interest rate level including the effect of derivative instruments. The tax is calculated using the effective tax rate during each period.

Current earning capacity on a twelve-months basis

SEKm	2016 30 Sep	2016 30 June	2016 31 Mar	2015 31 Dec	2015 30 Sep	2015 30 June	2015 31 Mar	2014 31 Dec	2014 30 Sep	2014 30 June	2014 31 Mar
Rental income	5,470	5,325	5,135	5,045	2,725	2,650	2,745	2,730	2,650	2,600	2,310
Property costs	-1,690	-1,685	-1,670	-1,635	-775	-760	-800	-800	-795	-785	-735
Net operating income	3,780	3,640	3,465	3,410	1,950	1,890	1,945	1,930	1,855	1,815	1,575
Property and administrative costs	-490	-480	-440	-425	-175	-175	-170	-165	-165	-165	-165
Profit from property management from associated companies	470	420	355	340	560	500	410	220	200	180	180
Operating profit	3,760	3,580	3,380	3,325	2,335	2,215	2,185	1,985	1,890	1,830	1,590
Net financial items	-1,025	-1,010	-930	-880	-530	-575	-575	-585	-580	-580	-535
Of which non-controlling interests	-445	-380	-400	-410	-	-	-	-	-	-	-
Profit from property management	2,290	2,190	2,050	2,035	1,805	1,640	1,610	1,400	1,310	1,250	1,055
Taxes	-490	-470	-440	-439	-397	-361	-354	-308	-288	-275	-232
Profit after tax	1,800	1,720	1,610	1,596	1,408	1,279	1,256	1,092	1,021	975	823
Profit after tax attributable to											
Ordinary shareholders	1,600	1,520	1,410	1,396	1,208	1,079	1,056	892	821	775	623
Preference shareholders	200	200	200	200	200	200	200	200	200	200	200
Profit from property management before tax according to current earning capacity per ordinary share, SEK	11.92	11.55	10.73	10.64	9.88	8.87	8.68	7.39	6.83	6.47	5.26

Consolidated statement of financial position including listed associated companies at market value

Under IFRS, Collector AB (publ) and Brinova Fastigheter AB (publ) should not be recognised at market value when Balder reports its participation in the profit from associated companies from these companies. In order to clarify the listed associated companies at market value, Collector and Brinova is reported below at the share price as of 30 September. Brinova Fastigheter AB (publ) is included from 30 September 2016, when the company was listed.

SEKm	2016 30 Sep	2015 30 Sep	2015 31 Dec
Assets			
Investment properties	79,875	39,895	68,456
Other fixed assets	130	91	122
Participations in associated companies ^{1,2)}	7,296	6,726	6,549
Other receivables	1,513	1,316	1,497
Cash and cash equivalents and financial investments	1,859	928	1,025
Total assets	90,672	48,956	77,649
Shareholders' equity and liabilities			
Shareholders' equity ³⁾	33,886	18,694	29,325
Deferred tax liability	4,833	1,975	4,071
Interest-bearing liabilities	48,014	25,961	41,063
Derivatives	1,930	1,056	1,294
Other liabilities	2,009	1,270	1,896
Total equity and liabilities	90,672	48,956	77,649
1) Including Balder's market value of Collector AB (publ) Collector's share price (SEK)	5,385 119.00	3,116 75.75	5,224 127.00
2) Including Balder's market value of Brinova Fastigheter AB (publ) Brinova's share price (SEK)	355 24.10	– –	– –
3) Of which non-controlling interests	5,373	–	4,377

Consolidated statement of changes in equity

SEKm	2016 30 Sep	2015 30 Sep	2015 31 Dec
Opening equity	29,325	14,261	14,261
Total comprehensive income for the period/year	3,791	2,427	4,909
Dividend preference shares, approved and entered as a liability	–200	–200	–200
Share issue, after issue costs	682	–	1,705
Transactions with non-controlling interests	–107	–	–
Dividend to non-controlling interests	–107	–	–
Non-controlling interests, arising on the acquisitions of subsidiary	–	–	4,377
Non-controlling interests, arising on share issue in subsidiary	554	–	–
The change during the period of listed associated companies at market value	–53	2,205	4,273
Closing equity	33,886	18,694	29,325

Results, income and costs

Profit from property management

Profit from property management for the period amounted to SEK 1,911m (1,298). Profit from property management attributable to parent company shareholders increased by 24 % and amounted to SEK 1,615m (1,298), which corresponds to an increase per ordinary share by 20 % to SEK 8.49 (7.07). Profit from property management includes SEK 294m (329) in respect of associated companies.

Net profit after tax

Net profit after tax for the period amounted to SEK 3,389m (2,410). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 2,938m (2,410) corresponding to SEK 16.16 per ordinary share (13.92). Profit before tax was affected by changes in value in respect of properties of SEK 2,721m (1,371), changes in value of interest rate derivatives of SEK –426m (30) and profit from participations in associated companies of SEK 355m (472).

Rental income

Rental income increased by 94 % to SEK 3,946m (2,031). The increase was primarily due to Sato Oyj, whose income statement was consolidated for the first time from January 1, 2016. The leasing portfolio was estimated to have a rental value on 30 September of SEK 5,766m (2,795). The average rental level for the entire real estate portfolio amounted to SEK 1,617/sq.m. (1,333) excl. project properties.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 95 % (95) on 30 September. The total rental value of unlet areas at the end of the period amounted to SEK 296m (139) on an annual basis.

Property costs

Property costs amounted to SEK 1,269m (596) during the period. The increase in property costs was mainly due to the consolidation of Sato Oyj.

Net operating income increased by 87 % to SEK 2,677m (1,435), which implies a surplus ratio of 68 % (71). Operating costs normally vary with the seasons. The first and fourth quarters have higher costs than the other quarters, while the third quarter usually has the lowest cost level.

Changes in value of investment properties

Balder carried out an individual valuation on 30 September, of the entire real estate portfolio. Unrealised changes in value during the period amounted to SEK 2,659m (1,307). Realised changes in value amounted to SEK 62m (64).

The average yield requirement as of 30 September amounted to 5.3 % (5.3), which is 0.1 percentage point lower compared with year-end. The change in value during the period was attributable to improved net operating income and a slightly reduced yield requirement.

Management and administrative costs

Management and administrative costs amounted to SEK 358m (135) during the period. The increase was mainly due to the consolidation of Sato Oyj.

Participations in the profit of associated companies

Balder owns property managing and project developing associated companies and 44.1 % in Collector AB (publ) which is listed. During September even Balders associated company Brinova Fastigheter AB (publ) was listed. In order to clarify these associated companies value in Balder, Balder also reports a consolidated statement of financial position including listed associated companies at market value (see page 5).

During the period 49 % of the shares in Sjaelsö Management ApS were acquired. Sjaelsö Management is one of the major actors in project development and construction management in Denmark.

Profit from participations in associated companies amounted to SEK 355m (472) and Balder's participation in the associated companies profit from property management amounted to SEK 294m (329).

Profit before tax was impacted by unrealised changes in value in respect of properties and interest rate derivatives of SEK 161m (108).

Net financial items and changes in value of derivatives

Net financial items amounted to SEK –709m (–332) and changes in value of interest rate derivatives amounted to SEK –426m (30). The negative change in value of derivatives during the period is due to the fact that the interest rates have fallen during the year. Unrealised changes in value do not affect the cash flow.

Net financial items are equivalent to borrowing at an average interest rate of 2.1 % (1.8) during the period, including the effect of accrued interest from interest rate derivatives.

Taxes

Balder's tax cost for the period amounted to SEK 878m (432), of which SEK 116m (3) is current tax for the period, which is mainly attributable to the consolidation of Sato Oyj, and also a deferred tax expense of SEK 762m (429).

The group's deferred tax liability has been calculated as the value of the net of fiscal deficits and the temporary differences between the carrying amounts and values for tax purposes of properties and interest rate derivatives. Deferred tax liabilities amounted to SEK 4,833m (1,975).

Third quarter 2016

Profit from property management for the third quarter of 2016 increased by 33 % and amounted to SEK 712m (535). Profit from property management attributable to parent company shareholders for the third quarter of 2016 increased by 12 % and amounted to SEK 600m (535) which corresponds to an increase per ordinary share of 6 % to SEK 3.18 (2.99). Profit from property management included SEK 115m (148) in respect of associated companies. Rental income amounted to SEK 1,381m (661) and property costs amounted to SEK 414m (157), which meant that net operating income increased by 92 % to SEK 967m (503). The increase compared to the same period last year is mainly due to the consolidation of Sato Oyj from 1 January 2016. The surplus ratio amounted to 70 % (76). The decline in the surplus ratio is due to the consolidation of Sato Oyj, which primarily owns residential properties, with generally higher property costs compared to commercial properties.

Net profit after tax for the period amounted to SEK 1,430m (815). Profit after tax attributable to parent company shareholders amounted to SEK 1,205 (815) corresponding to SEK 6.69 per ordinary share (4.71). The result was affected by changes in value in respect of properties of SEK 1,070m (578), changes in value of interest rate derivatives of SEK 3m (–112) and profit from participations in associated companies of SEK 158m (147). The average yield requirement on 30 September amounted to 5.3 % which is 0.1 percentage points lower compared to 30 June 2016.

Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 1,516m (874). Investing activities have burdened the cash flow by SEK 5,331m (3,759).

During the period, acquisition of properties of SEK 4,416m (2,095), investments in existing properties and projects of SEK 1,532m (600), investments in property, plant and equipment, financial investments and associated companies and transactions with non-controlling interests SEK 610m (3,162), dividends paid preference shares of SEK 150m (150) and dividends paid to non-controlling interests SEK 107m (–) adds up to SEK 6,815m (6,007).

These have been financed through cash flow from operating activities of SEK 1,971m (655), by property divestments of SEK 1,001m (1,604), financial investments of SEK 225m (493), new issue of SEK 682m (–), new issue in the subsidiary Sato Oyj of SEK 420m (–), and net borrowings of SEK 3,524m (3,620), which adds up to SEK 7,822m (6,372).

Total cash flow for the period amounted to SEK 1,008m (366). In addition to unutilized credit facilities of SEK 4,853m (1,000), the group's cash and cash equivalents, financial Investments and unutilized credit facilities amounted to SEK 2,209m (1,278) on 30 September.

Employees and organisation

The number of employees on 30 September amounted to 551 persons (447), of whom 239 were women (193). Balder is, after the acquisition of Sato Oyj, organised into six regions with 17 areas in total. The head office with group-wide functions is located in Gothenburg.

Parent Company

The parent company's operations mainly consist of performing group-wide services but an important part relates to sales of services, principally to associated companies. Sales in the parent company amounted to SEK 143m (102) during the period.

Net profit after tax amounted to SEK 1,412m (1,077). Dividend from subsidiary were included with SEK 1,430m (800), and unrealised changes in value of interest rate derivatives amounted to SEK –450m (14).

Real estate holdings

On 30 September Balder owned 1,191 properties (466) with a lettable area of 3,540 sq.m. (2,097) and a value of SEK 79,875m (39,895), including project properties. Balder's total rental value excluding project properties amounted to SEK 5,725m (2,795). Balder's commercial properties are

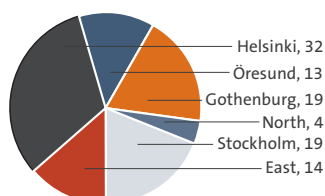
mainly located in the central parts of large cities. Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

Balder's real estate holdings on 2016-09-30 ¹⁾

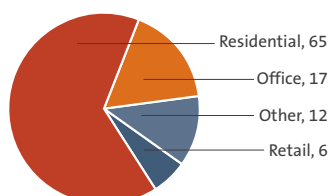
	Number of properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Helsinki	499	1,009,671	2,147	2,127	2,046	95	23,994	30
Stockholm	53	444,791	825	1,854	768	93	13,953	17
Gothenburg	177	779,941	1,012	1,297	968	96	14,404	18
Öresund	54	340,132	540	1,588	499	92	8,821	11
East	329	783,364	994	1,268	943	95	10,908	14
North	79	181,742	208	1,145	204	98	2,947	4
Total	1,191	3,539,641	5,725	1,617	5,429	95	75,027	94
Project			41		41		4,848	6
Total	1,191	3,539,641	5,766	1,617	5,470	95	79,875	100
Distributed by property category								
Residential	1,034	2,554,614	3,986	1,560	3,819	96	47,622	60
Office	68	431,397	836	1,937	746	89	13,463	17
Retail	46	211,199	318	1,507	302	95	4,674	6
Other	43	342,431	585	1,709	561	96	9,268	12
Total	1,191	3,539,641	5,725	1,617	5,429	95	75,027	94
Project			41		41		4,848	6
Total	1,191	3,539,641	5,766	1,617	5,470	95	79,875	100

1) The above table refers to the properties owned by Balder at the end of the period. Sold properties have been excluded and acquired properties have been estimated using full-year values. Other properties include hotel, educational, nursing, industrial and mixed-use properties.

Distributed by region including projects, %



Distributed by property category including projects, %



Changes in real estate portfolio

The value of Balder's real estate portfolio is based on internal valuations. The properties in Sweden, Denmark and Norway have been valued using the cash flow based method. In Finland, in addition to the cash flow based method, the sales comparison method and valuation at acquisition cost are used. On 30 September, Balder's average yield requirement amounted to 5.3 % (5.3) excluding project- and development properties.

In order to quality-assure its internal valuations, Balder regularly allows parts of its portfolio to be externally valued during the period or at each year-end. Historically, deviations between external and internal valuations have been insignificant.

Project real estate

On 30 September, Balder had ongoing residential projects with an expected total investment of SEK 7,500m, of which about SEK 4,300m was already invested. The most large scale investments are in Copenhagen and Helsinki and mainly relate to condominiums for rent. In Copenhagen, there are currently about 600 apartments under construc-

tion as well as about 1,500 apartments in Finland and in Sweden about 400 apartments where the majority refers to tenant-owner's rights.

Unrealised changes in value

The overall carrying amount of Balder's properties amounted to SEK 79,875m (39,895) on 30 September. The unrealised change in value during the period amounted to SEK 2,659m (1,307) and was attributable to improved net operating income and slightly lower yield.

Investments, acquisitions and divestments

During the period, a total of SEK 8,242m (2,780) was invested, of which SEK 6,710m (2,180) related to acquisitions and SEK 1,532m (600) related to investments in existing properties and projects.

The majority of the acquisitions during the period refers to acquisitions in Sato Oyj of about 2,300 apartments. Properties with a sales value of SEK 1,308m (1,610) were divested during the period. Profit from property sales amounted to SEK 62m (64). The change in the real estate portfolio during the period is presented in the table below.

Change in carrying amount of properties

	2016		2015	
	SEKm	Number ¹⁾	SEKm	Number ¹⁾
Real estate portfolio, 1 January	68,456	1,177	37,382	486
Investments in existing properties and projects	1,532		600	
Acquisitions	6,710	65	2,180	2
Sales/Reclassifications	-1,246	-51	-1,540	-22
Change in value of investment properties, unrealised	2,659		1,307	
Currency changes	1,763		-34	
Real estate portfolio, 30 September	79,875	1,191	39,895	466

1) Number of investment properties.

Property transactions 2016

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
Acquisitions					
One	1	Lorensberg 45:20	Gothenburg	Hotel	3,662
One	1	Sato Oyj	Finland	Residential	1,652
Two	53	Sato Oyj	Finland	Residential	123,089
Two	1	Hedmark University, Elverum	Norway	Education	16,393
Two	1	Lindholmen 29:1	Gothenburg	Office	12,223
Two	1	Heden 47:3	Gothenburg	Office	7,541
Two	1	Hotel Österport, Copenhagen	Denmark	Hotel	6,325
Three	6	Sato Oyj	Finland	Residential	27,257
Total	65				198,142
Divestments					
One	1	Miklaholt 2	Stockholm	Office	1,916
One	1	Backa 170:1	Gothenburg	Other	3,500
One	1	Advokaten 1	Töreboda	Retail	2,128
One	1	Rönnen 11	Töreboda	Residential	1,039
One	1	Sotaren 12	Töreboda	Residential	976
One	1	Byggmästaren 5	Töreboda	Residential	1,381
One	1	Plåtslagaren 9	Töreboda	Residential	1,849
One	1	Rådhuset 40	Skara	Residential	2,103
One	1	Tallen 7	Skara	Residential	852
One	1	Frigga 4	Skara	Residential	824
One	1	Frigga 5	Skara	Residential	828
One	1	Fjärilen 6	Skara	Residential	350
One	1	Svärdet 11	Skara	Residential	412
One	1	Bromsen 5	Skara	Residential	534
One	1	Bisittaren 6	Skara	Residential	300
One	1	Bisittaren 2	Skara	Residential	354
One	1	Smörberget 2	Skara	Residential	410
One	1	Almen 4	Skara	Residential	709
One	1	Sländan 1	Skara	Residential	1,434
One	1	Plymen 4, 5	Skara	Residential	705
One	1	Tor 6	Skara	Residential	1,141
One	1	Heimdal 1	Skara	Residential	682
One	1	Heimdal 4	Skara	Residential	672
One	1	Tyr 1	Skara	Residential	680
One	1	Boken 38	Skara	Residential	967
One	1	Aspen 1	Skara	Residential	1,465
One	1	Tor 10	Skara	Residential	689
One	6	Sato Oyj	Finland	Residential	2,946
Two	4	Sato Oyj	Finland	Residential	2,169
Three	1	Mjälaryd 3:300	Jönköping	Residential	2,948
Three	1	Hålan 6:2	Jönköping	Residential	10,280
Three	1	Lejoninnan 10	Jönköping	Residential	11,161
Three	1	Björnen 6	Jönköping	Office	949
Three	1	Tigern 7	Jönköping	Residential	6,001
Three	7	Sato Oy	Finland	Residential	28,458
Total	49				93,812

Associated companies

Balder owns 50 % of a number of companies where Balder handles the management and administration, for further information, see page 50-52 in Balder's Annual Report for 2015. Balder's 50 %-owned associated companies are shown in the table below. Apart from the 50 %-owned

associated companies, Balder owns 44.1 % (44.1) in Collector AB (publ), 31 % (31) of Tornet Bostadsproduktion AB, 28 % (–) of Brinova Fastigheter AB (publ) and 49 % (–) in Sjaelsö Management ApS. For more information about these associated companies, see each company's website: Collector.se, Tornet.se, Brinova.se and Sjaelsömanagement.dk.

Balder's participation in the 50 %-owned associated companies' real estate holdings on 2016-09-30 ¹⁾

	Number of properties ²⁾	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
Distributed by region								
Stockholm	44	108,322	162	1,492	158	98	2,536	44
Gothenburg	11	47,506	57	1,198	53	93	881	15
Öresund	22	59,006	87	1,469	85	99	1,281	22
Total	77	214,833	305	1,420	296	97	4,698	81
Project			16		16		1,086	19
Total	77	214,833	321	1,420	312	97	5,784	100
Distributed by property category								
Residential	27	45,453	71	1,555	70	99	1,279	22
Office	11	29,315	53	1,804	48	91	856	15
Retail	31	91,434	100	1,090	97	98	1,411	24
Other	8	48,632	82	1,685	81	99	1,152	20
Total	77	214,833	305	1,420	296	97	4,698	81
Project			16		16		1,086	19
Total	77	214,833	321	1,420	312	97	5,784	100

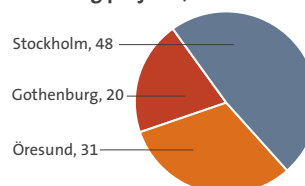
1) The above table refers to the properties owned by the associated companies at the end of the period. Sold properties have been excluded and acquired properties have been estimated using full-year values. Other properties include hotel, educational, nursing, industrial and mixed-use properties.

2) Refers to the entire portfolio of the associated companies.

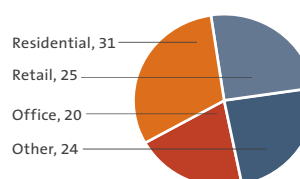
Balder's participation in the balance sheets of 50 %-owned associated companies

SEKm	2016 30 Sep	2015 30 Sep
Assets		
Properties	5,784	4,233
Other assets	83	6
Cash and cash equivalents	181	81
Total assets	6,048	4,320
Shareholders' equity and liabilities		
Equity/shareholder loan	2,392	1,568
Interest-bearing liabilities	3,330	2,477
Other liabilities	327	275
Total equity and liabilities	6,048	4,320

Distributed by region including projects, %



Distributed by property category including projects, %



Customers

In order to limit the risk of lower rental income and consequently a weakened occupancy rate, Balder strives to develop long-term relationships with the company's existing customers. Balder has a good diversification as regards the distribution between commercial properties and residential properties as well as the geographical distribution. The diversification strengthens the possibilities of maintaining a steady and satisfactory occupancy rate. Balder's commercial

leases have an average lease term of 6.5 years (6.4). Balder's 10 largest leases represent 5.9 % (10.2) of total rental income and the average lease term amounts to 12.7 years (13.3).

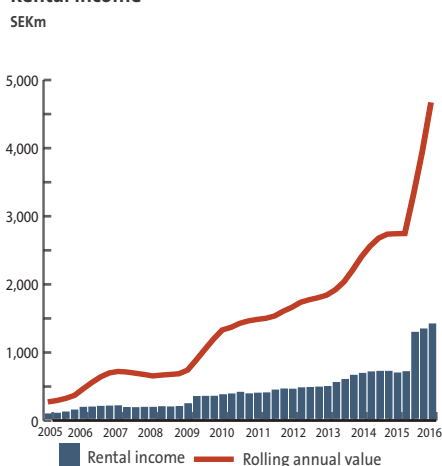
No individual lease accounts for more than 0.9 % (1.6) of Balder's total rental income and no individual customer accounts for more than 2.6 % (4.9) of total rental income.

Lease maturity structure 2016-09-30

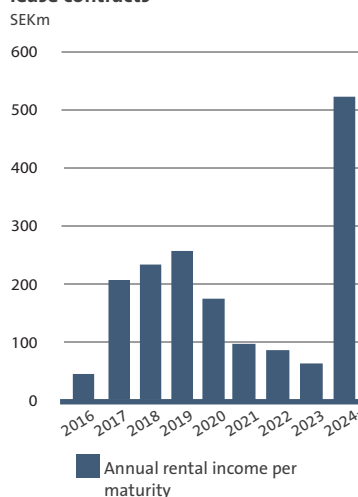
Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2016	183	7	43	1
2017	1,137	41	205	4
2018	588	21	234	4
2019	461	16	257	5
2020–	426	15	933	17
Total	2,795	100	1,671	31
Residential ¹⁾	38,179		3,739	68
Car park ¹⁾	5,741		17	0
Garage ¹⁾	4,511		43	1
Total	51,226		5,470	100

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

Rental income



Maturity structure of commercial lease contracts



Balder's 10 largest customers

per 2016-09-30

- ICA Sverige AB
- Kopparbergs Bryggerier
- Norwegian State
- Profilhotels
- Scandic Hotels AB
- SCA Hygiene Products AB
- Sirius International Försäkrings AB
- City of Stockholm
- Stureplansgruppen
- Winn Hotel Group

Financing

Equity

Consolidated equity, including listed associated companies at market value, amounted to SEK 33,886m (18,694) on 30 September and the equity/assets ratio amounted to 37.4 % (38.2).

During the period, equity increased by comprehensive income for the period of SEK 3,791m (2,427), new issue after issue costs of SEK 682m (–) and the minoritys part of the new issue in Sato Oyj of SEK 554m (–). Equity decreased by SEK –200m (–200) regarding dividends approved and entered as a liability to the preference shareholders, decreased by SEK –107m (–) regarding dividends to non-controlling interests, the change in market value of the holding in Collector AB (publ) and Brinova Fastigheter AB (publ) SEK –53m (2,205) and decreased by SEK –107m (–) regarding transactions with non-controlling interests.

Interest-bearing liabilities

The majority of Balder's liabilities are revolving bilateral liabilities with eight different Nordic banks. Apart from bank financing, Balder has outstanding bonds totalling SEK 11,028m (2,650) and outstanding certificates of SEK 2,248m (2,000).

The Group's net debt to assets excluding cash ratio calculated as net interest-bearing liabilities divided by net total assets including listed associated companies at market value, amounted to 52.0 % (52.1) on 30 September. The secured liabilities in relation to total assets amounted to 41 % (46) on 30 September.

On 30 September, Balder had credit facilities of SEK 4,853m (1,000) of which SEK 4,853m (1,000) were unutilized. Apart from these facilities, Balder had cash and cash equivalents, unutilized overdrafts and financial investments of SEK 2,209m (1,278). Balder also has credit facilities that fully covers future payments for ongoing construction projects.

The interest rate refixing period and fixed credit term amounted to 2.7 years (2.1) and 4.3 years (3.4).

Financial goals

Balder's financial goals are an equity/assets ratio not less than 35 % and an interest coverage ratio not less than 2.0 times.

As of 30 September, the equity/assets ratio was 37.4 % (38.2) and the interest coverage ratio was 3.7 times (4.9).

Financial targets

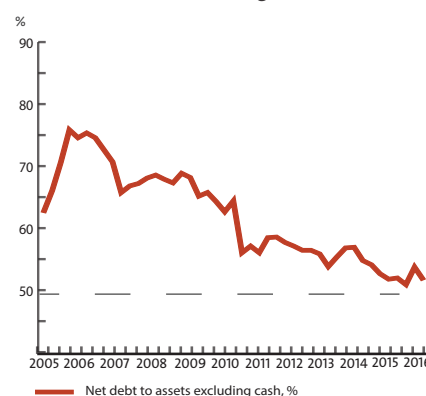
	Target	Outcome ¹⁾
Equity/assets ratio, %	35.0	37.4
Interest coverage ratio, times	2.0	3.7

1) Key ratios including listed associated companies at market value.

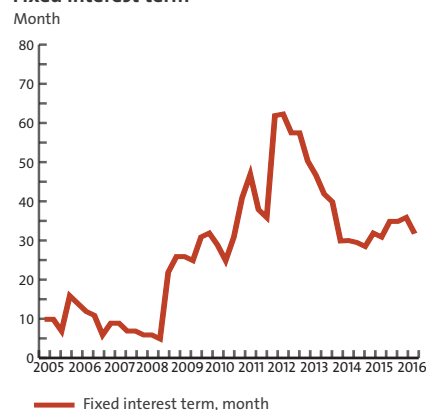
Interest maturity structure on 2016-09-30

Year	Fixed interest term		
	SEKm	Interest, %	Proportion, %
Within one year	23,964	1.0	50
1–2 years	4,935	4.3	10
2–3 years	1,849	2.8	4
3–4 years	3,629	2.3	8
4–5 years	7,172	3.0	15
> 5 years	6,465	2.9	13
Total	48,014	2.1	100

Net debt to assets excluding cash



Fixed interest term



Other disclosures

Events after the end of the period

After the end of the period no significant events has occurred.

Related party transactions

Balder receives fees from associated companies and Erik Selin Fastigheter AB for property and company management services. These fees amounted to SEK 23m (21) during the period and are reported in management and administrative costs. In addition, services are bought from Collector AB (publ).

Risks and uncertainties

Balder's operations, financial position and results may be affected by a number of risks and uncertainty factors. These are described in the Annual Report for 2015, on pages 53-55. Otherwise, no significant changes has been noted.

Accounting policies

Balder applies IFRS (International Financial Reporting Standards) as adopted by the European Union in its consolidated accounts and the interpretations of these (IFRIC). This interim report is prepared in accordance with IAS 34, Interim Financial Reporting. In addition, relevant provisions of the Swedish Annual Accounts Act and the Swedish Securities Markets Act have also been applied. The parent company has prepared its financial statements in accordance with the Annual Accounts Act, the Securities Markets Act and RFR 2, Accounting for Legal Entities.

The accounting policies and calculation methods applied are unchanged compared with the Annual Report for 2015.

The company has applied the new guidelines for alternative key ratios, "Alternative Performance Measures" (APMs) by ESMA. Definitions of the key ratios are found on page 24.

Nomination Committee

The Annual General Meeting on 10 May 2016 resolved 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 names of the other two members and the owners they represent shall be announced not later than six months before the Annual General Meeting and shall be based on known ownership immediately prior to publication.

In accordance with this resolution, Balder's nomination committee, based on ownership as of 30 September 2016 and known changes subsequently, Lars Rasin, Chairman, Jesper Mårtensson, representing Erik Selin Fastigheter AB and Rikard Svensson, representing Arvid Svensson Invest AB.

The Annual General Meeting will be held in Gothenburg on Thursday 11 May 2017. Shareholders who wish to contact the nomination committee can do so via e-mail to eve.knight@balder.se.

Gothenburg 3 November 2016

Erik Selin
Chief Executive Officer

Review report of condensed interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act.

Introduction

We have reviewed the condensed interim financial information (interim report) for Fastighets AB Balder (publ), corp. id. no. 556525-6905 as of 30 September 2016 and for the nine-month period that ended on this date. The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

The focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a dif-

ferent focus and is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

Conclusion

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

Gothenburg, 3 November 2016
Öhrlings PricewaterhouseCoopers AB

Helén Olsson Svärdröm
Authorised Public Accountant

Consolidated statement of comprehensive income

SEKm	2016 July-Sep	2015 July-Sep	2016 Jan-Sep	2015 Jan-Sep	2015/2016 Oct-Sep	2015 Jan-Dec
Rental income	1,381	661	3,946	2,031	4,626	2,711
Property costs	-414	-157	-1,269	-596	-1,440	-767
Net operating income	967	503	2,677	1,435	3,185	1,944
Changes in value of properties, realised	11	-6	62	64	63	65
Changes in value of properties, unrealised	1,059	584	2,659	1,307	4,676	3,323
Other income/costs	1	2	7	1	8	2
Non-recurring items	-	-	-	-	9	9
Property and administrative costs	-122	-45	-358	-135	-408	-185
Participations in the profits of associated companies	158	147	355	472	714	831
Operating profit	2,074	1,185	5,402	3,144	8,246	5,988
Net financial items	-249	-73	-709	-332	-814	-437
Changes in value of derivatives	3	-112	-426	30	-229	227
Profit before tax	1,828	999	4,267	2,842	7,203	5,778
Tax	-398	-184	-878	-432	-1,308	-862
Net profit for the period/year	1,430	815	3,389	2,410	5,895	4,916
<i>Net profit after tax for the period/year attributable to:</i>						
Parent company shareholders	1,205	815	2,938	2,410	5,444	4,916
Non-controlling interests	225	-	451	-	451	-
	1,430	815	3,389	2,410	5,895	4,916
Other comprehensive income - Items that may be subsequently reclassified to profit or loss						
Translation difference	241	51	513	21	496	3
Cash flow hedges after tax	-6	-	-114	-	-114	-
Participation in other comprehensive income of associated companies	1	-2	3	-3	-4	-10
Total comprehensive income for the period/year	1,666	864	3,791	2,427	6,273	4,909
<i>Total comprehensive income for the period/year attributable to:</i>						
Parent company shareholders	1,322	864	3,136	2,427	5,617	4,909
Non-controlling interests	343	-	656	-	656	-
	1,666	864	3,791	2,427	6,273	4,909
Profit from property management before tax, SEKm	712	535	1,911	1,298	2,393	1,780
Profit from property management before tax, attributable to parent company shareholders, SEKm	600	535	1,615	1,298	2,097	1,780
Profit from property management before tax per ordinary share, SEK ¹⁾	3.18	2.99	8.49	7.07	11.14	9.71
Profit after tax per ordinary share, SEK ¹⁾	6.69	4.71	16.16	13.92	30.79	28.98

1) Reduced by dividend for the preference share for the period.

There is no dilutive effect as no potential shares arise.

Consolidated statement of financial position

SEKm	2016 30 Sep	2015 30 Sep	2015 31 Dec
Assets			
Investment properties	79,875	39,895	68,456
Other fixed assets	130	91	122
Participations in associated companies	3,075	4,521	2,276
Other receivables	1,513	1,316	1,497
Cash and cash equivalents and financial investments	1,859	928	1,025
Total assets	86,451	46,751	73,376
Shareholders' equity and liabilities			
Shareholders' equity ¹⁾	29,665	16,488	25,052
Deferred tax liability	4,833	1,975	4,071
Interest-bearing liabilities	48,014	25,961	41,063
Derivatives	1,930	1,056	1,294
Other liabilities	2,009	1,270	1,896
Total equity and liabilities	86,451	46,751	73,376
1) Of which non-controlling interests.	5,373	–	4,377

Consolidated statement of changes in equity

SEKm	2016 30 Sep	2015 30 Sep	2015 31 Dec
Opening equity	25,052	14,261	14,261
Total comprehensive income for the period/year	3,791	2,427	4,909
Dividend preference shares, approved and entered as a liability	–200	–200	–200
Share issue, after issue costs	682	–	1,705
Transactions with non-controlling interests	–107	–	–
Dividend to non-controlling interests	–107	–	–
Non-controlling interests arising on the acquisition of subsidiary	–	–	4,377
Non-controlling interests arising on share issue in subsidiary	554	–	–
Closing equity	29,665	16,488	25,052

Consolidated statement of cash flows

SEKm	2016 July-Sep	2015 July-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Net operating income	967	503	2,677	1,435	1,944
Other income/costs	1	2	7	1	2
Management and administrative expenses	-122	-45	-358	-135	-185
Reversal of depreciation	4	4	11	12	15
Adjustment item	—	5	—	-4	0
Net financial items paid	-224	-99	-681	-431	-586
Taxes paid	-61	1	-139	-3	4
Cash flow from operating activities before change in working capital	564	372	1,516	874	1,193
Change in operating receivables	67	-151	15	-534	-660
Change in operating liabilities	109	139	440	315	228
Cash flow from operating activities	740	360	1,971	655	762
Acquisition of properties	-563	-1,151	-4,416	-2,095	-2,097
Acquisition/Divestment of property, plant and equipment	2	-1	-19	-6	-4
Purchase of financial investments	-12	-223	-42	-524	-542
Acquisition of shares in associated companies	-228	-84	-442	-2,632	-92
Investment in existing properties and projects	-453	-214	-1,532	-600	-791
Acquisition of subsidiary ¹⁾	—	—	—	—	-4,219
Transactions with non-controlling interests	—	—	-107	—	—
Sale of properties	512	179	1,001	1,604	1,606
Sale of financial investments	1	301	225	493	504
Cash flow from investing activities	-742	-1,193	-5,331	-3,759	-5,635
Share issue, after issue costs	682	—	682	—	1,705
Share issue in subsidiary, non-controlling interest's part of the share issue in Sato Oyj	—	—	420	—	—
Dividend paid for preference shares	-50	-50	-150	-150	-200
Dividend paid to non-controlling interests	—	—	-107	—	—
Loans raised	914	856	7,521	4,594	5,209
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-822	-173	-3,997	-974	-1,421
Cash flow from financing activities	723	632	4,368	3,470	5,293
Cash flow for the period/year	721	-201	1,008	366	421
Cash and cash equivalents at the start of the period/year	907	766	620	199	199
Cash and cash equivalents at the end of the period/year	1,628	565	1,628	565	620
Unutilized credit facilities	350	350	350	350	314
Financial investments	231	363	231	363	405

1) The item in 2015 represents a net outflow of cash for the acquisition of Sato Oyj.

Segment information

SEKm	2016 July-Sep	2015 July-Sep	2016 Jan-Sep	2015 Jan-Sep	2015/2016 Oct-Sep	2015 Jan-Dec
Rental income						
Helsinki	493	—	1,395	—	1,395	—
Stockholm	199	198	598	641	800	843
Gothenburg	255	229	750	697	991	938
Öresund	139	105	365	306	472	414
East	242	88	697	264	785	352
North	52	41	141	123	182	164
Total	1,381	661	3,946	2,031	4,626	2,711
Net operating income						
Helsinki	327	—	922	—	922	—
Stockholm	140	160	443	486	600	643
Gothenburg	191	166	521	479	692	650
Öresund	118	84	300	227	388	315
East	152	65	399	168	463	233
North	40	28	93	75	121	103
Total	967	503	2,677	1,435	3,185	1,944

The group's internal reporting of operations is divided into the above segments. Total net operating income corresponds with reported net operating income in the income statement. The difference between net operating income of SEK 2,677m (1,435) and profit before tax of SEK 4,267m (2,842) consists of changes in value of properties of SEK 2,721m (1,371), other income/costs SEK 7m (1), management and administrative costs of SEK –358m (–135), participations in profits of associated companies of SEK 355m (472), net financial items of SEK –709m (–332) and changes in value of derivatives of SEK –426m (30). The carrying amounts of properties has during the period changed by SEK 4,399m in Helsinki region, SEK 403m in the Stockholm region, SEK 1,517m in the Gothenburg region, SEK 2,240m in the Öresund region, SEK 769m in the North region and by SEK 1,823m in the East region. The group's projects has increased by SEK 267m. Sato's property portfolio is divided between the regions Helsinki and East. The real estate holdings in Norway is classified in the North region.

Key ratios including listed associated companies at market value

	2016 July-Sep	2015 July-Sep	2016 Jan-Sep	2015 Jan-Sep	2015/2016 Oct-Sep	2015 Jan-Dec
Share-related, ordinary shares ¹⁾						
Average number of shares, thousands	172,628	162,397	172,474	162,397	170,317	162,753
Profit after tax, SEK	6.69	4.71	16.16	13.92	30.79	28.98
Profit after tax excluding unrealised changes in value, SEK	2.25	2.26	6.67	6.98	9.65	10.00
Profit from property management before tax, SEK	3.18	2.99	8.49	7.07	11.14	9.71
Net operating income, SEK	4.48	3.10	12.39	8.84	15.53	11.94
Outstanding number of shares, thousands	175,397	162,397	175,397	162,397	175,397	172,397
Shareholders' equity, SEK	146.16	97.39	146.16	97.39	146.16	128.03
Long-term net asset value (EPRA NAV), SEK	184.72	116.06	184.72	116.06	184.72	159.14
Share price on the closing date, SEK	228.00	158.80	228.00	158.80	228.00	208.70
Property-related						
Rental value full-year, SEK/sq.m.	1,617	1,333	1,617	1,333	1,617	1,508
Rental income full-year, SEK/sq.m.	1,534	1,267	1,534	1,267	1,534	1,455
Economic occupancy rate, %	95	95	95	95	95	96
Surplus ratio, %	70	76	68	71	69	72
Carrying amount, SEK/sq.m.	21,196	17,883	21,196	17,883	21,196	18,622
Number of properties	1,191	466	1,191	466	1,191	1,177
Lettable area, sq.m. thousands	3,540	2,097	3,540	2,097	3,540	3,430
Profit from property management before tax, attributable to parent company shareholders, SEKm	600	535	1,615	1,298	2,097	1,780
Financial						
Return on equity, ordinary share, %	9.5	12.4	13.2	19.3	25.3	28.2
Return on total assets, %	5.4	5.8	6.9	8.4	11.5	10.5
Interest coverage ratio, times	3.9	8.3	3.7	4.9	4.0	5.1
Equity/assets ratio, %	37.4	38.2	37.4	38.2	37.4	37.8
Debt/equity ratio, times	1.4	1.4	1.4	1.4	1.4	1.4
Net debt to assets excluding cash, %	52.0	52.1	52.0	52.1	52.0	52.3

Key ratios excluding listed associated companies at market value

	2016 July-Sep	2015 July-Sep	2016 Jan-Sep	2015 Jan-Sep	2015/2016 Oct-Sep	2015 Jan-Dec
Share-related, ordinary shares ¹⁾						
Shareholders' equity, SEK	122.09	83.82	122.09	83.82	122.09	103.24
Financial						
Return on equity, ordinary share, %	11.2	14.3	16.1	21.0	29.9	32.3
Return on total assets, %	5.7	6.1	7.3	8.6	12.0	10.9
Equity/assets ratio, %	34.3	35.3	34.3	35.3	34.3	34.1
Debt/equity ratio, times	1.6	1.6	1.6	1.6	1.6	1.6
Net debt to assets excluding cash, %	54.6	54.6	54.6	54.6	54.6	55.3

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

Condensed parent company income statement

SEKm	2016 July-Sep	2015 July-Sep	2016 Jan-Sep	2015 Jan-Sep	2015/2016 Oct-Sep	2015 Jan-Dec
Net sales	46	33	143	102	188	147
Administrative expenses	-52	-37	-161	-117	-211	-167
Operating profit	-6	-4	-18	-15	-23	-20
Profit from financial items						
Dividends from subsidiaries	—	—	1,430	800	1,430	800
Other net financial items	157	146	444	356	580	492
Changes in value of derivatives	-9	-116	-450	14	-265	199
Profit before appropriations and taxes	142	26	1,406	1,155	1,722	1,470
Appropriations						
Group contributions paid	—	—	—	—	-340	-340
Profit before tax	142	26	1,406	1,155	1,382	1,130
Deferred tax	-31	-6	6	-78	14	-69
Net profit for the period/year ¹⁾	111	20	1,412	1,077	1,396	1,061

1) The parent company has no items reported in other comprehensive income and therefore total comprehensive income for the period/year is equal with net profit for the period/year.

Condensed parent company balance sheet

SEKm	2016 30 Sep	2015 30 Sep	2015 31 Dec
Assets			
Property, plant and equipment	23	20	20
Financial non-current assets	3,675	3,235	3,537
Receivables from group companies	23,157	18,714	21,676
Current receivables	32	8	10
Cash and cash equivalents and financial investments	1,370	815	394
Total assets	28,256	22,792	25,637
Shareholders' equity and liabilities			
Shareholders' equity	10,956	7,374	9,063
Interest-bearing liabilities	10,832	9,856	10,968
Liabilities to group companies	4,870	4,435	4,507
Derivatives	1,187	922	737
Other liabilities	411	205	363
Total equity and liabilities	28,256	22,792	25,637

The share and owners

Balder's shares are listed on Nasdaq Stockholm, Large Cap segment. Balder has two listed classes of shares, an ordinary Class B share and a preference share, which pays a dividend of SEK 5 per quarter. The company's market capitalisation as of 30 September amounted to SEK 43,486m (29,205).

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 35.3 % (38.0) of the capital and 49.0 % (51.3) of the votes. Foreign ownership amounts to approximately 22 % (18) of outstanding shares.

Ordinary shares

At the end of the period, approximately 13,047 shareholders (8,452) held ordinary shares. During the period, 56 million shares were traded (50) which corresponds to an average of about 296,000 shares per trading day (266,000). The annual turnover rate amounted to 43 % (41). The price of the ordinary share was SEK 228.00 (158.80) on 30 September, corresponding to a rise of 9.2 % since year-end.

Preference shares

At the end of the period, approximately 9,025 shareholders (8,602) held preference shares. During the period approx-

imately 2.2 million shares were traded (2.5), which corresponds to an average of about 11,900 shares per trading day (13,500). The annual turnover rate amounted to 30 % (34). On 30 September, the share price of the preference share was SEK 349.50 (341.60), corresponding to a rise of 12 % since year-end and a total return of 16.8 % since year-end.

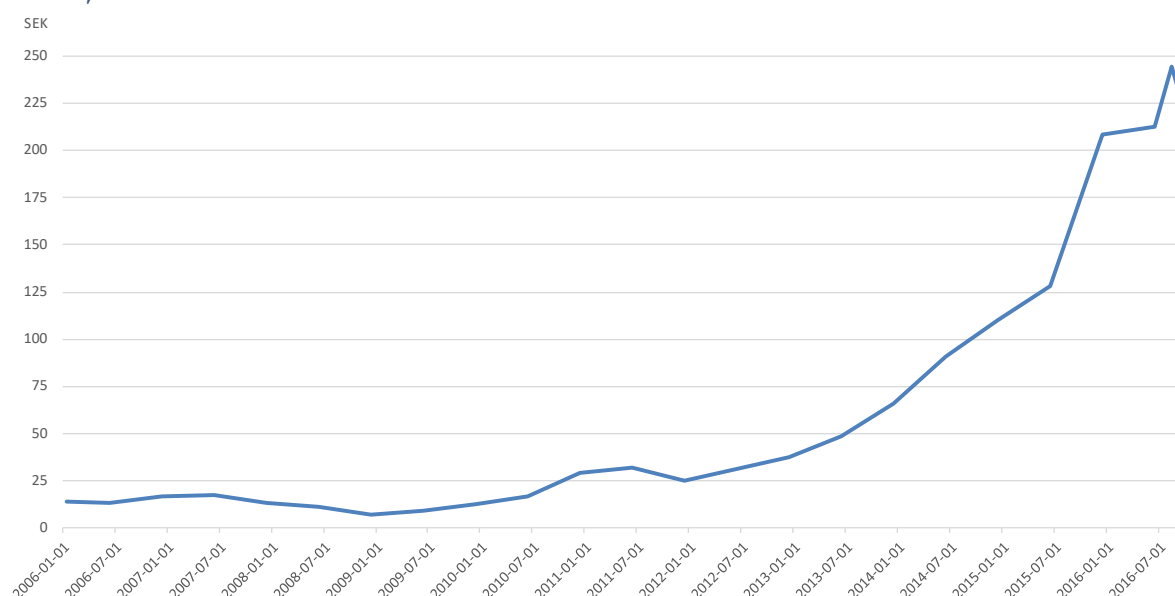
Share capital

During September, Balder carried out a directed new issue of 3,000,633 ordinary shares, which brought in SEK 682m after issue costs. For existing shareholders, the new issue meant a dilutive effect of 1.7 % of the capital. After the issue and as of 30 September, the share capital in Balder amounted to SEK 185,397,485 distributed among 185,397,485 shares. Each share has a quota value of SEK 1.00, whereof 11,229,432 shares are of Class A, 164,168,053 of Class B and 10,000,000 preference shares. The total number of outstanding shares amounts to 185,397,485. Each Class A share carries one vote and each Class B share and preference share carries one tenth of one vote.

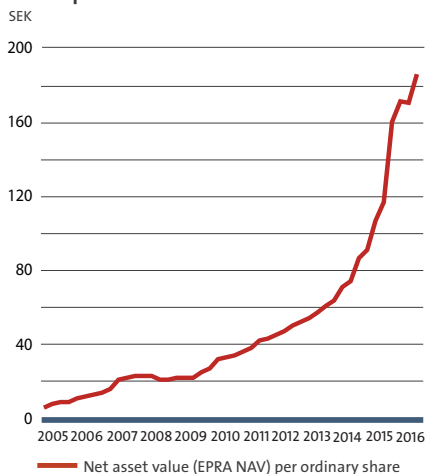
EPRA key ratios

	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
EPRA NAV (Long-term net asset value), SEKm	32,399	18,848	27,436
EPRA NAV, SEK per share	184.72	116.06	159.14
EPRA Vacancy rate	5	5	4

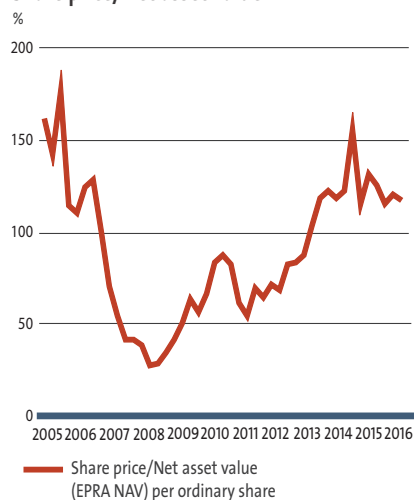
Share price



Development of net asset value



Share price/Net asset value



Ownership list as of 2016-09-30

Owner	A ordinary shares	B ordinary shares	Preference shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	500	65,520,728	35.3	49.0
Arvid Svensson Invest AB	2,915,892	13,542,540	—	16,458,432	8.9	14.9
Swedbank Robur fonder	—	11,597,897	—	11,597,897	6.3	4.0
Länsförsäkringar fondförvaltning AB	—	6,748,741	—	6,748,741	3.6	2.4
Handelsbanken Fonder AB	—	5,339,532	—	5,339,532	2.9	1.9
SEB Investment Management	—	4,541,120	—	4,541,120	2.4	1.6
CBNY Norges Bank	—	2,692,826	—	2,692,826	1.5	0.9
JPM Chase	—	2,484,423	75,949	2,560,372	1.4	0.9
Lannebo fonder	—	2,550,228	—	2,550,228	1.4	0.9
Second Swedish National Pension Fund	—	2,546,661	—	2,546,661	1.4	0.9
Other	4,212	54,913,185	9,923,551	64,840,948	35.0	22.6
Total	11,229,432	164,168,053	10,000,000	185,397,485	100	100

Preference share calendar

Final day of trading incl. right to payment of dividend	5 January 2017
Record day for payment of dividend	10 January 2017
Expected day of payment from Euroclear	13 January 2017
Final day of trading incl. right to payment of dividend	6 April 2017
Record day for payment of dividend	10 April 2017
Expected day of payment from Euroclear	13 April 2017
Final day of trading incl. right to payment of dividend	6 July 2017
Record day for payment of dividend	10 July 2017
Expected day of payment from Euroclear	13 July 2017

Definitions

The company presents a number of financial metrics in the interim report that are not defined according to IFRS (so-called Alternative Performance Measures according to ESMA's guidelines). These performance measures provide valuable supplementary information to investors, the company's management and other stakeholders since they facilitate effective evaluation and analysis of the company's financial position and performance. These alternative performance measures are not always comparable with measures used by other companies and shall therefore be considered as a complement to measures defined according to IFRS. Fastighets AB Balder will apply these alternative performance measures consistently over time. The key ratios are alternative performance measures according to ESMA's guidelines unless otherwise stated. A description follows below of how Fastighets AB Balder's key ratios are defined and calculated.

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 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.

Profit from property management before tax, SEKm ²⁾

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

Net debt to assets excluding cash, %

Interest-bearing liabilities less cash and cash equivalents and financial investments in relation to total assets less cash and cash equivalents and financial investments.

Interest coverage ratio, times

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

Debt/equity ratio, times

Interest-bearing liabilities in relation to shareholders' equity.

Equity/assets ratio, %

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

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

Shareholders equity' per preference share is equivalent to the average subscription 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 year.

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

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

Profit after tax per ordinary share, SEK

Profit attributable to the average number of ordinary shares after consideration of the preference 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, % ¹⁾

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

Property category

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

Property costs, SEKm

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

Rental value, SEKm ¹⁾

Contracted rent and estimated market rent for vacant premises.

Surplus ratio, %

Net operating income in relation to rental income.

1) The key ratio is operational and is not considered to be a alternative key ratio according to ESMA's guidelines.

2) When calculating profit from property management before tax attributable to parent company shareholders, the profit from property management is also reduced with the non-controlling interests' share.

The information in this report is such that Fastighets AB Balder (publ) is obliged to disclose according to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. This information has been published at 2.00 p.m. on November 3, 2016.

This report is a translation of the Swedish Interim Report January-September 2016. In the event of any disparities between this report and the Swedish version, the latter will have priority.

Contact

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Financial information

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

Calendar

Year-end report 2016	22 February 2017
Annual General meeting	11 May 2017
Interim report Jan-Mar 2017	11 May 2017
Interim report Jan-June 2017	22 August 2017
Interim report Jan-Sep 2017	2 November 2017
Year-end report 2017	22 February 2018

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