

# Fastighets AB Balder

## Interim report

January-September 2020

- Profit from property management attributable to parent company shareholders amounted to SEK 3,146m (2,970), corresponding to an increase per share by 6 % to SEK 17.48 (16.50)
- Long term net asset value amounted to SEK 362.77 per share (311.10)
- Rental income amounted to SEK 6,079m (5,577)
- Profit after tax attributable to parent company shareholders amounted to SEK 3,063m (4,473) corresponding to SEK 17.02 per share (24.85)

Fastighets AB Balder is a listed property company which shall meet the needs of different customer groups for premises and housing based on local support. Balder's real estate portfolio had a value of SEK 151.1 billion (133.2) as of 30 September 2020. The Balder share is listed on Nasdaq Stockholm, Large Cap.



Pekdonet 1, Hedins new HQ, Mölndal  
Illustration: Liljewall

# The period in brief

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

## July-September 2020

- Rental income amounted to SEK 2,030m (1,915) of which effect of changes in exchange rates amounted to SEK –3m (31).
- Net operating income amounted to SEK 1,616m (1,460) of which effect of changes in exchange rates amounted to SEK –2m (23).
- Profit from property management attributable to parent company shareholders increased by 9 % to SEK 1,153m (1,060), which corresponds to SEK 6.41 per share (5.89).
- Changes in value in respect of investment properties amounted to SEK 230m (1,350). The average yield requirement amounted to 4.5 % (4.7) which is unchanged compared to the second quarter.
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –10m (–186).
- Net profit after tax for the period amounted to SEK 1,326m (2,094).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 1,189m (1,852) which corresponds to SEK 6.61 per share (10.29).
- One investment property (1) and land have been acquired at a property value of SEK 322m (122).
- Two development properties (1) were divested and recognised as income during the quarter. Sales profit amounted to SEK 14m (95) excluding the portfolio's ongoing selling and marketing expenses.

## January-September 2020

- Rental income amounted to SEK 6,079m (5,577) of which effect of changes in exchange rates amounted to SEK –8m (92).
- Net operating income amounted to SEK 4,678m (4,153) of which effect of changes in exchange rates amounted to SEK –6m (66).
- Profit from property management attributable to parent company shareholders increased by 6 % to SEK 3,146m (2,970), which corresponds to SEK 17.48 per share (16.50).
- Changes in value in respect of investment properties amounted to SEK 817m (2,953). The average yield requirement amounted to 4.5 % (4.7) which is unchanged compared to year-end.
- Changes in value of interest rate derivatives have impacted the result before tax by SEK –231m (–473).
- Net profit after tax for the period amounted to SEK 3,521m (5,060).
- Net profit after tax for the period attributable to parent company shareholders amounted to SEK 3,063m (4,473) which corresponds to SEK 17.02 per share (24.85).
- 17 investment properties (37) and land have been acquired at a property value of SEK 2,908m (4,550).
- During the period, condominiums and land were divested at a value of SEK 339m (310).
- Four development properties (1) were divested and recognised as income during the period. Sales profit amounted to SEK 65m (95).

	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec	2018 Jan-Dec	2017 Jan-Dec	2016 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2013 Jan-Dec
Rental income, SEKm	6,079	5,577	7,609	6,714	5,915	5,373	2,711	2,525	1,884
Profit from property management, SEKm <sup>1)</sup>	3,146	2,970	4,023	3,304	2,804	2,265	1,780	1,275	854
Changes in value of investment properties, SEKm	817	2,953	9,577	8,007	5,336	4,932	3,388	3,050	854
Changes in value of derivatives, SEKm	–231	–473	–180	–34	144	–114	227	–624	433
Profit after tax, SEKm <sup>1)</sup>	3,063	4,473	8,958	9,308	7,118	5,474	4,916	3,128	1,738
Investment properties, SEKm	148,072	130,802	141,392	116,542	98,360	86,177	68,456	37,382	27,532
Development properties, SEKm	3,047	2,370	2,344	1,598	–	–	–	–	–

## Data per share

Average number of shares thousands	180,000	180,000	180,000	180,000	180,000	173,598	162,753	161,786	159,537
Profit after tax, SEK	17.02	24.85	49.77	51.71	38.71	30.38	28.98	18.10	10.11
Profit from property management, SEK	17.48	16.50	22.35	18.35	14.74	11.89	9.71	6.64	4.57
Outstanding number of shares thousands	180,000	180,000	180,000	180,000	180,000	180,000	172,397	162,397	159,537
Shareholders' equity, SEK	288.77	246.85	272.28	223.03	173.86	139.23	103.24	70.10	52.14
Long-term net asset value (NAV), SEK	362.77	311.10	341.70	277.60	218.10	180.09	134.35	86.33	60.50
Share price on the closing date, SEK	455.20	372.80	433.20	252.00	219.40	184.10	208.70	110.25	66.00

1) Attributable to parent company shareholders.

# Comments by the CEO

**Dear shareholder,**

## **The third quarter 2020**

Profit from property management attributable to the parent company's shareholders in the third quarter increased by 9 % to SEK 6.41 per share (5.89). For the period January-September, the result was an increase of 6 % to SEK 17.48 per share (16.50). The profit was weighed by lower revenue from hotel properties, lower earnings in Collector and rent rebates due to Covid-19.

Smaller changes in value meant that profit after tax for the 9-month period decreased to SEK 17.02 per share (24.85).

## **Investments and financing**

The investments in our residential projects continued according to the original plan during Q3. We perceive strong demand for both rental apartments in all markets and in the tenant-owners apartment market in Sweden.

During Q3 we also had the honour of becoming the owner of Hedin's new head office, which will start to be constructed shortly.

Access to financing on good terms remained favourable and the Group has a strong liquidity position.

## **Associated companies**

The profit from our excellent group of associated companies decreased compared to the year-earlier period due to lower earnings in Collector and smaller changes in value. However, I believe that this group of companies will generate increasing profits over time.

The biggest cause for rejoicing in Q3 was that we reached an agreement to acquire 50 % of Anthon B Nilsen Eiendom in Norway, which will be taken into possession during Q4. Anthon B Nilsen Eiendom has an excellent property portfolio in the Oslo region consisting of both investment properties and future projects, but most important of all are the fine people I met in the company. Please check out [www.abne.no](http://www.abne.no) for more information.

## **Covid-19**

Since early spring, the world has been dominated by the ongoing pandemic. Balder has taken a number of measures to handle the current situation. The rental income during the quarter has been received on the same level as the previous quarters. For the fourth quarter approximately 99 % of the rents due on 30 September have been paid.

The future development is uncertain and it is very important that the operations are flexible and prepared for new challenges.

The day-to-day operations are being adapted to the prevailing circumstances and all our employees are contributing in many different ways for which I would like to take this opportunity to say a special thank you.

Apart from those who are directly impacted (i.e. who become ill), it is very sad on the economic front to see everyone who is affected, through no fault of their own, with businesses in particularly badly hit parts of the economy.

Every storm eventually runs out of steam and I sincerely hope that the situation will improve in the not too distant future.

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	2020 30 Sep	2020 30 June	2020 31 March	2019 31 Dec	2019 30 Sep	2019 30 June	2019 31 March	2018 31 Dec	2018 30 Sep	2018 30 June	2018 31 March
Rental income	8,335	8,240	8,100	8,000	7,830	7,435	7,175	7,000	6,800	6,665	6,430
Property costs	-2,130	-2,120	-2,090	-2,080	-2,060	-1,940	-1,875	-1,885	-1,845	-1,815	-1,760
<b>Net operating income</b>	<b>6,205</b>	<b>6,120</b>	<b>6,010</b>	<b>5,920</b>	<b>5,770</b>	<b>5,495</b>	<b>5,300</b>	<b>5,115</b>	<b>4,955</b>	<b>4,850</b>	<b>4,670</b>
Management and administrative costs	-690	-690	-680	-670	-640	-640	-620	-595	-590	-590	-565
Profit from property management from associated companies	735	735	760	785	775	750	775	735	660	650	650
<b>Operating profit</b>	<b>6,250</b>	<b>6,165</b>	<b>6,090</b>	<b>6,035</b>	<b>5,905</b>	<b>5,605</b>	<b>5,455</b>	<b>5,255</b>	<b>5,025</b>	<b>4,910</b>	<b>4,755</b>
Net financial items, including ground rent	-1,380	-1,420	-1,420	-1,330	-1,330	-1,270	-1,250	-1,125	-1,100	-1,120	-1,120
Of which non-controlling interests	-670	-670	-670	-675	-655	-620	-580	-565	-555	-555	-550
<b>Profit from property management <sup>1)</sup></b>	<b>4,200</b>	<b>4,075</b>	<b>4,000</b>	<b>4,030</b>	<b>3,920</b>	<b>3,715</b>	<b>3,625</b>	<b>3,565</b>	<b>3,370</b>	<b>3,235</b>	<b>3,085</b>
Tax <sup>2)</sup>	-870	-825	-870	-875	-855	-775	-765	-750	-730	-700	-665
<b>Profit after tax</b>	<b>3,330</b>	<b>3,250</b>	<b>3,130</b>	<b>3,155</b>	<b>3,065</b>	<b>2,940</b>	<b>2,860</b>	<b>2,815</b>	<b>2,640</b>	<b>2,535</b>	<b>2,420</b>
<b>Profit from property management per share, SEK</b>	<b>23.33</b>	<b>22.64</b>	<b>22.22</b>	<b>22.39</b>	<b>21.78</b>	<b>20.64</b>	<b>20.14</b>	<b>19.81</b>	<b>18.72</b>	<b>17.97</b>	<b>17.14</b>

1) Attributable to parent company shareholders.

2) Mainly refers to deferred tax, which does not affect the cash flow.

In the current earning capacity an average exchange rate has been used for translation of the foreign subsidiaries' income statement items.

# Income, costs and results

## Profit from property management

Profit from property management for the period amounted to SEK 3,682m (3,398), of which effect of changes in exchange rates amounted to SEK –4m (41). Profit from property management attributable to parent company shareholders increased by 6 % and amounted to SEK 3,146m (2,970), which corresponds to SEK 17.48 per share (16.50). Profit from property management includes SEK 475m (612) in respect of associated companies.

## Net profit after tax

Net profit after tax for the period amounted to SEK 3,521m (5,060). Net profit after tax for the period attributable to parent company shareholders amounted to SEK 3,063m (4,473), corresponding to SEK 17.02 per share (24.85). Profit before tax was affected by changes in value in respect of investment properties of SEK 817m (2,953), profit from sales of development properties SEK 65m (95), changes in value of interest rate derivatives of SEK –231m (–473) and profit from participations in associated companies of SEK 475m (726).

## Rental income

Rental income increased by 9 % to SEK 6,079m (5,577), of which the effect of changes in exchange rates was SEK –8m (92). The increase was primarily due to acquisitions, new leases and completed projects for own management. The leasing portfolio was estimated to have a rental value on 30 September of SEK 8,679m (7,963). The average rental level for the entire real estate portfolio amounted to SEK 1,919/sq.m. (1,874) excluding project properties.

The like for like rental income has increased with 1.0 % (3.3) after adjustments for currency changes.

Rental income shows a considerable diversification of risks as regards tenants, sectors and locations. The economic occupancy rate amounted to 96 % (96) on 30 September. The total rental value of unlet areas at the end of the period amounted to SEK 344m (301).

## Property costs

Property costs amounted to SEK –1,401m (–1,424) during the period, of which the effect of changes in exchange rates was SEK 2m (–26).

Net operating income increased by 13 % to SEK 4,678m (4,153), which implies a surplus ratio of 77 % (74).

Operating costs normally vary with the seasons. The first and fourth quarters have higher costs than the other quarters, while the third quarter usually has the lowest cost level.

## Changes in value of investment properties

Balder carried out an individual internal valuation on 30 September of the entire real estate portfolio, see page 8. Unrealised changes in value during the period amounted to SEK 801m (2,933). Realised changes in value amounted to SEK 15m (20) and referred to sale of condominiums and land. The average yield requirement as of 30 September amounted to 4.5 % (4.7), which is unchanged compared to year-end. The

change in value during the period is attributable to improved net operating income.

## Profit from sales of development properties

Two projects have been recognised as income during the third quarter, which means that a total of four projects have been recognised as income during the period.

Profit from sales of development properties is recognised when the property is taken into possession by the purchaser. Apart from the cost, selling and marketing expenses are included, which are expensed on an ongoing basis, these amounted to SEK –15m during the period.

The sales result for the quarter totaled SEK 6m (95) after deduction of selling and marketing expenses and includes sale of the development projects Bergsjö Gård and Bovieran Karlstad. The sales result for the period totaled SEK 65m (95).

## Management and administrative costs

Management and administrative costs amounted to SEK –500m (–485) during the period, of which the effect of changes in exchange rates was SEK 0m (–9).

## Participations in the profits of associated companies

Balder owns property managing and project developing associated companies, see note 14 in Balder's Annual Report for 2019, and 44.1 % in Collector AB (publ) which is a listed niche bank. Brinova Fastigheter AB (publ) is also listed and Balder's share amounts to 21.8 %.

During the period, Balder has subscribed for its share of the new issue in Collector AB of SEK 453m, in addition 50 % of the shares in Ängsladan Fastighetsförvaltning i Lund AB were acquired.

Profit from participations in associated companies amounted to SEK 475m (726) and Balder's participation in the associated companies profit from property management amounted to SEK 475m (612).

Profit before tax was impacted by SEK 132m (304) as a result of unrealised changes in value in respect of properties and interest rate derivatives. The tax expense for the period amounted to SEK –132m (–190).

## Net financial items and changes in value of derivatives

Net financial items amounted to SEK –914m (–883), of which the effect of changes in exchange rates was SEK 1m (–16).

Changes in value of interest rate derivatives amounted to SEK –231m (–473). The negative change in value of derivatives during the period is due to the fact that the long interest rates have fallen during the period. Unrealised changes in value do not affect the cash flow.

The average interest rate was 1.5 % (1.6) on the closing date and 1.6 % (1.7) for the period.

## Taxes

The group's total tax amounted to SEK –810m (–1,026), of which effect of changes in exchange rates amounted to SEK 0m (–13). Current tax for the period amounts to



SEK –263m (–184), mainly attributable to SATO Oyj and Balder Denmark. Current tax attributable to parent company shareholders amounted to SEK –173m (–120).

Deferred tax expense for the period amounted to SEK –548m (–842).

Tax was calculated based on the applicable tax rate in each country. In Sweden, tax was calculated at 21.4 % based on current taxable income. Deferred tax liabilities and tax receivables were calculated at the lower tax rate of 20.6 %, which applies starting from 2021.

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 11,877m (9,830).

### Third quarter 2020

Profit from property management for the third quarter of 2020 increased by 8 % and amounted to SEK 1,335m (1,239). Profit from property management attributable to parent company shareholders for the third quarter of 2020 increased by 9 % and amounted to SEK 1,153m (1,060) which corresponds to SEK 6.41 per share (5.89). Profit from property management included SEK 188m (211) in respect of associated companies. Rental income amounted to SEK 2,030m (1,915) and property costs amounted to SEK –414m (–455), which meant that net operating income increased by 11 % to SEK 1,616m (1,460), of which the effect of changes in exchange rates was SEK –2m (23). The surplus ratio amounted to 80 % (76).

Net profit after tax for the period amounted to SEK 1,326m (2,094). Profit after tax attributable to parent company shareholders amounted to SEK 1,189m (1,852) corresponding to SEK 6.61 per share (10.29). The result was affected by changes in value in respect of properties of SEK 230m (1,350), profit from sales of development properties of SEK 6m (95), changes in value of interest rate derivatives of SEK –10m (–186) and profit from participations in associated companies of SEK 218m (264). The Group's total tax amounted to SEK –265m (–456). Current tax expense for the period amounted to SEK –67m (–68), which is primarily attributable to SATO Oyj and Balder Denmark. Deferred tax expense for the period amounted to SEK –198m (–389). The deferred tax expense has been affected by negative exchange rate differences that have arisen from the translation of the parent company's Euro bonds during the quarter. In the Group these are used for hedging of foreign net investments and are transferred to "Other comprehensive income".

### Cash flow

Cash flow from operating activities before changes in working capital amounted to SEK 2,935m (2,301). Investing activities have burdened the cash flow by SEK –8,167m (–9,830).

During the period, acquisition of investment properties of SEK –2,908m (–4,083), investments in existing properties and projects of SEK –4,065m (–5,606), investments in property, plant and equipment, financial investments, associated companies and transactions with non-controlling interests SEK –2,289m (–941), dividend to non-controlling interests SEK 0m (–135), and amortisation of lease liability SEK –18m (–) adds up to SEK –9,280m (–10,766).

These have been financed through cash flow from operating activities of SEK 2,750m (2,687), by divestments of investment properties of SEK 339m (310), development properties SEK 675m (387), financial investments of SEK 62m (47), dividend from associated companies SEK 19m (42), sale of shares in associated companies SEK 0m (15), shareholder contributions from non-controlling interests of SEK 16m (–) and net borrowings of SEK 9,387m (11,077), which adds up to SEK 13,248m (14,565).

Total cash flow for the period amounted to SEK 3,968m (3,799). In addition to unutilised credit facilities of SEK 8,716m (8,791), the Group's cash and cash equivalents, financial investments and unutilised overdraft facilities amounted to SEK 8,010m (5,695) on 30 September.

### Employees and organisation

The number of employees on 30 September amounted to 803 persons (750), of whom 344 were women (305). Balder is organised into seven regions. 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 258m (261) during the period.

Net profit after tax amounted to SEK 867m (117). Dividends from subsidiaries amounted to SEK 975m (800), other net financial items amounted to SEK 100m (–361) of which exchange rates differences amounted to SEK –137m (–670), changes in value of interest rate derivatives amounted to SEK –231m (–473)

Reported exchange differences mainly refer to the translation of the company's euro bonds, which from a group perspective are used for hedging of foreign net investments.

# Real estate portfolio

On 30 September Balder owned 1,342 investment properties (1,280) with a lettable area of 4,455 thousand sq.m. (4,191) and a value of SEK 148,072m (130,802). Balder's total rental value excluding projects amounted to SEK 8,548m (7,854).

In addition to investment properties Balder owns development properties with a acquisition cost of SEK 3,047m (2,370). The value of the total property portfolio amounted

to SEK 151,118m (133,172).

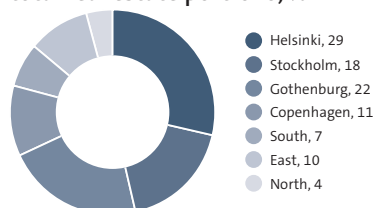
Balder's commercial properties are mainly located in the central parts of the major cities. Balder's residential properties are located in metropolitan areas and places that are growing and developing positively. Balder's ambition is to continue growing in selected markets.

## Balder's real estate portfolio on 30/09/2020 <sup>1)</sup>

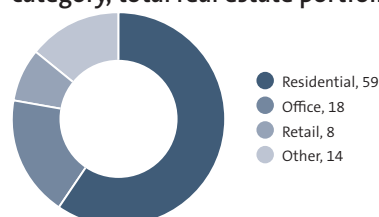
	Number of investment properties	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Helsinki	588	1,131,386	2,779	2,457	2,706	97	41,912	28
Stockholm	83	698,543	1,377	1,971	1,306	95	26,930	18
Gothenburg	184	1,064,183	1,678	1,577	1,589	95	30,385	20
Copenhagen	18	247,648	663	2,679	633	95	14,289	9
South	80	404,432	624	1,544	584	94	10,262	7
East	303	701,024	1,132	1,614	1,094	97	14,212	9
North	86	207,739	294	1,415	290	99	5,096	3
<b>Total excluding projects</b>	<b>1,342</b>	<b>4,454,954</b>	<b>8,548</b>	<b>1,919</b>	<b>8,203</b>	<b>96</b>	<b>143,085</b>	<b>95</b>
Projects for own management			132		132		4,986	3
<b>Total investment properties</b>	<b>1,342</b>	<b>4,454,954</b>	<b>8,679</b>	<b>1,919</b>	<b>8,335</b>	<b>96</b>	<b>148,072</b>	<b>98</b>
Development properties							3,047	2
<b>Total real estate portfolio</b>	<b>1,342</b>	<b>4,454,954</b>	<b>8,679</b>	<b>1,919</b>	<b>8,335</b>	<b>96</b>	<b>151,118</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	1,051	2,616,438	5,203	1,989	5,041	97	82,231	54
Office	100	613,803	1,483	2,417	1,366	92	27,678	18
Retail	113	660,683	855	1,294	816	95	12,416	8
Other	78	564,030	1,006	1,784	980	97	20,760	14
<b>Total excluding projects</b>	<b>1,342</b>	<b>4,454,954</b>	<b>8,548</b>	<b>1,919</b>	<b>8,203</b>	<b>96</b>	<b>143,085</b>	<b>95</b>
Projects for own management			132		132		4,986	3
<b>Total investment properties</b>	<b>1,342</b>	<b>4,454,954</b>	<b>8,679</b>	<b>1,919</b>	<b>8,335</b>	<b>96</b>	<b>148,072</b>	<b>98</b>
Development properties							3,047	2
<b>Total real estate portfolio</b>	<b>1,342</b>	<b>4,454,954</b>	<b>8,679</b>	<b>1,919</b>	<b>8,335</b>	<b>96</b>	<b>151,118</b>	<b>100</b>

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, care, industrial and mixed-use properties.

Carrying amount distributed by region, total real estate portfolio, %



Carrying amount distributed by property category, total real estate portfolio, %



# Changes in real estate portfolio

## Investment properties

Balder's investment properties are reported on the basis of internal valuations. The properties in Sweden, Denmark, Finland, Norway, Germany and United Kingdom are valued using the cash flow based method.

In Finland and Russia, in addition to the cash flow based method, valuation at acquisition cost is used. Properties under construction and project properties for own management are valued at market value reduced by estimated building expenditure and project risk, which usually results in valuation at cost.

On 30 September, Balder's average yield requirement amounted to 4.5 % (4.7) excluding project properties for own management, which is unchanged compared to year-end.

In order to quality-assure its internal valuations, Balder regularly allows parts of its portfolio to be externally valued and obtain second opinions on internal valuations. Historically, deviations between external and internal valuations have been insignificant.

## Unrealised changes in value investment properties

The overall carrying amount of Balder's investment properties amounted to SEK 148,072m (130,802) on 30 September. The unrealised change in value during the period amounted to SEK 801m (2,933) and is attributable to improved net operating income and completed projects.

## Investments, acquisitions and divestments

During the period, a total of SEK 5,675m (9,092) was invested relating to investment properties, of which SEK 2,908m (4,550) related to acquisitions and SEK 2,767m (4,542) related to investments in existing properties and projects for own management. During the period condominiums and land have been divested at a sales value of SEK 339m (310). Profit from the sales amounted to SEK 15m (20).

## Project properties for own management

On 30 September, Balder has project properties for own management amounting to SEK 5.0 billion (6.7). Projects with ongoing construction are included with SEK 4.1 billion (6.1) and projects where construction has not yet started amounts to SEK 0.9 billion (0.6). The ongoing construction work has an estimated total investment of approximately SEK 6.9 billion (8.5), which means that SEK 2.8 billion (2.4) remains to be invested. Most of the ongoing projects relate to residential projects. The projects comprise about 1,900 apartments and mainly refers to about 800 apartments in Copenhagen and about 800 apartments in Helsinki. The investments relate to owner apartments for rental use.

## Development properties

On 30 September, Balder has development projects amounting to SEK 3.0 billion (2.4). Projects with ongoing construction are included with SEK 1.3 billion (1.4) and projects where construction has not begun amounts to SEK 1.7 billion (1.0). The projects with ongoing construction has an estimated total investment of approximately SEK 2.1 billion (2.8), which means that SEK 0.8 billion (1.4) remains to invest. The majority of the development projects in progress refer to tenant-owner's apartments and primarily involve approx. 400 tenant-owner's apartments in Sweden and approx. 200 tenant-owner's apartments in Copenhagen.

A development property is a property that is held for refinement with the intention of being divested. These properties are continually recognised at cost and profit/loss is recognised when each property is completed, sold and handed over to the buyer.

Two sales results are reported in the third quarter, which means that during the year a total of four projects have been sold. The sale during the quarter refers to the development projects Bergsjö Gård och Bovieran Karlstad. The cost of the projects amounted to SEK –235m and the profit from the sales amounted to SEK 6m (95), including the marketing and sales costs of the quarter of SEK –8m regarding all development properties. The cost of all divested projects during the period amounted to SEK –595m (–292) and the profit from the sales amounted to SEK 65m (95), including marketing and sales costs of SEK –15m.



## Change in carrying amount of properties

	2020		2019	
	SEKm	Number <sup>1)</sup>	SEKm	Number <sup>1)</sup>
<b>Investment properties, 1 January</b>	<b>141,392</b>	<b>1,298</b>	<b>116,542</b>	<b>1,185</b>
Investments in existing properties and projects	2,767		4,542	
Acquisitions	2,908	17	4,550	37
Sales	-323	-	-290	58
Change in value of investment properties, unrealised	801		2,933	
Currency changes	527		2,525	
Reclassification	-	27	-	
<b>Investment properties, 30 September</b>	<b>148,072</b>	<b>1,342</b>	<b>130,802</b>	<b>1,280</b>
<b>Development properties, 1 January</b>	<b>2,344</b>		<b>1,598</b>	
Investments in projects	1,299		1,064	
Sales	-595		-292	
<b>Development properties, 30 September</b>	<b>3,047</b>		<b>2,370</b>	
<b>Total real estate portfolio, 30 September</b>	<b>151,118</b>		<b>133,172</b>	

1) Number of investment properties.

## Property transactions 2020

Quarter	Number	Name of property		Property category	Lettable area, sq.m.
<b>Acquisitions</b>					
One	1	Inom Vallgraven 4:5	Gothenburg	Office	3,585
One	1	Palmen 3	Linköping	Hotel	11,086
One	1	92-52-18-6 (Tikkurilantie 123)	Vanda, Finland	Retail	13,102
One	1	285-46-167-3 (Ristikalliontie 41)	Kotka, Finland	Retail	3,100
One	1	286-3-3039-5 (Taitajantie 4)	Kouvola, Finland	Retail	3,800
One	1	405-56-1-14 (Myllymäenkatu 6)	Lappeenranta, Finland	Retail	4,400
One	1	106-18-1731-20 (Veikkarinkatu 7)	Hyvinkää, Finland	Retail	2,645
One	1	109-11-33-2 (Tampereentie 169)	Hämeenlinna, Finland	Retail	5,840
One	1	167-8-837-1 (Voimatie 16)	Joensuu, Finland	Retail	8,282
One	1	297-24-20-2 (Leväsentie 33)	Kuopio, Finland	Retail	7,770
One	1	398-23-111-4 (Ajokatu 261)	Lahti, Finland	Retail	7,947
One	1	837-122-506-12 (Hataanpään Valtatie 42)	Tampere, Finland	Retail	12,412
One	1	837-122-506-3 (Puistokuja 32)	Tampere, Finland	Retail	5,865
Two	1	Inom Vallgraven 8:14	Gothenburg	Office	2,924
Two	1	Inom Vallgraven 20:8	Gothenburg	Office	1,107
Two	1	Gnr: 81, bnr 92, snr. 1-54 (Dønskiveien 6)	Bærum, Norway	Other	2,614
Three	1	Hans Nissens gate 3	Trondheim, Norge	Residential	3,577
Three	–	Pekdonet 1	Möln dal	Project, land	–
<b>Total</b>	<b>17</b>				<b>100,056</b>

# Associated companies

Balder owns 50 % of a number of property companies where Balder handles the management and administration, for further information, see page 23-25 in Balder's Annual Report for 2019. Balder's 50 %-owned associated companies are shown in the table below together with Balder's share of 49 % (49) in Sinoma Fastighets AB and 56 % (56) in Serena Properties AB where Balder has a joint control, for company website, see serenaproperties.se.

Apart from the 50 %-owned associated companies, Balder owns 44.1 % (44.1) in Collector AB (publ), 33 % (33) of Tornet Bostadsproduktion AB, 21.8 % (25.5) of Brinova Fastigheter AB (publ), 49 % (49) in Sjaelsö Management ApS, 20 % (20) in SHH Bostad AB and 25 % (25) in Rosengård Fastighets AB. For more information about these associated companies, see each company's website: collector.se, tornet.se, brinova.se, sjaelso-emangement.dk, shhbostad.se and rosengardfastigheter.se.

## Balder's participation in the 50 %-owned associated companies' real estate portfolio on 30/09/2020 <sup>1,2)</sup>

	Number of investment properties <sup>3)</sup>	Lettable area, sq.m.	Rental value, SEKm	Rental value, SEK/sq.m.	Rental income, SEKm	Economic occupancy rate, %	Carrying amount, SEKm	Carrying amount, %
<b>Distributed by region</b>								
Stockholm	85	221,505	333	1,502	314	94	5,865	45
Gothenburg	40	154,251	178	1,151	166	93	2,263	18
Öresund	22	65,058	101	1,550	89	88	1,572	12
East	26	101,685	134	1,316	131	98	1,913	15
<b>Total excluding projects</b>	<b>173</b>	<b>542,498</b>	<b>745</b>	<b>1,373</b>	<b>699</b>	<b>94</b>	<b>11,612</b>	<b>90</b>
Projects for own management			1		1		1,279	10
<b>Total real estate portfolio</b>	<b>173</b>	<b>542,498</b>	<b>745</b>	<b>1,373</b>	<b>700</b>	<b>94</b>	<b>12,891</b>	<b>100</b>
<b>Distributed by property category</b>								
Residential	43	75,342	147	1,945	143	98	3,073	24
Office	29	99,965	149	1,488	136	92	2,260	18
Retail	61	252,686	306	1,213	293	95	4,094	32
Other	40	114,504	143	1,250	127	89	2,185	17
<b>Total excluding projects</b>	<b>173</b>	<b>542,498</b>	<b>745</b>	<b>1,373</b>	<b>699</b>	<b>94</b>	<b>11,612</b>	<b>90</b>
Projects for own management			1		1		1,279	10
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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, care, industrial and mixed-use properties.

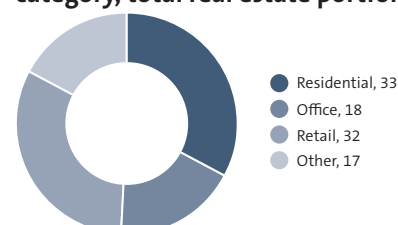
2) Refers to Balder's holding in Trenum AB, Fastighets AB Centur, Tulia AB, Sinoma Fastighets AB and Serena Properties AB.

3) Refers to the entire associated companies' portfolio.

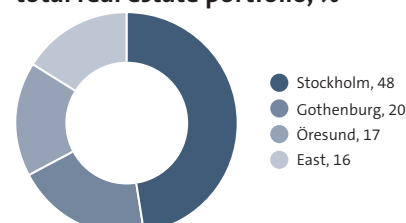
## Balder's participation in the balance sheets of 50 %-owned associated companies

SEKm	2020 30 Sep	2019 30 Sep	2019 31 Dec
<b>Assets</b>			
Properties	12,891	11,224	12,004
Other assets	303	86	243
Cash and cash equivalents	364	212	204
<b>Total assets</b>	<b>13,558</b>	<b>11,521</b>	<b>12,450</b>
<b>Shareholders' equity and liabilities</b>			
Equity/interest-bearing shareholder loan	6,311	5,236	5,635
Deferred tax liability	725	622	657
Interest-bearing liabilities	5,921	5,349	5,671
Other liabilities	602	314	488
<b>Total equity and liabilities</b>	<b>13,558</b>	<b>11,521</b>	<b>12,450</b>

## Carrying amount distributed by property category, total real estate portfolio, %



## Carrying amount distributed by region, total real estate portfolio, %



# 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 6.8 years (7.2). Balder's 10 largest leases represent 4.5 % (4.5) of total rental income and the average lease term amounts to 11.4 years (13.0).

No individual lease accounts for more than 0.7 % (0.7) of Balder's total rental income and no individual customer accounts for more than 3.9 % (3.7) of total rental income.

## Lease maturity structure 30/09/2020

Maturity date	Number of leases	Proportion, %	Contracted rent, SEKm	Proportion, %
2020	187	5	80	1
2021	1,387	40	414	5
2022	714	21	415	5
2023	526	15	346	4
2024–	645	19	1,964	24
<b>Total</b>	<b>3,459</b>	<b>100</b>	<b>3,219</b>	<b>39</b>
Residential <sup>1)</sup>	41,333		5,024	60
Car park <sup>1)</sup>	5,324		21	0
Garage <sup>1)</sup>	5,278		70	1
<b>Total</b>	<b>55,394</b>		<b>8,335</b>	<b>100</b>

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

## Balders 10 largest customers

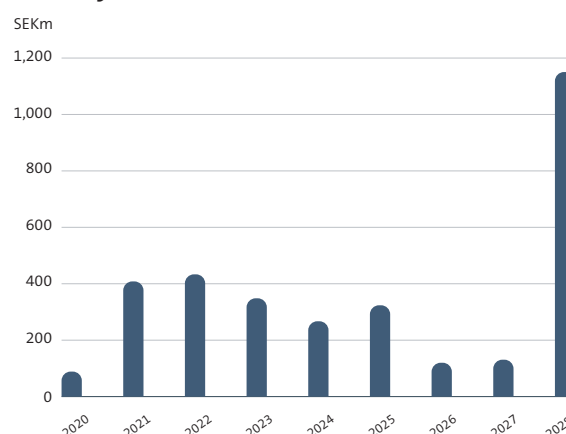
as of 30/09/2020

- The municipality of Gothenburg
- I.A. Hedin Bil AB
- ICA Sverige AB
- Kesko Oyj
- Ligula Hospitality Group
- Scandic Hotels
- City of Stockholm
- Stureplansgruppen
- The municipality of Sundbyberg
- Winn Hotel Group

## Rental income and profit from property



## Maturity structure of commercial lease contracts



# Financing

Balder has assets in Sweden, Denmark, Finland, Russia, Norway, Germany and United Kingdom which means that the Group is exposed to currency risks. Balder therefore has a diversified financing structure with bonds issued under a domestic MTN programme and a EMTN programme. In addition to bonds, bank financing in several currencies and a

commercial paper programme in Euro and Swedish kronor are used. The single largest source of funding is bonds issued on the European bond market in Euro. In addition to these financing sources, Balder also has issued Hybrid capital which has a maturity of 60 years and is considered as 50 % equity by the credit rating agencies.

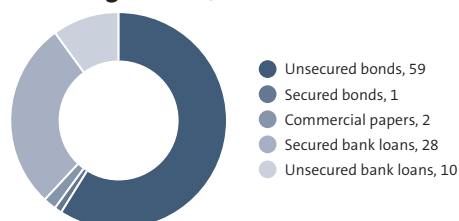
Financial key ratios	2020 30 Sep	2019 30 Sep	2019 31 Dec
Interest-bearing liabilities excl. Hybrid capital, SEKm	86,999	76,436	77,590
Hybrid capital, SEKm	3,689	3,755	3,652
Available liquidity including confirmed loan commitments, SEKm	16,726	14,486	11,925
Average fixed credit term, years	5.7	5.6	5.8
Average interest rate refixing period, years	3.4	3.2	3.1
Net debt to total assets (financial covenant <sup>1)</sup> < 65), %	47.0	48.7	48.4
Interest coverage ratio (financial covenant <sup>1)</sup> > 1.8), times	5.3	5.1	5.2
Secured debt/Total assets (financial covenant <sup>1)</sup> < 45), %	15.0	17.4	16.2
Net debt/EBITDA, times	13.1	12.6	13.0
Credit rating S&P	BBB Stable outlook	BBB Stable outlook	BBB Stable outlook
<b>Calculation of net debt</b>			
Interest-bearing liabilities excl. Hybrid capital, SEKm	86,999	76,436	77,590
Hybrid capital (50 % is treated as equity by rating agencies), SEKm	1,845	1,878	1,826
Cash and cash equivalents and financial investments, SEKm	-7,660	-5,345	-2,902
<b>Net debt</b>	<b>81,183</b>	<b>72,968</b>	<b>76,514</b>

1) Financial covenants refers to obligations that Balder has to its financiers in the form of financial key ratios.

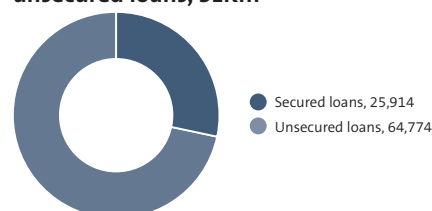
## Financial targets

		Target	Outcome
Equity/assets ratio, %	min.	40.0	37.1
Net debt to total assets, %	max.	50.0	47.0
Interest coverage ratio, times	min.	2.0	5.3

## Financing sources, %

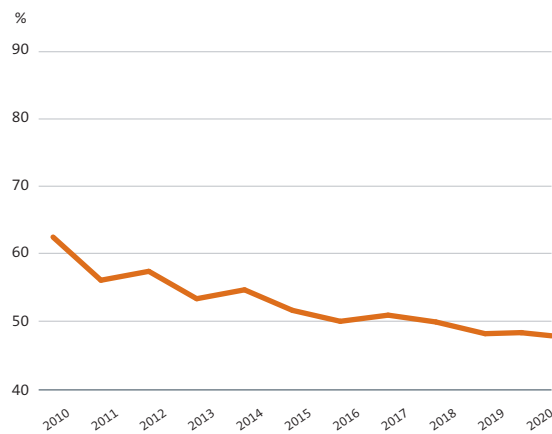


## Distribution of secured and unsecured loans, SEKm





### Net debt to total assets



### Fixed interest term



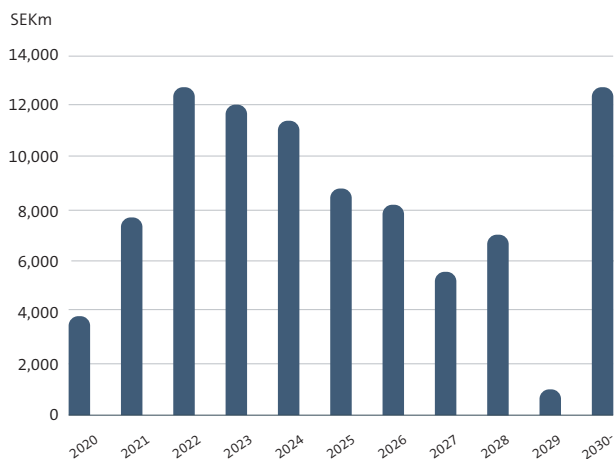
### Debt maturity structure 30/09/2020

Year	SEKm	Proportion, %
2020	3,773	4
2021	7,651	8
2022	12,728	14
2023	12,057	13
2024	11,417	13
2025	8,785	10
2026	8,103	9
2027	5,497	6
2028	6,980	8
2029	971	1
2030-	12,725	14
<b>Total</b>	<b>90,688</b>	<b>100</b>

### Interest maturity structure 30/09/2020

Year	SEKm	Interest, %	Proportion, %
2020	26,125	0.7	29
2021	9,075	1.9	10
2022	6,839	1.4	8
2023	9,904	2.4	11
2024	4,331	1.6	5
2025	7,555	2.1	8
2026	7,630	2.3	8
2027	6,429	1.1	7
2028	6,829	0.6	8
2029	2,919	1.6	3
2030-	3,052	2.2	3
<b>Total</b>	<b>90,688</b>	<b>1.5</b>	<b>100</b>

### Debt maturity structure 30/09/2020



# Other disclosures

## Events after the end of the period

No events of significant importance for Fastighets AB Balder's position have occurred after the end of the reporting period.

## 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 60m (54) during the period and are reported in management and administrative costs. All transactions have been priced on market terms.

## 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 2019, on pages 45-48. 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 principles follow those reported in the Annual Report 2019.

New and changed standards and principles that came into force as of January 1, 2020 or later, is not considered to have any material impact on the Group's financial reports.

## Nomination Committee

The Annual General Meeting on 11 May 2020 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 2020 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 Wednesday 12 May 2021. Shareholders who wish to contact the nomination committee can do so via e-mail to [info@balder.se](mailto:info@balder.se)

Gothenburg 5 November 2020

Erik Selin  
Chief Executive Officer

## Auditor's report

Fastighets AB Balder (publ), corp. id. no. 556525-6905.

### Introduction

We have reviewed the condensed interim financial information (interim report) for Fastighets AB Balder (publ) as of 30 September 2020 and for the nine-month period that ended on this date. The Board of Directors and the Chief Executive Officer 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 different focus and is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that 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 5 November 2020  
Öhrlings PricewaterhouseCoopers AB

Bengt Kron  
Authorised Public Accountant  
Auditor in charge

Konstantin Belogorcev  
Authorised Public Accountant

# Consolidated statement of comprehensive income

SEKm	2020 July-Sep	2019 July-Sep	2020 Jan-Sep	2019 Jan-Sep	2019/2020 Oct-Sep	2019 Jan-Dec
Rental income	2,030	1,915	6,079	5,577	8,110	7,609
Property costs	-414	-455	-1,401	-1,424	-1,942	-1,966
<b>Net operating income</b>	<b>1,616</b>	<b>1,460</b>	<b>4,678</b>	<b>4,153</b>	<b>6,168</b>	<b>5,643</b>
Management and administrative costs	-142	-160	-500	-485	-679	-664
Participations in the profits of associated companies	218	264	475	726	625	876
– of which profit from property management	188	211	475	612	651	787
– of which changes in value	87	131	132	304	125	297
– of which tax	-57	-78	-132	-190	-151	-209
Other income/costs	-26	6	-58	0	-51	7
Net financial items	-301	-277	-914	-883	-1,200	-1,170
– of which cost of leases/ground rent	-16	-16	-49	-47	-64	-63
<b>Profit including changes in value and tax in associated companies</b>	<b>1,365</b>	<b>1,292</b>	<b>3,681</b>	<b>3,512</b>	<b>4,863</b>	<b>4,693</b>
<b>– of which Profit from property management</b>	<b>1,335</b>	<b>1,239</b>	<b>3,682</b>	<b>3,398</b>	<b>4,888</b>	<b>4,604</b>
<i>Changes in value</i>						
Changes in value investment properties, realised	4	7	15	20	9	14
Changes in value investment properties, unrealised	226	1,344	801	2,933	7,431	9,562
Income sale development properties	247	387	675	387	675	387
Costs sale development properties	-241	-292	-611	-292	-611	-292
Changes in value derivatives	-10	-186	-231	-473	62	-180
<b>Changes in value total</b>	<b>226</b>	<b>1,259</b>	<b>650</b>	<b>2,575</b>	<b>7,567</b>	<b>9,492</b>
<b>Profit before tax</b>	<b>1,590</b>	<b>2,551</b>	<b>4,331</b>	<b>6,087</b>	<b>12,429</b>	<b>14,185</b>
Income tax	-265	-456	-810	-1,026	-2,443	-2,659
<b>Net profit for the period/year</b>	<b>1,326</b>	<b>2,094</b>	<b>3,521</b>	<b>5,060</b>	<b>9,987</b>	<b>11,526</b>
<i>Net profit for the period/year attributable to:</i>						
Parent company shareholders	1,189	1,852	3,063	4,473	7,549	8,958
Non-controlling interests	137	243	458	587	2,438	2,568
	<b>1,326</b>	<b>2,094</b>	<b>3,521</b>	<b>5,060</b>	<b>9,987</b>	<b>11,526</b>
<b>Other comprehensive income – items that may be subsequently reclassified to profit or loss</b>						
Translation difference relating to foreign operations (net after hedge accounting)	108	66	30	212	-174	8
Cash flow hedges after tax	13	-37	-20	-154	79	-55
Participation in other comprehensive income of associated companies	-1	4	-12	12	-21	3
<b>Total comprehensive income for the period/year</b>	<b>1,446</b>	<b>2,128</b>	<b>3,520</b>	<b>5,130</b>	<b>9,871</b>	<b>11,482</b>
<i>Total comprehensive income for the period/year attributable to:</i>						
Parent company shareholders	1,243	1,776	2,972	4,287	7,550	8,865
Non-controlling interests	204	352	548	843	2,321	2,617
	<b>1,446</b>	<b>2,128</b>	<b>3,520</b>	<b>5,130</b>	<b>9,871</b>	<b>11,482</b>
Profit from property management	1,335	1,239	3,682	3,398	4,888	4,604
Of which non-controlling interests part of profit from property management	-182	-179	-536	-428	-690	-581
<b>Profit from property management attributable to parent company shareholders</b>	<b>1,153</b>	<b>1,060</b>	<b>3,146</b>	<b>2,970</b>	<b>4,198</b>	<b>4,023</b>
Profit from property management per share, SEK	6.41	5.89	17.48	16.50	23.32	22.35
Profit after tax per share, SEK	6.61	10.29	17.02	24.85	41.94	49.77

There is no dilutive effect as no potential shares arise.

# Consolidated statement of financial position

SEKm	2020 30 Sep	2019 30 Sep	2019 31 Dec
<b>Assets</b>			
Investment properties	148,072	130,802	141,392
Development properties	3,047	2,370	2,344
Lease contract; Right-of-use assets	1,520	1,551	1,541
Other fixed assets	155	158	166
Participations in associated companies	8,363	6,730	7,018
Other receivables	3,800	2,932	2,566
Cash and cash equivalents and financial investments	7,660	5,345	2,902
<b>Total assets</b>	<b>172,617</b>	<b>149,888</b>	<b>157,928</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity <sup>1)</sup>	62,235	52,404	58,725
Deferred tax liability	11,877	9,830	11,285
Interest-bearing liabilities	90,688	80,191	81,242
—of which Hybrid capital <sup>2)</sup>	3,689	3,755	3,652
Derivatives	1,444	1,735	1,210
Lease contract	1,511	1,551	1,543
Other liabilities	4,862	4,176	3,923
<b>Total equity and liabilities</b>	<b>172,617</b>	<b>149,888</b>	<b>157,928</b>
1) Of which non-controlling interests	10,257	7,971	9,714
2) 50 % of Hybrid capital is treated as equity by the rating agencies and thus decreases interest-bearing liabilities when calculating the debt/equity ratio and net debt to total assets ratio and increases equity when calculating the equity/assets ratio.	1,845	1,878	1,826

# Consolidated statement of changes in equity

SEKm	2020 30 Sep	2019 30 Sep	2019 31 Dec
<b>Opening equity</b>	<b>58,725</b>	<b>47,408</b>	<b>47,408</b>
Total comprehensive income for the period/year	3,520	5,130	11,482
Transactions with non-controlling interests	–25	–3	–35
Dividend to non-controlling interests	–	–135	–137
Non-controlling interests arising on the acquisition of subsidiary	–	3	8
Shareholder contributions from non-controlling interests	15	–	–
<b>Closing equity</b>	<b>62,235</b>	<b>52,404</b>	<b>58,725</b>



# Consolidated statement of cash flow

SEKm	2020 July-Sep	2019 July-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Net operating income	1,616	1,460	4,678	4,153	5,643
Other income/costs	-26	6	-58	0	7
Management and administrative costs	-142	-160	-500	-485	-664
Selling and marketing expenses development properties	-15	-	-15	-	-
Reversal of depreciation	10	11	31	32	42
Net financial items paid	-280	-316	-919	-1,142	-1,419
Taxes paid	-59	-66	-282	-259	-321
<b>Cash flow from operating activities before change in working capital</b>	<b>1,104</b>	<b>934</b>	<b>2,935</b>	<b>2,301</b>	<b>3,288</b>
Change in operating receivables	-114	110	-824	-145	-262
Change in operating liabilities	566	157	640	531	183
<b>Cash flow from operating activities</b>	<b>1,555</b>	<b>1,201</b>	<b>2,750</b>	<b>2,687</b>	<b>3,209</b>
Acquisition of investment properties	-322	-122	-2,908	-4,083	-7,972
Acquisition/Divestment of property, plant and equipment	-2	-15	-20	-66	-85
Purchase of financial investments	-776	-6	-821	-56	-594
Acquisition of shares in associated companies/Capital contribution to associated companies/Loans to associated companies	-446	-358	-1,422	-816	-601
Investment in existing properties and projects	-1,110	-1,916	-4,065	-5,606	-8,133
Transactions with non-controlling interests	-22	-	-25	-3	-35
Sale of investment properties	28	20	339	310	1,050
Sale of development properties	247	387	675	387	387
Sale of financial investments	-	16	62	47	60
Sale of shares in associated companies	-	0	-	15	15
Dividend paid from associated companies	-	-	19	42	42
<b>Cash flow from investing activities</b>	<b>-2,404</b>	<b>-1,993</b>	<b>-8,167</b>	<b>-9,830</b>	<b>-15,867</b>
Dividend paid to non-controlling interests	-	-	-	-135	-137
Amortisation of lease liability	-3	-	-18	-	-26
Shareholder contributions from non-controlling interests	-	-	16	-	-
Loans raised	5,117	7,156	16,300	20,732	25,169
Amortisation/redemption of loans sold properties/changes in overdraft facilities	-2,500	-2,692	-6,913	-9,655	-11,527
<b>Cash flow from financing activities</b>	<b>2,615</b>	<b>4,464</b>	<b>9,385</b>	<b>10,942</b>	<b>13,479</b>
<b>Cash flow for the period/year</b>	<b>1,766</b>	<b>3,671</b>	<b>3,968</b>	<b>3,799</b>	<b>821</b>
Cash and cash equivalents at the start of the period/year	3,581	686	1,379	558	558
<b>Cash and cash equivalents at the end of the period/year</b>	<b>5,347</b>	<b>4,357</b>	<b>5,347</b>	<b>4,357</b>	<b>1,379</b>
Cash and cash equivalents	5,347	4,357	5,347	4,357	1,379
Unutilised overdraft facilities	350	350	350	350	350
Unutilised credit facilities	8,716	8,791	8,716	8,791	8,673
Financial investments	2,314	988	2,314	988	1,523
<b>Available liquidity including confirmed credit commitments</b>	<b>16,726</b>	<b>14,486</b>	<b>16,726</b>	<b>14,486</b>	<b>11,925</b>

# Segment information

SEKm	2020 July-Sep	2019 July-Sep	2020 Jan-Sep	2019 Jan-Sep	2019/2020 Oct-Sep	2019 Jan-Dec
<b>Rental income</b>						
Helsinki	620	614	1,892	1,811	2,514	2,433
Stockholm	336	306	990	907	1,317	1,234
Gothenburg	396	350	1,156	1,016	1,566	1,426
Copenhagen	152	152	481	424	623	566
South	151	147	435	429	595	589
East	303	276	918	788	1,213	1,083
North	74	70	207	202	282	277
<b>Total</b>	<b>2,030</b>	<b>1,915</b>	<b>6,079</b>	<b>5,577</b>	<b>8,110</b>	<b>7,609</b>
<b>Net operating income</b>						
Helsinki	476	460	1,409	1,305	1,850	1,747
Stockholm	282	245	808	721	1,060	973
Gothenburg	327	273	917	783	1,233	1,099
Copenhagen	117	118	370	332	474	436
South	124	117	342	342	472	471
East	231	194	678	527	869	717
North	60	52	155	144	210	199
<b>Total</b>	<b>1,616</b>	<b>1,460</b>	<b>4,678</b>	<b>4,153</b>	<b>6,168</b>	<b>5,643</b>

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 4,678m (4,153) and profit before tax of SEK 4,331m (6,087) consists of changes in value of investment properties of SEK 817m (2,953), profit from sales of development properties SEK 65m (95), other income/costs SEK –58m (0), management and administrative costs of SEK –500m (–485), participations in profits of associated companies of SEK 475m (726), net financial items of SEK –914m (–883) and changes in value of derivatives of SEK –231m (–473).

SEKm	2020 30 Sep	2019 30 Sep	2019 31 Dec
<b>Real estate portfolio</b>			
Helsinki	41,912	32,541	38,132
Stockholm	26,930	24,804	26,331
Gothenburg	30,385	26,010	28,966
Copenhagen	14,289	11,656	13,582
South	10,262	10,016	10,196
East	14,212	14,420	14,072
North	5,096	4,687	4,792
<b>Total excluding projects</b>	<b>143,085</b>	<b>124,134</b>	<b>136,071</b>
Projects for own management	4,986	6,667	5,320
<b>Total investment properties</b>	<b>148,072</b>	<b>130,802</b>	<b>141,392</b>
Development properties	3,047	2,370	2,344
<b>Total real estate portfolio</b>	<b>151,118</b>	<b>133,172</b>	<b>143,736</b>

The carrying amounts of properties have during the period changed by investments, acquisitions, divestments, unrealised changes in value and currency changes, with SEK 3,780m in Helsinki region, SEK 599m in the Stockholm region, SEK 1,419m in the Gothenburg region, SEK 707m in Copenhagen region, SEK 66m in South region, SEK 140m in the East region and SEK 304m in the North region. The Group's projects for own management has decreased by SEK –334m and the Group's development properties has increased by SEK 703m. SATO's property portfolio is divided between the regions Helsinki and East. The real estate holdings in Norway is classified in the North region, the real estate holdings in Denmark in the Copenhagen region and the properties in Germany and United Kingdom in the South region.

# Key ratios

	2020 July-Sep	2019 July-Sep	2020 Jan-Sep	2019 Jan-Sep	2019/2020 Oct-Sep	2019 Jan-Dec
<b>Share-related</b>						
<i>Average number of shares, thousands</i>	180,000	180,000	180,000	180,000	180,000	180,000
Profit after tax, SEK	6.61	10.29	17.02	24.85	41.94	49.77
Profit after tax excluding unrealised changes in value, SEK	5.23	5.14	14.03	14.02	18.76	18.75
Profit from property management, SEK	6.41	5.89	17.48	16.50	23.32	22.35
Net operating income, SEK	7.43	6.62	21.38	18.86	28.25	25.74
<i>Outstanding number of shares, thousands</i>	180,000	180,000	180,000	180,000	180,000	180,000
Shareholders' equity, SEK	288.77	246.85	288.77	246.85	288.77	272.28
Long-term net asset value (NAV), SEK	362.77	311.10	362.77	311.10	362.77	341.70
Share price on the closing date, SEK	455.20	372.80	455.20	372.80	455.20	433.20
<b>Property-related</b>						
Rental value full-year, SEK/sq.m.	1,919	1,874	1,919	1,874	1,919	1,921
Rental income full-year, SEK/sq.m.	1,841	1,803	1,841	1,803	1,841	1,850
Economic occupancy rate, %	96	96	96	96	96	96
Vacancy rate, %	4	4	4	4	4	4
Surplus ratio, %	80	76	77	74	76	74
Carrying amount, SEK/sq.m.	32,118	29,621	32,118	29,621	32,118	31,613
Number of investment properties	1,342	1,280	1,342	1,280	1,342	1,298
Lettable area, sq.m. thousands	4,455	4,191	4,455	4,191	4,455	4,304
Profit from property management, attributable to parent company shareholders, SEKm	1,153	1,060	3,146	2,970	4,198	4,023
<b>Financial</b>						
Return on equity, %	7.8	10.1	7.7	12.5	15.7	20.1
Return on total assets, %	3.9	4.9	4.1	6.0	8.5	10.7
Interest coverage ratio, times	5.7	5.7	5.3	5.1	5.3	5.2
Equity/assets ratio, %	37.1	36.2	37.1	36.2	37.1	38.3
Debt/equity ratio, times	1.4	1.5	1.4	1.5	1.4	1.4
Net debt to total assets, %	47.0	48.7	47.0	48.7	47.0	48.4
Net debt/EBITDA, times	12.4	11.8	13.1	12.6	13.2	13.0

## Condensed parent company income statement

SEKm	2020 July-Sep	2019 July-Sep	2020 Jan-Sep	2019 Jan-Sep	2019/2020 Oct-Sep	2019 Jan-Dec
Net sales	67	92	258	261	358	361
Administrative costs	-69	-83	-260	-261	-362	-363
<b>Operating profit</b>	<b>-2</b>	<b>9</b>	<b>-2</b>	<b>-0</b>	<b>-4</b>	<b>-2</b>
<b>Profit from financial items</b>						
Dividends from subsidiaries	—	—	975	800	975	800
Other net financial items	-38	-117	100	-361	655	194
— of which exchange rate differences	-130	-204	-137	-670	283	-251
Changes in value of derivatives	-10	-186	-231	-473	62	-180
<b>Profit before appropriations and taxes</b>	<b>-51</b>	<b>-293</b>	<b>841</b>	<b>-35</b>	<b>1,688</b>	<b>812</b>
<b>Appropriations</b>						
Group contributions	—	—	—	—	229	229
<b>Profit before tax</b>	<b>-51</b>	<b>-293</b>	<b>841</b>	<b>-35</b>	<b>1,917</b>	<b>1,042</b>
Income tax	9	46	26	152	-142	-16
<b>Net profit for the period/year <sup>1)</sup></b>	<b>-42</b>	<b>-247</b>	<b>867</b>	<b>117</b>	<b>1,775</b>	<b>1,025</b>

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	2020 30 Sep	2019 30 Sep	2019 31 Dec
<b>Assets</b>			
Property, plant and equipment	23	22	23
Financial non-current assets	14,290	12,381	13,347
Receivables from Group companies	56,020	45,395	52,646
Current receivables	186	212	206
Cash and cash equivalents and financial investments	2,764	4,941	1,995
<b>Total assets</b>	<b>73,282</b>	<b>62,950</b>	<b>68,217</b>
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity	13,120	11,344	12,253
Interest-bearing liabilities	48,652	43,110	43,862
— of which Hybrid capital	3,689	3,755	3,652
Liabilities to Group companies	10,140	7,186	10,966
Derivatives	857	919	626
Other liabilities	513	391	511
<b>Total equity and liabilities</b>	<b>73,282</b>	<b>62,950</b>	<b>68,217</b>

# The share and owners

Balder's share is listed on Nasdaq Stockholm, Large Cap segment. The company's market capitalisation as of 30 September amounted to SEK 81,936m (67,104).

The principal owner in Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 36.4 % (36.4) of the capital and 49.9 % (49.9) of the votes. Foreign ownership amounts to approximately 29 % (25) of outstanding shares.

## The share

At the end of the period, approximately 22,000 shareholders (16,000) held shares. During the period, approximately 102 million shares were traded (59) which corresponds to an average of about 541,000 shares per trading day (319,000). The annual turnover rate amounted to 76 % (44). The price of the share was SEK 455.20 (372.80) on 30 September, corresponding to an increase of 5 % since year-end.

## Share capital

On 30 September, the share capital in Balder amounted to SEK 180,000,000 distributed among 180,000,000 shares. Each share has a quota value of SEK 1, where of 11,229,432 shares are of Class A and 168,770,568 of Class B. The total number of outstanding shares as of 30 September amounts to 180,000,000. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

## Ownership list as of 30/09/2020

Owner	A shares	B shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	65,520,228	36.4	49.9
Arvid Svensson Invest AB	2,915,892	13,542,540	16,458,432	9.1	15.2
Swedbank Robur fonder	–	8,020,610	8,020,610	4.5	2.9
Handelsbanken fonder	–	6,750,790	6,750,790	3.8	2.4
SEB Investment Management	–	6,746,554	6,746,554	3.7	2.4
Länsförsäkringar fondförvaltning AB	–	6,573,168	6,573,168	3.7	2.3
AMF Försäkring och Fonder	–	3,860,451	3,860,451	2.1	1.4
Vanguard	–	3,303,843	3,303,843	1.8	1.2
Livförsäkringsbolaget Skandia	–	1,932,298	1,932,298	1.1	0.7
CBNY - Norges Bank	–	1,689,765	1,689,765	0.9	0.6
Other	4,212	59,139,649	59,143,861	32.9	21.1
<b>Total</b>	<b>11,229,432</b>	<b>168,770,568</b>	<b>180,000,000</b>	<b>100</b>	<b>100</b>

## Development share price, net asset value and profit from property management

Share price, Net asset value (NAV), Profit from property management, SEK/share



## Share price/Net asset value & Share price/Profit from property management

Share price/Net asset value (NAV), % Share price/Profit from property management, times





# 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 ratio's are defined and calculated.

## Financial

### Return on equity, %

Profit after tax in relation to average equity. 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 and 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 and with the exception of changes in value.

### Net debt to total assets, %

Net debt in relation to total assets.

### EBITDA

Profit from property management with addition of profit from sales of development properties with reversal of net financial items. In the interim financial statements, EBITDA were converted to a full-year basis, with the exception of profit from sale of development properties.

### Profit from property management, SEKm

Profit including changes in value and tax in associated companies with reversal of changes in value and tax as regards participation in profits of associated companies. 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.

### Average interest, %

Interest expenses in the period recalculated to annual value in relation to the average interest-bearing liabilities.

### Net debt, SEKm

Interest-bearing liabilities decreased by cash and cash equivalents, financial investments and 50 % of Hybrid capital which is treated as 50 % equity by the rating agencies.

### Hybrid capital

A bond with a maturity of 60 years. The bond is reported as interest bearing liability but is treated as 50 % equity by the rating agencies.

### Interest coverage ratio, times

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

### Debt/equity ratio, times

Interest-bearing liabilities decreased by 50 % of Hybrid capital in relation to shareholders' equity.

### Equity/assets ratio, %

Shareholders' equity including non-controlling interests and 50 % of hybrid capital in relation to the balance sheet total at the end of the period.

## Share related

### Equity per share, SEK

Shareholders' equity in relation to the number of outstanding shares at the end of the period.

### Profit from property management per share, SEK

Profit from property management attributable to the parent company shareholders divided by the average number of outstanding 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.

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

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

### Profit after tax per share, SEK

Profit attributable to the parent company shareholders in relation to average number of shares.

## 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, %<sup>1)</sup>

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

### Development properties

Refers to properties constructed with the intention of being divested after completion.

### Real estate portfolio

Refers to both investment properties and development properties.

### 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 and property tax.

### Investment properties

Refers to properties that are held with the objective of generating rental income or an increase in value or a combination of these.

### Rental value, SEKm<sup>1)</sup>

Contracted rent and estimated market rent for vacant premises.

### Surplus ratio, %

Net operating income in relation to rental income.

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

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 08.00 a.m. on November 5, 2020.

This report is a translation of the Swedish Interim Report January-September 2020. 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, [balder.se](http://balder.se).

## Calendar

Year-end report 2020	11 February 2021
Annual General Meeting	12 May 2021
Interim report Jan-March 2021	12 May 2021
Interim report Jan-June 2021	16 July 2021
Interim report Jan-Sep 2021	11 November 2021
Year-end report 2021	11 February 2022

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