Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	916 164 882
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ASSET BUYOUT PARTNERS INVEST AS
Forretningsadresse:	Haakon VIIs gate 6 0161 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Henrik Melle
Dato for fastsettelse av årsregnskapet:	30.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert

År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 27.07.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		**0**	**0**
Kostnader			
Annen driftskostnad	1	481 025	994 512
Sum kostnader		**481 025**	**994 512**
Driftsresultat		**-481 025**	**-994 512**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap	5	481 025	994 512
Sum finansinntekter		**481 025**	**994 512**
Netto finans		**481 025**	**994 512**
Ordinært resultat før skattekostnad		**0**	**0**
Ordinært resultat etter skattekostnad		**0**	**0**
Årsresultat		**0**	**0**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	4	1 510 219 298	1 510 219 298
Sum finansielle anleggsmidler		**1 510 219 298**	**1 510 219 298**
Sum anleggsmidler		**1 510 219 298**	**1 510 219 298**
Omløpsmidler			
Varer			
Fordringer			
Andre kortsiktige fordringer		25 000	23 802
Konsernfordringer	5	481 552	994 512
Sum fordringer		**506 552**	**1 018 314**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.	1	179 758	1 529 438
Sum bankinnskudd, kontanter og lignende		**179 758**	**1 529 438**
Sum omløpsmidler		**686 310**	**2 547 752**
SUM EIENDELER		**1 510 905 609**	**1 512 767 050**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	3,6	13 529 929	13 529 929
Overkurs	3	1 495 966 003	1 495 966 003
Sum innskutt egenkapital		**1 509 495 932**	**1 509 495 932**
Opptjent egenkapital			

Balanse

Beløp i: NOK	Note	2021	2020
Annen egenkapital	3	999 675	1 000 000
Sum opptjent egenkapital		**999 675**	**1 000 000**
Sum egenkapital		**1 510 495 607**	**1 510 495 932**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Kortsiktig konserngjeld	5	400 000	2 200 000
Annen kortsiktig gjeld		10 002	71 118
Sum kortsiktig gjeld		**410 002**	**2 271 118**
Sum gjeld		**410 002**	**2 271 118**
SUM EGENKAPITAL OG GJELD		**1 510 905 609**	**1 512 767 050**

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Vassbotnen 11a Forum, 4313 Sandnes
Postboks 8015, 4068 Stavanger

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

UAVHENGIG REVISORS BERETNING

Til generalforsamlingen i Asset Buyout Partners Invest AS

Konklusjon

Vi har revidert årsregnskapet for Asset Buyout Partners Invest AS som består av balanse per 31. desember 2021, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening oppfyller årsregnskapet gjeldende lovkrav og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2021 og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjon

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet.* Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og *International Code of Ethics for Professional Accountants* (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Øvrig informasjon omfatter informasjon i selskapets årsrapport bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Styret og daglig leder (ledelsen) er ansvarlig for den øvrige informasjonen. Vår konklusjon om revisjonen av årsregnskapet dekker ikke den øvrige informasjonen, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese den øvrige informasjonen med det formål å vurdere om årsberetningen inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav og hvorvidt det foreligger vesentlig inkonsistens mellom den øvrige informasjonen og årsregnskapet eller kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon. Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon eller ikke inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav, er vi pålagt å rapportere det.

Vi har ingenting å rapportere i så henseende, og vi mener at årsberetningen er konsistent med årsregnskapet og inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet med mindre ledelsen enten har til hensikt å avvikle selskapet eller virksomheten, eller ikke har noe annet realistisk alternativ.

A member firm of Ernst & Young Global Limited

EY
Building a better working world

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan skyldes misligheter eller feil og er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.
- opparbeider vi oss en forståelse av den interne kontrollen som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape betydelig tvil om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med styret blant annet om det planlagte omfanget av og tidspunktet for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i den interne kontrollen som vi avdekker gjennom revisjonen.

Stavanger, 30. juni 2022
ERNST & YOUNG AS

Jan Kvalvik
statsautorisert revisor

A member firm of Ernst & Young Global Limited

Admincontrol

List of Signatures

Page 1/1

Vedlegg 2_ABP Invest AS_Årsregnskap 2021.pdf

Name	Method	Signed at
ERIK SELIN	BANKID	2022-06-29 23:33 GMT+02
Susegg, Espen	BANKID	2022-06-28 20:53 GMT+02
Salbuvik, Widar	BANKID_MOBILE	2022-06-28 19:34 GMT+02
Holth, Kristin Helene	BANKID_MOBILE	2022-06-28 18:52 GMT+02
Oxaal, Pål Morten Ringseth	BANKID_MOBILE	2022-06-28 18:44 GMT+02
Wittusen, William Wardman	BANKID_MOBILE	2022-06-30 13:18 GMT+02

This file is sealed with a digital signature. The seal is a guarantee for the authenticity of the document.

External reference: A1B7D85DC40744BDBC975A66D03BC326

Årsregnskap 2021
for
Asset Buyout Partners Invest AS

Organisasjonsnr. 916164882

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
A1B7D85DC40744BDBC975A66D03BC326

Årsberetning 2021

Asset Buyout Partners Invest AS
Adresse: Olav Vs gate 1, 0161 Oslo
Org.nr: 916 164 882 MVA

Virksomhetens art
Selskapet er et holdingselskap med hovedformål å forvalte selskapets investeringer i næringseiendom via underliggende datterselskaper. Selskapet leverer hovedkontortjenester i form av blant annet aktiv forvaltning og styring, planlegging og beslutningstaking til selskapets direkte og indirekte datterselskaper. Selskapet holder til i lokaler i Oslo.

Utvikling i resultat og stilling
Årsresultatet for perioden endte på NOK 0. Bokført egenkapital i selskapet var NOK 1 510 495 607 ved utgangen av 2021, tilsvarende en egenkapitalandel på 99,98 %. Selskapet har en negativ netto endring i kontanter og kontantekvivalenter på NOK 1 349 679 i 2021.

Selskapets styre har et positivt syn på framtidsutsiktene til selskapet.

Covid-19
Selskapet har fulgt konsernets retningslinjer vedrørende Covid-19 hva gjelder oppfølging av sine datter-selskaper. Både selskapet og datterselskapene har hatt normal drift, og Covid-19 har således ikke påvirket regnskapene for 2021.

Risiko- og usikkerhetsmomenter
Selskapets hovedrisikofaktorer kan fordeles på følgende kategori: markedsrisiko.
Selskapets investeringer i datterselskaper er eksponert mot markedsrisiko. Selskapene i konsernet har langsiktige leiekontrakter med sine kunder der gjenværende løpetid på disse leiekontraktene er i snitt 8,5 år. De største leietakerne regnes som solide aktører med lav kreditt og likviditetsrisiko.

Fortsatt drift
I samsvar med regnskapsloven § 3-3 bekreftes det at forutsetningene for fortsatt drift er tilstede, og at årsregnskapet for 2021 er utarbeidet under denne forutsetning.

Arbeidsmiljø
Selskapet har ingen ansatte.

Likestilling
Selskapet har innarbeidet en policy som tar sikte på at det ikke forekommer forskjellsbehandling grunnet kjønn, religion eller andre forhold. Styret består av fire menn og en kvinne.

Ytre miljø
Etter styrets oppfatning påvirker selskapets virksomhet i svært liten grad det ytre miljø. Styret oppfordrer leietakere til å sikre driften i henhold til godkjente planer og myndighetskrav.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
A1B7D85DC40744BDBC975A66D03BC326

Oslo, 28.06.2022
Styret i ASSET BUYOUT PARTNERS INVEST AS

Widar Salbuvik	Kjell Erik Torne Selin	Kristin Helene Holth
styreleder	styremedlem	styremedlem
Espen Susegg	William Wardman Wittusen	Pål Morten Ringsath Oxaal
styremedlem	daglig leder	styremedlem

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
A1B7D85DC40744BDBC975A66D03BC326

Asset Buyout Partners Invest AS

Resultatregnskap

	Note	2021	2020
DRIFTSINNTEKTER OG DRIFTSKOSTNADER			
Driftskostnader			
Annen driftskostnad	1	481 025	994 512
Sum driftskostnader		**481 025**	**994 512**
DRIFTSRESULTAT		**(481 025)**	**(994 512)**
FINANSINNTEKTER OG FINANSKOSTNADER			
Finansinntekter			
Inntekt på investering i datterselskap	5	481 025	994 512
Sum finansinntekter		**481 025**	**994 512**
NETTO FINANSPOSTER		**481 025**	**994 512**
ORDINÆRT RES. FØR SKATTEKOSTNAD		**0**	**(0)**
Skattekostnad på ordinært resultat	2	0	0
ORDINÆRT RESULTAT		**0**	**(0)**
ÅRSRESULTAT		**0**	**(0)**
OVERF. OG DISPONERINGER			
Overføringer annen egenkapital	3	0	0
SUM OVERF. OG DISP.		**0**	**0**

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
A1B7D85DC40744BDBC975A66D03BC326

Asset Buyout Partners Invest AS

Balanse pr. 31.12.2021

	Note	31.12.2021	31.12.2020
EIENDELER			
ANLEGGSMIDLER			
Finansielle anleggsmidler			
Investeringer i datterselskap	4	1 510 219 298	1 510 219 298
Sum finansielle anleggsmidler		**1 510 219 298**	**1 510 219 298**
SUM ANLEGGSMIDLER		**1 510 219 298**	**1 510 219 298**
OMLØPSMIDLER			
Fordringer			
Fordringer på konsernselskap	5	481 552	994 512
Andre kortsiktige fordringer		25 000	23 802
Sum fordringer		**506 552**	**1 018 314**
Bankinnskudd, kontanter o.l.			
Bankinnskudd, kontanter o.l.	1	179 758	1 529 438
SUM OMLØPSMIDLER		**686 310**	**2 547 752**
SUM EIENDELER		**1 510 905 609**	**1 512 767 050**
EGENKAPITAL OG GJELD			
EGENKAPITAL			
Innskutt egenkapital			
Selskapskapital	3,6	13 529 929	13 529 929
Overkurs	3	1 495 966 003	1 495 966 003
Sum innskutt egenkapital		**1 509 495 932**	**1 509 495 932**
Opptjent egenkapital			
Annen egenkapital	3	999 675	1 000 000
Sum opptjent egenkapital		**999 675**	**1 000 000**
SUM EGENKAPITAL		**1 510 495 607**	**1 510 495 932**
GJELD			
KORTSIKTIG GJELD			
Kortsiktig gjeld til konsernselskap	5	400 000	2 200 000
Annen kortsiktig gjeld		10 002	71 118
SUM KORTSIKTIG GJELD		**410 002**	**2 271 118**
SUM GJELD		**410 002**	**2 271 118**
SUM EGENKAPITAL OG GJELD		**1 510 905 609**	**1 512 767 050**

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
A1B7D85DC40744BDBC975A66D03BC326

Asset Buyout Partners Invest AS

Balanse pr. 31.12.2021

	Note	31.12.2021	31.12.2020

Oslo, 28.06.2022
The board of ASSET BUYOUT PARTNERS INVEST AS

Widar Salbuvik	Kristin Helene Holth	Kjell Erik Torne Selin
styreleder	styremedlem	styremedlem
Espen Susegg	William Wardman Wittusen	Pål Morten Ringseth Oxaal
styremedlem	daglig leder	styremedlem

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
A1B7D85DC40744BDBC975A66D03BC326

Asset Buyout Partners Invest AS

Kontantstrømoppstilling

	2021	2020
KONTANTSTRØMMER FRA OPERASJONELLE AKTIVITETER:		
Inntektsført ikke mottatt konsernbidrag	-481 025	-994 512
Endring i andre tidsavregningsposter	-62 639	-38 138
Netto kontantstrømmer fra operasjonelle aktiviteter	**-543 664**	**-1 032 650**
KONTANTSTRØMMER FRA FINANSIERINGSAKTIVITETER:		
Endringer i konsernmellomværende	-806 015	2 178 350
Netto kontantstrøm fra finansieringsaktiviteter	**-806 015**	**2 178 350**
Effekt av valutakursendringer på bankinnskudd, kontanter o.l.	**0**	**0**
Netto endring i bankinnskudd, kontanter og lignende	-1 349 679	1 145 700
Beholdning av bankinnskudd, kontanter og lignende pr 01.01.	1 529 437	383 737
Beholdning av bankinnskudd, kontanter og lignende pr 31.12.	**179 758**	**1 529 437**

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
A1B7D85DC40744BDBC975A66D03BC326

Asset Buyout Partners Invest AS - Noter 2021

Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapsloven og god regnskapsskikk for øvrige foretak.

Regnskapet inngår i konsernregnskapet til Fastighets AB Balder. Konsernregnskapet for Fastighets AB Balder kan lastes ned fra Balder sin nettside (https://en.balder.se/). Forutsetningen om fortsatt drift er lagt til grunn ved regnskapsavleggelsen.

Klassifisering og vurdering av balanseposter
Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Andre eiendeler er klassifisert som omløpsmidler. Fordringer som skal tilbakebetales innen et år er klassifisert som omløpsmidler. Ved klassifisering av kortsiktig og langsiktig gjeld er tilsvarende kriterier lagt til grunn. Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet. Kortsiktig gjeld oppskrives ikke til virkelig verdi som følge av renteendring. Anleggsmidler vurderes til anskaffelseskost, men nedskrives til virkelig verdi ved verdifall som ikke forventes å være forbigående. Anleggsmidler med begrenset økonomisk levetid avskrives planmessig. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

Fordringer
Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene.

Investeringer i andre selskaper
Kostmetoden brukes som prinsipp for investeringer i andre selskaper. Kostprisen økes når midler tilføres ved kapitalutvidelse, eller når det gis konsernbidrag til datterselskap. Mottatte utdelinger resultatføres i utgangspunktet som inntekt. Utbytte/konsernbidrag fra datterselskap regnskapsføres det samme året som datterselskapet avsetter beløpet. Utbytte fra andre selskaper regnskapsføres som finansinntekt når utbyttet er vedtatt. Investeringene blir nedskrevet til virkelig verdi dersom verdifallet ikke er forbigående.

Kostnader
Kostnader regnskapsføres som hovedregel i samme periode som tilhørende inntekt.

Skatter
Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet og nettoført. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttiggjort.

Kontantstrømoppstilling
Kontantstrømoppstillingen utarbeides etter den indirekte metoden. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige likvide plasseringer, som umiddelbart og med uvesentlig kursrisiko kan konverteres til kjente kontantbeløp og med gjenværende løpetid mindre enn tre måneder fra anskaffelsen.

Note 1 Lønnskostnader og ytelser (ingen ansatte), lån og sikkerhetsstillelse til ledende personer og godtgjørelser til revisor.

Det er ikke utbetalt ytelser til styret eller ledende personer i 2021.

Det er ikke gitt lån/sikkerhetsstillelse til medlemmer eller leder av styret, aksjeeiere eller andre nærstående parter.

OTP
Selskapet har ingen ansatte og er følgelig ikke pliktet å til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon.

Revisor
Kostnadsført honorar til revisor for 2021 eks. MVA:

Lovpålagt revisjon	259 420
Andre tjenester	70 000
Sum honorar til revisor	**329 420**

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
A1B7D85DC40744BDBC975A66D03BC326

Asset Buyout Partners Invest AS - Noter 2021

Note 2 Skatt

Årets skattekostnad	2021	2020
Resultatført skatt på ordinært resultat:		
Betalbar skatt	0	0
Endring i utsatt skatt/skattefordel	0	0
Skattekostnad ordinært resultat	**0**	**0**
Skattepliktig inntekt:		
Ordinært resultat før skatt	0	0
Permanente forskjeller	-481 025	-994 512
Endring i midlertidige forskjeller	0	0
Mottatt konsernbidrag	481 025	994 512
Anvendelse av fremførbart underskudd	0	0
Skattepliktig inntekt	**0**	**0**
Betalbar skatt i balansen:		
Betalbar skatt på årets resultat	-105 826	-218 793
Skatteeffekt på mottatt konsernbidrag	105 826	218 793
Sum betalbar skatt i balansen	**0**	**0**

Note 3 Egenkapital

	Aksjekapital	Overkurs	Annen egenkapital	Sum egenkapital
Egenkapital pr 01.01	13 529 929	1 495 966 003	1 000 000	1 510 495 932
Korrigert egenkapital pr 01.01	0	0	-325	-325
Pr. 31.12	**13 529 929**	**1 495 966 002**	**999 675**	**1 510 495 607**

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
A1B7D85DC40744BDBC975A66D03BC326

Asset Buyout Partners Invest AS - Noter 2021

Note 4 Investering i datterselskap, tilknyttet selskap og felleskontrollert virksomhet

Investering i datterselskap, tilknyttet selskap og felleskontrollert virksomhet regnskapsføres etter kostmetoden.

Selskap	Forretnings - kontor	Eier- /stemmeandel	EK pr. 31.12	Årets resultat	Bokført verdi 31.12
Asset Buyout Partners AS	Oslo	100,00 %	1 771 682 812	113 506 461	1 510 219 298
					1 510 219 298

Note 5 Mellomværende med selskap i samme konsern

Mellomværende med selskap i samme konsern	Asset Buyout Partners Invest AS
Mellomværende	-400 000
Konsernbidrag mottatt m skattemessig effekt	481 025
Merverdiavgift	527
Sum netto mellomværende 31.12	**81 552**

Selskapet er fellesregistrert med andre selskaper i samme konsern. Alle selskapene som er med i fellesregistreringen er solidarisk ansvarlig for betaling av skyldig merverdiavgift.

Note 6 Aksjonærer

Aksjekapitalen i Asset Buyout Partners Invest AS per 31.12 består av:

	Antall	Pålydende	Bokført
Preferanse aksjer	3 766 974 786	0,003	12 176 936
Ordinære aksjer	418 552 754	0,003	1 352 993
Sum	**4 185 527 540**		**13 529 929**

Eierstruktur

De største aksjonærene i % pr. 31.12 var:

	Preferanse	Ordinære	Eierandel	Stemmeandel
Fastighets AB Balder	3 766 974 786	418 552 754	100 %	100
Totalt antall aksjer	**3 766 974 786**	**418 552 754**	**100 %**	**100**

Note 7 Covid-19

Selskapet har fulgt konsernets retningslinjer vedrørende Covid-19, og har hatt normal drift. Covid-19 har ikke påvirket regnskapet for 2021.

This file is sealed with a digital signature.
The seal is a guarantee for the authenticity of the document.

Document ID:
A1B7D85DC40744BDBC975A66D03BC326

ANNUAL
2021
O|BAL
DER

CONTENTS

INTRODUCTION
This is Balder 1
CEO's comments 3
Balder's share and owners 5

OPERATIONS
Market and trends 11
Operations 13

FINANCE
Current earning capacity 21
Financing 22

SUSTAINABILITY
Sustainability work 25
Climate goals 26
Employees 27

VALUATION
Property portfolio 30

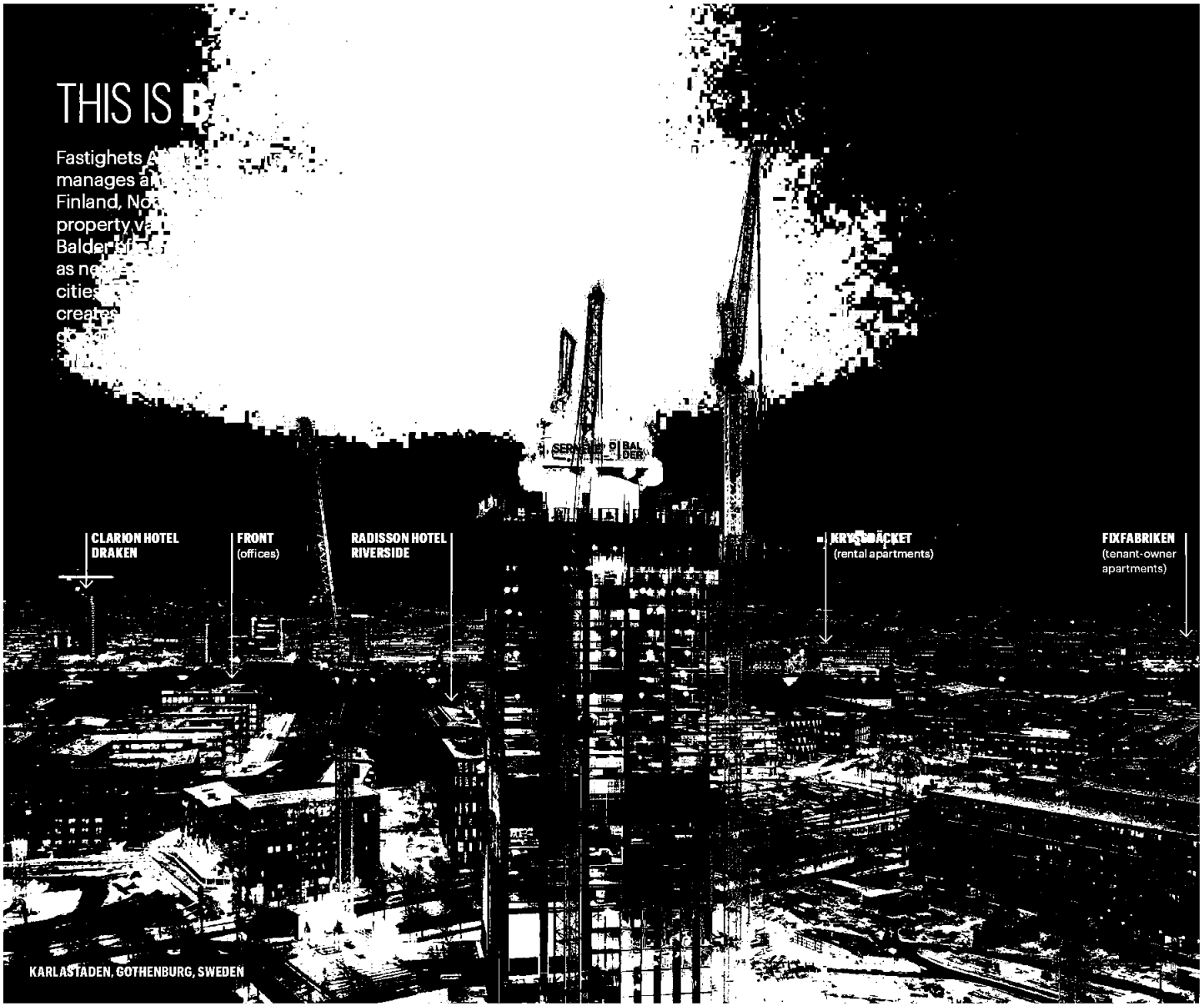
ASSOCIATED COMPANIES
Associated companies 34

FINANCIAL INFORMATION
Contents 37
Report of the Board of Directors 38
Opportunities and Risks 42
Financial statements 46
Accounting policies and notes 54
Audit Report 85

CORPORATE GOVERNANCE
Chairman's statement 89
Corporate Governance Report 90
Auditor's opinion 95
Board of Directors 96
Management 97

SUSTAINABILITY INFORMATION
Detailed sustainability information 98
GRI index 110
Auditor's opinion 112

ADDITIONAL INFORMATION
Project list 113
Definitions 117
Annual General Meeting 118
Contact details and calendar 118



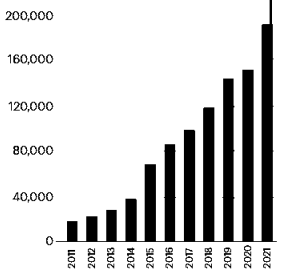
INCREASED PRESENCE IN **GROWING MARKETS**

- RESIDENTIAL PROPERTIES
- COMMERCIAL PROPERTIES
- PROJECTS

NUMBER OF EMPLOYEES	ESG RISK RATING ACCORDING TO SUSTAINALYTICS
1,040	13.8
PROPERTY VALUE, SEK BILLION	**NUMBER OF SQ.M. UNDER CONSTRUCTION**
191.8	353,376

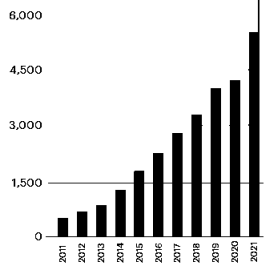
PROPERTY VALUE SEKm

191,835



PROFIT FROM PROPERTY MANAGEMENT[1] SEKm

5,543



1) Refers to profit from property management attributable to the parent company's shareholders.

STABLE RESULTS AND **EXCITING ACQUISITIONS**

Balder's profit from property management and current earning capacity continued to increase during the year and both property management and projects performed above expectations.

The past year has been interesting in many ways, with large fluctuations in expectations and prices in all possible areas. Balder's operations have overall performed well and both the property management and our projects have performed above expectations during the year.

For Balder, the most important financial goal is to increase our profit from property management and our earning capacity on a long-term basis. This requires that our existing portfolio develops well and that we can find new investments with a reasonable return.

In 2021, our profit from property management increased by 31%, corresponding to 26% per share. Compared to a normal year, we had more financial income than normal, while hotels and housing in Helsinki had less income than normal. Current earning capacity is 24% higher compared to year-end 2020. A good development in our portfolio in combination with slightly lower yield requirements for our properties meant that the net asset value increased by 30%.

Stable financing

Despite a somewhat turbulent world, we had very good access to financing during the year, both in the bond market and in all banks. Our strong earnings and diversified property portfolio provide low operational risk, which is positive in the financing context.

To date, we have made the assessment that the best total return for Balder's shareholders is achieved by reinvestment of the profits generated. The goal is also the same going forward and during the year we also invested in a number of interesting projects and companies.

An exciting portfolio

We have a large number of homes under construction and many where construction will start during the coming years. For example we are building apartments on Kungsholmen and Östermalm in Stockholm and continue to develop Karlastaden in Gothenburg together with Serneke.

In addition to these projects we have a very nice project portfolio with both on-going and coming projects, of which a few are presented in short below. We experience good demand on rental apartments in all of our markets and also on tenant-owner apartments in Sweden.

Acquisitions during the year

At the beginning of the year we made an agreement to buy the Norwegian property company Asset Buyout Partners (ABP), which we took possession of at mid-year. The acquisition is a great opportunity for us to expand our presence in Norway, with properties and locations perfectly positioned for current and future industries. We look forward to being a part of and contribute to the development of the future projects in several of ABP's areas, where focus in the future is on for example CCS (Carbon Capture Storage), land-based and ocean-based wind power, hydrogen, battery production and land-based fish production.

We have also continued to increase our holding in Entra. In October, our share of the company surpassed the limit for a mandatory offer, why we according to regulations chose to submit a mandatory offer at the beginning of November. The result was an increase of

27.07.2023 kl 21:20 Brønnøysundregistrene Side 21 av 136

approximately 2.37% of shares and votes, and Balder's share of Entra amounted to 36.53% at year end. Going forward, we prefer Entra to continue to be listed on the Oslo Stock Exchange.

Increased pace in sustainability work
A lot is happening in the area of sustainability and new guidelines and metrics are underway. Balder's ESG risk rating from Sustainalytics has been updated to 13.8, which puts us well within the low risk section. Balder performs well in relation to comparable companies when it comes to minimizing significant ESG risks.

Balder has signed the Global Compact, which is the UN's principles for companies in the areas of human rights, labour, anti-corruption and the environment and we are working to comply with these principles and to help meet the sustainable development goals.

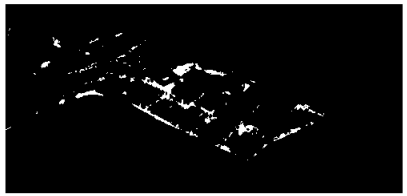
To increase the pace in our sustainability work we also updated our climate goals in line with the Paris Agreement and the 1.5-degree goal. The new climate goal means that we shall halve the emissions in our own operations to 2030 and measure and decrease the emissions in the value chain. We have also set a goal to achieve net zero emissions in the entire value chain to 2045.

Future outlook
At present, there is uncertainty in the world. Russia's invasion of Ukraine and the geopolitical unrest in Eastern Europe increases the difficulty of assessing economic developments in 2022. We are already seeing a general impact on the world economy, for example in terms of energy prices, interest rates and exchange rates. We follow developments closely to ensure that we are prepared for different scenarios, and our thoughts naturally go to all people in the war-torn areas.

However, it is my belief and hope that we can continue to find good investments and in this way reinvest our results, develop Balder's all parts and generate increased earning capacity. On behalf of me and the shareholders, I would also like to take this opportunity to thank our more than 1000 co-managers for fantastic efforts during the year.

ERIK SELIN
CEO

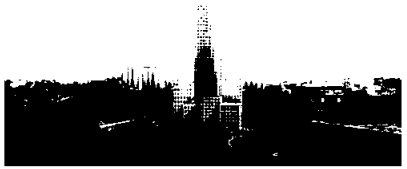
EXAMPLES OF ACTIVITIES **DURING 2021**



BILLION SEK INVESTMENT IN GOCO HEALTH INNOVATION CITY
Together with the property company Next Step Group and Investor-owned Vectura Fastigheter, Balder invested approximately SEK 1.6 billion in the continued development of GoCo Health Innovation City, a brand new district in Mölndal with the aim to promote collaboration and innovation in medicine and health. Through the jointly owned company Trenum Balder and the Third Swedish National Pension Fund will develop approximately 450 rental apartments and housing for researches in the middle of the district. The plan is to start construction of approximately 150 apartments per year. Balder also own one third of Next Step Group.

CONSTRUCTION START FOR VÄSTRA GATAN KUNGÄLV
With new apartments and unique businesses on the ground floor, Balder wants to contribute to the comeback of Västra gatan as Kungälv's popular artery.The heart of Kungälv is characterised by history and tradition, where wellbeing, security and accessibility of meeting places and streets has created a good living environment, something Balder wants to safeguard. The project comprises 128 tenant-owner's apartments and about 10 premises, of which two are restaurants, on the ground floor along Strandgatan and Västra gatan. A garage will be constructed under the buildings. Mobility solutions will also be available in the area, including in the form of pool cars.

KUNGENS KURVA GETS ITS QUEEN
Plans are now at an advanced stage for Victoria, a new district, in Kungens kurva in Stockholm. In the area, there are plans for approximately 3,500 apartments, restaurants, cafés, a green neighbourhood park, a school and nursery schools as well as care and other local services. Balder and KF Fastigheter co-own the joint venture company that was created to develop the future district. The ambition is that Victoria shall become a suburb of the capital city. The conditions for this are favourable with northern Europe's largest marketplace in the area, the new lively district with its attractive residential environments and nature close by in Gömmaren Nature reserve.



STOCKHOLM'S TALLEST RESIDENTIAL BUILDING
In Sickla, between Stockholm and Nacka, two high-rise buildings are planned containing 38 and 30 floors, respectively. The towers will accommodate residential as well as commercial floor space such as a restaurant, deli, bakery, bicycle workshop etc.The project is going under the name Nacka Port and will become the new entrance to Nacka city. For the construction Balder has established a joint company together with Västkust-Stugan, Mjöbäcks Entreprenad and Innovation Properties. The project's total volume comprises approximately 33,700 sq.m. habitable gross floor area, housing, offices and retail.

BALDER'S **SHARE AND OWNERS**

Balder's Class B share is listed on Nasdaq Stockholm, Large Cap. The net asset value per share reported positive development during the year and increased by 30%.

Balder's market capitalisation as of 31 December totalled SEK 121,561 million (79,990). The price of Balder's Class B share was SEK 651.80 (428.90) at the year-end, representing a rise of 52% during the year.

Share capital

As of 31 December, the share capital in Balder totalled SEK 186,500,000 distributed among 186,500,000 shares, of which 11,229,432 shares are Class A shares and 175,270,568 are Class B shares. Each share has a quota value of SEK 1.00. The total number of outstanding shares was 186,500,000. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

THE BALDER SHARE'S PERFORMANCE	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Data per share										
Average number of shares, thousands	186,500	180,515	180,000	180,000	180,000	173,598	162,753	161,786	159,537	159,537
Profit after tax, SEK	99.24	36.79	49.77	51.71	38.71	30.38	28.98	18.10	10.11	6.69
Profit from property management, SEK	29.72	23.51	22.35	18.35	14.74	11.89	9.71	6.64	4.57	3.73
Outstanding number of shares, thousands	186,500	186,500	180,000	180,000	180,000	180,000	172,397	162,397	159,537	159,537
Shareholder's equity, SEK	416.12	312.12	272.28	223.03	173.86	139.23	103.24	70.10	52.14	42.15
Long-term net asset value (NAV), SEK	503.76	387.38	341.70	277.60	218.10	180.09	134.35	86.33	60.50	50.37
Share price on the closing date, SEK	651.80	428.90	433.20	252.00	219.40	184.10	208.70	110.25	66.00	37.30
Change in share price, %	52	-1	72	15	19	-12	89	67	77	47
Dividend, SEK	—	—	—	—	—	—	—	—	—	—
Market capitalisation										
Market capitalisation, SEKm	121,561	79,990	77,976	45,360	39,492	36,371	39,099	21,404	13,889	7,800

ANALYSTS FOLLOWING BALDER

Staffan Bülow ..... Nordea
Erik Granström ..... Carnegie
Fredric Cyon ..... Carnegie
Markus Henriksson ..... ABG Sundal Collier
Jan Ihrfelt ..... Kepler Cheuvreux
Albin Sandberg ..... Kepler Cheuvreux
Johan Edberg ..... Handelsbanken
Stefan Andersson ..... SEB
Emil Ekholm ..... Pareto
Viktor Hökenhammar ..... Pareto
Niklas Wetterling ..... DNB

WHY **INVEST IN BALDER?**

1.

HISTORICALLY SUCCESSFUL INVESTMENTS

Since the beginning, Balder has invested in residential properties, commercial properties and projects in capital cities and other major cities with positive developments. Investments are being made in particular in areas where the company is already active, with an emphasis on Stockholm, Gothenburg, Helsinki and Copenhagen.

The project portfolio has grown very significantly in recent years, with many investments in major urban development projects such as Karlastaden in Gothenburg and both Kungens Kurva and Nacka Port in Stockholm.

2.

STABLE GROWTH FOR THE BALDER SHARE SINCE THE STOCK EXCHANGE LAUNCH

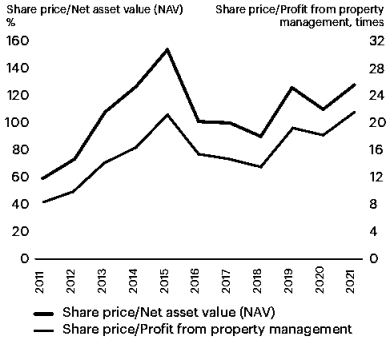
Balder's most important goal is to increase the profit from property management per share over time. Over the past five years, the profit from property management has increased by an average of 20% per year and the net asset value by an average of 23% per year. During the same period, the share has been traded at an average of 112% of the net asset value and 18 times the profit from property management.

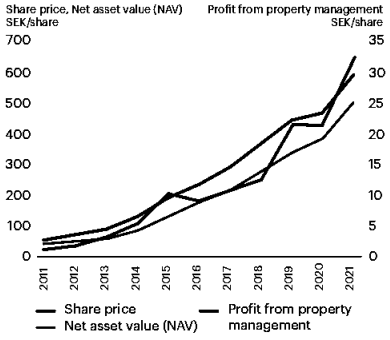
Positive development during the year

Equity per share totalled SEK 416.12 (312.12) as of 31 December, representing an increase of 33% (15) during the year. The net asset value per share (NAV) during the period increased by 30% (13) to SEK 503.76 (387.38). The difference between equity and net asset value is that derivatives, net of deferred tax liabilities and deferred tax assets are reversed in net asset value.

The share price/net asset value ratio was 129% (111) at the year-end. The profit from property management before tax attributable to the parent company's shareholders totalled SEK 5,543 million (4,244), which represents an increase of 31% (5) compared with the previous year. The profit from property management per share increased by 26% (5) during the year.

58 million shares were traded during the year (135), representing an average of 228,000 shares per trading day (537,000) or SEK 123 million (219) based on the average price during the year. This turnover represents an annual turnover rate of 31% (73), and if Erik Selin Fastigheter AB's shares are excluded, the annual turnover represents approximately 48% (112) of the outstanding shares. The proportion of foreign-owned shares is 30% (33).





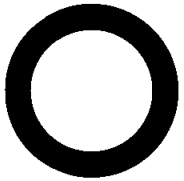
THE SHARE'S PERFORMANCE OVER TIME

The charts show the development of the share price in relation to net asset value and profit from property management. The chart on the left shows the price per share in relation to net asset value per share and profit from property management per share. The chart on the right provides an illustration of the price per share, net asset value per share and profit from property management per share.

3.

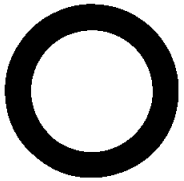
A WELL-DIVERSIFIED PORTFOLIO WITH A FOCUS ON CAPITAL CITIES AND MAJOR CITIES WITH GROWTH POTENTIAL

CARRYING AMOUNT PER PROPERTY CATEGORY
total property portfolio, %



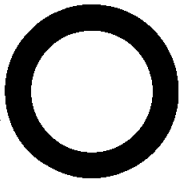
- Residential, 56
- Office, 18
- Other, 17
- Retail, 9

CARRYING AMOUNT PER REGION
total property portfolio, %



- Helsinki, 25
- Gothenburg, 20
- Stockholm, 18
- Copenhagen, 11
- East, 11
- North, 10
- South, 6

LETTABLE AREA PER REGION
total property portfolio, %



- Helsinki, 22
- Gothenburg, 20
- East, 17
- Stockholm, 14
- North, 14
- South, 8
- Copenhagen, 5

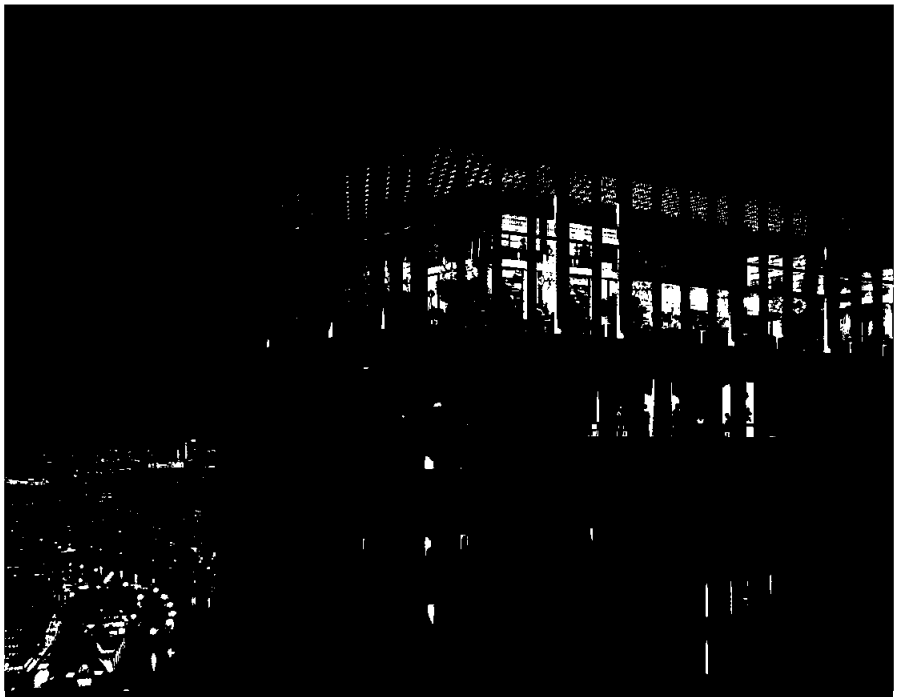
4.

A COMPREHENSIVE PROJECT PORTFOLIO THAT GUARANTEES FUTURE INVESTMENT OPPORTUNITIES

353,376
SQ.M. UNDER CONSTRUCTION

181,568
SQ.M. WITH ESTIMATED CONSTRUCTION START Q1 2022–Q1 2023

1,623,106
SQ.M. GROSS AREA WITH ESTIMATED CONSTRUCTION START 2023 ONWARDS



CLARION HOTEL **DRAKEN**

Masthuggskajen at Järntorget in Gothenburg is a city district undergoing a transformation, with the creation of not only new residential properties, but also workplaces and places to meet up and socialize. In the heart of this area, Clarion Hotel Draken is emerging and will, when completed in mid-2023, be no less than 104 metres high, making it Gothenburg's highest hotel with more than 470 hotel rooms, a spa and around 1,200 conference spaces.

As is the case with Masthuggskajen in general, the sustainability aspect is an important feature of this hotel investment, and it is being built in accordance with the green certification system LEED, Gold Level. The aim is to create a place with vibrancy and movement, bringing together the past and the future. This will be evident not least in the careful treatment of the Draken cinema's premises and the newly constructed hotel's architecture and interior design.

5.

A STRONG BALANCE SHEET AND LOW FINANCIAL RISK-TAKING

MULTI-YEAR SUMMARY	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Rental income, SEKm	8,956	8,134	7,609	6,714	5,915	5,373	2,711	2,525	1,884	1,701
Profit from property management, SEKm[1]	5,543	4,244	4,023	3,304	2,804	2,265	1,780	1,275	854	691
Changes in value of investment properties, SEKm	13,111	3,453	9,577	8,007	5,336	4,932	3,388	3,050	854	812
Changes in value of derivatives, SEKm	511	–141	–180	–34	144	–114	227	–624	433	–71
Net profit for the year, SEKm[1]	18,508	6,641	8,958	9,308	7,118	5,474	4,916	3,128	1,738	1,162
Investment properties, SEKm	189,138	149,179	141,392	116,542	98,360	86,177	68,456	37,382	27,532	22,278
Development properties, SEKm	2,697	2,803	2,344	1,598	—	—	—	—	—	—
Property-related key ratios										
Rental value full year, SEK/sq.m.	1,836	1,893	1,921	1,802	1,724	1,583	1,508	1,325	1,216	1,247
Rental income full year, SEK/sq.m.	1,758	1,809	1,850	1,737	1,651	1,507	1,455	1,254	1,148	1,166
Economic occupancy rate, %	96	96	96	96	96	95	96	95	94	94
Vacancy rate, %	4	4	4	4	4	5	4	5	6	6
Surplus ratio, %	75	76	74	73	71	68	72	70	68	68
Carrying amount, SEK/sq.m.	32,979	32,114	31,613	28,013	24,952	21,473	18,622	17,172	13,985	14,439
Number of investment properties	1,678	1,362	1,298	1,185	1,148	1,220	1,177	486	498	432
Lettable area, thousand sq.m.	5,509	4,502	4,304	4,025	3,739	3,806	3,430	2,177	1,969	1,543
Financial key ratios										
Return on equity per share, %	27.3	12.4	20.1	26.1	24.7	24.6	32.3	29.7	21.5	17.0
Interest coverage ratio, times	4.9	5.3	5.2	4.6	4.3	3.7	5.1	3.4	2.9	2.4
Equity/assets ratio, %	40.4	38.6	38.3	38.4	35.5	36.1	34.1	35.5	37.3	34.8
Debt/equity ratio, times[2]	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.5	1.7
Net debt to total assets, %[2]	47.4	46.1	48.4	50.1	51.8	51.8	54.6	54.6	53.3	57.3
Net debt/EBITDA, times[2]	12.9	12.7	13.0	12.9	12.9	13.2	18.1	12.1	12.2	11.8

1) Attributable to parent company's shareholders.
2) The key ratios for 2020 include SEK 3,009 million that is included in Other liabilities and relates to a commitment in respect of the purchase of shares in Entra ASA.

6.

LONG-TERM, ENGAGED OWNERS

The principal owners of Fastighets AB Balder are Erik Selin Fastigheter AB, which owns 35.1% of the capital and 48.8% of the votes, as well as Arvid Svensson Invest AB and a number of institutional investors. At the end of 2021, the total number of shareholders was approximately 22,000 (22,000), and 45% (45) of the share capital was held by the Board and Management.

DIVIDEND POLICY

Balder's goal is to generate the best long-term total yield for its shareholders. The assessment continues to be that this is best achieved by reinvesting the profits in the business in order to create further growth. The dividend will therefore remain low or will not be declared at all in the next few years.

Balder will instead continue to grow by investing in existing properties, new construction and the acquisition of new properties. The Board proposes to the Annual General Meeting that no dividend for the share should be paid for the financial year 2021.

OWNERSHIP LIST, 31/12/2021

Owners	Class A shares	Class B shares	Total number of shares	Capital, %	Votes, %
Erik Selin via company	8,309,328	57,210,900	65,520,228	35.1	48.8
Arvid Svensson Invest AB	2,915,892	13,542,540	16,458,432	8.8	14.8
Swedbank Robur fonder	—	7,591,877	7,591,877	4.1	2.6
SEB Investment Management	—	6,410,354	6,410,354	3.4	2.2
Handelsbanken Fonder	—	6,083,181	6,083,181	3.3	2.1
Länsförsäkringar fondförvaltning AB	—	6,025,128	6,025,128	3.2	2.1
AMF Försäkring och Fonder	—	4,320,180	4,320,180	2.3	1.5
Folksam	—	2,272,042	2,272,042	1.2	0.8
CBNY Norges Bank	—	2,104,768	2,104,768	1.1	0.7
Livförsäkringsbolaget Skandia	—	1,894,373	1,894,373	1.0	0.7
Others	4,212	67,815,225	67,819,437	36.4	23.6
Total	**11,229,432**	**175,270,568**	**186,500,000**	**100**	**100**

7.

INCREASED PACE IN THE SUSTAINABILITY WORK

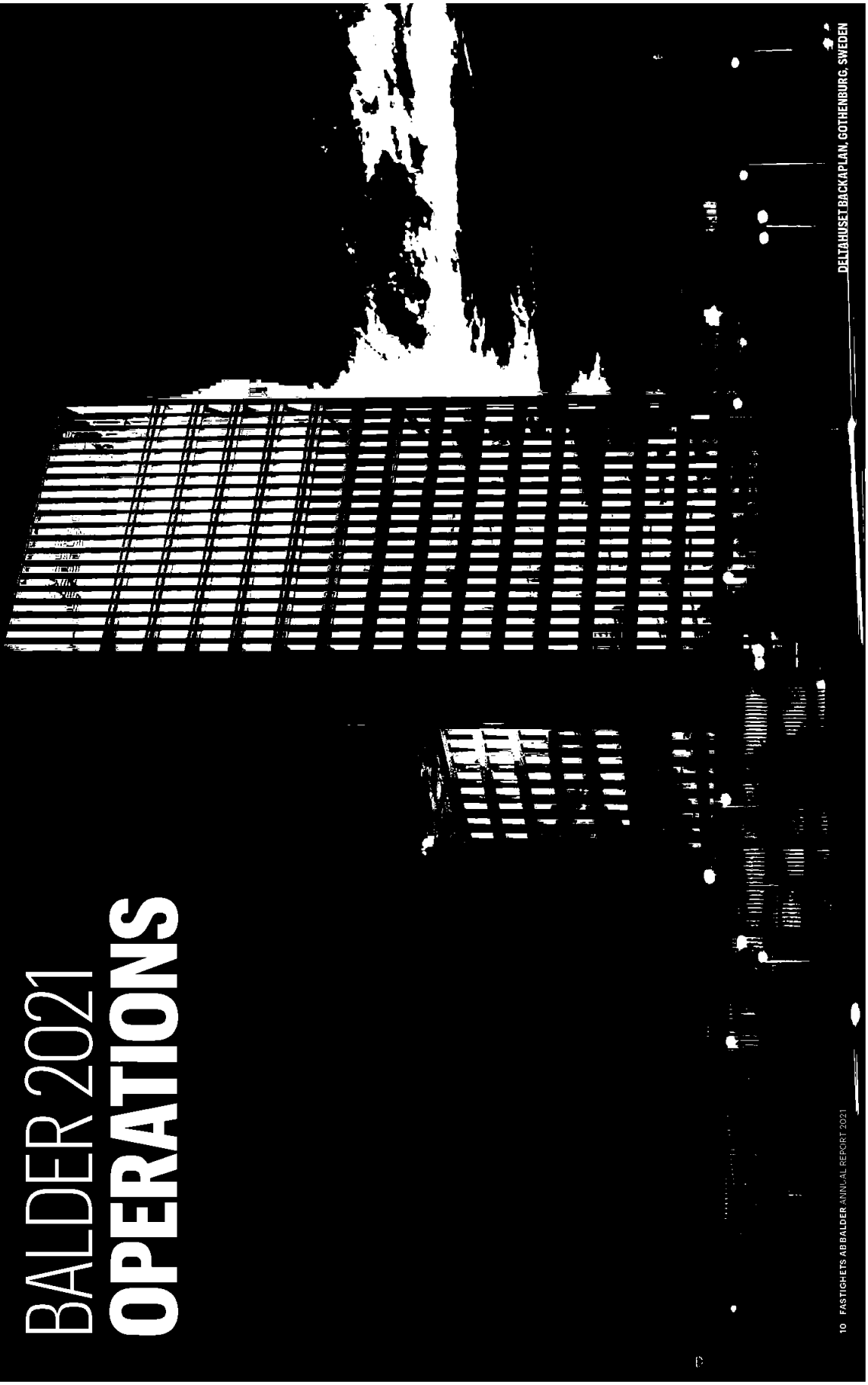
Balder has had green financing for several years in the form of green loans and green bonds. During the past year, the company has worked to map out the business with reference to known requirements in the EU taxonomy, in order to make preparations ahead of future reporting requirements. The initial analysis shows that a very large proportion of Balder's investments is in line with the taxonomy.

Balder has also updated its climate goals and signed the Science Based Targets Initiative in order to have the goals approved by the initiative.

Balder has also formally expressed its support for the Task Force on Climate-Related Financial Disclosures (TCFD) and will continue work to identify and manage financial risks and opportunities associated with climate change. Read more about the company's reporting under TCFD on page 105.

LYNGHAVEN, HEDEHUSENE, DENMARK

BALDER 2021 OPERATIONS



DELTAHUSET BACKAPLAN, GOTHENBURG, SWEDEN

MARKET, EXTERNAL ENVIRONMENT **AND TRENDS**

Balder's operations are affected both by global trends and by more industry-specific trends, which differ to some extent depending on for example property category and geography.

GLOBAL TRENDS

DEMOGRAPHICS AND **SOCIETAL DEVELOPMENT**

Recent years have been characterised by an uncertain balance of power in the world, which affects global development. An ageing population and changes in values among younger generations also affect societal development and, for example, how cities develop. This in turn affects property companies like Balder, which offer both residential properties and premises.

NEW TECHNOLOGY AND **DIGITALISATION**

A continued high pace in the development of digitalisation and AI is contributing to the rapid development of new services and also bringing opportunities for new ways of living and working. For property companies, this means greater challenges when it comes to demand for office premises, but also major opportunities in connection with the digitalisation of property operations.

SUSTAINABILITY AND **CLIMATE CHANGE**

There continues to be a focus on sustainability issues. When it comes to social sustainability for property companies this is very much about issues associated with security and increased crime. The climate issue is still high on the agenda, with an even greater focus on climate-related risks and emissions, and increased demands from investors around such areas as reporting.

During the year, we accelerated work to take a holistic approach to the way we generate and consume data. The goal is to create insights with the maximum possible commercial benefit in order to create the conditions for the organisation to make data-driven decisions that drive operations forward. We are convinced that the right data combined with experience and competence will produce the best results.

But this is not work that happens overnight, we are focusing rather on delivering value according to the motto "think big, start small". We started by identifying the need and business requirements, looked at good examples and then broke the work down into different phases. Based on this, we have developed the technology and the organisation in parallel in order to learn from each other.

Looking ahead, the work will above all involve developing the technical platform together with the business in order to create valuable insights. This is a task that requires both time and engagement, as we work proactively to identify new opportunities for improvement. The technology, the industry and the business are developing all the time, and we must too. It is precisely this that makes our work so exciting and enjoyable.

KEVIN LARSSON
Head of Data & Analytics

27.07.2023 kl 21:20 Brønnøysundregistrene Side 29 av 136

INDUSTRY-SPECIFIC TRENDS

NEW WAYS TO **LIVE AND WORK**

A stronger focus on health and well-being, combined with efforts to achieve greater freedom of choice with regard to both working hours and workplace is affecting the property industry. Recent years have seen the emergence of the concept of coworking, in which companies share offices and communal areas and functions. Modern office premises in good locations with good communication facilities will continue to have an advantage over other office premises.

Balder has stable, long-term partnerships with office tenants. The company also has a diversified contract structure in which no customer accounts for more than 4% of the company's total rental income.

INCREASED DEMANDS FOR **GREEN PROPERTIES**

Demands on sustainable and environmentally certified properties continue to increase. In recent years, increasingly strict demands have been made from the financial market, where green properties are favoured when it comes to loans and other financing solutions. Increased demands are also evident among customers for sustainable homes and offices.

Balder adopts a structured approach to reduce the company's climate impact, for example by continuously optimising the running of its properties, increasing the proportion of renewable energy, reducing waste and increasing recycling and reuse. This reduces costs, while at the same time acquiring greater knowledge of physical and financial exposure to climate risks. All electricity purchased for the properties is green electricity, and all properties built by the company must be certified as a minimum according to the Miljöbyggnad Silver rating or equivalent. The company monitors the development of rules and guidelines in order to adapt the business, for example according to the EU taxonomy that was introduced during the year.

THE IMPACT OF **THE PANDEMIC**

The pandemic during the past few years has hit some businesses particularly hard. These are primarily shops in central locations, as well as restaurants and hotels. Since the pandemic began, Balder has maintained an ongoing dialogue with tenants and has striven as far as possible to support those experiencing cash flow problems as a consequence of the pandemic. A number of requests for rental reductions were received in the commercial portfolio, and these cases have been dealt with on an ongoing basis to find the best possible solution. In many cases, agreements were reached on a transition to monthly payments or the postponement of rental payments. Of the total property portfolio, about 7% consists of hotels, an industry that was affected during the pandemic.

CHANGED **SHOPPING PATTERNS**

E-commerce has increased steadily in recent years, and this year received another significant boost as a consequence of the pandemic. This means increased demand for logistics properties, while demand is falling for central retail locations. Like a number of other property owners, Balder also has seen a degree of slowdown in demand for premises in retail properties in city centres, but is working continuously to identify solutions and new areas of application.

NEW SERVICES **WITH NEW TECHNOLOGY**

The development of digital solutions for smart buildings remains strong and will bring new opportunities for property owners. By investing in digital solutions and new technology there are opportunities to improve areas such as control and follow-up on properties. Balder works continuously to increase the degree to which properties are digitalised, partly to improve security and to realise the opportunity for better control and optimisation. There are also major opportunities to enhance service to customers by being able to offer new kinds of services.

DEVELOPMENT IN THE PROPERTY MARKET 2021

KEY RATIOS 2021	Sweden	Denmark	Finland	Norway
Transaction volume, SEK billion	355	142	76	160
Yield from office properties, CBD[1], capital cities, %	3.0	3.4	3.3	3.2
Rental levels for offices, CBD[1], capital cities (SEK/sq.m./year)	8,300	3,200	4,600	5,500
Foreign buyers, %	21	71	55	18

1) CBD = Central Business District.
Source: Pangea Property Partners.

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 916164882

27.07.2023 kl 21:20 Brønnøysundregistrene Side 30 av 136

A LONG-TERM **URBAN DEVELOPER**

Balder has a diversified portfolio of residential properties, commercial properties and projects in capital cities and other large cities, primarily in Sweden, Denmark, Finland and Norway.

Balder's focus is on centrally located properties in capital cities and cities showing positive development. Investments are being made in particular in areas where the company is already active, with an emphasis on Stockholm, Gothenburg, Helsinki and Copenhagen.

Balder offers a wide range of premises and homes in different locations and at different rental levels. In all areas where Balder owns properties, the company has its own employees who are responsible for management, letting and operations. This produces fast decision-making paths, proximity to the customer, good awareness of areas and properties, and the opportunity to adopt a long-term approach to property management and the development of areas and city districts.

The property portfolio consists of 56% residential properties, and Balder offers apartments in both central locations and on the outskirts of cities, both in the form of newly produced rental apartments and rental apartments in older properties. At the end of the year, the Group had about 44,000 residential contracts in total.

Balder's property portfolio also includes a wide variety of commercial premises. The company has a total lettable area of approximately 2,600,000 sq.m. The occupancy rate in the commercial portfolio is around 96%.

Balder has built up a significant portfolio of building rights for the production of not only rental and tenant-owner apartments, but also commercial properties. In several areas, new homes are being built where Balder already owns properties, contributing to a densification of areas and an increased range of mixed forms of housing, which also helps to create sustainable and responsible urban development. For Balder, it is important to control the whole value chain from land acquisition to the long-term management of completed projects. Development takes place in the form of long-term work in close collaboration with municipal authorities and other stakeholders. The development process extends over different phases and often takes several years.

In 2021, Balder completed around 1,700 residential properties, 1,250 of which for own management and 450 for divestment. At the turn of the year, around 5,100 residential properties were under construction in Sweden, Denmark, Finland and Norway, as well as a total of around 62,000 sq.m. of commercial premises.

FRÖLUNDA PARK, GOTHENBURG, SWEDEN

I started at Balder on a work placement, and then worked as both administrative assistant and manager. Since some time back, I now work as business area manager with responsibility for half of Balder's portfolio of residential properties in Gothenburg and the surrounding area. As a manager, you work operationally in the area, you are an informal leader on site. The role of business area manager also includes staff responsibility and more business development, which is inspiring.

The best thing about working in the property industry is being able to work with a combination of technology, finance, law and people, with a large element of collaboration. Right now, for example, we have a collaborative project called BID Gamlestaden. We are working together with other property companies, associations and other parties to develop the whole city district. Collaboration has a bigger impact and creates greater opportunities to have an influence, all the way from tenant to the Minister for Housing.

I think it is really exciting to build relationships, to get to know colleagues and the way they work. I hope it will contribute to me being able to create the conditions to inspire. It's actually the colleagues that are the best thing about Balder. If you suffer setbacks, there are always colleagues there to back you up. We are strong together.

TRIUMF BALA
Business Area Manager, Residential

TOTAL OCCUPANCY RATE, %

96

TOTAL ACQUIRED SEK MILLION

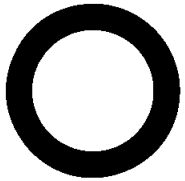
20,637

RESIDENTIAL PROPERTIES COMPLETED

1,700

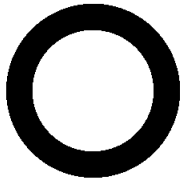
ACQUISITIONS
per property category, SEKm

- Other, 8,885
- Retail, 4,562
- Residential, 3,689
- Office, 2,958
- Projects, 542



SALES
per property category, SEKm

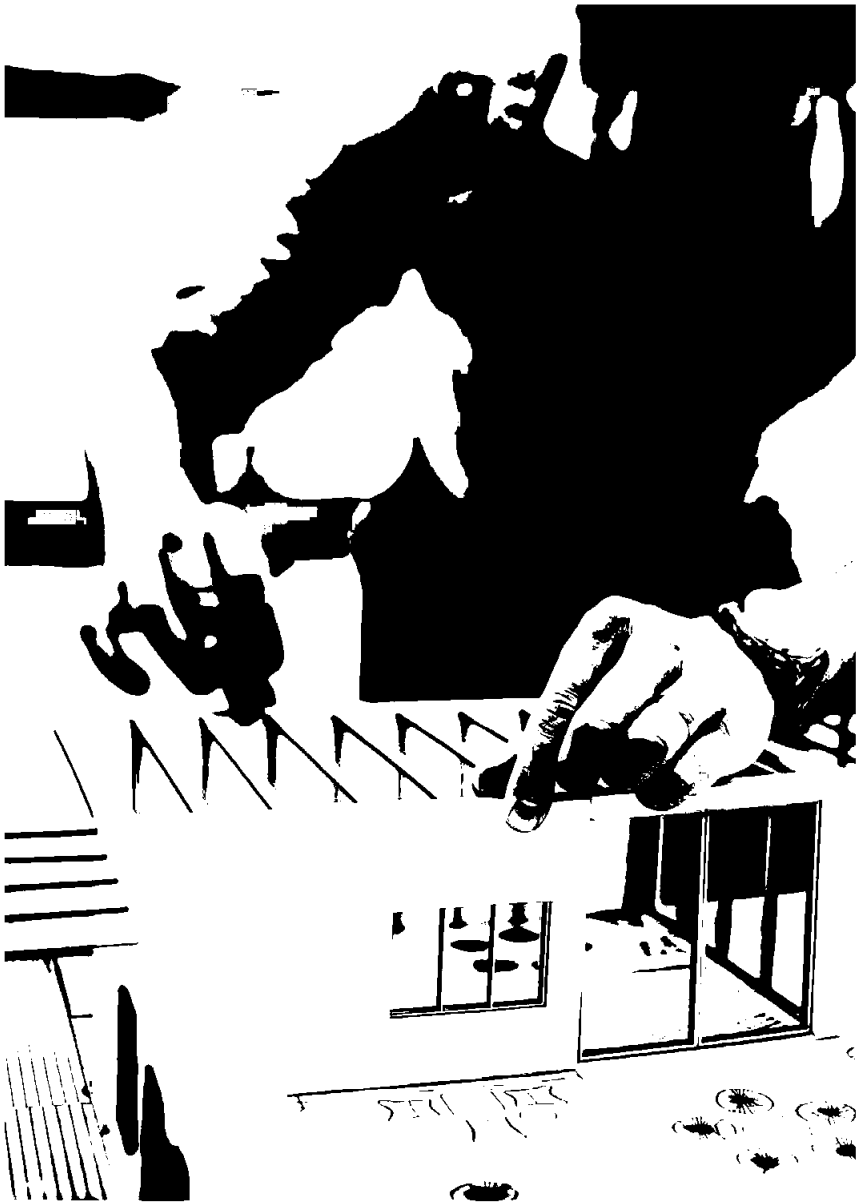
- Development properties, 1,667
- Investment properties, 1,551



LEASE MATURITY STRUCTURE, 31/12/2021

Maturity date	Number of leases	Share, %	Contracted rent, SEKm	Share, %
2022	1,553	34	320	3
2023	1,004	22	556	6
2024	753	17	541	6
2025	510	11	666	7
2026–	687	15	2 315	24
Total	**4,507**	**100**	**4,398**	**45**
Residential [1]	44,347		5,198	54
Parking lots [1]	7,768		31	0
Car park [1]	6,232		83	1
Total	**62,854**		**9,710**	**100**

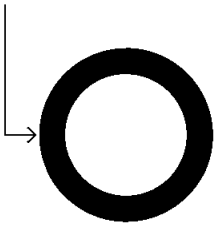
1) Normally has a period of notice of three months.



PROJECTS UNDER **CONSTRUCTION**

PROJECTS FOR OWN MANAGEMENT

	Lettable area, sq.m.	Number of apartments	Total estimated investment, SEKm
Denmark	103,370	1,304	3,925
Sweden	102,172	704	3,560
Finland	76,309	2,150	3,347
Total	**281,851**	**4,158**	**10,832**

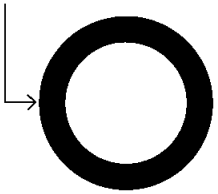


TOTAL ESTIMATED INVESTMENT, %

- Denmark, 36
- Sweden, 33
- Finland, 31

DEVELOPMENT PROPERTIES FOR SALE

	Lettable area, sq.m.	Number of apartments	Total estimated investment, SEKm
Sweden	57,744	815	3,275
Norway	6,500	46	299
Denmark	4,540	39	168
Finland	2,741	52	93
Total	**71,525**	**952**	**3,835**



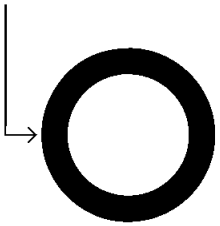
TOTAL ESTIMATED INVESTMENT, %

- Sweden, 86
- Norway, 8
- Denmark, 4
- Finland, 2

FUTURE PROJECTS **Q1 2022 – Q1 2023**

PROJECTS FOR OWN MANAGEMENT

	Lettable area, sq.m.	Number of apartments	Total estimated investment, SEKm
Finland	68,653	1,863	3,135
Sweden	52,129	1,038	2,081
Denmark	3,024	48	120
Total	**123,806**	**2,949**	**5,336**

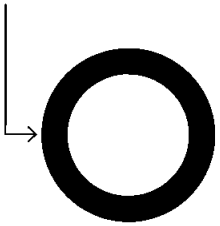


TOTAL ESTIMATED INVESTMENT, %

- Finland, 59
- Sweden, 39
- Denmark, 2

DEVELOPMENT PROPERTIES FOR SALE

	Lettable area, sq.m.	Number of apartments	Total estimated investment, SEKm
Sweden	29,582	415	1,541
Norway	25,000	271	1,324
Finland	3,180	60	158
Total	**57,762**	**746**	**3,023**



TOTAL ESTIMATED INVESTMENT, %

- Sweden, 51
- Norway, 44
- Finland, 5

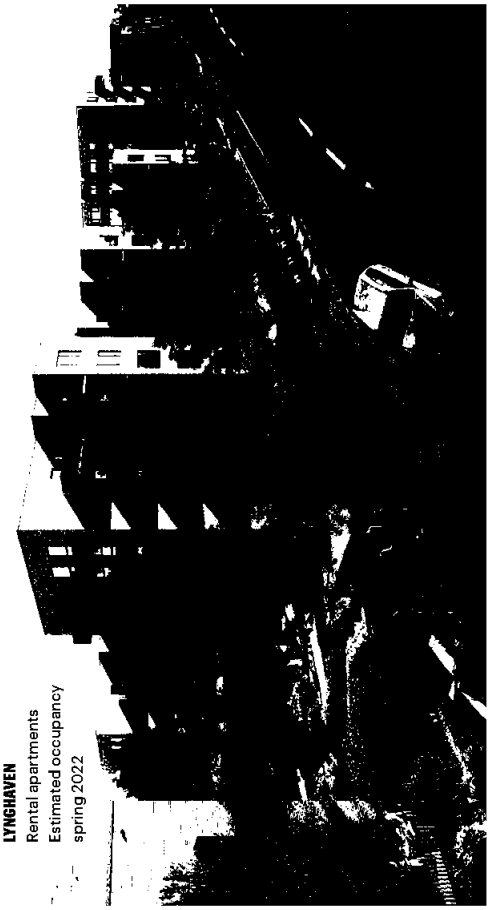
FUTURE PROJECTS WITH ESTIMATED CONSTRUCTION START 2023 ONWARDS

1,623,106

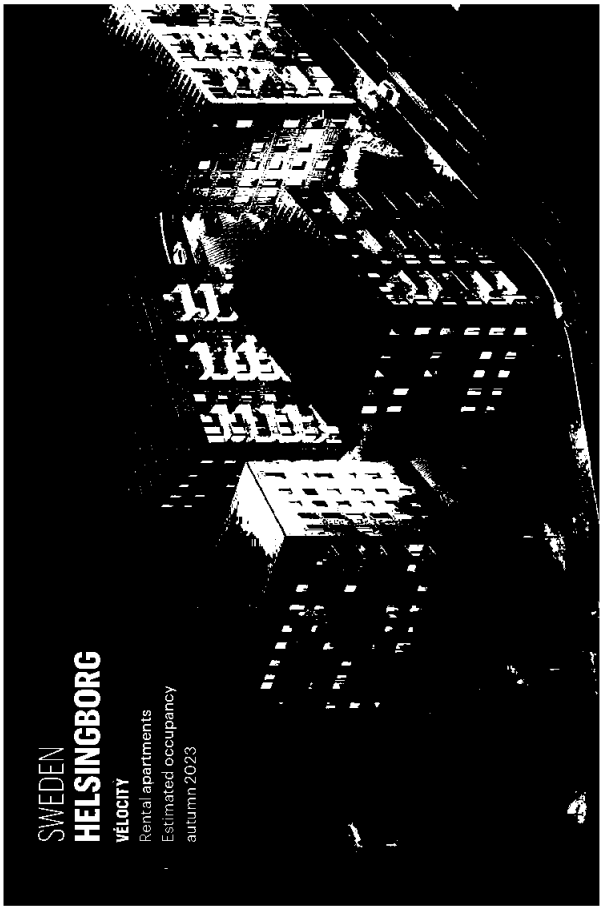
SQ.M. TOTAL GROSS AREA

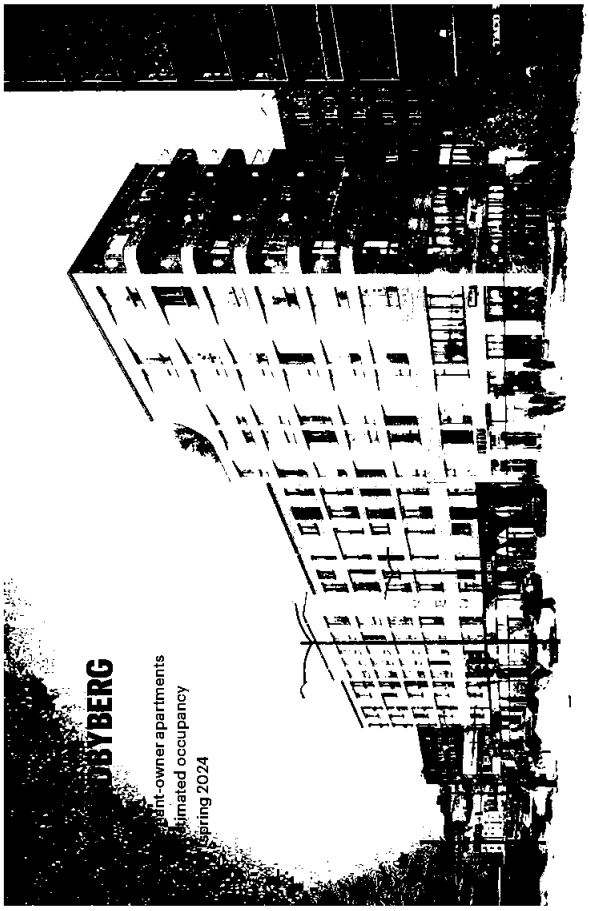
READ MORE ABOUT PROJECTS ON PAGES 113–116

DENMARK
HEDEHUSENE
LYNGHAVEN
Rental apartments
Estimated occupancy
spring 2022

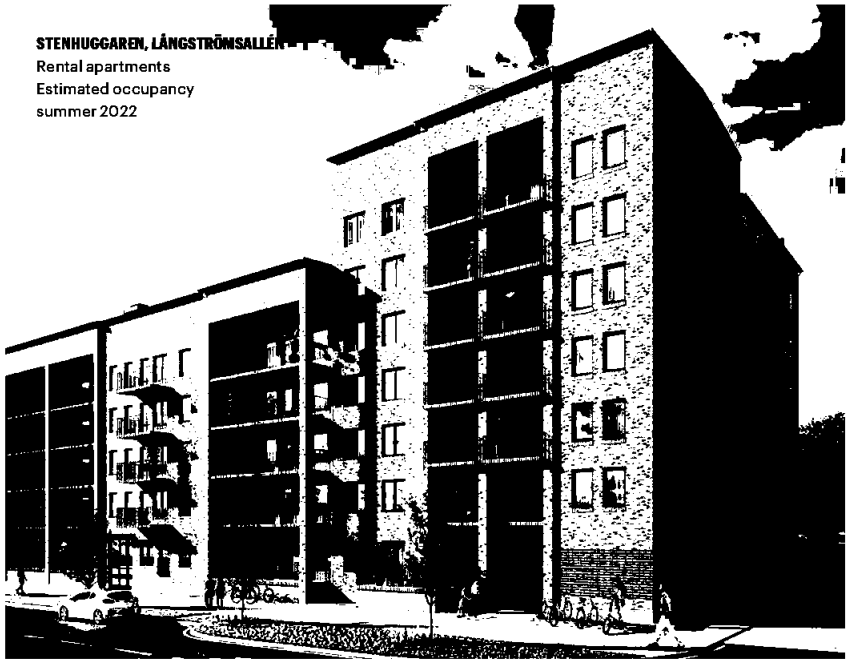


SWEDEN
HELSINGBORG
VÉLOCITY
Rental apartments
Estimated occupancy
autumn 2023





OBYBERG
Joint-owner apartments
Estimated occupancy
Spring 2024



STENHUGGAREN, LÅNGSTRÖMSALLÉN
Rental apartments
Estimated occupancy
summer 2022

SWEDEN, **GOTHENBURG**

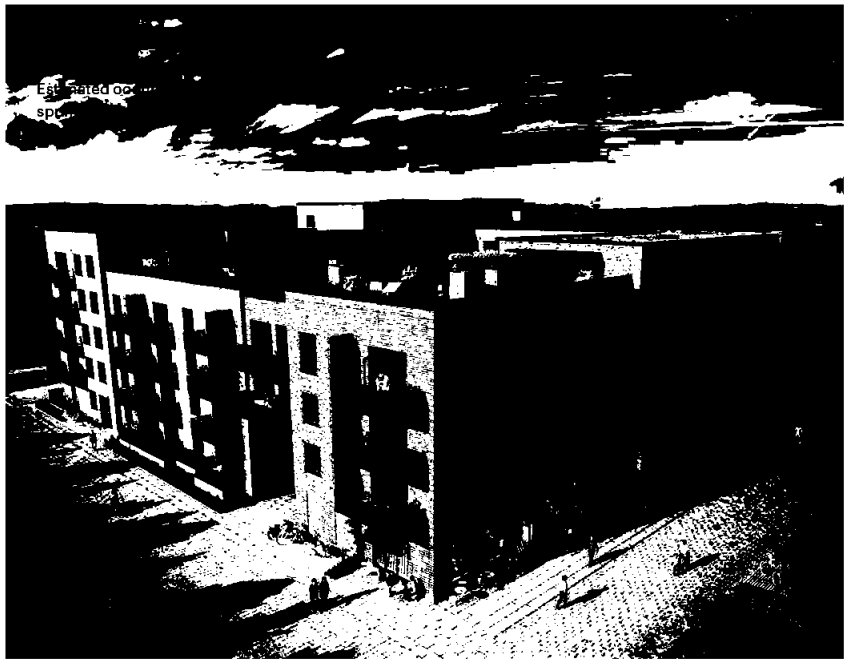
LÅNGSTRÖMSALLÉN
Balder took over the management of rental apartments on Långströmsgatan in 2012, and have since then developed the area. Existing properties have been upgraded, the road has been moved and the environment between the buildings has been gradually improved throughout the area. There are still several projects under way in the area, with occupancy planned in the next few years.

There are many exciting things happening in the property industry now. The industry needs to constantly develop new work methods and use new tools and technology. Digitalisation is continuing, in terms of both management and property development, where we will be seeing more and more smart tools to support companies in their decision-making.

At Balder, we are working on some of the biggest projects in the industry. As we have the full chain of expertise in the areas of property and development in the Group, we can handle all kinds of projects. Thanks to the company's strong management organisation, we can manage anything at all, while building up and developing entire city districts in the long term.

One example of an ongoing project is Karlastaden in Gothenburg, which we are developing together with Serneke. So far there has been a lot of focus on the Karlatornet tower, but development work will continue for the whole area. It is a challenging and inspiring development plan, and when the project is completed Karlastaden will be Gothenburg's most densely populated city district.

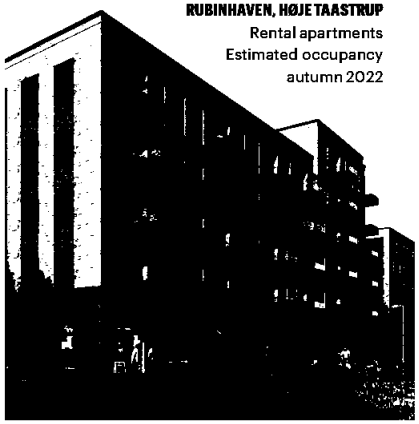
CHRISTIAN NYGÅRD
Property Developer



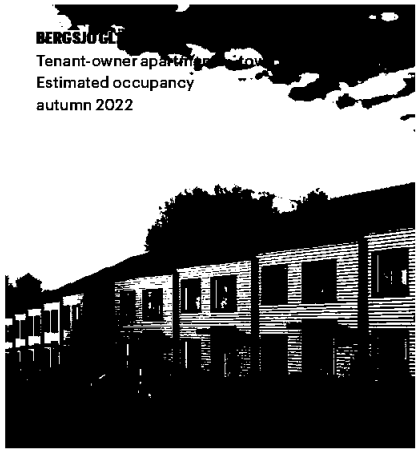
DENMARK

HØJE TAASTRUP

The Høje Taastrup area has been developed a lot in recent years, and offers not only residential properties, but also green areas, sporting facilities and footpaths, as well as day-care centres and schools. Balder has already built Agerhusene in Høje Taastrup, and the company is now continuing to develop the area.



RUBINHAVEN, HØJE TAASTRUP
Rental apartments
Estimated occupancy
autumn 2022



BERGSJÖGL
Tenant-owner apartm
Estimated occupancy
autumn 2022

SWEDEN

GOTHENBURG

BERGSJÖ SMÅSTAD

Bergsjön is an area that has been developed a lot in recent years. The collaborative project Bergsjön 2021 has property companies, local actors and residents working together with the city and local businesses to enhance the quality of life for all people in the Bergsjön of the future. Balder is managing a large number of rental apartments in Bergsjön, while also developing a number of new residential projects.

CONTINUED FOCUS **ON CUSTOMER SATISFACTION**

Having satisfied customers is one of Balder's primary goals. Listening and responding to tenants' preferences are fundamental in the development of the company's areas, residential properties and premises.

As part of continuous work on customer satisfaction, since 2011 Balder has been sending out a comprehensive tenant survey via AktivBo, giving tenants an opportunity to have their say about their home, their residential environment, their premises and Balder as a landlord and property manager. The objective is that commercial customers shall be given an opportunity to develop in their premises and that residential customers shall be happy in their homes and residential areas.

In addition to the comprehensive questionnaire, Balder maintains a dialogue with its customers, for example through tenant meetings and shorter, customised surveys with focus questions. Management also follows up on service cases and strives at all times to ensure that areas are safe and pleasant for tenants. With local management offices, in-house customer service and central functions, Balder works closely with the customer and can respond quickly to tenants' opinions. A good dialogue between the company's management offices also provides Balder's employees with good opportunities to help each other out by sharing both successful and less successful experiences with each other.

Customer satisfaction survey 2021

In autumn 2021, Balder's residential tenants had the opportunity to respond to a comprehensive tenant survey via AktivBo. Questionnaires were sent out to all tenants who had registered their digital contact details with Balder, and the survey provides good supporting data for use in the company's work on enhanced well-being and safety. The results offer many important insights into how happy tenants are, what they feel has improved since the last survey and also what development opportunities there are and which challenges Balder needs to respond to in the future.

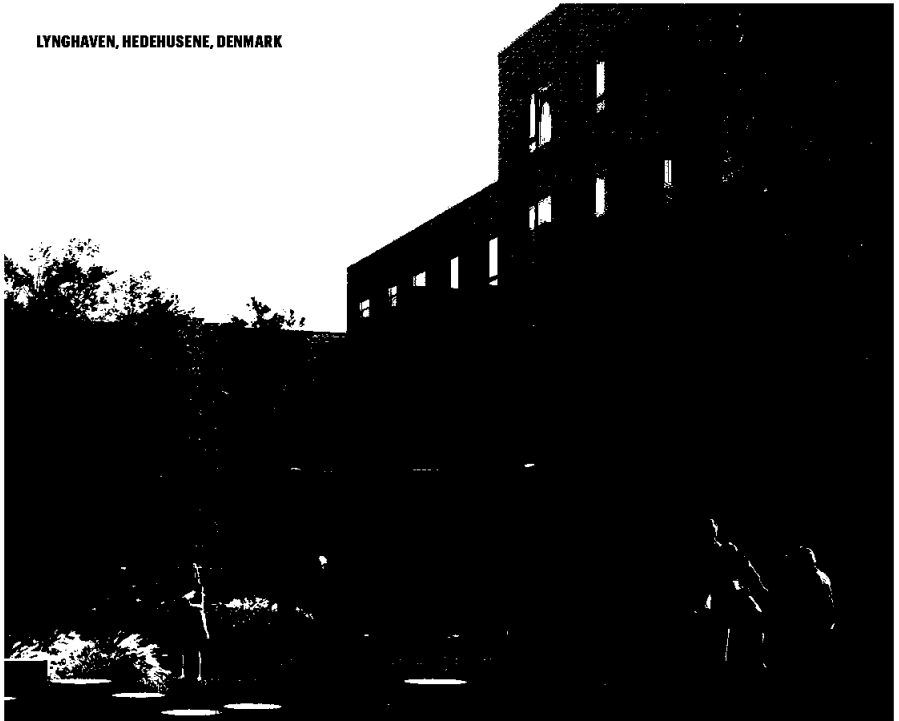
As Balder has been sending out the same survey since 2011, there is a great opportunity to monitor the results over time. The company's results have improved continuously since the beginning. This time too, during a pandemic that required adaptation and new procedures, major improvements were seen in both service and product.

In line with earlier results, tenants feel they receive very good treatment from Balder's staff and well-being in residential properties is high. Contact and availability are felt to have improved, and tenants believe that Balder is listening to a greater extent to their views and keeping its promises. The biggest improvements were evident in questions about security, cleaning and good order, as well as the external environment.

After an analysis and presentation of the results, Balder's employees work together to draw up action plans based on the customers' feedback. The results are used as valuable supporting data for decision-making, as employees are able to use the tenants' responses in identifying improvement needs and taking well-founded decisions that are in line with tenants' preferences and needs.

Customer satisfaction in new production

Balder also conducts surveys of customer satisfaction in those projects that were completed during the year. In the occupancy survey for both rental and residential apartments, it is evident that it is not only the quality of the apartments that determines how satisfied customers are with their new homes. Good contact and service in connection with letting or purchases is a precondition for achieving a high level of customer satisfaction. The fact that the residential properties as far as possible have no faults and that prompt feedback is given on service cases also has a major impact on overall customer satisfaction.



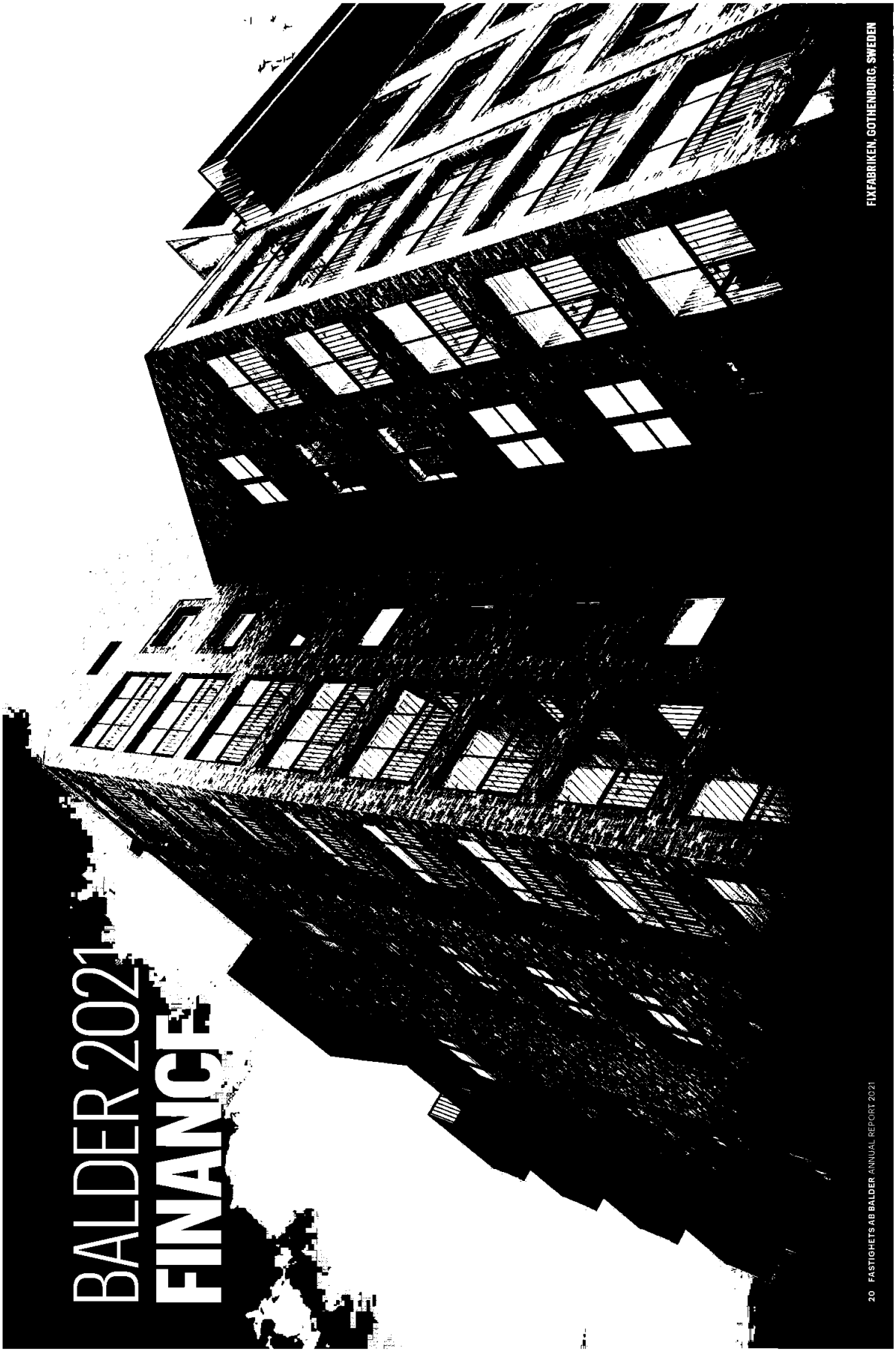
LYNGHAVEN, HEDEHUSENE, DENMARK

IMPROVED RESULTS FOR ENVIRONMENTAL AWARENESS **AND SOCIAL SUSTAINABILITY**

As part of work with the UN Sustainable Development Goals, it is important for Balder to make it easy for tenants to act in an environmentally aware way. The results from the 2021 tenant survey reveal that tenants believe that Balder's environmental work has improved, and that they have been given increased opportunities for sorting at source and better conditions to act in an environmentally aware way. With good facilities for sorting at source, Balder makes it easier for tenants to contribute to sustainable consumption. The company will strive in the future to continue to develop these facilities.

One important element of work on social sustainability is increased security in homes and residential areas. Balder works constantly to achieve its goals by such means as implementing so-called safety packages, with a number of measures to promote security in the properties. As a result of this, there has been a big increase in overall security, with major improvements in safety against break-ins in apartments, safety against break-ins in stores, personal security in cellars and stairwells, and lighting and security in yards and near buildings.

BALDER 2021 FINANCE



FIXFABRIKEN, GOTHENBURG, SWEDEN

CURRENT **EARNING CAPACITY**

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

Balder presents its earning capacity on a 12-month basis in the table below. The costs of the interest-bearing liabilities are based on the Group's average interest rate level including the effect of derivative instruments. Tax is calculated using the effective tax rate during each period.

The current earning capacity should not be placed on a par with a forecast for the next twelve months. The earning capacity does not contain, for example, an estimate of rental, vacancy, currency or interest rate changes.

Balder's income statement is also impacted by the development in the value of the property portfolio as well as future property acquisitions and/or property divestments. Additional items affecting the net profit are changes in value of derivatives. None of this has been considered in the current earning capacity.

CURRENT EARNING CAPACITY ON A 12-MONTH BASIS

SEKm	2021 31 Dec	2020 31 Dec	2019 31 Dec	2018 31 Dec	2017 31 Dec	2016 31 Dec
Rental income	9,710	8,545	8,000	7,000	6,240	5,800
Property costs	–2,370	–2,225	–2,080	–1,885	–1,720	–1,695
Net operating income	**7,340**	**6,320**	**5,920**	**5,115**	**4,520**	**4,105**
Surplus ratio, %	*76%*	*74%*	*74%*	*73%*	*72%*	*71%*
Management and administrative costs	–830	–675	–670	–595	–550	–490
Profit from property management from associated companies	1,650	1,110	785	735	640	505
Operating profit	**8,160**	**6,755**	**6,035**	**5,255**	**4,610**	**4,120**
Net financial items including ground rent	–1,750	–1,450	–1,330	–1,125	–1,060	–1,040
Of which non-controlling interests	–630	–630	–675	–565	–525	–445
Profit from property management[1]	**5,780**	**4,675**	**4,030**	**3,565**	**3,025**	**2,635**
Tax[2]	–1,230	–970	–875	–750	–650	–570
Profit after tax	**4,550**	**3,705**	**3,155**	**2,815**	**2,375**	**2,065**
Profit from property management per share, SEK	**30.99**	**25.06**	**22.39**	**19.81**	**16.81**	**13.52**

1) Attributable to parent company's shareholders.
2) Refers primarily to deferred tax, which has no effect on cash flow.
In the current earning capacity, the following exchange rates were used to translate foreign subsidiaries' income statement items:
EUR: 10.14 DKK: 1.36 NOK: 1.00 GBP: 11.80

HOVÅS HÖJD, GOTHENBURG, SWEDEN

FINANCING

Balder secures financing that is sustainable in the long term through a diversified financing structure.

Balder has assets in Sweden, Denmark, Finland, Norway, Germany and the UK, which means that the Group is exposed to currency risks. To reduce the risks and secure financing that is sustainable in the long term, the company therefore has a well-diversified financing structure with bonds and bank financing in several different currencies. Balder values long-term relationships with its credit providers and collaborates with a number of Nordic banks.

When a credit provider assesses the credit risk, factors considered include the properties' location and the diversification of the property portfolio with regard to geography and asset types. Balder's assets consist primarily of residential properties, which are characterised by cash flows that are stable in the long term since the risk is spread among a large number of customers. The long-term security in the cash flow from residential properties means these assets can be pledged to a higher degree than commercial properties.

Balder's property portfolio currently consists of 56% residential properties, and a large proportion of these are located in Copenhagen, Helsinki, Stockholm, Gothenburg and some other growth areas in Sweden and Finland. The majority of Balder's commercial properties are located in the central parts of Stockholm, Gothenburg and Malmö.

Several financing sources

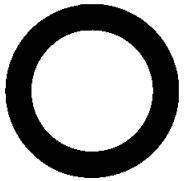
The single largest financing source is euro bonds issued in the European bond market, under Balder's EMTN programme, followed by bank loans in various currencies, a domestic MTN programme, as well as a commercial paper programme in euros and Swedish kronor.

Aside from these financing sources, Balder has also issued hybrid capital with a maturity of 60 years. The hybrid capital is subordinate to other financial liabilities and therefore half of it is treated as equity by credit rating agencies when calculating key ratios. As of 31 December, 70% of the loans were hedged with interest rate swaps and fixed-rate loans.

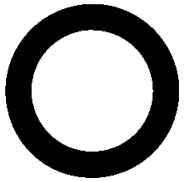
Balder has a green bond framework that provides an opportunity to issue green bonds, for the purpose of financing in particular green and energy-efficient buildings, but also investments in measures to improve energy efficiency and in renewable energy.

Balder's green bond framework has been developed in line with the industry standard Green Bond Principles 2018. The framework has undergone an independent

FINANCING SOURCES, %



DISTRIBUTION OF SECURED AND UNSECURED FINANCING, SEKM



FINANCIAL TARGETS		Target	Outcome
Equity/assets ratio, %	min.	40.0	40.4
Net debt to total assets, %	max.	50.0	47.4
Interest coverage ratio, times	min.	2.0	4.9

FINANCIAL KEY RATIOS	2021 31 Dec	2020 31 Dec
Interest-bearing liabilities excl. Hybrid capital, SEKm	108,734	85,476
Hybrid capital, SEKm	8,693	3,513
Available liquidity including confirmed loan commitments, SEKm	12,622	20,509
Average fixed credit term, years	5.7	5.9
Average interest rate refixing period, years	3.6	3.5
Net debt to total assets (financial covenant [1] < 65), %	47.4	46.1
Interest coverage ratio (financial covenant [1] > 1.8), times	4.9	5.3
Secured debt/Total assets (financial covenant[1] < 45), %	14.6	15.6
Net debt/EBITDA, times	12.9	12.7
Credit rating S&P	BBB Stable outlook	BBB Stable outlook

Calculation of net debt		
Interest-bearing liabilities excl. Hybrid capital, SEKm	108,734	85,476
Other liability [2]	—	3,009
Hybrid capital (50% is treated as equity by rating agencies), SEKm	4,346	1,757
Cash and cash equivalents and financial investments, SEKm	–4,130	–7,127
Net debt	**108,950**	**83,115**

1) Financial obligations refer to obligations that Balder has to its financiers in the form of financial key ratios, so-called covenants.
2) Other liabilities of SEK 3,009 million relate to commitments in respect of the purchase of shares in Entra ASA.

evaluation by Cicero Shades of Green and been awarded the rating Medium Green. The green bond framework is published on balder.se. A Green Bond Impact Report is also published annually with information on outstanding green bonds and an account of how the funds have been used. All conditions for the green bonds were fulfilled during the year.

In addition to green bonds, Balder also has green loans with Swedish banks, both within the Balder Group and in associated companies, and a green loan agreement with the European Investment Bank for EUR 100 million for the development of two residential projects in Copenhagen with nearly zero-energy building (NZEB) standards.

Balder's MTN programme has a framework of SEK 15,000 million, and four issues were carried out during the year within the programme to a total value of SEK 3,046 million. The EMTN programme has a framework of EUR 2,000 million, within which four issues of EUR 1,650 million were carried out during the year. At the year-end, a total of SEK 12,196 million was outstanding within the MTN programme and EUR 2,450 million was outstanding within the EMTN programme.

The proportion of bonds in the loan portfolio increased during the year from 57% to 62%, and the proportion of secured debt dropped in line with the recent years' issues of euro bonds and hybrid capital.

At year-end, secured debt as a proportion of total assets was 14.6%. All financial targets were met at the turn of the year, net debt to total assets was 47.4%, the equity/assets ratio was 40.4% and the interest coverage ratio was 4.9 times. The fixed credit term at the turn of the year was 5.7 years, which is a high level compared with other property companies.

The financial commitments, covenants, that Balder has towards its financiers are net debt to total assets of 65%, an interest coverage ratio of 1.8 times and secured debt in relation to total assets of 45%. All commitments were fulfilled with a comfortable margin at the year-end.

Investment grade rating

Balder has an investment grade rating from S&P of BBB with a stable outlook. The rating reflects, among other things, the fact that Balder has a large property portfolio that is well-diversified in terms of both property types and geography, and that Balder has stable rental income, a high and stable occupancy rate and a solid interest coverage capacity.

An investment grade rating from S&P means that Balder can continue to access both European and domestic capital markets, obtain long terms for tying-up of capital, diversify its funding base and thus secure long-term capital for continued growth. Balder's subsidiary SATO has an investment grade rating from S&P of BBB with a stable outlook.

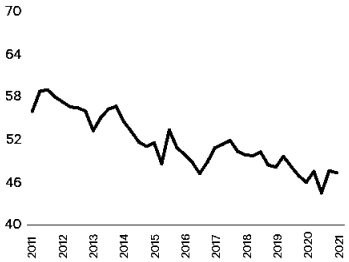
DEBT MATURITY STRUCTURE, 31/12/2021

Year	SEKm	Share, %
2022	12,931	11
2023	20,958	18
2024	12,378	11
2025	12,570	11
2026	13,313	11
2027	6,033	5
2028	8,667	7
2029	7,183	6
2030	8,005	7
2031	1,118	1
2032–	14,270	12
Total	**117,426**	**100**

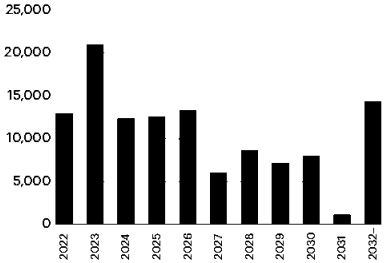
INTEREST MATURITY STRUCTURE, 31/12/2021

Year	SEKm	Interest, %	Share, %
2022	43,572	0.8	37
2023	9,999	2.4	9
2024	4,207	1.5	4
2025	8,915	2.1	8
2026	14,313	2.3	12
2027	6,547	1.2	6
2028	8,175	1.6	7
2029	9,433	1.3	8
2030	6,613	1.4	6
2031	2,511	1.8	2
2032–	3,141	1.9	3
Total	**117,426**	**1.4**	**100**

NET DEBT TO TOTAL ASSETS, %



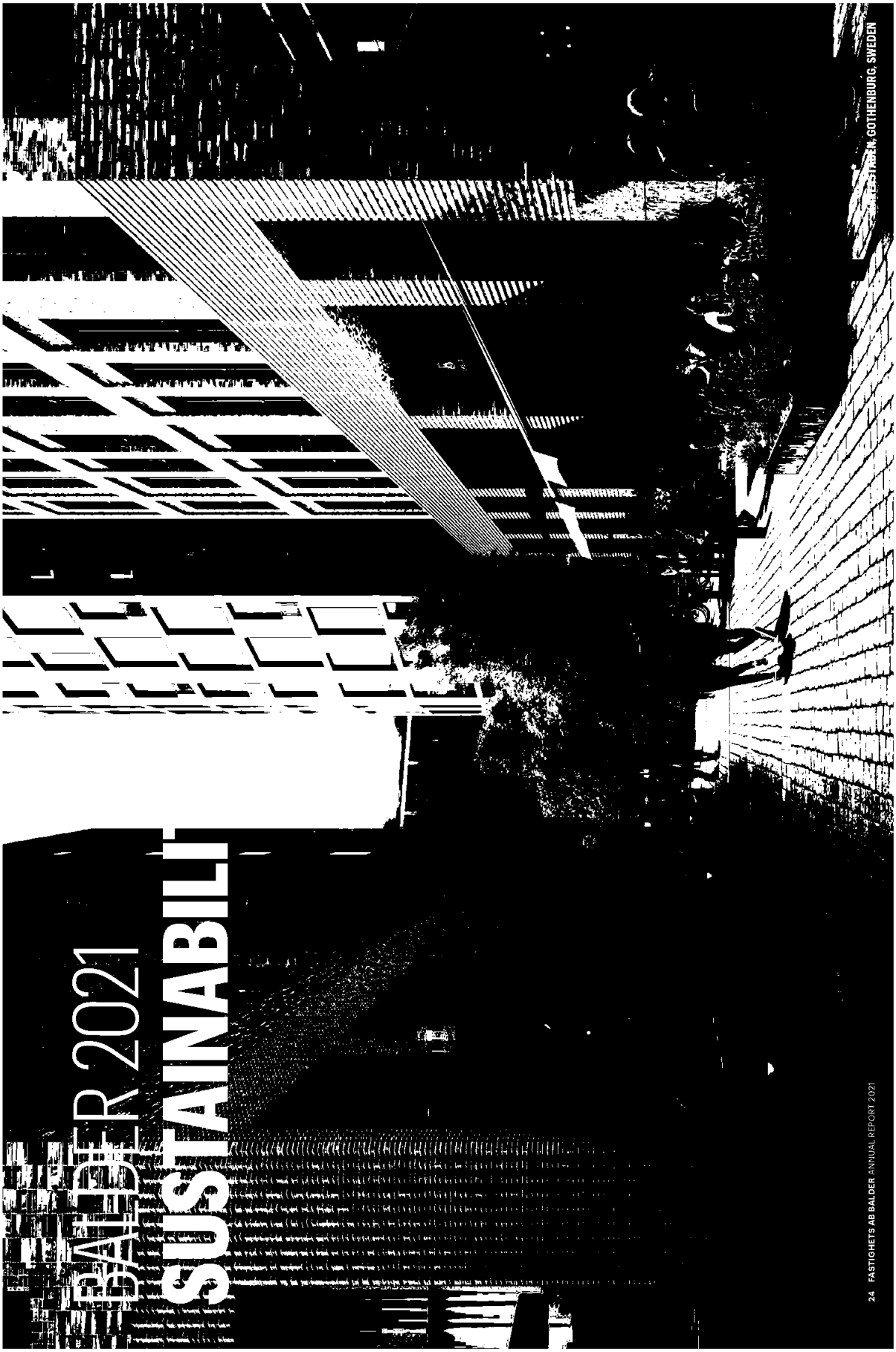
DEBT MATURITY STRUCTURE, 31/12/2021, SEKM



FIXED INTEREST TERM, YEARS

FIXED CREDIT TERM, YEARS

BALDER 2021 SUSTAINABILITY



FASTIGHETEN, GOTHENBURG, SWEDEN

BALDER'S **SUSTAINABILITY WORK**

Balder's framework for sustainability comprises five general elements that bring together the company's material topics in respect of social, environmental and economic sustainability.

EXTERNAL FRAMEWORK

UN SUSTAINABLE DEVELOPMENT GOALS

Balder has signed the Global Compact, the UN's international principles for companies in the area of human rights, labour, the environment and anti-corruption.

> Read more on unglobalcompact.org

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

BALDER'S FRAMEWORK

MATERIAL TOPICS

PROPERTIES

- Minimise use of energy, water and chemicals
- Select renewable energy sources and less harmful materials
- Minimise waste and increase degree of sorting

AREAS

- Security and well-being in the company's property portfolio
- Responsible, efficient transport operations

PARTNERSHIPS

- Good, ethical external relationships
- Responsible suppliers

COWORKERS

- Satisfied employees and a good work environment
- Responsible, efficient travel

FINANCES

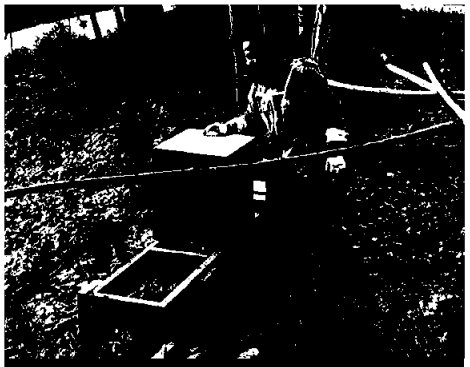
- Continued customer satisfaction
- Long-term financial stability and profitability

Reducing energy use in buildings is an important issue for Balder. All electricity purchased for the properties is renewable electricity, and Balder also owns several wind farms in Sweden. Many properties also have solar panels and charging stations installed. The company is working continuously on operational optimisation and efficiency improvement in order to reduce energy use.

Balder's work on social activities focuses above all on security and well-being in the company's areas. Many activities are aimed at children and young people. Balder's employees working on site in the company's areas have close collaboration with various organisations, municipalities and other property owners so that better results can be achieved together.

A number of young people living in Balder's residential areas are hired every year as summer workers. Balder also offers work experience and work placements to students on property-related study programmes and within the framework of various local initiatives.

Additional information about Balder's sustainability work may be found on pages 98–112.



As an area developer at Balder, I spend a lot of my working hours collaborating with tenants, associations, other housing companies and local companies. It is extremely important to be outside in the neighbourhood, so that residents recognise those of us working at Balder, and that we recognise them. This contributes to the creation of spontaneous conversations and spreading happiness, which has been particularly important just now during the pandemic.

I also try to be on site on certain evenings and at weekends, to meet associations, see what is happening in the centre and also to have the chance to meet tenants who are not at home in the daytime.

As I have a background as a head gardener, plants in our area are an important issue for me. In Vårby Allé, this year we have started up an allotment together with the tenants. As well as providing opportunities to cultivate their own vegetables, it also contributes to inclusion by creating meeting places and shared projects.

We have also started bee-keeping, which is important for both pollination and biodiversity. Several school classes have also been on visits to see how the bee community works and what an important role it plays in the ecosystem.

MARTIN KESENCI
Area Developer

UPDATED **CLIMATE GOALS**

To further increase the pace of the sustainability work, Balder has set climate goals in line with the Paris Agreement and the 1.5-degree goal.

Balder aims to halve emissions in its own operations by 2030, with 2020 as base year, and to measure and reduce emissions in the value chain (Scope 3). Balder has also set a goal to achieve net zero emissions throughout the value chain (Scope 1, 2 and 3) by 2045.

To achieve these goals, the company will, among other things, increase the pace in energy efficiency projects, continuously reduce the volume of purchased energy and take several measures to increase sustainability in property development projects. Other activities include buying eco-labelled district heating and switching the vehicle fleet on an ongoing basis to fossil-free vehicles.

Balder has also signed up to the Science Based Targets Initiative with the aim of having science-based goals approved. The Science Based Targets Initiative is a framework for companies to set science-based climate goals that are in line with what is required to meet the objectives of the Paris Agreement. By signing up to this initiative, Balder has started work to get the company's climate goals verified and approved.

2030
CLIMATE EMISSIONS HALVED

2045
NET ZERO CLIMATE EMISSIONS

Balder's ESG risk rating from Sustainalytics was updated during the year to 13.8, which puts the company well within the low risk section.

Sustainalytics' ESG risk rating measures a company's exposure to industry-specific material ESG risks and how well a company is managing these. The analysis shows that Balder is performing well in relation to peers when it comes to minimising significant ESG risks, for example through strong governance and reporting.

SUSTAINALYTICS
a Morningstar company
RATED

Copyright ©2022 Sustainalytics. All rights reserved. This section contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.

I work primarily on mapping out Balder's operations and properties based on the EU taxonomy, which came into force as of 2021. The purpose of the taxonomy is to help investors to identify and compare environmentally sustainable investments through a common classification system. Based on this mapping exercise, we will develop goals and strategies to ensure that our operations and our properties will satisfy the examination criteria that are defined.

I believe that the taxonomy will have a major impact on the property industry going forward. For us as property owners, it means that we will have a clearer and fairer tool to measure and compare ourselves with others.

Energy use is an exciting challenge, and we are now talking more than ever before about power. In the future we will be seeing more of a power market, in which the property portfolio can serve as a buffer in the event of a capacity shortage in the national grid. This places stricter demands on the technical standard of property governance, an area where we at Balder are already in an advanced position. But we can, and will, continue to contribute to reducing climate impact. By such means as expanding opportunities to measure and regulate, we can make the right choices for activities.

In the future, we will also be seeing more different kinds of energy supply systems, both solar electricity in individual properties and communal installations with geoenergy or hydrogen.

ULRIKA MALMIN
Energy Analyst

COWORKERS

Balder shall be an attractive employer, which demands that the company has an ability to recruit and retain employees with the right competence.

It is also crucial that employees are happy and feel a sense of engagement for Balder, and feel that they have an opportunity to develop within the company. Balder works continuously to create the conditions to make this possible. All employees are offered wellness grants and have annual employee appraisals in order to promote health and personal development.

Continuous skills development

Balder is dependent on employees with the right competence in order to continue to run and develop the business. Training is an important factor in developing employees and creating internal engagement. It is also a precondition for being able to retain employees and give them opportunities to grow and make a career internally within Balder.

The company has a large number of internal courses, which are updated on an ongoing basis together with other information for employees. The Balder Academy is the company's digital training platform and offers, among other things, introduction courses for new employees, to provide them with an insight into how Balder works, what values the company has and what tasks are included in different roles .

All employees also get an adapted training package, depending on which role in the company the individual will be taking on. The training courses are available as a knowledge database in which employees can access the content at any time. The Balder Academy is also responsible for skills development when, for example, new roles and functions arise in the company.

Balder also has an internal training course for central functions that involves work placement in the area of property management. The purpose is to increase employees' understanding of each other's roles and hopefully to create an even better working climate.

Property-related education

Through its involvement in Fastighetsakademin, a vocational training college in Gothenburg, Balder has a great opportunity to support students who show an interest in learning more about different professions in the property sector. Balder contributes with knowledge about its business operations in order to give the training courses a clearer connection to working life. Balder also offers a number of work placements in various occupational roles.

Policies and code of conduct

The Board reviews and approves a number of policies every year, such as the code of conduct, the equality and diversity policy and the sustainability policy.

Balder has zero tolerance of bribery and corruption, and works systematically to prevent unethical incidents and corruption, by such means as internal courses and information to employees.

All forms of harassment, abuse and crimes are prohibited and must be reported to a line manager or handled according to the established procedure. There is also a possibility to report via Balder's whistleblowing function, which is managed by an external security company.

All letting of apartments must be handled in accordance with Balder's selection policy, which has been drawn up to achieve an impartial assessment when choosing tenants. No party may be disadvantaged in the selection process due to gender, sexual orientation, ethnic origin, religion or other belief, disability, transgender identity/expression or age.

A focus on gender equality and diversity
It is also extremely important that there is no harassment in the internal organisation, or that no employee is discriminated. Balder strives to create a good work environment based on equality and diversity where the privacy of employees is safeguarded. The company welcomes employees with different backgrounds and experiences, as this enriches the business and contributes to continued positive development.

Opportunities for development
Balder has grown continuously since the beginning and the recruitment of new employees is therefore a constant theme. Balder takes part in several job fairs at institutes of higher education and also offers opportunities for both work placements and degree projects. There are major opportunities to build a career in the company and many employees change position internally every year.

Responsible travel
When it comes to travel, Balder has a travel policy that aims to simplify booking and the choice of environment-friendlier means of transport. Alternatives to business trips, such as video conferences and phone meetings, are also encouraged in order to reduce emissions. During the ongoing pandemic, there has been a significant increase in the use of digital meetings, while travel has decreased. There has also been a reduction in commuter journeys, as a large proportion of employees have been working from home.

KARLATORNET, GOTHENBURG, SWEDEN

It is really great that Balder as an employer focuses on internal recruitment, and that there are many opportunities to grow and develop within the company. I started my journey at Balder in early 2017, since then I worked as an administrative assistant in the Karlstad office. Working in the property industry is really great, especially because I get the opportunity to help people with by far one of the most important aspects of their life – their home.

The role of administrative assistant varies, which has helped me to develop. Being able to influence my own working day means a lot to me.

Even though I have been really happy as an administrative assistant, it is great that there are opportunities to develop in other areas, and that is why I switched jobs internally at the end of 2021.

I am now working instead as a rental negotiation administrator within the customer relations group at Balder. The new position was supposed to be based in Stockholm, but thanks to increased digitalisation I can still work from Karlstad.

MADELEINE BERGLING
Rental Negotiation Administrator

BALDER 2021

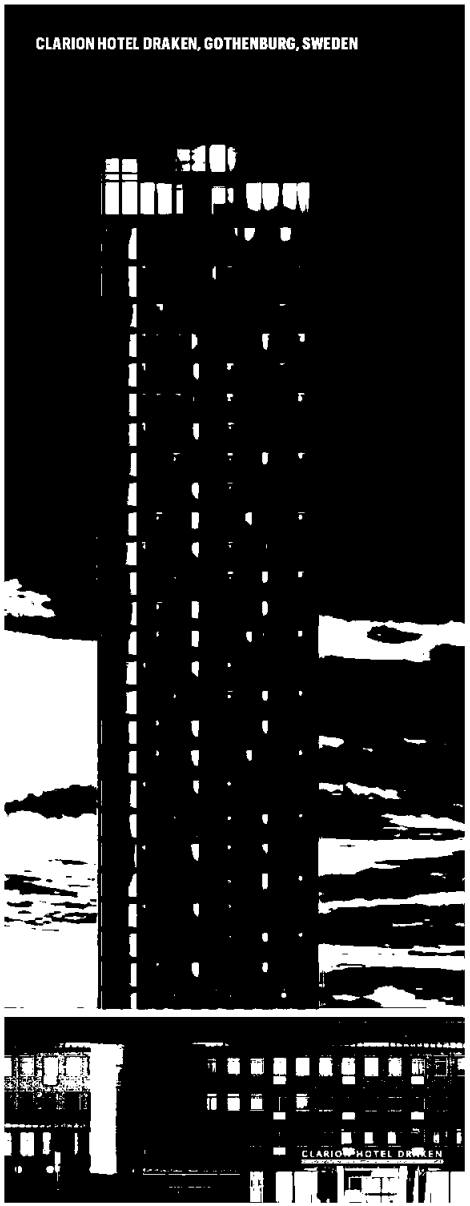
CARLSBAKKEN, HILLERØD, DENMARK

BALDER'S
PROPERTY PORTFOLIO

PROPERTY PORTFOLIO AS OF 31/12/2021 [1]

	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, %
Distributed by region								
Helsinki	665	1,228,752	2,847	2,317	2,698	95	45,752	24
Stockholm	92	769,176	1,518	1,973	1,458	96	32,768	17
Gothenburg	191	1,108,230	1,760	1,588	1,669	95	35,071	18
Copenhagen	21	297,969	789	2,649	785	99	18,034	9
South	81	431,366	693	1,607	647	93	11,900	6
East	380	910,089	1,407	1,546	1,359	97	19,955	10
North	248	763,287	1,103	1,445	1,070	97	18,200	9
Total excluding projects	**1,678**	**5,508,868**	**10,116**	**1,836**	**9,686**	**96**	**181,679**	**95**
Projects for own management			24		24		7,459	4
Total investment properties	**1,678**	**5,508,868**	**10,141**	**1,836**	**9,710**	**96**	**189,138**	**99**
Development properties							2,697	1
Total property portfolio	**1,678**	**5,508,868**	**10,141**	**1,836**	**9,710**	**96**	**191,835**	**100**
Distributed by property category								
Residential	1,215	2,882,684	5,602	1,943	5,370	96	99,451	52
Office	123	743,214	1,745	2,348	1,603	92	33,823	18
Retail	150	944,418	1,249	1,322	1,220	98	17,762	9
Other	190	938,551	1,521	1,620	1,492	98	30,644	16
Total excluding projects	**1,678**	**5,508,868**	**10,116**	**1,836**	**9,686**	**96**	**181,679**	**95**
Projects for own management			24		24		7,459	4
Total investment properties	**1,678**	**5,508,868**	**10,141**	**1,836**	**9,710**	**96**	**189,138**	**99**
Development properties							2,697	1
Total property portfolio	**1,678**	**5,508,868**	**10,141**	**1,836**	**9,710**	**96**	**191,835**	**100**

1) The above table refers to properties that Balder owned at the end of the year. Properties sold have been excluded and acquired properties have been adjusted to full-year values. Other properties include hotel, educational, nursing, industrial and mixed-use properties.



INCREASED VALUE OF **PROPERTY PORTFOLIO**

Balder owns around 1,700 investment properties, more than 1,200 of them residential properties. At the end of 2021, the market value of these investment properties was SEK 189,138 million.

The value of the investment properties is based on internal valuations. The valuation assumes that the rental trend for the property portfolio will reflect inflation over time. Commercial contracts contain an index clause, which means that the rent develops at the same rate as the consumer price index (CPI) during the term of the contract.

Residential properties have performed a little better that the CPI historically, but in its valuations Balder has assumed that rents develop in line with inflation. The total rental value of Balder's property portfolio as of 31 December was SEK 10,141 million.

Valuation methods

Two different valuation methods are used primarily in the internal valuations. These are the yield method and the acquisition cost method. Properties in Sweden, Denmark, Finland, Norway, Germany and the UK are valued using the yield method.

In Finland, the acquisition cost method is used in addition to the yield method. A few properties in the East region are valued using the sales comparison method.

The yield method

When valuing according to the yield method, the market value of the properties reflects the future cash flow, which is calculated at current value using a yield requirement. The more predictable the future cash flow, the easier it is to determine the market value of the properties. The cash flows of residential properties are usually very predictable, as the income is divided among a large number of customers, which makes it easy to determine at what rent an apartment will be let out at in the event of a vacancy. Balder's commercial properties have an average lease term of 6.4 years.

The ten biggest leases represent 3.9% of the total rental income, with an average lease term of 10.7 years. These circumstances mean that a large proportion of Balder's future cash flows that form the basis of the market value are known.

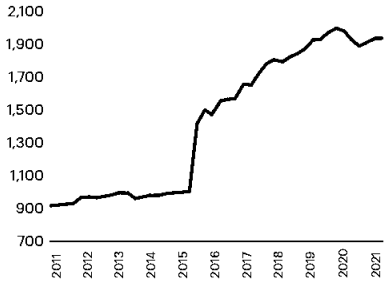
The properties where the future cash flow is least predictable are mainly concentrated in the central areas of the major cities of Stockholm, Gothenburg and Malmö. It is in these properties that Balder is most dependent on future lettings and it is also here where an estimate must be performed in the valuations of what level of rent an object can command if it becomes vacant. The major cities offer good transparency for a comparison of rental rates, which means that rental rates can be determined with high degree of certainty. The timing of subsequent letting is, however, more difficult to determine, which means that an assumption has to be made based on market demand, historical interest and similar premises.

An assessment is also made of the future development of the immediate surroundings as well as the property's position within its market segment. Properties under construction and projects for own management are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at acquisition cost.

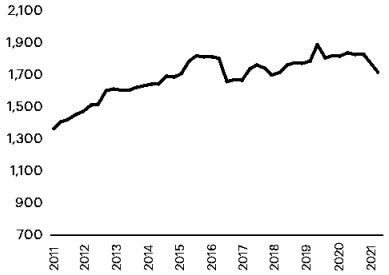
The acquisition cost method

The acquisition cost method is applied for properties subject to rent control in Finland. Initially, these properties are valued at cost of acquisition plus transaction

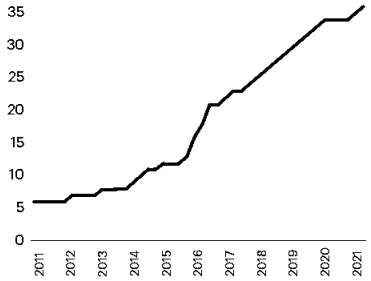
RENTAL VALUE, RESIDENTIAL, SEK/SQ.M.



RENTAL VALUE, COMMERCIAL, SEK/SQ.M.



NET OPERATING INCOME, ROLLING ANNUAL VALUE, SEK/SHARE



DELTAHUSET BACKAPLAN, GOTHENBURG, SWEDEN

RESIDENTIAL AND COMMERCIAL PROPERTIES

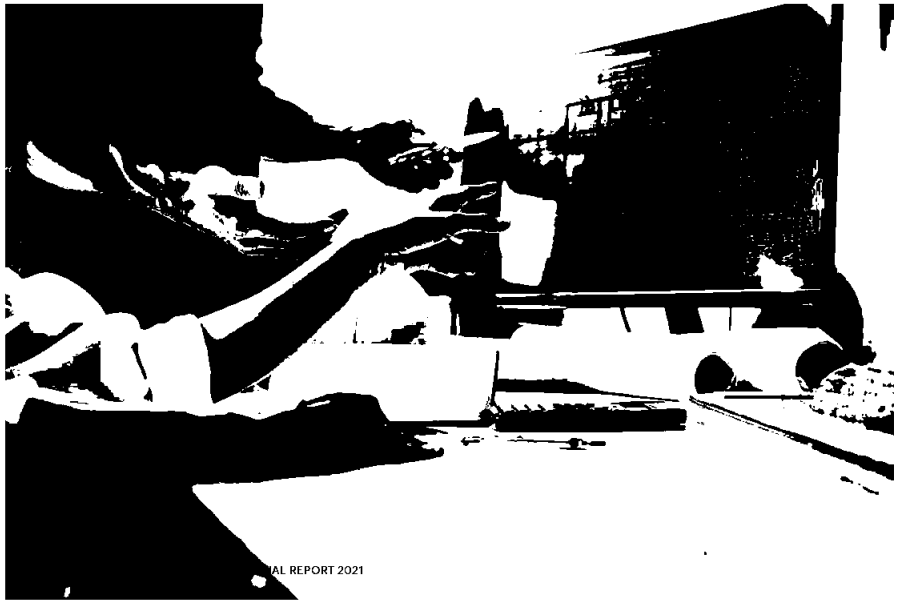
Region	Mean value of yield requirement for estimation of residual value, %
Helsinki	4.66
Stockholm	3.94
Gothenburg	4.22
Copenhagen	3.50
South	4.64
East	4.71
North	5.19

costs, and subsequently at cost of acquisition minus depreciation and impairment losses. See also Note 12, Investment properties.

Operating and maintenance payments
When valuing properties, assumptions are made regarding future operating and maintenance payments. These assumptions are based on historic outcomes and future projections as well as estimated standardised costs. Operating and maintenance payments are adjusted annually in line with inflation.

Yield requirement and cost of capital
The yield requirements and cost of capital used in valuations have been derived from comparable transactions in the property market. Important factors in choosing a yield requirement are location, rental rate, vacancy rate and the condition of the property. Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made.

The uncertainty in respect of individual properties is normally considered to be in the range of +/- 5-10%. Balder monitors transactions completed in the market on an ongoing basis in order to substantiate and guarantee the internal valuations. Balder also conducts continual discussions with external actors regarding the acquisition and divestment of properties, which provides additional guidance. As of 31 December, Balder's average yield was 4.4% (4.5). The average yield requirement for commercial properties was 4.8% (4.7) and for residential properties 4.0% (4.3).



Change in value of investment properties
In 2021, Balder acquired properties for a total of SEK 20,637 million (3,491). Divestments during the year totalled SEK 1,430 million (342), generating a profit of SEK 121 million (24). According to Balder's internal valuations, the carrying amount of the investment properties at year-end totalled SEK 189,138 million (149,179), representing an unrealised change in value of SEK 12,990 million (3,429).

The biggest proportion of the market value is found in the Stockholm, Helsinki and Gothenburg regions, which between them represent a property value of SEK 113,591 million, excluding projects.

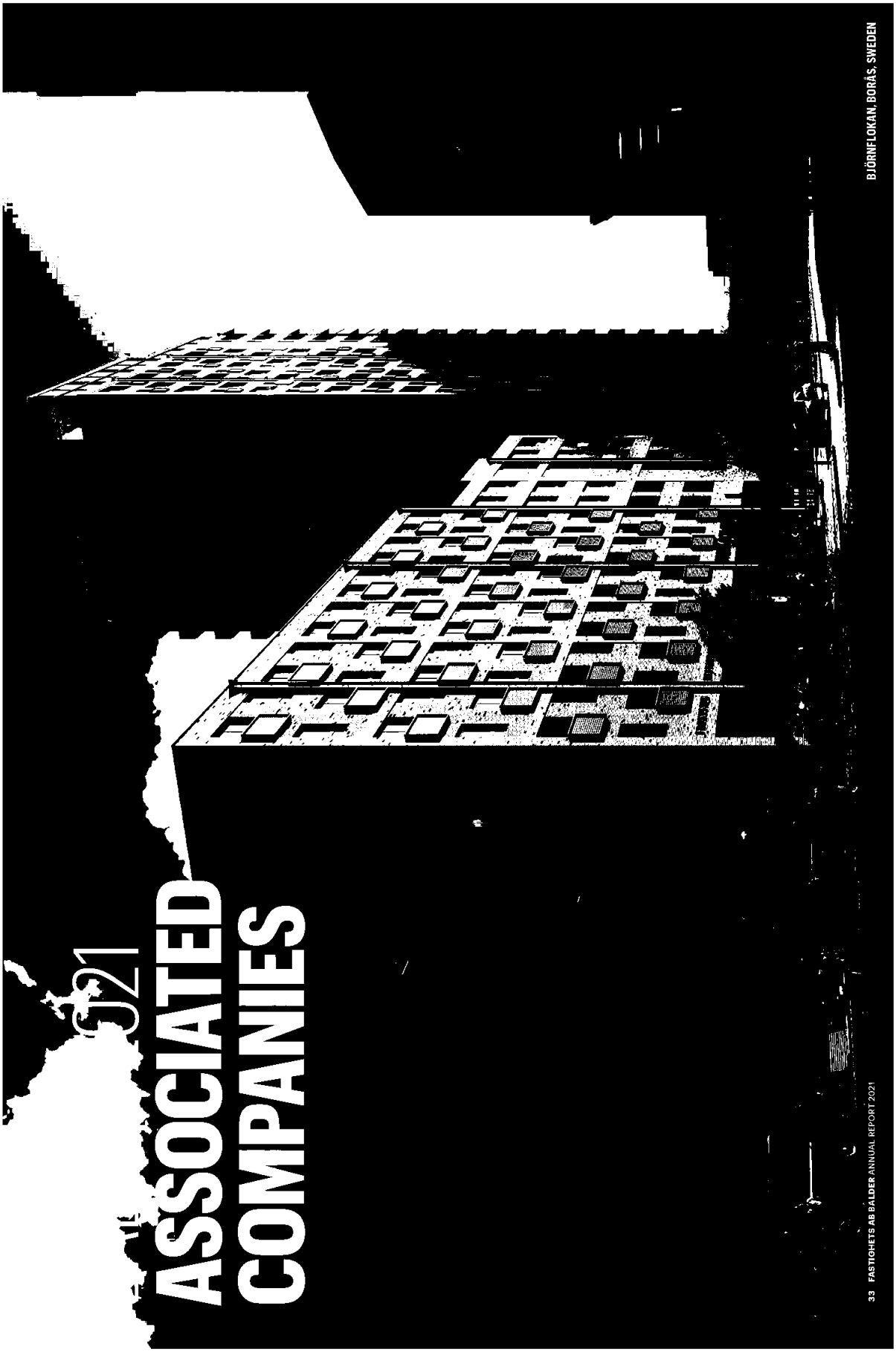
External valuations
In order to quality-assure its internal valuations, Balder allows parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions[1] on the internal valuations. Historically, deviations between Balder's internal and external valuations have been insignificant. During the year, external valuations were obtained for approximately 20% of the property portfolio excluding projects, equivalent to approximately SEK 37 billion, and second opinions were obtained for approximately 26% of the property portfolio excluding projects, equivalent to approximately SEK 48 billion.

The difference between the external valuations and the internal valuations was less than 1%. The external valuations were carried out during the year by CBRE Colliers, Cushman & Wakefield, JLL and Newsec. Second opinions were obtained during the year from JLL.

Development properties
A development property is a property that is owned for upgrading with a view to being divested. These properties are recognised at cost on an ongoing basis, and a profit/loss is recognised when each property is completed, sold and handed over to the buyer. As of 31 December, the value of Balder's development properties totalled SEK 2.7 billion (2.8).

1) Examination of valuation method used, performed by an external valuation firm.

2021 ASSOCIATED COMPANIES



BJÖRNFLOKAN, BORÅS, SWEDEN

STABLE DEVELOPMENT **IN JOINT COMPANIES**

Balder is co-owner of associated companies that manage properties, associated companies that are project developers and the bank Collector.

The property managing associated companies together own 494 investment properties (188) and project properties. Balders share of the total carrying amounted to SEK 44,409 million (15,257), of total lettable area to approximately 1,100,000 sq.m. (599,000) and a total rental value of SEK 2,018 million (844).

The profit from property management for all associated companies, i.e. profit excluding changes in value and tax, totalled SEK 3,532 million (2,612), of which Balder's share totalled SEK 1,327 million (663). The companies' profit after tax totalled SEK 9,696 million (7,899), of which Balder's share totalled SEK 3,521 million (897).

Balder's profit was affected by changes in value in respect of properties and derivatives to the order of SEK 3,110 million (489) before tax. For more information about Balder's associated companies, see Note 14, Participations in associated companies/joint ventures.

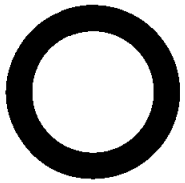
GOCO LIVING SPINA, MÖLNDAL, SWEDEN

INNOVATION AND **HEALTH IN FOCUS**

In Mölndal, just south of Gothenburg, an innovation cluster is emerging with a focus on health, medical development and digital health services. The cluster is called GoCo Health Innovation City and is a totally new area with companies, residential properties, hotels and vibrant ground floors, transforming the former industrial area into a living centre for innovation.

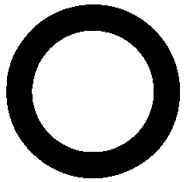
The first tenants took up occupancy in autumn 2021, and the whole area will be completed by 2028. GoCo Health Innovation City is being run as a joint venture company between Next Step Group, which is 33% owned by Balder, and Vectura Fastigheter, in close collaboration with Astra Zeneca. Balder is building, among other things, rental apartments in the area through the associated company Trenum.

CARRYING AMOUNT PER PROPERTY CATEGORY
associated companies, %



- Office, 65
- Residential, 18
- Other, 11
- Retail, 6

CARRYING AMOUNT PER REGION
associated companies, %



- Oslo, 43
- Stockholm, 17
- Other Norway, 17
- Gothenburg, 9
- Öresund, 9
- East, 5

POWERHOUSE, KJØRBO, NORWAY

ENTRA ASA

Entra owns and manages commercial properties in and around Oslo as well as in Bergen, Stavanger and Trondheim. The company is listed on the Oslo Stock Exchange and Balder's ownership amounts to 36.6%.

At year-end the company owned 80 investment properties with a lettable area of 1,194,000 sq.m. and a rental value of SEK 2,793m. The carrying amount of the properties amounted to SEK 69,284m.

FASTIGHETS AB CENTUR

The company is 50%-owned by Peab and Balder respectively and concentrates on property management, project development and property investments. Project development mainly focuses on construction of new retail and office premises and residential apartments but also refinement of project properties. Centur's largest project property is Varvsstaden in Malmö, which holds future building rights for about 350,000 sq.m. of residential and commercial space, on the site where Kockums once conducted shipbuilding operations.

At year-end, the company owned 36 investment properties (35) with a lettable area of 331,000 sq.m. (327,000) and a rental value of SEK 425m (402) and one project properties (1). The carrying amount of the properties amounted to SEK 7,404m (7,011). The properties are located in the Stockholm, Gothenburg and Öresund regions.

TULIA AB

Balder owns 50% of Tulia and the remaining part is owned by André Åkerlund AB. The company owns and manages commercial properties in central locations in Stockholm. At year-end, Tulia owned 43 properties (39) with mainly central locations in Stockholm. The company's total lettable area at year-end amounted to 124,000 sq.m. (115,000) and the carrying amount of the properties totalled SEK 6,032m (5,173) with a rental value amounting to SEK 292m (261).

TRENUM AB

Trenum is 50%-owned by the Third Swedish National Pension Fund and Balder respectively and owns, manages and develops residential properties in Sweden. The property portfolio is mainly located in Sweden's three major metropolitan regions and regional cities and is comprised to a large extent of newly produced residential properties and residential properties under construction.

Trenum owned 43 investment properties (37) at year-end with a lettable area of 250,000 sq.m. (225,000) and a rental value of SEK 437m (381) and 25 project properties (24). The carrying amount of the properties amounted to SEK 11,351m (8,774).

BALDER'S SHARE OF PROPERTY-MANAGING ASSOCIATED COMPANIES' PROPERTY PORTFOLIO [1,2)]

31/12/2021	Number of investment properties[3)]	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	114	211,490	356	1,681	338	95	7,196	16
Gothenburg	84	182,588	223	1,223	213	95	3,274	7
Öresund	156	140,333	215	1,531	207	96	3,536	8
East	51	89,231	121	1,352	119	98	2,019	5
Oslo	46	270,484	719	2,659	669	93	16,441	37
Other Norway	43	205,635	383	1,864	369	96	7,376	17
Total excluding projects	**494**	**1,099,762**	**2,017**	**1,834**	**1,914**	**95**	**39,842**	**90**
Projects for own management			1		1		4,567	10
Total property portfolio	**494**	**1,099,762**	**2,018**	**1,834**	**1,914**	**95**	**44,409**	**100**
Distributed by property category								
Residential	120	152,188	285	1,871	276	97	6,112	14
Office	118	565,575	1,245	2,202	1,169	94	26,268	59
Retail	80	156,516	199	1,271	189	95	2,787	6
Other	176	225,483	288	1,278	279	97	4,675	11
Total excluding projects	**494**	**1,099,762**	**2,017**	**1,834**	**1,914**	**95**	**39,842**	**90**
Projects for own management			1		1		4,567	10
Total property portfolio	**494**	**1,099,762**	**2,018**	**1,834**	**1,914**	**95**	**44,409**	**100**

1) The above table refers to properties that the associated companies owned at the end of the year. Properties sold have been excluded and acquired properties have been adjusted to full-year values. Other properties include hotel, educational, nursing, industrial and mixed-use properties.
2) Refers to Balder's holding in Trenum AB, Fastighets AB Centur, Tulia AB, Sinoma Fastighets AB, Anthon Eiendom AS, Entra ASA, Tornet Bostadsproduktion AB, Brinova Fastigheter AB and Stenhus Fastigheter i Norden AB.
3) Refers to the entire associated companies' portfolio.

SEKm	31/12/2021	31/12/2020
Assets		
Properties	44,409	27,860
Other assets	1,526	759
Cash and cash equivalents	458	282
Total assets	**46,393**	**28,901**
Equity and liabilities		
Equity/shareholders' loans	21,506	12,952
Deferred tax liability	4,184	2,179
Interest-bearing liabilities	19,315	12,234
Other liabilities	1,388	1,537
Total equity and liabilities	**46,393**	**28,901**

SEKm	2021	2020
Rental income	1,738	725
Property costs	-251	-120
Net operating income	**1,488**	**605**

SKOGSFLYET, NORRKÖPING, SWEDEN

CONTENTS

Report of the Board of Directors 38
Opportunities and risks 42
Consolidated statement of comprehensive income 46
Consolidated statement of financial position 47
Consolidated statement of changes in equity 48
Consolidated cash flow statement 49
Parent Company income statement 50
Parent Company balance sheet 51
Parent Company statement of changes in equity 52
Parent Company cash flow statement 53

ACCOUNTING POLICIES AND NOTES:

1 Accounting policies 54
2 Segment reporting 56
3 Revenue distribution 58
4 Employees and staff costs 58
5 Remuneration to auditors 60
6 Operating costs distributed according to function and type of expense 60
7 Specification of property costs 60
8 Leases 61
9 Financial income and expenses 63
10 Income tax 63
11 Earnings per share 66
12 Investment properties 66
13 Other property, plant and equipment 68
14 Participations in associated companies/joint ventures 69
15 Other non-current receivables 72
16 Development properties 72
17 Trade receivables 72
18 Prepaid expenses and accrued income 73
19 Financial investments 73
20 Equity 73
21 Non-controlling interests 74
22 Financial risk management 75
23 Credit facility 80
24 Accrued expenses and prepaid income 80
25 Pledged assets and contingent liabilities 81
26 Cash Flow Statement 81
27 Participations in Group companies 82
28 Receivables from/liabilities to Group companies 83
29 Significant events after the end of the financial year 83
30 Related parties 83
31 Parent Company information 83
32 Other income/expenses 83

STRANDPARKEN EIENDOM, HAMMERFEST, NORWAY

27.07.2023 kl 21:20 Brønnøysundregistrene Side 55 av 136

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors and the CEO of Fastighets AB Balder (publ), corporate ID number 556525-6905, hereby submit the following annual accounts and consolidated accounts for the financial year 2021.

Fastighets AB Balder is listed on Nasdaq Stockholm, Large Cap segment. Unless otherwise specified, all amounts are in SEK million. Comparisons stated in parenthesis refer to the corresponding period of the previous year.

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

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

Financial targets
Balder's goal is to achieve a stable, good return on equity, while the equity/assets ratio over time shall be no less than 40% and the interest coverage ratio shall be no less than 2.0 times and net debt to total assets should not exceed 50%. The outcomes for 2021 were 40.4% (38.6), 4.9 times (5.3) and 47.4% (46.1).

Employees and organisation
Balder's business areas consist of the regions Helsinki, Stockholm, Gothenburg, Copenhagen, South, East and North. The regional organisations follow the same basic principles, but differ depending on the size and property holdings of each region. The regional offices are responsible for letting, operations, environmental matters and technical management.

The Balder Group, with Fastighets AB Balder as Parent Company, is composed of a large number of limited liability companies and limited partnership companies. Balder's operational organisation is supported by a central accounting, property management and finance function. On 31 December the Group had a total of 1,040 employees (824), of whom 439 were female (351). Balder's management team consists of six people, two of whom are female.

For information regarding adopted guidelines for remuneration to senior executives, see Note 4, Employees and staff costs. The Board will not propose any changes in the guidelines to the Annual General Meeting 2022.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisitions
During the year a total of 209 properties were acquired at a property value of SEK 20,637 million. The biggest acquisition during the year in terms of value is Balder's purchase of the Masmästaren property group and the Norwegian property group Asset Buyout Partners (ABP).

Masmästaren is a property company with properties in Falun/Borlänge, Västerås, Uppsala and Nacka. The portfolio encompasses around 250,000 sq.m., with a property value of around SEK 5 billion, half comprising residential properties and half commercial properties.

ABP is a leading independent Norwegian industrial property company with property assets located in operation-critical energy and maritime clusters along the Norwegian coast, above all in the cities of Bergen and Stavanger. The property value is around NOK 9,000 million, distributed over 106 properties.

There was also another acquisition during the year, in the former associated company Serena Properties AB. Another 43% of the shares were acquired during the year, which means that Balder's participating interest is 99% after the acquisition. The Serena Group owns and manages retail properties in Finland and Sweden, with a property value of around SEK 4.5 billion.

Divestments
During the year, Balder sold three properties, as well as condominiums and land, for a sales value of SEK 1,551 million. The profit from the sales totalled SEK 121 million.

Investment properties
Balder's commercial properties are located primarily in the central areas of big cities, and the residential properties are located in metropolitan areas and in places that are growing and developing positively. On 31 December, Balder owned 1,678 investment properties (1,362) with a lettable area of 5,509,000 sq.m. (4,502,000) at a carrying amount of SEK 189.1 billion (149.2), including projects for own management. During the year, 209 investment properties (19) and land with a lettable area of 953,000 sq.m. (104,000) were acquired for SEK 20,637 million (3,491). Three investment properties (–) were sold during the year, as well as owner apartments and land to a value of SEK 1,551 million (366), which generated a profit of SEK 121 million (24).

When allocating the total property portfolio's carrying amount by region, the share for Helsinki totalled 25% (28), Gothenburg 20% (22), Stockholm 18% (19), Copenhagen 11% (12), East 11% (10), North 10% (4) and South 6% (7). Of the carrying amount, 44% (41) relates to commercial properties and 56% (59) to residential properties.

Development properties
A development property is a property that is owned for upgrading with a view to being divested. These properties are recognised at cost on an ongoing basis, and a profit/loss is recognised when each property is completed, sold and handed over to the buyer. As of 31 December 2021, the value of Balder's development properties totalled SEK 2,697 million (2,803).

Profit from property management
Profit from property management for the year totalled SEK 6,129 million (4,900), of which the effect of exchange rate fluctuations totalled SEK –61 million (–26). The profit from property management attributable to the parent company's shareholders increased by 31% and totalled SEK 5,543 million (4,244), representing an increase per share of 26% to SEK 29.72 (23.51). Profit from property management includes SEK 1,327 million (663) in respect of associated companies, which is included in the income statement in participations in profits from associated companies.

Profit after tax
Net profit after tax for the year totalled 19,584 million (7,275). Profit after tax attributable to the parent company's shareholders totalled SEK 18,508 million (6,641), corresponding to SEK 99.24 per share (36.79). Profit before tax was impacted by unrealised changes

in the value of investment properties of SEK 12,990 million (3,429), realised changes in the value of development properties of SEK 121 million (24), net profit from the sale of development properties of SEK 225 million (174), changes in value in interest rate derivatives of SEK 511 million (–141) and profit from participations in associated companies of SEK 3,521 million (897).

Rental income

Rental income increased by 10% to SEK 8,956 million (8,134), of which the effect of exchange rate fluctuations totalled SEK –136 million (–50). This increase is due primarily to acquisitions and completed projects for own management.

The lease portfolio was estimated to have a rental value on a full-year basis of SEK 10,141 million (8,590) as of 31 December. The average rental level for the whole property portfolio totalled SEK 1,836/sq.m. (1,893) excluding project properties.

The rental income in a comparable portfolio increased by 1.0% (1.0) after adjustment for exchange rate fluctuations. The rental income shows a considerable diversification of risk with regard to tenants, sectors and locations. The economic occupancy rate as of the closing date was 96% (96). The total rental value of unlet areas on 31 December totalled SEK 431 million (376) on an annual basis.

Property costs

Property costs for the year totalled SEK –2,212 million (–1,919), of which the effect of exchange rate fluctuations totalled SEK 39 million (12). Net operating income increased by 8% to SEK 6,744 million (6,216), representing a surplus ratio of 75% (76). Operating costs usually 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.

Management costs and administrative expenses

Management and administrative expenses for the year totalled SEK –817 million (–676), of which the effect of exchange rate fluctuations totalled SEK 16 million (4).

Participations in profits from associated companies/joint ventures

The profit from participations in associated companies during the year totalled SEK 3,521 million (897) and Balder's share of the profit from property management of associated companies totalled SEK 1,327 million (663).

Profit before tax was impacted by unrealised changes in the value of properties and interest rate derivatives of SEK 3,110 million (489). The tax expense for the year totalled SEK –916 million (–254).

Other income/expenses

Other income/expenses for the year totalled SEK 553 million (371), of which unrealised change in value of long-term financial asset totalled SEK 611 million (462) and relates to the unrealised re-measurement that took place during the fourth quarter of the shares in the listed Swedish property company Stenhus Fastigheter i Norden AB. See also Note 32, Other income/expenses.

SENSITIVITY ANALYSIS

Factor	Change	Profit before tax, SEKm
Rental income	+/–1%	+/–97
Economic occupancy rate	+/–1 percentage point	+/–101
Interest rate level of interest-bearing liabilities	+1 percentage point	–315
Property costs	+/–1%	–/+24
Changes in value of investment properties	+/–5%	+/–9,457

Net financial items and changes in the value of derivatives

Net financial items, excluding changes in the value of derivatives, totalled SEK –1,067 million (–1,212), of which the effect of exchange rate fluctuations totalled SEK 20 million (7). Net financial items includes return on financial investments of SEK 582 million. Changes in value in respect of interest rate derivatives totalled SEK 511 million (–141). The positive change in value during the year in respect of derivatives was due to long-term interest rates having increased during the year, which means that the difference in relation to the contracted interest rate level of the interest rate derivatives has decreased.

Derivatives are recognised on an ongoing basis at fair value in the balance sheet. Changes in value from derivatives arise when there are changed interest rate levels/exchange rates and do not affect cash flow, as long as they are not sold during the term. Balder has protected itself against higher interest rate levels, which means that the market value of derivatives falls when interest rate levels fall.

The deficit in respect of derivatives (interest and currency) totalled SEK 703 million (1,540) at the year-end. The deficit on derivatives will be released during the remaining term and recognised as income. The average interest rate for net financial items on the closing date was 1.4% (1.5).

Changes in value of investment properties

Balder performed internal valuations of all investment properties as of 31 December. The investment properties in Sweden, Denmark, Finland, Norway, Germany and the UK were valued using the yield method, which is based on a ten-year cash flow model.

Each property is individually valued by computing the present value of future cash flows, i.e. future rental payments minus estimated operating and maintenance payments. The cash flow is adapted to the market by taking account of any changes in letting levels and occupancy rates, as well as operating and maintenance payments.

The valuation is based on an individual assessment for each property of both future cash flows and the required yield.

In Finland, the acquisition cost method is used in addition to the yield method. A few properties in the East region are valued using the sales comparison method. Project properties for own management are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at cost. For a more detailed description of Balder's property valuation, see Note 12, Investment properties.

Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made. In order to quality-assure its internal valuations, the company allows parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions on the internal valuations. A second opinion involves the examination of the valuation method used, performed by an external valuation firm.

During the year, external valuations have been obtained for approximately 20% (21) of the investment properties excluding projects for own management, corresponding to SEK 37 billion (31) and second opinions have been obtained for 26% (31) of the investment properties excluding projects for own management, corresponding to SEK 48 billion (45). The difference between the external valuations and the internal valuations was less than 1%. Historically, deviations between external and internal valuations have been insignificant.

As of 31 December, Balder's average yield requirement was 4.4% (4.5) excluding project properties for own management. The change in value for the year is attributable to improved net operating income, completed projects and slightly lower yield requirements.

On 31 December, the carrying amount of the investment properties according to the individual internal valuation totalled SEK 189,138 million (149,179), which includes an unrealised change in value during the year of SEK 12,990 million (3,429). Of the unrealised change in value for the year, 60% is attributable to residential properties, and of the total unrealised change in value, 10% relates to completed projects.

Profit from divestment, development properties
The profit from the divestment of development properties is recognised in connection with the buyer taking possession of the property. In addition to the cost of acquisition, sales and marketing expenses are also included, which are recognised as expenses as they arise. During the year these totalled SEK –20 million (–20).

A total of seven (6) projects were recognised in revenue during the year. The net profit from sales for the year totalled SEK 225 million (174) after the deduction of sales and marketing expenses.

Tax
The Group's total tax expense was SEK –3,196 million (–1,807), of which the effect of exchange rate fluctuations totalled SEK 37 million (8). The current tax expense for the year totalled SEK –339 million (–388). The current tax expense attributable to the parent company's shareholders totalled SEK –233 million (–261).

The deferred tax expense for the year totalled SEK –2,857 million (–1,419). Deferred tax for the year was affected positively, partly by the assessment of deficits that with a high degree of probability can be used against future profits has increased when calculating the deferred tax assets, and partly by property sales that took place in corporate form. Deferred tax that was previously recognised as a liability has been reversed.

Tax has been calculated using the current tax rate in each country.

Deferred tax is calculated on the temporary differences arising after the acquisition date. The Group's deferred tax liability has been calculated as the value of the net of fiscal deficits and the temporary difference primarily between the carrying amounts and values for tax purposes of properties and interest rate derivatives.

The deferred tax liability totalled SEK 15,642 million (12,497). For more detailed information, see Note 10, Income tax.

Cash flow and financial position
Balder's assets on 31 December totalled SEK 229,933 million (180,401). These were financed by equity of SEK 88,567 million (67,885) and liabilities of SEK 141,366 million (112,516), of which SEK 117,426 million (88,989) are interest-bearing.

Cash flow from operating activities before changes in working capital totalled SEK 3,899 million (3,986). Investing activities charged cash flow with a net figure of SEK –29,879 million (–16,993). Cash flow from financing activities totalled SEK 25,117 million net (13 563). Total cash flow for the year was SEK –3,235 million (3,089). The exchange rate difference in cash and cash equivalents totalled SEK 67 million (–).

Liquidity
Apart from unutilised credit facilities of SEK 8,079 million (13,032), the Group's cash and cash equivalents, financial investments and unutilised credit facilities totalled SEK 4,543 million (7,477) as of 31 December.

Equity
Equity totalled SEK 88,567 million (67,885) on 31 December, of which non-controlling interests totalled SEK 10,961 million (9,676), corresponding to SEK 416.12 per share (312.12) excluding non-controlling interests. The equity/assets ratio was 40.4% (38.6).

Interest-bearing liabilities
The Group's interest-bearing liabilities totalled SEK 117,426 million (88,989) as of 31 December. The proportion of loans with interest maturity dates during the coming 12-month period totalled 37% (39) and the average fixed credit term was 5.7 years (5.9). Derivatives contracts have been concluded in order to limit the impact of a higher market interest rate.

The above-mentioned derivatives are recognised at fair value on an ongoing basis in the balance sheet with changes in value recognised in the income statement. Changes in value during the year totalled SEK 511 million (–141). Interest-bearing liabilities are described in greater detail in Note 22, Financial risk management.

Rating
Balder has an investment grade rating from the S&P credit agency of BBB with a stable outlook. The rating from S&P means that Balder can continue to access the European capital market, obtain long terms for tying-up of capital, diversify its funding base and thus secure long-term capital for continued growth. Credit ratings from credit agencies have a major impact on Balder's financing costs, and therefore it is important to maintain an investment grade rating.

Investments
Property investments during the year totalled SEK 26,742 million (7,545), of which SEK 20,637 million (3,491) relates to acquisitions and SEK 6,105 million (4,054) relates to investments in existing investment properties and projects for own management. Of total investments in investment properties, SEK 3,259 million (2,598) relates to Helsinki, SEK 2,679 million (297) to Stockholm, SEK 1,926 million (1,411) to Gothenburg, SEK 1,301 million (1,722) to Copenhagen, SEK 600 million (91) to South, SEK 4,299 million (925) to East and SEK 12,678 million (500) to North.

Associated companies/joint ventures
Balder owns associated companies that manage properties and are project developers, see Note 14, Participations in associated companies/joint ventures, as well as 44.1% in Collector AB (publ), which is a listed niche bank. Brinova Fastigheter AB (publ) is listed and Balder's participation is 18.9% and the share of votes is 31.5%.

During the fourth quarter, there was a reclassification of Balder's participation in the listed property company Stenhus Fastigheter i Norden AB (publ), from having been a financial investment to being an associated company. Balder's participation is 20.2%.

There was also another acquisition during the fourth quarter in the former associated company Serena Properties AB. An additional 43% of the shares were acquired during the quarter. This means that reclassification took place from associated company to being a subsidiary in the Group. Balder's participation after the acquisition is 99%.

During the year, Balder invested in ESS Hotel Group Fastigheter AB, with Balder's participation totalling 50%. The company manages hotel properties in locations including Malmö, Falkenberg and Ystad.

Balder invested in Next Step Group AB, with Balder's participation totalling 33.3%. This is an urban development company that is currently running three major urban development projects in Gothenburg: Nya Hovås, Wendelstrand and GoCo Health Innovation City, for more information see nextstep.se.

During the year, Balder also acquired 33.7% of the shares in Emra gruppen AB. Emrahem is a company within the Emra gruppen, which specialises in producing so-called LSS housing (with special services for persons with certain functional impairments), for more information see emrahus.se.

During the year, Balder also continued to acquire shares in the listed Norwegian property company Entra ASA. Balder's participation as of 31 December 2021 was 36.6%, for more information see entra.no.

On page 36, Balder's participations in the balance sheets and property portfolios of property managing associated companies are reported and presented in accordance with IFRS accounting policies. The property-owning associated companies own a total of 494 investment properties (188). Balder's share of the property portfolio's lettable area is approximately 1,100,000 sq.m. (599,000) with a rental value of SEK 2,018 million (844). The economic occupancy rate was 95% (94).

Parent Company
The parent company's operations consist primarily of the performance of Group-wide services. Balder has centralised the Group's credit supply, risk management and cash management through the parent company having an internal bank function. Net sales in the parent company totalled SEK 414 million (349) during the year, of which intra-Group services represented SEK 323 million (251) and the remainder related primarily to management assignments for associated companies.

Net profit after tax for the year totalled 1,651 million (1,615). Dividend from subsidiaries totalled SEK 3 million (975), net interest items totalled SEK 968 million (1,599), of which exchange rate difference totalled SEK –739 million (785) and unrealised change in value of long-term financial asset totalled SEK 611 million (462), changes in value in respect of interest rate derivatives totalled SEK 446 million (–141) and Group contributions paid/received totalled SEK 300 million (–821). Recognised exchange differences related primarily to the translation of euro bonds, which from a Group perspective are used for the hedging of net investments in euros and Danish kroner.

The parent company's financial investments and cash and cash equivalents, including unutilised credit facilities, totalled SEK 2,130 million (3,787) on 31 December Net receivables from Group companies totalled SEK 38,754 million (43,368) on the closing date and interest-bearing liabilities SEK 55,285 million (46,366).

Sustainability Report in accordance with the Swedish Annual Accounts Act
In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Fastighets AB Balder has chosen to produce the sustainability report as a separate report from the Annual Report. The scope of the sustainability report is described on page 109 of this document.

Multi-year summary
See page 8.

The share and the owners
As of 31 December, the share capital totalled SEK 186,500,000 distributed among 186,500,000 shares. Each share has a quota value of SEK 1. The shares are distributed across 11,229,432 Class A shares and 175,270,568 Class B shares. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

The largest owners are Erik Selin via company with 48.8% of votes and Arvid Svensson Invest AB with 14.8% of votes. There are no restrictions in the articles of association as to the form of transfer of shares or voting rights at the shareholders' general meeting.

Since Balder will be prioritising growth, capital structure and liquidity over the next few years, the dividend for the share will be low or will not be declared at all.

Report on the Board's work during the year
The Board held 14 board meetings during the financial year, one of which was the statutory meeting. The work follows a formal work plan adopted by the Board. The formal work plan regulates the Board's working methods and the allocation of responsibility between the Board and CEO, as well as the forms of ongoing financial reporting. During the year, strategic questions and other important matters for the company's development were discussed, as well as ongoing financial reporting and decision-making matters. The company's auditors participated in one board meeting and reported on their completed audit of the management's administration and of the accounts.

Corporate governance
Balder is governed by the corporate governance rules prescribed in the Swedish Companies Act, the Articles of Association and the listing agreement with Nasdaq Stockholm. The Board aims to make it easy for the individual shareholder to understand where in the organisation responsibility and authority lie. Corporate governance in the company is based on Swedish legislation, principally on the Swedish Companies Act, the listing agreement with the Swedish Stock Exchange, the Swedish Code of Corporate Governance as well as other rules and guidelines.

Some of the Code's principles are about creating a good basis for exercising an active balance of power between owners, the Board and Management, which Balder views as a natural element of the principles for the operation. See pages 90–95 for the Corporate Governance Report.

Remuneration to the CEO and other senior executives
Guidelines for remuneration to senior executives were adopted at the last Annual General Meeting. The guidelines essentially state that competitive market salaries and other terms of employment shall be applied for company management. Remuneration shall be paid in the form of a fixed salary. Redundancy pay and severance payment shall not exceed 18 monthly salaries in total for the company's CEO, and for other members of company management the figure is a maximum of six months with no severance payment. Company management comprises the CEO and other members of Group Management. The Board shall be entitled to deviate from the guidelines if there are special reasons in an individual case to justify this.

The Board's proposal on guidelines for the next AGM corresponds with the current guidelines and shall apply until the 2023 AGM unless circumstances arise that necessitate an earlier revision. See also Note 4, Employees and staff costs.

Covid-19
Since early spring 2020, the ongoing pandemic has been a major global concern in a way that no one could have foreseen. Balder has taken a number of measures to deal with the prevailing situation. Since the pandemic began, Balder has maintained an ongoing dialogue with rental tenants and has striven as far as possible to support those experiencing cash flow problems as a consequence of the pandemic. In some cases there have been rental reductions, but on the whole agreements have been reached on a switch to monthly payments or a deferral of rental payments.

The Group has tenants that operate hotel businesses and has thus been affected both directly and indirectly by the ongoing pandemic. Hotel businesses are seeing a significantly lower occupancy rate, which has had a negative impact on tenants. Around 7% of the total property portfolio consists of hotels. The pandemic has had a limited effect on the company's financing. In these times, good liquidity and the fact that the company's financing needs are secured is of the utmost importance. During the year, Balder has continued to have good access to financing. At the turn of the year, Balder has available liquidity and loan commitments of SEK 12,600 million, which can be used if the need were to arise.

Significant events since the end of the financial year
See Note 29 Significant events since the end of the financial year.

Expectations regarding the future trend
Balder's objective is to grow with maintained profitability by means of direct or indirect acquisitions together with the company's partners in locations that are considered to be of interest.

PROPOSED DISTRIBUTION OF EARNINGS

The following amount in SEK is at the disposal of the Annual General Meeting:

Retained earnings	16,611,553,712
Net profit for the year	1,650,700,339
Total[1]	**18,262,254,051**

1) See change in parent company's equity, page 52.

The Board proposes that the amount be allocated as follows:

Carried forward	18,262,254,051
Total	**18,262,254,051**

27.07.2023 kl 21:20 Brønnøysundregistrene Side 59 av 136

OPPORTUNITIES AND RISKS

Like all companies, Balder's organisation and business operations are exposed to a number of risks. These risks are to varying degrees within the company's control and are therefore managed differently to some extent. The main strategy, however, is to strive as far as possible to identify both risks and opportunities and to draw up action plans on this basis.

The risk analysis is performed continuously, at several levels within the company, depending on where different risks and opportunities arise and which parts of the business might be affected. Below is a summary of the main opportunities and risks that have been identified, together with a brief description of how Balder assesses and manages them.

RISK LEVEL ASSESSMENT

Low Medium High

AREA	DESCRIPTION	APPROACH	ASSESSMENT
>> OPERATIONAL RISKS			
The risk of reduced occupancy rate, reduced rental income and negative rental development	Balder's income is affected by the occupancy rate of the properties, the possibility of charging competitive market rents and the ability of customers to pay. The occupancy rate and rental levels are determined largely by the economic trend. Naturally, the risk of major fluctuations in vacancies and loss of rental income increases when the property portfolio contains more large individual customers.	Balder's ten largest contracts account for 3.9% of the total rental income, and their average contract term is 10.7 years. No single contract accounts for more than 0.6% of Balder's total rental income, and no single customer accounts for more than 3.5% of total rental income. Balder's leases for premises are usually wholly or partly linked to the consumer price index. Residential properties are subject to regulations, the effects of which include rental levels being determined by what is known as the utility value principle. In 2021 Balder, like all property companies, was affected by the ongoing pandemic, with above all some commercial customers experiencing increased problems in their business operations. Balder has developed solutions for many of these in the form of deferred payments or a switch from quarterly to monthly rent. The hotel industry is one of the most affected. Of Balder's total property portfolio, hotels account for around 7%.	●
Risk of increased property costs due to increased operating and maintenance costs	Property costs include direct costs such as costs of operation, media, maintenance and property tax. Extensive needs to perform repairs can have a negative impact on profits. Operating costs are primarily tariff-based costs of electricity, cleaning, water and heating. Many of these goods and services can only be purchased from one actor, which can affect the price. Regulatory factors such as stricter demands for reduced emissions and the transition to fossil-free types of energy can also affect energy costs. Other consequences of climate change, such as an increased risk of flooding and extreme weather conditions, can also generate increased costs when insuring properties in risk areas. Cost increases that are not compensated by regulation in leases or rental increases through re-negotiation can have a negative impact on profits. A change of +/–1% in property costs would affect the total cost figure by SEK –/+ 24 million.	Balder works constantly to achieve continuous improvement in cost-efficiency with the aid of rational technical solutions, practical initiatives and continuous follow-up. Each region is responsible for ensuring that the property portfolio is well-maintained and in good condition. Having a local presence increases the knowledge of each property's needs for preventive measures, which is more cost-efficient in the long run that extensive repairs. All electricity purchased for the properties is green electricity from renewable sources. Balder has also initiated an analysis of the property portfolio based on the possible effects of climate change, in order to draw up action plans for properties where the risks of an impact are considered the greatest.	●
Risk of incorrect assessment of the rental market's development and the execution of projects	One way of increasing the yield is to produce new properties and develop existing ones through investments. Project development risks exist in assessments of the market's development, but also in the design of the product and the execution of the project itself.	Quality-assured internal processes and a high level of competence in the project organisation guarantee high quality in both execution and the product itself. When commercial buildings are constructed, it is always a requirement that large parts of the property must be let before the investment commences. Most of the commercial projects in progress therefore have a high occupancy rate. The risks are also limited by the fact that investments are only made in markets where Balder has good market knowledge and where there is high demand for homes and commercial premises.	●

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 916164882

RISK LEVEL ASSESSMENT

Low Medium High

AREA	DESCRIPTION	APPROACH	ASSESSMENT
>> IT AND DIGITALISATION			
Risk of inadequate digital development	Digitalisation in the property sector is primarily about digitalising the properties themselves in order to, for example, improve follow-up on consumption, etc., and to build smarter homes and offer commercial customers digital services that promote business.	The digitalisation process is relatively simple to undertake in connection with new production, where a lot can be integrated during the planning phase, for example fibre networks and sensors. Work to digitalise an existing property is a major challenge, but Balder is equipped for this. The company has continued to expand its operations by creating more roles with a focus on digitalisation in order to drive developments forward.	Medium
Risk of inadequate IT security	Inadequate IT security can have major consequences, for example in the form of data being destroyed or lost, confidential information being leaked, etc. There is also a certain risk of infringing statutory provisions on the processing of personal data.	Balder works with the layered security principle in order to minimise the areas for intrusion and in recent years has continuously extended the level of protection. Apart from tried and tested technologies such as firewalls, antivirus and backup systems, Balder has also supplemented its protection with sandboxing systems, advanced email filtering and virtualisation to secure the internal IT environment. Balder has also carried out extensive internal work in order to guarantee compliance with the requirements of GDPR, in terms of both internal systems and structures as well as employee training.	Medium
>> FINANCIAL RISKS			
Refinancing risk	Balder's greatest financial risk is a lack of financing. Refinancing risk refers to the risk that financing cannot be obtained at all, or only at a significantly increased cost.	Balder conducts ongoing discussions with banks and credit institutions aimed at securing long-termfinancing and also renegotiating loans and diversifying the maturity structure of loans. Meanwhile, this work ensures that competitive long-term financing is maintained. Balder's average fixed credit term was 5.7 years (5.9).	Medium
Interest rate risk	The interest expense is Balder's single biggest cost item. Interest expenses are affected primarily by the current level of market interest rates and the credit institutions' margins, and also by what strategy Balder chooses for fixed terms for interest rates. A higher market interest rate means an increased interest expense, but this often also coincides with higher inflation and economic growth.	Higher interest expenses are partly offset by lower vacancy rates and higher rental income through increased demand, and by the fact that rents are indexed. Balder has also chosen to use interest rate derivatives to limit the risk of financing costs increasing significantly in the event of higher market interest rates. In the event of an increase in the market interest rate of one percentage point and assuming an unchanged loan and derivative portfolio, the interest expense would increase by SEK 315 million. Of Balder's total loan stock at the year-end, 63% (61) had a fixed interest rate period of more than one year.	Medium
Credit risk	Credit risk is defined as the risk that Balder's counterparties, for example tenants, cannot fulfil their financial obligations towards Balder. Credit risk in financial operations arises, for example, in connection with the investment of excess liquidity, on entering into interest rate swap contracts and in connection with the issuing of credit agreements.	Balder conducts the customary credit checks before entering into a new lease and calculates the credit risk in connection with new letting and the adaptation of premises for an existing customer. In the finance operations Balder only does business with Nordic banks that has a S&P rating of at least A-. With other banks business is only conducted with those that have a S&P rating of at least AA-.	Medium
Currency risk	Balder owns properties via subsidiaries in Denmark, Finland, Norway, Germany and the UK. The companies have income and expenses in local currency and are thereby exposed to exchange rate fluctuations from the Group's perspective. Exchange rate fluctuations also occur when translating the foreign subsidiaries' assets and liabilities into the parent company's currency.	The translation differences are mainly handled through borrowing spread among different currencies based on the net assets in each currency. Loans taken out in the same currencies as the net assets in the Group reduce these net assets and thereby reduce translation exposure.	Medium

RISK LEVEL ASSESSMENT

Low Medium High

AREA	DESCRIPTION	APPROACH	ASSESSMENT
>> CHANGE IN VALUE			
Risk of negative development in value of properties	The value of the properties is affected by a number of factors, including property-specific factors such as occupancy rate, rental level and operating costs, as well as market-specific factors such as yield requirements and cost of capital. Both property-specific and market-specific changes affect the value of investment properties, which in turn impacts on the Group's financial position and profits. 81% of the value of Balder's property portfolio is in the four metropolitan regions of Helsinki, Stockholm, Gothenburg and Copenhagen. The value of these properties can also be adversely affected if the technical obstacles to development, for example conversion to reduce emissions and manage climate change, are too high and expensive.	Balder carries out an internal valuation of the property portfolio in connection with quarterly reports. Parts of the property portfolio are also valued externally and compared with the internal valuation. Market assessments of properties always involve a certain degree of uncertainty in the assumptions and estimates made. The profit before tax would be affected by SEK +/–9,457 million if there were a change in value of the investment properties of +/–5%. The equity/assets ratio would be 41.9% in the event of a positive change in value and 38.7% in the event of a negative change in value. See also Note 12, Investment properties. Balder has also initiated an analysis of the impact of climate change on the properties, including the value trend, and this will become more detailed in future.	●
>> TAX			
Risk of changes in tax legislation	The possibility cannot be ruled out that tax rates will change in the future or that other changes will occur in the state systems that affect property ownership. Changes in tax levels and tax legislation, for example new rules in respect of depreciation, a ban on the packaging of properties and the opportunity to utilise loss carryforwards can affect Balder's future tax expense and thereby affect the profit.	Balder monitors the development of legislation in markets where the company is active and where relevant prepares the business and the financial statements for any adaptations that may be necessary.	●
>> EXTERNAL ENVIRONMENT			
The risk of serious incidents in the external environment that change the conditions for the business	In 2020, the world was hit by a pandemic that had unforeseen consequences. The way out remains uncertain, with a risk of the impact being felt for several years to come.	Balder has been dealing constantly with issues relating to the ongoing pandemic and the company's stakeholders. Experiences from the last two years also contribute to a stronger organisation that is better equipped to face similar events in the future.	●

RISK LEVEL ASSESSMENT

Low Medium High

AREA	DESCRIPTION	APPROACH	ASSESSMENT
>> ENVIRONMENT			
Risk of hazardous substances and choice of materials	The main challenges that Balder has identified in connection with the environmental area are hazardous substances built into the properties such as PCB and asbestos, increased radon values and transport operations to and from the properties.	An ongoing inventory is kept of the existing portfolio, and action plans are drawn up to manage the risks in connection with planned measures or as separate projects. As new buildings become more energy-efficient, the construction phase accounts for a bigger part of the total environmental impact of buildings. These issues are taken into account in connection with new production, both internally and in dialogue with external parties such as business partners, city planning offices, consultants' or architects' offices and contractors.	Medium
Risk of increased impact from transport operations	Both Balder's internal transport operations and customer transport operations to and from the properties have a major environmental impact.	When developing areas, opportunities for more efficient transport are considered, and in many areas car pools and bike pools, for example, are offered. Together with suppliers, Balder's internal transport and logistics solutions are being reviewed so that the number of transport operations to the properties is minimised and streamlined. This work will be further developed in future, as Balder's increased project portfolio means increased construction, bringing a risk of increased transport operations. The company's travel policy regulates business travel, and all local offices have video equipment to minimise the number of trips for meetings.	Medium
Climate risks	Rising sea levels, higher rainfall and increased risks of landslides are climate risks that have been highlighted and need to be dealt with in social planning in order to reduce the risks of damage to properties and infrastructure going forward. In the event of floods there is a risk that vermin will find their way into properties, resulting in a risk of the spread of contagion and damage.	Investigations into which climate adaptations might be necessary are conducted in the planning process and managed in detailed development plans. Aside from this, Balder strives to review work on climate risks, including the preparation of plans for how existing properties that may be in the risk zone should be registered and what action plans need to be prepared. This work entails, among other things, plans to further reduce emissions from the business, as well as plans describing, for example, how properties situated in areas where the risk of flooding is considered to be high are to be equipped to deal with this. To increase transparency in this work, Balder is also continuing to develop the company's reporting of emissions and other climate-related metrics, and during the year has also incorporated the climate issue into the risk management process in accordance with the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). Potential effects of climate change have been identified in terms of both property costs and value growth, and work has started on action plans to manage these. Read more on page 105.	Medium
>> SOCIAL CONDITIONS AND EMPLOYEES			
Risk of deficiencies in the skills supply, work environment and respect for human rights	As Balder has grown, both geographically and in terms of the number of colleagues, challenges have arisen, including the new recruitment and retention of existing colleagues, identifying and utilising Group-wide resources and developing common work methods. Another challenge resulting from the company's strong growth is to get every colleague to feel that they are part of Balder's corporate culture.	Balder's Code of Conduct is based on the principles of the UN's Global Compact and deals with issues relating to the work environment and human rights. Balder is striving to continue to increase equal opportunity and diversity in the organisation, in order to reflect society in the best way possible. In order to attract new employees, Balder continuously participates in job fairs at institutes of higher education, and offers work placements and opportunities for students to do their degree projects.	Medium
>> ETHICS AND ANTI-CORRUPTION			
Risk of fraud and bribery	For property companies processes such as those in the areas of letting and supplier selection are particularly important.	Balder has a Code of Conduct as well as policies and procedures, which are intended to guide and ensure respectful and business-like relationships, while minimising risks of, for example, discrimination and corruption. When selecting suppliers and during follow-up on delivered quality, internal criteria are used to guarantee compliance with laws and regulatory requirements and also with the company's adopted policies and guidelines. There is an independent whistleblowing function for the reporting of infringements.	Medium

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Note	2021	2020
Rental income	2, 3	8,956	8,134
Property costs	2, 6, 7	–2,212	–1,919
Net operating income		**6,744**	**6,216**
Management costs and administrative expenses	4, 5, 6	–817	–676
Participation in profits from associated companies/joint ventures	14	3,521	897
– of which profit from property management		*1,327*	*663*
– of which changes in value		*3,110*	*489*
– of which tax		*–916*	*–254*
Other income/expenses		553	371
– of which unrealised change in value of long-term financial asset	32	*611*	462
Profit before net financial items		**10,001**	**6,809**
Financial items			
Financial income	9	822	299
Financial expenses	9	–1,889	–1,511
– of which lease expense/ground rent	8	*–69*	*–64*
Net financial items		**–1,067**	**–1,212**
Profit including changes in value and tax in associated companies/joint ventures		**8,934**	**5,597**
– of which Profit from property management	2, 3, 4, 5, 6, 7, 8, 9	*6,129*	*4,900*
Changes in value			
Changes in value of investment properties, realised	12	121	24
Changes in value of investment properties, unrealised	12	12,990	3,429
Changes in value of derivatives	22	511	–141
Profit from divestment of development properties	16	1,667	1,253
Expenses from divestment of development properties	16	–1,442	–1,079
Changes in value, total		**13,847**	**3,486**
Profit before tax		**22,781**	**9,083**
Income tax	10	–3,196	–1,807
Net profit for the year		**19,584**	**7,275**
Net profit for the year attributable to			
The parent company's shareholders		18,508	6,641
Non-controlling interests	21	1,076	634
		19,584	**7,275**

SEKm	Note	2021	2020
Other comprehensive income – items that may be reclassified to profit or loss			
Translation difference relating to foreign operations (net after hedge accounting)		377	–705
Cash flow hedges after tax		183	–20
Participation in other comprehensive income from associated companies/joint ventures		602	–37
Comprehensive income for the year		**20,746**	**6,513**
Comprehensive income for the year attributable to			
The parent company's shareholders		19,399	6,273
Non-controlling interests		1,348	240
		20,746	**6,513**

SEKm	Note	2021	2020
Profit from property management		6,129	4,900
Minus non-controlling interests' participation in the profit from property management		–586	–657
Profit from property management attributable to parent company's shareholders		**5,543**	**4,244**
Profit from property management per share, SEK		29.72	23.51
Profit after tax per share, SEK	11	99.24	36.79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEKm	Note	31 Dec 2021	31 Dec 2020
Assets			
Non-current assets			
Investment properties	12, 25	189,138	149,179
Leases; right of use	8	1,600	1,532
Other property, plant and equipment	13	186	160
Participations in associated companies/joint ventures	14	28,824	15,593
Other non-current receivables	15	1,736	2,302
Total non-current assets		**221,484**	**168,765**
Current assets			
Development properties	16	2,697	2,803
Trade receivables	17	388	343
Other receivables		360	713
Prepaid expenses and accrued income	18	874	650
Financial investments	19	2,831	2,659
Cash and cash equivalents	26	1,299	4,468
Total current assets		**8,449**	**11,636**
Total assets		**229,933**	**180,401**

SEKm	Note	31 Dec 2021	31 Dec 2020
Equity and liabilities			
Equity	20		
Share capital		187	187
Other contributed capital		10,729	10,729
Translation differences		–1	–789
Reserves		117	15
Retained earnings including net profit for the year		66,574	48,068
Equity attributable to the parent company's shareholders		**77,606**	**58,209**
Non-controlling interests	21	10,961	9,676
Total equity		**88,567**	**67,885**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities[1,2]	22	104,268	79,814
Other non-current liabilities		1,251	828
Lease liability	8	1,554	1,487
Deferred tax liability	10	15,642	12,497
Derivatives	22	582	1,155
Total non-current liabilities		**123,297**	**95,781**
Current liabilities			
Current interest-bearing liabilities[1]	22	13,158	9,175
Trade payables		897	505
Lease liability	8	52	49
Derivatives	22	121	384
Other liabilities[3]		984	4,076
Accrued expenses and prepaid income	24	2,858	2,546
Total current liabilities		**18,069**	**16,735**
Total liabilities		**141,366**	**112,516**
Total equity and liabilities		**229,933**	**180,401**

1) Interest-bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.
2) The line item Non-current interest-bearing liabilities includes Hybrid capital of SEK 8,693 (3,513). 50% of the Hybrid capital, or equivalent to SEK 4,346 million (1,757), is treated as equity by the ratings agencies and thereby reduces interest-bearing liabilities when calculating the debt/equity ratio and loan-to-value ratio, and increases equity when calculating the equity/assets ratio.
3) The line Other liabilities as of 31 Dec 2020 includes SEK 3,009 million that relates to the commitment in respect of the purchase of shares in Entra ASA.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to parent company's shareholders							
SEKm	**Share capital**	**Other contributed capital**	**Reserves**	**Translation differences**	**Retained earnings incl. net profit for the year**	**Total**	**Non-controlling interests**	**Total equity**
Opening equity, 01/01/2020	**180**	**7,806**	**26**	**–432**	**41,432**	**49,011**	**9,714**	**58,725**
Net profit for the year					6,641	6,641	634	7,275
Other comprehensive income			–11	–357		–368	–394	–763
Total comprehensive income			**–11**	**–357**	**6,641**	**6,273**	**240**	**6,513**
Transactions with non-controlling interests					–5	–5	–296	–301
Share issue, after share issue costs	7	2,923				2,930		2,930
Shareholder contributions from non-controlling interests							17	17
Total transactions with the company's owners	**7**	**2,923**	**—**	**—**	**–5**	**2,925**	**–278**	**2,647**
Closing equity, 31/12/2020[1]	**187**	**10,729**	**15**	**–789**	**48,068**	**58,209**	**9,676**	**67,885**
Opening equity, 01/01/2021	**187**	**10,729**	**15**	**–789**	**48,068**	**58,209**	**9,676**	**67,885**
Net profit for the year					18,508	18,508	1,076	19,584
Other comprehensive income			103	788		890	271	1,162
Total comprehensive income			**103**	**788**	**18,508**	**19,399**	**1,348**	**20,746**
Transactions with non-controlling interests					–2	–2	–23	–25
Dividends to non-controlling interests							–129	–129
Shareholder contributions from non-controlling interests							6	6
Non-controlling interests arising from the acquisition of subsidiaries							85	85
Total transactions with the company's owners	**—**	**—**	**—**	**—**	**–2**	**–2**	**–62**	**–64**
Closing equity, 31/12/2021[1]	**187**	**10,729**	**117**	**–1**	**66,574**	**77,606**	**10,961**	**88,567**

1) For more information, see Note 20, Equity.

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Note	2021	2020
Operating activities			
Net operating income		6,744	6,216
Other income/expenses		–58	–91
Management costs and administrative expenses		–817	–676
Sales expenses, development properties		–20	–20
Reversal of depreciation and amortisation		45	41
Interest received	26	240	267
Interest paid	26	–1,892	–1,442
Tax paid		–342	–310
Cash flow from operating activities before change in working capital		**3,899**	**3,986**
Cash flow from changes in working capital			
Change in operating receivables		48	–901
Change in operating liabilities		–2,422	3,435
Cash flow from operating activities		**1,526**	**6,520**
Investing activities			
Acquisition of investment properties		–17,610	–3,491
Acquisition/divestment of property, plant and equipment		–70	–36
Acquisition of financial investments		–630	–1,665
Acquisitions/capital contributions/borrowing from and lending to associated companies/joint ventures		–8,883	–8,128
Investments in existing properties and projects		–7,420	–5,572
Transactions with non-controlling interests		–25	–301
Divestment of investment properties		1,551	366
Divestment of development properties		1,667	1,253
Divestment of financial investments		860	561
Divestment of shares in associated companies/joint ventures		100	—
Dividend paid from associated companies/joint ventures		583	20
Cash flow from investing activities		**–29,879**	**–16,993**

SEKm	Note	2021	2020
Financing activities	26		
Share issue, after share issue costs		—	2,930
Dividend paid to non-controlling interests		–129	—
Amortisation of lease liability		–1	–19
Shareholder contributions from non-controlling interests		6	18
Borrowings		33,085	20,472
Amortisation/redemption of loans		–7,843	–9,838
Cash flow from financing activities		**25,117**	**13,563**
Cash flow for the year		**–3,235**	**3,089**
Opening cash and cash equivalents		4,468	1,379
Exchange rate difference in cash and cash equivalents		67	—
Closing cash and cash equivalents	26	**1,299**	**4,468**

Available liquidity, SEKm	Note	2021	2020
Cash and cash equivalents		1,299	4,468
Unutilised overdraft facilities	23	413	350
Unutilised credit facilities		8,079	13,032
Financial investments	19	2,831	2,659
Available liquidity including confirmed credit commitments		**12,622**	**20,509**

PARENT COMPANY INCOME STATEMENT

SEKm	Note	2021	2020
Net sales	3	414	349
Administrative expenses	4, 5	–421	–353
Operating profit		**–7**	**–4**
Profit from financial items			
Dividends from subsidiaries		3	975
Interest income and similar profit/loss items	9	3,155	2,705
– of which exchange rate differences		*—*	*785*
– of which unrealised change in value of long-term financial asset	32	*611*	*462*
Interest expenses and similar profit/loss items	9	–2,188	–1,106
– of which exchange rate differences		*–739*	*—*
Changes in value of derivatives	22	446	–141
Profit before appropriations and tax		**1,410**	**2,429**
Appropriations			
Group contribution		300	–821
Profit before tax		**1,710**	**1,608**
Income tax	10	–59	7
Net profit for the year/comprehensive income[1]		**1,651**	**1,615**

1) The Parent Company has no items that are recognised in Other comprehensive income and therefore total comprehensive income corresponds to net profit for the year.

PARENT COMPANY BALANCE SHEET

SEKm	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	13	25	22
Financial assets			
Participations in Group companies	25, 27	15,518	10,376
Participations in associated companies/joint ventures	14, 25	17,448	8,426
Other non-current receivables	15	985	1,817
Receivables from Group companies	28	83,490	57,787
Total financial assets		**117,440**	**78,406**
Deferred tax assets	10	34	91
Total non-current assets		**117,500**	**78,519**
Current assets			
Current receivables			
Other receivables		97	52
Prepaid expenses and accrued income	18	191	133
Total current receivables		**288**	**184**
Financial investments	19	1,323	2,078
Cash and cash equivalents	26	457	1,359
Total current assets		**2,068**	**3,621**
TOTAL ASSETS		**119,568**	**82,140**

SEKm	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity	20		
Restricted equity			
Share capital		187	187
Non-restricted equity			
Share premium reserve		7,289	7,289
Retained earnings		9,322	7,707
Net profit for the year		1,651	1,615
Total equity		**18,449**	**16,798**
Non-current liabilities			
Liabilities to credit institutions[1, 2]	22	43,870	40,260
Derivatives	22	321	735
Liabilities to Group companies	28	44,736	14,419
Total non-current liabilities		**88,928**	**55,414**
Current liabilities			
Liabilities to credit institutions[1]	22	11,415	6,106
Trade payables		6	7
Derivatives	22	—	32
Other liabilities[3]		195	3,329
Accrued expenses and prepaid income	24	576	454
Total current liabilities		**12,191**	**9,928**
TOTAL EQUITY AND LIABILITIES		**119,568**	**82,140**

1) Interest-bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.
2) The line item Non-current interest-bearing liabilities includes Hybrid capital of SEK 8,693 (3,513). 50% of the Hybrid capital, or equivalent to SEK 4,346 million (1,757), is treated as equity by the ratings agencies and thereby reduces interest-bearing liabilities when calculating the debt/equity ratio and loan-to-value ratio, and increases equity when calculating the equity/assets ratio.
3) The line Other liabilities as of 31 Dec 2020 includes SEK 3,009 million that relates to the commitment in respect of the purchase of shares in Entra ASA.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

		Restricted equity	Non-restricted equity			
SEKm	**Number of shares**	**Share capital**	**Share premium reserve**	**Retained earnings**	**Net profit for the year**	**Total equity**
Opening equity, 01/01/2020	**180,000,000**	**180**	**4,366**	**6,681**	**1,025**	**12,253**
Net profit for the year/comprehensive income	—	—	—	—	1,615	1,615
Share issue, after share issue costs	6,500,000	7	2,923			2,930
Appropriation of profits				1,025	–1,025	–
Total transactions with the company's owners	**6,500,000**	**7**	**2,923**	**1,025**	**–1,025**	**2,930**
Closing equity, 31/12/2020[1]	**186,500,000**	**187**	**7,289**	**7,707**	**1,615**	**16,798**
Opening equity, 01/01/2021	**186,500,000**	**187**	**7,289**	**7,707**	**1,615**	**16,798**
Net profit for the year/comprehensive income	—	—	—	—	1,651	1,651
Appropriation of profits				1,615	–1,615	—
Total transactions with the company's owners	**—**	**—**	**—**	**1,615**	**–1,615**	**—**
Closing equity, 31/12/2021[1]	**186,500,000**	**187**	**7,289**	**9,322**	**1,651**	**18,449**

1) For more information, see Note 20, Equity.

PARENT COMPANY'S CASH FLOW STATEMENT

SEKm	Note	2021	2020
Operating activities			
Operating profit		–7	–4
Reversal of depreciation/impairment		6	6
Interest received	26	1,093	158
Interest paid	26	–1,038	–840
Tax paid		–3	–9
Cash flow from operating activities before change in working capital		**52**	**–689**
Cash flow from changes in working capital			
Change in operating receivables		–134	260
Change in operating liabilities		–2,357	3,042
Cash flow from operating activities		**–2,440**	**2,612**
Investing activities			
Acquisition of property plant and equipment		–9	–5
Acquisition of participations in Group companies/shareholder contributions paid		–5,142	–265
Acquisition of financial investments		–630	–966
Change in lending to Group companies		5,706	–1,138
Change in lending to associated companies/joint ventures		871	–595
Divestment of financial investments		860	—
Acquisitions/capital contributions to associated companies/joint ventures		–8,411	–5,992
Cash flow from investing activities		**–6,756**	**–8,962**

SEKm	Note	2021	2020
Financing activities	26		
Share issue, after share issue costs		—	2,930
Borrowings		11,156	7,524
Amortisation/redemption of loans		–2,863	–3,689
Cash flow from financing activities		**8,293**	**6,765**
Cash flow for the year		**–903**	**415**
Opening cash and cash equivalents		1,359	944
Closing cash and cash equivalents	26	**457**	**1,359**

Available liquidity, SEKm	Note	2021	2020
Cash and cash equivalents		457	1,359
Unutilised overdraft facilities	23	350	350
Unutilised credit facilities		4,500	9,519
Financial investments	19	1,323	2,078
Available liquidity including confirmed credit commitments		**6,630**	**13,306**

27.07.2023 kl 21:20 Brønnøysundregistrene Side 71 av 136

NOTES ON THE FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES

General information

The financial statements for Fastighets AB Balder, as of 31 December 2021, were approved by the Board of Directors and Chief Executive Officer on 6 April 2022 and will be submitted for adoption by the Annual General Meeting on 12 May 2022.

Fastighets AB Balder (publ), corporate identity number 556525-6905, with its registered office in Gothenburg, constitutes the parent company of a Group with subsidiaries according to Note 27, Participations in Group companies. The company is a limited company registered in Sweden and the address of the company's head office in Gothenburg is Fastighets AB Balder, Box 53121, 400 15 Gothenburg, Sweden. The visiting address is Parkgatan 49. Balder is a listed property company which aims to meet the needs of different customer groups for commercial premises and housing based on local presence.

The accounting policies are described in association with each note in order to provide a better understanding of each accounting area. The general accounting policies and information about the consolidated financial statements are set out below. Accounting policies, risks, estimates and judgements are then presented more specifically for each note in order to provide the reader with a greater understanding of each income statement and balance sheet item.

– Accounting policies are indicated by
– Risks are indicated by
– Estimates and judgements are indicated by

Accounting policies

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and statements on interpretations announced by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The Swedish Financial Accounting Standards Council's recommendation RFR 1, Complementary Accounting Rules for Groups, was also applied.

The annual accounts of the parent company have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Accounting Standards Council's recommendation RFR 2 (Accounting for Legal Entities) and statements from the Swedish Financial Reporting Board. The parent company applies the same accounting policies as the Group except in the cases specified below in the section entitled "Parent Company accounting policies". The deviations that occur between the parent company and Group accounting policies are due to limitations in the possibilities of applying IFRS in the parent company as a consequence of the Annual Accounts Act.

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

Unless otherwise specified, the financial statements are presented in Swedish kronor rounded off to millions of kronor.

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

The estimates and assumptions are based on historical experiences and a number of other factors that are considered reasonable in the prevailing circumstances. The result of these estimates and assumptions is subsequently used to estimate the carrying amounts of assets and liabilities that are not otherwise clear from other sources. The actual outcome may diverge from these estimates and judgements.

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

Assumptions made by company management in the application of IFRS, which have a material impact on the financial statements, and estimates which may give rise to significant adjustments in subsequent financial statements are presented in more detail in Note 10, Income tax and in Note 12, Investment properties.

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

Classification, etc.

Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or paid after more than twelve months, calculated from the end of the reporting period. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within twelve months, calculated from the end of the reporting period. Current liabilities to credit institutions include the interest-bearing liabilities that formally mature within one year and one year's agreed amortisation. The company's interest-bearing liabilities are non-current in nature, as they are continually extended, see Note 22, Financial risk management. In the parent company, receivables and liabilities from/to Group companies are recognised as non-current, as there is no approved amortisation plan.

Basis of consolidation

Subsidiaries are all companies (including structured companies) over which the Group has control. The Group controls a company when it is exposed to or has the right to a variable return from its holding in the company and can affect the return through its control of the company. When determining whether control exists, potential voting shares that can be called upon or converted without delay should be considered.

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

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

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

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

Transactions with non-controlling interests and eliminations

Transactions with non-controlling interests that do not result in a loss of control are recognised as equity transactions, i.e. transactions with owners in their capacity as owners. In the case of acquisitions from non-controlling interests, the difference between the fair value of consideration paid and the proportion of the carrying amount of the subsidiary's net assets actually acquired is recognised in equity. Gains and losses on divestments to non-controlling interests are also recognised in equity.

Intra-Group receivables and liabilities, income or expenses, and unrealised gains or losses arising from transactions between Group companies, are eliminated in full on preparation of the consolidated financial statements.

Foreign currency

Financial statements of foreign operations

Assets and liabilities in foreign operations are translated to Swedish kronor at the exchange rate prevailing at the end of the reporting period. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate that represents an approximation of the prevailing exchange rates on the date of each transaction.

Translation differences arising on currency translation of foreign operations are recognised via other comprehensive income as a translation reserve.

Transactions in foreign currency

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

Contd. ***Note 1*** *Accounting policies*

Impairments
The carrying amounts of the Group's assets, with the exception of investment properties, financial instruments and deferred tax assets, are tested on each balance sheet date to determine if there is any indication of an impairment requirement. If any such indication exists, the asset's recoverable amount is estimated. For exempted assets, as above, the carrying amount is tested in accordance with each standard. If it is impossible to determine significant independent cash flows to an individual asset, the assets should be grouped, in conjunction with impairment testing, at the lowest level at which it is possible to identify significant independent cash flows – this is known as a cash generating unit. An impairment is recorded when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. An impairment loss is recognised in the income statement.

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

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

New and amended standards applied for the first time in 2021
On 1 January 2021, phase 2 of the amendments to IFRS 9 in respect of the IBOR reform came into force. The IBOR reform currently has no significant impact on the Group. Nor have other standards, interpretations or amendments that came into force on 1 January 2021 had any impact on the Group's financial statements.

New and amended standards that have not yet been applied by the Group
A number of new standards and interpretations come into force for the financial year that commences on 1 January 2022 or thereafter and have not been applied in the preparation of this financial statement. It is not considered that any of the published standards that have not yet come into force will have any significant impact on the Group.

Parent Company accounting policies
The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. This recommendation means that the parent company in the annual accounts for the legal entity should apply all rules of the International Financial Reporting Standards and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act, and taking into account the connection between recognition and taxation. The recommendation states which exemptions and amendments are applied with regard to IFRS.

Differences between the accounting policies of the parent company and the Group
The accounting policies set out for the parent company have been applied consistently for all periods presented in the parent company's financial statements. In those instances where the accounting policies deviate from the Group's accounting policies, this is specified in the notes or below.

Classification and presentation
The parent company's income statement and balance sheet are prepared in accordance with the layout described in the Swedish Annual Accounts Act. The difference from IAS 1 Presentation of Financial Statements, which is applied in the presentation of the consolidated financial statements, relates primarily to recognition of financial income and expenses and of equity.

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

Group contributions and shareholders' contributions
The company recognises Group contributions and shareholders' contributions in accordance with the Swedish Financial Reporting Board's recommendation RFR 2. Shareholders' contributions are recognised directly in equity at the recipient and are capitalised as shares and participations at the donor, if impairment is not required. Group contributions are recognised as income in the income statement of the recipient and as an expense for the donor. The tax effect is recognised in accordance with IAS 12 in the income statement.

Income
Recognised in accordance with the principles described in Note 3, Distribution of income.

Leases
Recognised in accordance with the principles described in Note 8, Leases.

Taxes
Recognised in accordance with the principles described in Note 10, Income tax.

Associated companies/joint ventures
Recognised in accordance with the principles described in Note 14, Participations in associated companies/joint ventures.

Subsidiaries
Recognised in accordance with the principles described in Note 27, Participations in Group companies.

Financial guarantees
Recognised in accordance with the principles described in Note 25, Pledged assets and contingent liabilities.

NOTE 2 SEGMENT REPORTING

ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocation of resources and evaluation of the operating segments' results. In the Group, this function has been identified as the Management team, which takes strategic decisions. Management primarily follows up on operating segments in terms of their operating surplus, where the distribution of shared property administration expenses has taken place through the cost principle. The Group's internal reporting of the operations is divided into the segments Helsinki, Stockholm, Gothenburg, Copenhagen, South, East and North, which are harmonised with the Group's internal reporting system. SATO's property portfolio is divided between the regions of Helsinki and East. Property ownership in Norway is classified under region North, the properties in Denmark under region Copenhagen and the properties in Germany and the UK under region South.

Regions	**Helsinki**		**Stockholm**		**Gothenburg**		**Copenhagen**		**South**		**East**		**North**		**Group**	
SEKm	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Rental income	2,387	2,495	1,451	1,338	1,632	1,561	769	657	600	584	1,352	1,218	765	282	8,956	8,134
Property costs	–732	–675	–287	–243	–365	–324	–181	–159	–138	–124	–330	–330	–179	–64	–2,212	–1,919
Net operating income	**1,655**	**1,820**	**1,165**	**1,095**	**1,268**	**1,237**	**587**	**499**	**462**	**460**	**1,022**	**888**	**586**	**218**	**6,744**	**6,216**
Changes in value of investment properties and profit from sale of development properties																
Commercial properties	56	7	1,876	647	1,594	253	83	12	515	112	199	–8	1,040	24	5,362	1,047
Residential properties	1,071	1,229	1,183	111	1,567	187	1,549	1,156	312	141	1,570	–561	497	142	7,749	2,406
Development properties	—	—	35	—	134	145	44	29	11	—	—	—	—	—	225	174
Net operating income including changes in value investment properties and profit from sale of development properties	**2,782**	**3,056**	**4,259**	**1,853**	**4,563**	**1,822**	**2,263**	**1,696**	**1,300**	**713**	**2,790**	**319**	**2,123**	**384**	**20,079**	**9,842**
Non-allocated items:																
Other income/expenses															553	371
Management costs and administrative expenses															–817	–676
Participations in profits of associated companies /joint ventures															3,521	897
Operating profit															**23,336**	**10,435**
Net financial items															–1,067	–1,212
Changes in value of derivatives															511	–141
Income tax															–3,196	–1,807
Net profit for the year															**19,584**	**7,275**
Other comprehensive income															1,162	–763
Comprehensive income for the year															**20,746**	**6,513**

Contd. ***Note 2*** *Segment reporting*

Regions	Helsinki		Stockholm		Gothenburg		Copenhagen		South		East		North		Group	
SEKm	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Assets																
Commercial properties	1,945	852	25,383	22,304	27,241	24,243	2,577	2,441	9,451	8,340	5,362	2,650	11,951	1,520	83,911	62,349
Residential properties	45,717	41,542	7,809	5,327	9,427	7,073	18,144	14,948	2,449	2,099	15,127	11,883	6,555	3,958	105,228	86,830
Investment properties	**47,662**	**42,394**	**33,192**	**27,631**	**36,669**	**31,315**	**20,721**	**17,388**	**11,900**	**10,439**	**20,489**	**14,533**	**18,506**	**5,478**	**189,138**	**149,179**
Development properties	—	—	785	812	1,536	1,594	345	250	29	145	1	—	—	3	2,697	2,803
Total property portfolio	**47,662**	**42,394**	**33,977**	**28,443**	**38,205**	**32,910**	**21,067**	**17,638**	**11,929**	**10,583**	**20,490**	**14,533**	**18,506**	**5,480**	**191,835**	**151,982**
Non-allocated items:																
Property, plant and equipment															186	160
Leases; right of use															1,600	1,532
Other receivables															3,359	4,007
Participations in associated companies/joint ventures															28,824	15,593
Cash and cash equivalents and financial investments															4,130	7,127
Total assets															**229,933**	**180,401**
Equity and liabilities																
Non-allocated items:																
Equity															88,567	67,885
Lease liability															1,606	1,536
Deferred tax liability															15,642	12,497
Interest-bearing liabilities															117,426	88,989
Derivatives															703	1,540
Non-interest-bearing liabilities															5,989	7,955
Total equity and liabilities															**229,933**	**180,401**
Investments (including company acquisitions)																
Commercial properties	786	449	2,262	167	1,121	990	9	108	482	60	2,553	752	10,292	4	17,505	2,530
Residential properties	2,473	2,149	417	130	805	421	1,292	1,614	118	30	1,746	173	2,386	496	9,237	5,015
Investment properties	**3,259**	**2,598**	**2,679**	**297**	**1,926**	**1,411**	**1,301**	**1,722**	**600**	**91**	**4,299**	**925**	**12,678**	**500**	**26,742**	**7,545**
Development properties	—	—	326	427	484	741	440	228	65	123	1	—	—	1	1,315	1,518
Total property portfolio	**3,259**	**2,598**	**3,005**	**724**	**2,411**	**2,152**	**1,740**	**1,950**	**665**	**213**	**4,300**	**925**	**12,678**	**501**	**28,057**	**9,063**

The Group's registered office is in Sweden. Income from external customers in Sweden totals SEK 4,188 million (3,734) and total income from external customers in other countries totals SEK 4,768 million (4,400).
The total of non-current assets, other than financial instruments and deferred tax receivables that are located in Sweden, is SEK 97,114 million (77,425) and the total of such non-current assets located in other countries is SEK 94,906 million (74,718).
For detailed information about external customers in each country, see Note 3, Distribution of income.

NOTE 3 DISTRIBUTION OF INCOME

ACCOUNTING POLICY

Group – Rental income and service income
Rental income refers to income from leases in which the Group is the lessor. Rental income includes rent, supplements for investments and property tax, as well as other additional charges such as heating, water, air conditioning, waste management, etc. as it is not considered necessary to report these separately. Both rental income and additional charges are recognised on a straight-line basis in the consolidated income statement based on the terms and conditions of the lease. The aggregated cost of discounts provided is recognised as a reduction in rental income on a straight-line basis over the lease term. Rental income and additional charges that are paid in advance are recognised as prepaid income in the balance sheet.

Group – Income from divestments of investment properties and development properties
For policies in respect of income and profits from divestments of investment properties and development properties, see Note 12, Investment properties and Note 16, Development properties.

Parent company – Service assignments
The parent company's net sales consist of property management services for subsidiaries and associated companies. This income is recognised in the period to which it relates.

There is no division between rental income and income from contracts with customers, as this income is not significant. The categories of rental income presented below include service income.

Balder has granted discounts of SEK 9 million (28) in accordance with the government's rental support package associated with Covid-19, of which Balder accounts for 50%. This means that, for reasons of simplicity, rental income has been reduced by a net amount of SEK 4 million (14).

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
Rental income	8,956	8,134	—	—
Service assignments	—	—	414	349
Total	**8,956**	**8,134**	**414**	**349**

RENTAL INCOME DISTRIBUTED BY COUNTRY

	Group	
SEKm	**2021**	**2020**
Sweden	4,188	3,734
Denmark	769	657
Finland	3,531	3,547
Norway	343	75
Germany	48	45
UK	77	77
Total	**8,956**	**8,134**

RENTAL INCOME DISTRIBUTED BY PROPERTY CATEGORY

	Group	
SEKm	**2021**	**2020**
Residential	5,166	4,899
Office	1,512	1,365
Retail	802	803
Other	1,454	998
Projects for own management	22	69
Total	**8,956**	**8,134**

RENTAL INCOME DISTRIBUTED BY REGION

	Group	
SEKm	**2021**	**2020**
Helsinki	2,387	2,495
Stockholm	1,451	1,338
Gothenburg	1,632	1,561
Copenhagen	769	657
South	600	584
East	1,352	1,218
North	765	282
Total	**8,956**	**8,134**

NOTE 4 EMPLOYEES AND STAFF COSTS

ACCOUNTING POLICY

Employee benefits
Short-term benefits
Employee benefits are calculated without discount and recognised as an expense when the related services are received.

Pensions
Pension plans are classified as either defined contribution or defined benefit. Most of the plans are defined contribution plans. Defined benefit plans only occur in exceptional cases.

Defined contribution plans
For defined contribution pension plans, the Group pays contributions to privately managed pension insurance plans. The Group has no other payment commitments once the contributions have been paid, i.e. the individual bears the risk. The contributions are recognised as staff costs when they fall due for payment. Prepaid contributions are recognised as an asset to the extent that cash repayment or a reduction of future payments may be credited to the Group.

Redundancy compensation
A provision is recognised in connection with redundancies of staff only if it can be proven that the company is obliged to terminate a period of employment before the normal time or if compensation is paid in order to encourage voluntary redundancy.

At the year-end, the Group had 1,040 employees (824), of whom 440 were female (351). The number of employees in the parent company at the year-end was 426 (379), of whom 152 were female (129).

During 2021, Fastighets AB Balder had 5 Board members (5) including the Chairman, of whom 1 (1) was female. The Group together with the parent company had 6 senior executives (6) including the CEO, of whom 2 (2) were female.

Contd. ***Note 4*** *Employees and staff costs*

AVERAGE NUMBER OF EMPLOYEES WITH GEOGRAPHICAL DISTRIBUTION PER COUNTRY

	Group		Parent Company	
	2021	2020	2021	2020
Average total number of employees	986	795	414	366
of whom female	413	340	143	122
of whom male	573	455	271	244
of whom Sweden (of whom male)	579 (380)	502 (330)	414 (271)	366 (244)
of whom Finland (of whom male)	310 (142)	229 (96)	—	—
of whom Denmark (of whom male)	82 (39)	64 (29)	—	—
of whom Norway (of whom male)	15 (12)	—	—	—

SALARIES, FEES AND BENEFITS

	Group		Parent Company	
SEKm	2021	2020	2021	2020
Chairman of the Board	0.2	0.2	0.2	0.2
Other Board members	0.3	0.3	0.3	0.3
Chief Executive Officer				
Basic salary	1.1	0.9	1.1	0.9
Benefits	—	—	—	—
Deputy CEO				
Basic salary	0.7	0.7	0.7	0.7
Benefits	—	—	—	—
Other senior executives				
Basic salary	7.0	6.2	7.0	6.2
Benefits	0.3	0.3	0.3	0.3
Other employees				
Basic salary	458.3	366.4	191.2	159.6
Benefits	4.8	4.0	2.7	2.6
Total	**472.7**	**379.0**	**203.5**	**170.8**

STATUTORY SOCIAL SECURITY CONTRIBUTIONS INCLUDING PAYROLL TAX

	Group		Parent Company	
SEKm	2021	2020	2021	2020
Board of Directors	0.1	0.1	0.1	0.1
Chief Executive Officer	0.4	0.4	0.4	0.4
Deputy CEO	0.2	0.2	0.2	0.2
Other senior executives	2.5	2.2	2.5	2.2
Other employees	131.3	105.7	63.3	54.1
Total	**134.5**	**108.6**	**66.5**	**57.0**

CONTRACTUAL PENSION EXPENSES

	Group		Parent Company	
SEKm	2021	2020	2021	2020
Chief Executive Officer	0.3	0.3	0.3	0.3
Deputy CEO	—	—	—	—
Other senior executives	0.7	0.8	0.7	0.8
Other employees	51.7	40.1	14.7	12.8
Total	**52.7**	**41.2**	**15.7**	**13.9**
Total staff costs	**659.9**	**528.8**	**285.7**	**241.7**

REMUNERATION TO SENIOR EXECUTIVES AND OTHER BENEFITS DURING THE YEAR

	01/01/2021 – 31/12/2021				01/01/2020 – 31/12/2020			
SEKm	Basic salary, directors' fee	Benefits	Pension expense	Total	Basic salary, directors' fee	Benefits	Pension expense	Total
Christina Rogestam, Chairman of the Board	0.2	—	—	0.2	0.2	—	—	0.2
Fredrik Svensson, Board member	0.1	—	—	0.1	0.1	—	—	0.1
Sten Dunér, Board member	0.1	—	—	0.1	0.1	—	—	0.1
Anders Wennergren, Board member	0.1	—	—	0.1	0.1	—	—	0.1
Chief Executive Officer	1.1	—	0.3	1.4	0.9	—	0.3	1.2
Deputy CEO	0.7	—	—	0.7	0.7	—	—	0.7
Management team (4 persons)	7.0	0.3	0.7	8.0	6.2	0.3	0.8	7.3
Total	**9.3**	**0.3**	**1.0**	**10.6**	**8.3**	**0.3**	**1.1**	**9.7**

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

A defined benefit pension plan agreement has been entered into with the CEO which means that an amount of SEK 0.3 million (0.3) will be paid annually to the CEO from the age 55 until the age of 65. Future payments will be limited according to agreement by the fund's assets. The payments are not dependent on future employment. The current value of the commitment totalled SEK 3.5 million (3.4). The commitment has been secured by a provision to a pension fund, whose plan assets totalled SEK 3.5 million (3.4). The value of the pension commitment has been calculated in accordance with the Swedish Pension Obligations Vesting Act, which does not correspond with IAS 19. The difference in cost according to the two methods of calculation is not, however, significant.

Remuneration to senior executives follows the guidelines adopted at the latest Annual General Meeting. The remuneration must be at competitive market rates. Remuneration is paid in the form of a fixed salary. Pension terms must be at competitive market rates and based on defined contribution pension solutions. Other benefits relate to car benefits. Redundancy pay and severance payment shall not exceed 18 months' salary in total. The CEO's salary and benefits are determined by the Board. Salaries and benefits of other senior executives are determined by the CEO. In the event of termination of the CEO's employment, a mutual period of notice of six months applies. In the event of termination by the company, a severance payment of 12 months' salary is paid (not qualifying for pension or holiday pay). A mutual period of notice of six months applies for other members of the management team. There is no severance payment.

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

NOTE 5 REMUNERATION TO AUDITORS

The audit assignment refers to the review of the financial statements and accounting records as well as the administration of the Board of Directors and CEO. This item also includes other duties that the company's auditors are obliged to perform as well as advice or other assistance that is occasioned by review or implementation of such other duties. Everything else is consultancy. Audit expenses are included in Group-wide expenses, which are levied on the subsidiaries.

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
PwC				
Audit assignment	7.2	5.4	3.5	3.1
– of which to ÖhrlingsPricewaterhouseCoopers AB	*3.5*	*3.1*	*3.5*	*3.1*
Auditing work apart from the audit assignment	1.2	0.6	1.2	0.6
– of which to ÖhrlingsPricewaterhouseCoopers AB	*1.2*	*0.6*	*1.2*	*0.6*
Tax advice	0.8	0.4	0.8	0.4
– of which to ÖhrlingsPricewaterhouseCoopers AB	*0.8*	*0.4*	*0.8*	*0.4*
Other services	0.5	—	—	—
– of which to ÖhrlingsPricewaterhouseCoopers AB	—	—	—	—
Deloitte				
Audit assignment	2.4	2.5	—	—
Tax advice	0.0	0.1	—	—
Other services	0.1	0.9	—	—
EY				
Audit assignment	0.5	—	—	—
Total	**12.6**	**9.9**	**5.4**	**4.2**

NOTE 6 OPERATING COSTS DISTRIBUTED ACCORDING TO FUNCTION AND TYPE OF COST

ACCOUNTING POLICY

Property costs

The Group's property costs comprise costs that arise in connection with property management such as media (electricity, district heating, air conditioning, gas, water), property maintenance, cleaning, repairs, maintenance, property tax and other operating costs. These property costs are recognised in the period to which they relate.

Management costs and administrative expenses

Management costs and administrative expenses comprise the Group's administrative expenses such as HR, office, property, IT, consultancy and marketing expenses as well as the depreciation of equipment. These costs are recognised in the period to which they relate.

Group, SEKm	**2021**	**2020**
Property costs	2,212	1,919
Management costs and administrative expenses	817	676
Total	**3,029**	**2,594**

Group, SEKm	**2021**	**2020**
Staff costs	660	529
Depreciation	45	41
Media expenses	763	655
Property tax	351	342
Maintenance and other costs[1]	1,211	1,028
Total	**3,029**	**2,594**

1) Refers to operating costs and administration excluding staff costs.

NOTE 7 SPECIFICATION OF PROPERTY COSTS

Group, SEKm	**2021**	**2020**
Operating and maintenance costs[1]	1,098	922
Media expenses[2]	763	655
Property tax	351	342
Total	**2,212**	**1,919**

1) Operating costs include staff costs relating to property maintenance.
2) Includes depreciation of wind farms.

NOTE 8 LEASES

ACCOUNTING POLICIES – LEASES WHERE THE GROUP IS THE LESSOR

Leases in which a significant element of the risks and benefits of ownership are retained by the lessor are classified as operational leases. Lease payments received during the lease term are recognised in the statement of comprehensive income on a straight-line basis over the lease term.

Leases in which the financial risks and benefits associated with ownership are essentially assigned from the lessor to the lessee are classified as finance leasing. A finance lease is recognised in the balance sheet at the beginning of the lease term at the lower of the lease object's fair value and the current value of the minimum lease charges.

At present the Group only has leases that are classified as operating leases.

The Group lets out its investment properties under operating leases. The future non-retractable lease payments are as set out in the table below.

Commercial leases are usually entered into for 3–5 years with a period of notice of 9 months. Residential leases usually have a period of notice of 3 months.

The average lease term in the portfolio's commercial leases totalled 6.4 years (6.7).

Group, SEKm	2021	2020
Residential, parking lots, car park, etc. (within one year)	5,312	4,967
Commercial premises		
Within one year	4,398	3,247
1–5 years	14,965	10,727
>5 years	14,712	11,941
Total	**39,387**	**30,881**

ACCOUNTING POLICIES – LEASES WHERE THE GROUP IS THE LESSEE

Accounting principles for the Group

The Group's leases consist essentially of site leasehold agreements and leases. There are also a number of leases relating to the renting of offices within the Group. In addition to these leases, there are smaller leases in the form of leases for cars and office equipment, etc. These leases have been defined by the Group as agreements in which the underlying asset is of low value. For these agreements, the practical exemption in IFRS 16 has been applied, which means that the lease charge is recognised as an expense on a straight-line basis over the lease term in the income statement and no right of use asset or lease liability is thus recognised in the balance sheet. There are no leases shorter than 12 months (short-term leases) in the Group.

A right of use asset and a lease liability are recognised in the balance sheet attributable to all leases that have not been defined as agreements in which the underlying asset is of low value.

Site leasehold rights and leases

Site leasehold rights and leases are treated as perpetual leases and are recognised at fair value. A right of use asset will thus not be depreciated, but its value will remain until renegotiation of each ground rent takes place. Right of use assets attributable to site leasehold agreements do by definition form part of the value of the investment properties, but the Group has chosen to recognise these in a separate line item in the balance sheet in the item "Leases: right of use". A non-current liability is recognised in the balance sheet in the item "Lease liability" corresponding to the value of the right of use asset. The lease liability is not amortised, but the value remains unchanged until renegotiation of each ground rent takes place. Leases are recognised as rights of use or a lease liability on the date on which the leased asset became available for use by the Group, which normally takes place on the date of taking possession. The cost of ground rents is recognised in full in the income statement as a financial expense, as these are considered to constitute interest according to IFRS 16.

Rent of office premises

For all leases, a right of use asset and a corresponding lease liability are recognised on the date on which the leased asset is available for use by the Group. The lease liability includes the current value of lease payments in the form of fixed charges. When valuing the liability, options to extend are included if it is very likely that these will be exercised.

Each lease payment is divided between amortisation of the liability and financial expense. The financial expense must be divided over the lease term so that each accounting period is charged with an amount corresponding to a fixed interest rate for the debt recognised during each period.

Right of use assets are initially recognised at the cost of acquisition and include the following:

- Initial value of lease liability
- Lease charges paid at or before the start of the lease term
- Initial direct expenses
- Expenses for restoring the asset to the condition prescribed in the terms of the lease

Right of use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Leases run for periods of 2–10 years, but there are options to extend or terminate.

Reporting in subsequent periods

The lease liability is revalued if there are any changes to the lease or if there are changes in cash flow that are based on the original terms of the lease. Changes in cash flow based on original terms of the lease arise when the Group changes its initial assessment of whether options to extend and/or terminate will be exercised, there are changes in previous assessments if an option to purchase will be exercised or lease charges changed because of changes in an index or interest rate. A revaluation of the lease liability results in a corresponding adjustment of the right of use asset. If the carrying amount of the right of use asset has already been reduced to zero, the remaining revaluation is recognised in the income statement. The right of use asset undergoes impairment testing whenever events or changes in conditions indicate that the carrying amount of an asset cannot be recovered.

Accounting principles for the parent company

The parent company essentially has leases in respect of cars. IFRS 16 is not applied in the parent company, but RFR 2 is applied instead, (IFRS 16 Leases p. 2–12). In instances where the parent company is the lessee, this means that lease charges are recorded as an expense on a straight-line basis over the lease term. The cost of the lease is recognised in the item "Administrative expenses". The right of use and the lease liability are thus not recognised in the balance sheet.

Contd. ***Note 8*** *Leases*

LEASES; RIGHT OF USE	31/12/2021	31/12/2020
Ground rent/leases	1,540	1,465
Office premises	59	66
Total	**1,600**	**1,532**
Lease liability		
Long-term lease liability	1,554	1,487
Current lease liability	52	49
Total	**1,606**	**1,536**

Site leasehold agreements
Use of right assets – site leasehold rights are by definition part of the value of the investment properties. The Group has chosen to recognise data linked to use of right assets and site leasehold rights separately from other data about the development properties in both the notes and the balance sheet. In the balance sheet, site leasehold rights are included in the item "Leases: right of use". For information about other investment properties, see Note 12, Investment properties. The change in the right of use asset attributable to site leasehold rights is set out in the table below:

USE OF RIGHT ASSETS – SITE LEASEHOLD RIGHTS	2021	2020
Beginning of the period	1,465	1,460
Acquisitions	55	25
Divestments	—	–20
Change in ground rent and effect of changed exchange rates	20	–1
Fair value of site leasehold rights at end of period	**1,540**	**1,465**

A lease liability attributable to site leasehold rights totals SEK 1,545 million (1,469) and is recognised as a lease liability under the item non-current liabilities at SEK 1,506 million (1,432) and current liabilities at SEK 39 million (37).

Rent of premises
Use of right assets in respect of rent of premises total SEK 59 million (66). The change in use of right assets associated with office premises, including the effect of changed exchange rates, totalled SEK –7 million (–15) during the year.

Leases run for periods of 2–10 years, but there are options to extend or terminate.

INFORMATION ABOUT ALL LEASES	2021	2020
The following amounts relating to leases are recognised in the income statement:		
Management costs and administrative expenses		
Amortisation of rights of use (office premises)	–12	–12
Total	**–12**	**–12**
Financial expenses		
Interest expenses, rent of premises	–1	–1
Interest expenses – ground rent	–68	–63
Total	**–69**	**–64**

Total cash flow in respect of leases was SEK –89 million (–89), of which amortisation of lease liability totalled SEK –1 million (–18).

For information about the lease liability's maturity linked to rent of premises, see Note 22, Financial risk management.

The part of the lease liability attributable to site leasehold rights comprises contractual non-discounted cash flows of annual ground rents of SEK –68 (–63) million, which are paid annually in perpetuity. The annual ground rent that will be paid in future will be affected by changes in the ground rent.

NOTE 9 FINANCIAL INCOME AND EXPENSES

ACCOUNTING POLICY

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

Interest income from receivables and interest expenses from debts are calculated using the effective interest method. The effective interest is the interest that means that the current value of all future payments received and made during the fixed-rate interest term are equal to the reported value of the receivable or debt. Interest income and interest expenses include allocated amounts of transaction costs and possible discounts, premiums and other differences between the initial carrying amount of the receivable or liability and the amount that is settled at maturity. The interest component in financial lease payments is recognised in the consolidated statement of comprehensive income by application of the effective interest method.

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

Interest income is primarily attributable to receivables from associated companies. Other financial income relates primarily to dividends and both realised and unrealised changes in value of listed shares.

FINANCIAL INCOME	Group		Parent Company	
SEKm	2021	2020	2021	2020
Interest income	157	132	98	70
Interest income, subsidiaries	—	—	1,271	1,096
Other financial income[1]	665	167	1,786	754
Exchange rate differences[2]	—	—	—	785
Total	**822**	**299**	**3,155**	**2,705**

1) Other financial income in the parent company totalled SEK 1,786 million, of which unrealised change in value of long-term financial asset totalled SEK 611 million and relates to the unrealised remeasurement that took place of the shares in the listed Swedish property company Stenhus Fastigheter i Norden AB, see also Note 32, Other income/expenses.

Other financial expenses are attributable to interest-bearing liabilities.

FINANCIAL EXPENSES	Group		Parent Company	
SEKm	2021	2020	2021	2020
Interest expenses, borrowings	1,592	1,342	854	697
Interest expenses, interest rate derivatives	159	105	133	105
Interest expenses, subsidiaries	—	—	411	218
Leases/ground rent	69	64	—	—
Other financial expenses	69	—	52	86
Exchange rate differences[2]	—	—	739	—
Total	**1,889**	**1,511**	**2,188**	**1,106**

2) The recognised exchange differences relate primarily to the translation of euro bonds, which from a Group perspective are used for hedging of net investments in foreign operations.

NOTE 10 INCOME TAX

ACCOUNTING POLICY

Group – Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except when an underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity. Current tax is tax that must be paid or received in respect of the current year, using the tax rates which are enacted or which in practice are enacted on the balance sheet date. This also includes adjustment of current tax attributable to previous periods.

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

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

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

Parent company – Taxes

In the parent company, untaxed reserves are recognised including deferred tax liability. In the consolidated financial statements however, untaxed reserves are allocated between tax liability and equity.

Contd. ***Note 10*** *Income tax*

ESTIMATES AND JUDGEMENTS

Deferred tax

Balder has loss carryforwards at its disposal, which it is estimated can be utilised against future profits, under current tax rules. However, Balder cannot provide any guarantees that current or new tax rules will not restrict the possibilities of utilising the loss carryforwards. When measuring loss carryforwards, a judgement is performed of the probability that the loss can be utilised in future and at which time. Confirmed losses that can, with a high degree of certainty, be utilised against future profits form the basis of calculating the deferred tax asset. For an asset acquisition, no deferred tax attributable to the acquisition is recognised.

	Group	
	2021	2020
Current tax per country		
Sweden	–11	–13
Denmark	–68	–77
Finland	–243	–291
Norway	–15	–5
Great Britain	–2	–3
Germany	0	0
Total	**–339**	**–388**
Current tax attributable to		
Parent company shareholders	–233	–261
Non-controlling interests	–106	–147
	–339	**–388**

RECOGNISED IN THE INCOME STATEMENT

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
Current tax expense (-)/tax revenue (+)				
Current tax	–339	–388	–3	–9
Deferred tax expense (-)/tax revenue (+)				
Deferred tax in respect of temporary differences in properties	–2,906	–1,120	—	—
Deferred tax in respect of temporary differences in derivatives	–102	26	–92	29
Deferred tax in respect of temporary differences in financial investments	28	–7	35	–12
Deferred tax on changes in loss carryforwards	138	–126	—	—
Change in other temporary differences	–16	–229	—	—
Remeasurement of deferred tax due to new tax rate	—	37	—	—
Total deferred tax	**–2,857**	**–1,419**	**–57**	**17**
Total recognised tax	**–3,196**	**–1,807**	**–59**	**7**

RECONCILIATION OF EFFECTIVE TAX

Group, SEKm	**2021, %**	**2021**	**2020, %**	**2020**
Profit before tax		22,781		9,083
Tax according to applicable tax rate for the parent company	20.6	–4,693	21.4	–1,944
Difference between profit for tax purposes and the recognised profit on sale of property	–1.0	230	–0.3	30
Tax on participations in profits from associated companies/joint ventures	–3.2	725	–2.1	192
Tax attributable to previous years	0.0	–5	0.3	–30
Differences in foreign tax rates	0.0	–5	–0.3	25
Measured deficit	–1.3	295	—	—
Non-taxable income/non-deductible expenses, etc.	–1.1	256	1.3	–117
Remeasurement of deferred tax due to new tax rate	—	—	–0.4	37
Reported effective tax	**14.0**	**–3,196**	**19.9**	**–1,807**

Parent Company, SEKm	**2021, %**	**2021**	**2020, %**	**2020**
Profit before tax		1,710		1,608
Tax according to applicable tax rate for the parent company	20.6	–352	21.4	–344
Non-taxable income/non-deductible expenses, etc.	–11.5	197	–9.1	147
Tax-exempt dividend	–5.6	96	–13.0	209
Tax attributable to previous years	0.0	0	0.3	–4
Remeasurement of deferred tax due to new tax rate	—	—	0.0	–1
Reported effective tax	**3.5**	**–59**	**–0.5**	**7**

Contd. ***Note 10*** *Income tax*

RECOGNISED IN THE BALANCE SHEET

DEFERRED TAX ASSETS AND TAX LIABILITIES

Group 2021, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Properties	—	–15,677	–15,677
Derivatives	111	—	111
Loss carryforwards	232	—	232
Other temporary differences	—	–308	–308
Set-off	–343	343	—
Total	**—**	**–15,642**	**–15,642**

No non-capitalised assessed loss carryforwards exist. The measured deficit totals SEK 1,126 million (451).

Parent Company 2021, SEKm	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets and tax liabilities relate to the following:			
Derivatives	66	—	66
Other temporary differences	—	–32	–32
Set-off	–32	32	—
Total	**34**	—	**34**

There are no loss carryforwards.

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

Group, SEKm	Balance as of 01/01/2021	Recognised in the income statement	Acquisitions and divestments of companies	Balance as of 31/12/2021
Properties	–12,497	–2,906	–275	–15,677
Derivatives	226	–102	–13	111
Capitalisation of the value of loss carryforwards	93	138	—	232
Other temporary differences	–319	12	—	–308
Total	**–12,497**	**–2,857**	**–288**	**–15,642**

Group, SEKm	Balance as of 01/01/2020	Recognised in the income statement	Acquisitions and divestments of companies	Balance as of 31/12/2020
Properties	–11,609	–1,095	208	–12,497
Derivatives	199	24	2	226
Capitalisation of the value of loss carryforwards	235	–121	–20	93
Other temporary differences	–110	–227	17	–319
Total	**–11,285**	**–1,419**	**207**	**–12,497**

Parent Company, SEKm	Balance as of 01/01/2021	Recognised in the income statement	Balance as of 31/12/2021
Derivatives	158	–92	66
Other temporary differences	–67	35	–32
Total	**91**	**–57**	**34**

Parent Company, SEKm	Balance as of 01/01/2020	Recognised in the income statement	Balance as of 31/12/2020
Derivatives	129	29	158
Other temporary differences	–54	–12	–67
Total	**74**	**17**	**91**

NOTE 11 EARNINGS PER SHARE

ACCOUNTING POLICY

Earnings per share before dilution are calculated by dividing the profit for the year attributable to the parent company's shareholders by the parent company's weighted average number of outstanding shares for the financial year. Earnings per share after dilution are calculated by dividing the profit for the year attributable to the parent company's shareholders by the weighted average number of outstanding shares after dilution.

EARNINGS PER SHARE WERE COMPUTED IN THE FOLLOWING WAY:

Parent Company, SEKm	2021	2020
Net profit for the year attributable to the parent company's shareholders	18,508	6,641
Total	**18,508**	**6,641**
Weighted average number of shares		
Total number of shares on 1 January	186,500,000	180,000,000
Weighted average number of shares before dilution	**186,500,000**	**180,000,000**
Effect of newly issued shares	—	515,027
Weighted average number of shares after dilution	**186,500,000**	**180,515,027**
Earnings per share before dilution, SEK	99.24	36.90
Earnings per share after dilution, SEK	99.24	36.79

NOTE 12 INVESTMENT PROPERTIES

ACCOUNTING POLICY

Investment properties

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

Revenue from the sale of properties is recognised when the control of the property has been transferred to the buyer. However, an enforceable right to payment does not arise until ownership has been transferred to the buyer. Revenue is therefore recognised at the time when ownership is transferred to the buyer. Ownership of the property (regardless of whether the property is sold separately or via a company transaction) is normally transferred on the date of taking possession. The revenue is valued at the contractual transaction price as the consideration usually falls due for payment when ownership has been transferred.

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

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

The element of financial expenses that relates to major new construction, extension or renovation is capitalised. The capitalised interest is based on the average weighted borrowing cost for the Group.

Development properties, such as new production of tenant owner apartments that are intended for sale, are not included as part of investment properties. For information about development properties, see Note 16, Development properties.

ESTIMATES AND JUDGEMENTS

Investment properties

When valuing investment properties, estimates and judgements can have a significant impact on the Group's recognised profit and position. Internal valuations of investment properties require estimates and judgements of and assumptions about, for example, future cash flows and definitions of yield requirements for each individual property. Judgements made affect the carrying amount in the balance sheet for the item Investment properties and in the income statement for the item Changes in value of investment properties, unrealised. When a transaction is completed, Balder performs a reconciliation with judgements made. Balder also monitors relevant property transactions completed on an ongoing basis. Internal valuations of the whole property portfolio are conducted in connection with each quarterly report. In order to reflect the uncertainty that exists in assumptions, estimates and judgements performed, the values normally include what is known as a valuation range of +/– 5–10%. In order to quality-assure Balder's internal valuations, the company arranges for parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions[1] on the internal valuations. The external valuations were carried out during the year by CBRE, Colliers, Cushman & Wakefield, JLL and Newsec. Second opinions were produced during the year by JLL. Historically, deviations between external and internal valuations have been insignificant.

Classification of acquisitions

For each acquisition, a judgement is made of whether the acquisition is to be classified as a business combination or an asset acquisition. An individual judgement is made for each individual transaction. An optional concentration test can be applied to simplify the assessment of whether or not the transaction involves a business. The assessments of acquisitions made during the year resulted in all transactions being classified as asset acquisitions. See also Note 1, Accounting policies, under the heading Basis of consolidation.

1) Second opinion involves the examination of the valuation method used, performed by an external valuation firm.

Group, SEKm	2021	2020
Opening fair value	**149,179**	**141,392**
Acquisitions	20,637	3,491
Investments in existing properties and projects	6,105	4,054
Changes in value, unrealised	12,990	3,429
Divestments	–1,430	–342
Currency changes	1,657	–2,845
Closing fair value	**189,138**	**149,179**

Right of use assets attributable to site leasehold agreements do by definition form part of the value of the investment properties. The Group has chosen to recognise these in a separate line item in the balance sheet and also to recognise these separately in disclosures. Disclosures about the change in value of site leasehold rights may be found in Note 8, Leases.

Contd. ***Note 12*** *Investment properties*

Valuation model

Investment properties are recognised at fair value in the consolidated statement of financial position and changes in value are recognised in the consolidated income statement. All investment properties are deemed to be at Level 3 in the fair value hierarchy according to IFRS 13 Fair Value Measurement. The fair value of the properties is based on internal valuations. Properties in Sweden, Denmark, Finland, Norway, Germany and the UK are valued using the yield method.

In Finland, the acquisition cost method is used in addition to the yield method. A few properties in the East region are valued using the sales comparison method.

Properties under construction, projects for own management and the Group's building rights are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at cost. Fair value is the estimated amount that would be received in a transaction on the valuation date between knowledgeable parties that are independent of one another and that have an interest in completing the transaction after customary marketing, where both parties are assumed to have acted discerningly, wisely and without compulsion.

Balder carried out an internal valuation of the entire property portfolio as of the closing date.

The yield method

When valuing using the yield method, each property is valued by computing the present value of future cash flows, i.e. future rental payments minus estimated operating and maintenance payments as well as the residual value in ten years. Estimated rent payments as well as operating and maintenance payments have been derived from current rental income as well as operating and maintenance costs. The cash flow is adapted to the market by taking account of any changes in the occupancy rate and letting levels, as well as operating and maintenance payments. An inflation rate of 2% has been assumed in all cash flow calculations. Properties equivalent to about 98% of the total market value were valued by the yield method.

The acquisition cost method

The acquisition cost method is applied for properties subject to rent control in Finland. Properties equivalent to about 1% of the total market value were valued at cost. Initially, these properties are valued at cost of acquisition plus transaction costs and subsequently at cost of acquisition minus any impairment losses.

The sales comparison method

When valuing using the sales comparison method, prices quoted in the market for comparable objects are used. The sales comparison method is used for a few properties in the East region. Properties equivalent to about 1% of the total market value were valued using the sales comparison method.

Internal and external valuations

Market value assessments of properties always involve a certain degree of uncertainty in assumptions and estimates. The uncertainty in respect of individual properties is normally considered to be in the range of +/– 5–10% and should be regarded as the uncertainty, which is part of the assumptions and estimates made. The range can be greater in a less liquid market. For Balder, a range of uncertainty of +/– 5% means a value range of SEK +/– 9,457 million, equivalent to a range of SEK 179,681–198,595 million. In order to quality-assure Balder's internal valuations, the company arranges for parts of the portfolio to be valued externally on an ongoing basis and obtains second opinions on the internal valuations. During the year, external valuations have been obtained for approximately 20% (21) of the investment properties excluding projects for own management, corresponding to SEK 37 billion (31), and second opinions have been obtained for 26% (31) of the investment properties excluding projects for own management, corresponding to SEK 48 billion (45). The difference between the external valuations and the internal valuations was less than 1%. Historically, deviations between external and internal valuations have been insignificant. For more information about Balder's valuation methods, see pages 31–32.

Changes in value

Balder performed an individual internal valuation on the entire property portfolio as of 31 December. Unrealised changes in value during the year totalled SEK 12,990 million (3,429), 60% of which is attributable to residential properties. Of the total unrealised value change, 10% relates to completed projects.

Realised changes in value totalled SEK 121 million (24).

Rent payments

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

Operating and maintenance payments

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

Yield

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

The average yield as of the closing date was 4.4% (4.5).

As of 31 December 2021, according to Balder's valuation, the total property value was SEK 189,138 million (149,179). For more information, see the Report of the Board of Directors and the Sensitivity analysis on page 39.

Projects for own management

Balder had development projects for own management totalling SEK 7.5 billion (4.6) as of 31 December. Projects for own management that are under construction have an estimated total investment of SEK 10.8 billion (6.9), of which SEK 6.2 billion (3.8) is invested and SEK 4.6 billion (3.1) remains to be invested. Most of the projects in progress relate to residential projects with owner apartments for rental use. The projects involve around 4,150 apartments (2,300) and relate primarily to about 2,150 apartments in Helsinki, about 1,300 apartments in Copenhagen and about 700 apartments in Gothenburg.

Other investment commitments

As of the year-end, there is no other investment commitment of significance to the Group.

SENSITIVITY ANALYSIS, EXCLUDING PROJECT PROPERTIES

Impact on value, SEKm	Change	Change in value, SEKm
Yield requirement	+/– 0.25% points	–9,818/+ 11,009
Rental income	+/– 5%	+ 11,084/– 11,084
Property costs	+/– 5%	–2,013/+ 2,013
Net operating income	+/– 5%	+9,071/– 9,071

Impact on value, SEKm	Residential properties	Commercial properties
+/– 5% change in value	+/– 4,973	+/– 4,111

Region	Mean value of yield requirement for estimation of residual value, %
Helsinki	4.66
Stockholm	3.94
Gothenburg	4.22
Copenhagen	3.50
South	4.64
East	4.71
North	5.19

Property category	Mean value of yield requirement for estimation of residual value, %
Residential properties	4.0
Commercial properties	4.8

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

NOTE 13 OTHER PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Property, plant and equipment

Owned assets

Property, plant and equipment are recognised as an asset in the consolidated statement of financial position if it is probable that future economic benefits will accrue to the company and the cost of the asset can be reliably measured.

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

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

Additional expenditure

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

Deprecation methods

Assets are depreciated on a straight-line basis over their estimated useful lives.

Property, plant and equipment	Useful life
Equipment	3–10 years
Wind farms	10–20 years

There is an annual review of an asset's residual value and useful life.

EQUIPMENT

	Group		Parent Company	
SEKm	2021	2020	2021	2020
Cost				
Opening balance	277	257	34	31
Purchases	58	24	9	5
Disposals and retirements	–5	–4	–1	–2
Closing balance	**329**	**277**	**42**	**34**
Depreciation				
Opening balance	–121	–98	–12	–8
Disposals and retirements	5	4	1	2
Depreciation	–31	–27	–6	–6
Closing balance	**–147**	**–121**	**–17**	**–12**
Carrying amount, equipment	**182**	**155**	**25**	**22**

WIND FARMS

	Group		Parent Company	
SEKm	2021	2020	2021	2020
Cost				
Opening balance	164	164	30	30
Closing balance	**164**	**164**	**30**	**30**
Depreciation and impairments				
Opening balance	–160	–158	–30	–30
Depreciation	–2	–2	—	—
Closing balance	**–161**	**–160**	**–30**	**–30**
Carrying amount, wind farms	**3**	**5**	**—**	**—**
Total carrying amount equipment and wind farms	**186**	**160**	**25**	**22**

Depreciation is recognised in administrative expenses and media expenses.

NOTE 14 PARTICIPATIONS IN ASSOCIATED COMPANIES/JOINT VENTURES

ACCOUNTING POLICY

Group

Associated companies

Associated companies are companies over which Balder has significant influence. 'Significant influence' means the opportunity to participate in decisions relating to the company's financial and operational strategies, but does not imply control or joint control. Normally, ownership equivalent to at least 20% and up to 50% of the votes means that a significant influence is held. Circumstances in the individual case can result in a significant influence even with ownership of less than 20% of the votes.

Joint ventures

A joint venture is a joint arrangement whereby the parties that exercise joint control over the arrangement are entitled to the net assets from the arrangement. Joint control exists when the joint exercise of control over an operation is regulated through an agreement. It only exists when the parties that share control must give their consent in connection with decisions regarding the operation.

Associated companies and joint ventures are recognised in the Group according to the equity method. The equity method means that participations in an associated company/joint venture are recognised at cost at the date of acquisition and are subsequently adjusted by the Group's participation in the change in the associated company's/joint venture's net assets. Dividends received from associated companies/joint ventures are deducted from the carrying amount. Profit participations in associated companies/joint ventures are recognised on separate lines in the consolidated statement of comprehensive income and in the consolidated statement of financial position. Participations in the profits of associated companies/joint ventures are recognised after tax. The equity method is applied until the date when the significant influence ceases.

Parent Company

Participations in associated companies/joint ventures are recognised in the parent company in accordance with the cost method. Received dividends are only recognised as income provided that they pertain to profits earned subsequent to the acquisition. Dividends which exceed this earned profit are treated as a repayment of the investment and reduce the carrying amount of the participation.

GROUP PARTICIPATIONS IN ASSOCIATED COMPANIES/JOINT VENTURES, 2021

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB[1]	556560-0797	Gothenburg	90,501,180	44	Associated company	2,645	1,196
Tulia AB	556712-9811	Gothenburg	50,000	50	Joint venture	1,204	—
Fastighets AB Centur	556813-6369	Stockholm	5,000	50	Joint venture	1,058	154
Fixfabriken Holding AB	556949-3702	Gothenburg	50,000	50	Joint venture	1	—
Chirp AB	556915-7331	Stockholm	17,063	34	Associated company	300	—
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,666,667	33	Joint venture	715	—
Brinova Fastigheter AB[2]	556840-3918	Helsingborg	18,420,302	19	Associated company	541	—
Fastighets AB Tornet	559008-2912	Gothenburg	500	50	Joint venture	168	—
Trenum AB	556978-8291	Gothenburg	500	50	Joint venture	1,753	400
Norra Backaplan Bostads AB	556743-0276	Gothenburg	33,333	33	Joint venture	170	—
Sjaelsö Management ApS	35394923	Copenhagen	392	49	Associated company	66	—
SB Bostad i Stockholm AB	559094-8914	Stockholm	250	50	Joint venture	5	—
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	Joint venture	278	—
Sinoma Fastighets AB	559161-0836	Stockholm	245	49	Associated company	742	434
Grunnsteinen AS (formerly Zenit AS)	918 773 924	Asker	180,000	50	Joint venture	98	—
Bostadsutveckling Kungens Kurva AB	559056-7888	Solna	250	50	Joint venture	7	—
Homestate AB	559179-2253	Jönköping	167	50	Joint venture	0	0
Heimdal Sentrum Utvikling AS	822 336 752	Trondheim	15,000	50	Joint venture	0	—
Steinan Holding AS	822 404 502	Oslo	30,000	50	Joint venture	91	—
Boo AS	921 580 614	Oslo	850,000	33	Associated company	1	—
Ängsladan Fastighetsförvaltning i Lund AB	559148-5783	Vetlanda	25,000	50	Joint venture	22	—
White Peak IV Limited	126219	Jersey	21	20	Associated company	177	—
iBoxen Infrastruktur Sverige AB	559254-3705	Stockholm	350	35	Associated company	17	18
AMW Gruppen i Götaland AB	559218-0433	Växjö	270	50	Joint venture	20	—
Anthon Eiendom AS	885857582	Oslo	6,419	59	Joint venture	1,327	—
Karlatornet AB	559185-8526	Gothenburg	250	50	Joint venture	0	—
Entra ASA[3]	999 296 432	Oslo	66,626,346	37	Associated company	14,318	12,688
MAJLLBPN AB	559272-6318	Stockholm	125	50	Joint venture	0	—
MILLENNIUM HoldCo ApS	38252283	Nordhavn	50,000	50	Joint venture	153	—
HE Prosjektinvest AS	918 984 186	Trondheim	500,000	50	Joint venture	0	—
Emra gruppen AB	556927-2361	Landskrona	321,961	34	Associated company	58	—
Next Step Group	556835-5480	Gothenburg	22,496	33	Associated company	443	323
Ligula Hospitality Group	556792-6497	Gothenburg	10,000	50	Joint venture	169	268
BL Holding AB	559224-4080	Gothenburg	25,000	50	Joint venture	23	—

The table continues on the following page

Contd. ***Note 14*** *Participations in associated companies/joint ventures*

Contd. table from previous page

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
ESS Hotel Group Fastigheter AB	556994-2542	Gothenburg	250	50	Joint venture	306	304
Gökskulla Utveckling AB	559178-7063	Gothenburg	250	50	Joint venture	0	—
Karlastaden Group AB	559222-7945	Gothenburg	250	50	Joint venture	0	—
Steinkjer Eiendom Holding AS	927 495 856	Trondheim	1,500	50	Joint venture	0	—
Europi Invest VI AB	559315-9410	Stockholm	250	50	Joint venture	201	201
Strømsveien 81 Holding AS	928 054 225	Trondheim	1,500	50	Joint venture	0	—
Origo Industrieiendom AS	928 053 954	Trondheim	1,500	50	Joint venture	0	—
Stenhus Fastigheter i Norden AB (publ)[4]	559269-9507	Stockholm	49,209,297	20	Associated company	1,464	1,464
Other smaller participations	—	—	—	—	Associated company	283	—
Total						**28,824**	**17,448**

1) Balders market value of Collector AB (publ) on 31 December 2021 amounted to SEK 3,437m.
2) Balders market value of Brinova Fastigheter AB (publ) on 31 December 2021 amounted to SEK 917m. The share of votes amounted to 31.5%.
3) Balders market value of Entra ASA on 31 December 2021 amounted to SEK 13,350m. Balder's assessment is that there is no need for write-down.
4) Balders market value of Stenhus Fastigheter i Norden AB (publ) on 31 December 2021 amounted to 1,464m.

ACCUMULATED COST

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
Opening balance	15,593	7,018	8,426	1,972
Financial investments that were reclassified as associated companies[1]	1,464	—	1,464	—
Acquisitions of associated companies/joint ventures[2]	7,663	6,954	6,929	5,981
Divestments of associated companies/joint ventures	–150	—	–100	–73
Associated companies/joint ventures that were reclassified as subsidiaries[3]	–548	—	–309	—
Dividend from associated companies/joint ventures	–583	–20	—	—
Participations in the profits of associated companies/joint ventures after tax	3,521	897	—	—
Change in equity of associated companies/joint ventures (shareholders' contribution)	1,864	743	1,038	546
Closing balance	**28,824**	**15,593**	**17,448**	**8,426**

1) The reclassification means that additional shares in current holdings has been acquired so that control has been obtained. This item refers to Stenhus Fastigheter i Norden AB.
2) Acquisitions of associated companies/joint ventures during the year refer primarily to participations in Entra ASA.
3) The reclassification means that additional shares in current holdings has been acquired so that control has been obtained. This item refers to Serena Properties AB.

ASSOCIATED COMPANIES'/JOINT VENTURES' STATEMENT OF COMPREHENSIVE INCOME

	Total (100%)		Balder's holding	
SEKm	**2021**	**2020**	**2020**	**2020**
Rental income	5,111	4,423	1,871	892
Property costs	–847	–682	–296	–178
Net operating income	**4,264**	**3,741**	**1,575**	**714**
Management costs and administrative expenses	–412	–358	–154	–66
Participation in profits of associated companies	—	139	—	—
Other operating income[1]	973	496	390	213
Operating profit	**4,825**	**4,018**	**1,811**	**862**
Net interest	–1,089	–991	–410	–197
Changes in value	8,711	7,362	3,110	489
Profit before tax	**12,447**	**10,389**	**4,512**	**1,153**
Minus non-controlling interests	–160	–234	–75	–1
Tax	–2,591	–2,256	–916	–254
Net profit for the year	**9,696**	**7,899**	**3,521**	**897**
– of which Profit from property management	3,532	2,612	1,327	663

1) Mostly relates to Collector AB. Of which the profit from property management from Collector totals SEK 427 million (174).

ASSOCIATED COMPANIES'/JOINT VENTURES' STATEMENT OF COMPREHENSIVE INCOME

	Total (100%)		Balder's holding	
SEKm	**2021**	**2020**	**2021**	**2020**
Investment properties	123,020	96,143	46,559	28,073
Other assets	9,909	8,661	4,148	3,218
Equity/shareholders' loans	65,148	51,721	25,231	15,613
Liabilities	67,781	53,083	25,476	15,677

Stenhus Fastigheter i Norden AB is included as associated company as of 31/12/2021. The company was reclassified as of 31 December 2021 and therefore had no impact on the profit for the year in respect of Balder's participation in the income statement above.

Contd. ***Note 14*** *Participations in associated companies/joint ventures*

GROUP PARTICIPATIONS IN ASSOCIATED COMPANIES/JOINT VENTURES, 2020

Company	Corporate ID number	Reg. office	Number of shares	Share, %	Type of participation	Value of share of equity in the Group, SEKm	Carrying amount in Parent Company, SEKm
Collector AB	556560-0797	Gothenburg	90,501,180	44	Associated company	2,326	1,196
Tulia AB	556712-9811	Gothenburg	50,000	50	Joint venture	1,001	—
Fastighets AB Centur	556813-6369	Stockholm	5,000	50	Joint venture	863	4
Fixfabriken Holding AB	556949-3702	Gothenburg	50,000	50	Joint venture	1	—
Chirp AB	556915-7331	Stockholm	17,000	34	Associated company	6	—
Tornet Bostadsproduktion AB	556796-2682	Stockholm	1,666,667	33	Joint venture	644	—
Brinova Fastigheter AB	556840-3918	Helsingborg	18,420,302	22	Associated company	420	—
Fastighets AB Tornet	559008-2912	Gothenburg	500	50	Joint venture	164	—
Trenum AB	556978-8291	Gothenburg	500	50	Joint venture	1,288	400
Norra Backaplan Bostads AB	556743-0276	Gothenburg	33,333	33	Joint venture	170	—
Sjaelsö Management ApS	35394923	Copenhagen	392	49	Associated company	65	—
SHH Bostad AB	559007-1824	Stockholm	808,088	20	Associated company	99	100
SB Bostad i Stockholm AB	559094-8914	Stockholm	250	50	Joint venture	2	—
Serena Properties AB	559023-2707	Stockholm	2,799,998	56	Joint venture	578	309
Rosengård Fastighets AB	559085-4708	Malmö	25,000	25	Joint venture	195	—
Sinoma Fastighets AB	559161-0836	Stockholm	245	49	Associated company	649	434
Grunnsteinen AS	919 424 427	Asker	1,000	50	Joint venture	0	—
Zenit AS	918 773 924	Asker	180,000	50	Joint venture	98	—
Bostadsutveckling Kungens Kurva AB	559056-7888	Solna	250	50	Joint venture	2	—
Homestate AB	559179-2253	Jönköping	167	33	Joint venture	0	0
Heimdal Sentrum Utvikling AS	822 336 752	Trondheim	15,000	50	Joint venture	0	—
Steinan Holding AS	822 404 502	Oslo	30,000	50	Joint venture	85	—
Boo AS	921 580 614	Oslo	850,000	33	Associated company	1	—
Ängsladan Fastighetsförvaltning i Lund AB	559148-5783	Vetlanda	25,000	50	Joint venture	21	—
White Peak IV Limited	126219	Jersey	21	20	Associated company	163	—
iBoxen Infrastruktur Sverige AB	559254-3705	Stockholm	350	35	Associated company	3	3
AMW Gruppen i Götaland AB	559218-0433	Växjö	270	50	Joint venture	20	—
Anthon Eiendom AS	885857582	Oslo	4,377	50	Joint venture	614	—
Karlatornet AB	559185-8526	Gothenburg	250	50	Joint venture	0	—
Entra ASA	999 296 432	Oslo	32,261,713	18	Associated company	5,981	5,981
MAJLLBPN AB	559272-6318	Stockholm	125	50	Joint venture	0	—
MILLENNIUM HoldCo ApS	38252283	Nordhavn	50,000	50	Joint venture	137	—
HE Prosjektinvest AS	918 984 186	Trondheim	500,000	50	Joint venture	0	—
Total						**15,593**	**8,426**

NOTE 15 OTHER NON-CURRENT RECEIVABLES

ACCOUNTING POLICY

Other non-current receivables are recognised in accordance with the principles described in Note 22 in respect of financial assets measured at accrued cost.

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
Receivables from the Group's associated companies/joint ventures	1,360	2,077	983	1,817
Other non-current receivables	376	224	2	1
Total	**1,736**	**2,302**	**985**	**1,817**

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
Opening balance	2,302	1,448	1,817	1,190
Changes in lending to associated companies/joint ventures	–718	686	–833	627
Changes in other non-current receivables	152	168	1	—
Closing balance	**1,736**	**2,302**	**985**	**1,817**

The Group has receivables from associated companies/joint ventures for which interest is calculated on market terms. See also Note 30, Related parties.

NOTE 16 DEVELOPMENT PROPERTIES

ACCOUNTING POLICY

A development property is a property that is owned for upgrading with a view to being divested, either in full or per apartment, upon completion. Development properties consist partly of land where construction has not started and partly of projects where construction has started. Construction in progress refers essentially to the new production of tenant owner apartments where the intention is to sell them upon completion. These properties are continually recognised at cost and in the line item "Development properties" among current assets in the balance sheet and are valued at the lower of cost and net realisable value.

Income from the sale of development properties refers to compensation from the sale of tenant owner apartment projects, tenant owner apartment shares and development properties. In connection with the sale of tenant owner apartments, compensation received is recognised as income and the apartment's estimated share of the production cost is recognised as an expense, or, for externally acquired tenant owner apartment shares, the apartment's book value. Income from the sale of development properties is recognised as compensation received, and production cost incurred as an expense. Income and expense are recognised in the income statement in connection with the apartment/property being completed, sold and handed over to the buyer. Sales and marketing expenses are recognised on an ongoing basis in the income statement as they arise.

Investments and divestments are recognised under investing activities in the Consolidated Cash Flow Statement.

In addition to investment properties, Balder owns development properties to a value of SEK 2,697 million (2,803).

Development projects that are under construction have an estimated total investment of SEK 3.8 billion (2.3), of which SEK 1.4 billion (1.2) has been spent and SEK 2.4 billion (1.1) is still to be invested. All of the projects relate to residential projects that will be sold to end customers. The projects involve around 950 apartments (660) and relate primarily to about 580 tenant owner apartments in Gothenburg and about 230 tenant owner apartments in Stockholm.

A total of seven (6) projects were recognised in revenue during the year. The cost of all projects divested during the year totalled SEK –1,442 million (–1,079) and the profit from sales totalled SEK 225 million (174), including sales and marketing expenses for the year of SEK –20 million (–20) in respect of all development properties.

	Group	
SEKm	**2021**	**2020**
Carrying amount at beginning of year	**2,803**	**2,344**
Accrued project costs	1,315	1,518
Divestments	–1,422	–1,059
Carrying amount at end of year	**2,697**	**2,803**

NOTE 17 TRADE RECEIVABLES

ACCOUNTING POLICY

Trade receivables are recognised in accordance with the principles described in Note 22 in respect of financial assets measured at accrued cost.

Trade receivables are recognised and measured at the amount that is expected to be received minus the provision for credit losses. Earnings in 2021 were impacted by SEK –18 million (–22) in respect of actual and expected bad debt losses. Trade receivables are of a short-term nature, which means that they are recognised as current assets, corresponding to fair value.

AGE DISTRIBUTION OF TRADE RECEIVABLES

Group, SEKm	**2021**	**2020**
–30 days	368	301
31–60 days	18	33
61–90 days	2	8
91 days–	83	72
Total	**471**	**414**
Provision for credit losses	–83	–72
Trade receivables, net	**388**	**343**

PROVISION FOR CREDIT LOSSES

Group, SEKm	**2021**	**2020**
Opening balance	–72	–51
Confirmed bad debts during the year	7	1
Change in credit loss provision during the year	–18	–22
Closing balance	**–83**	**–72**

NOT 18 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
Insurance policies	6	4	—	—
Interest income	4	5	—	—
Interest expenses	140	84	128	78
Rental income	26	17	—	—
Property costs	617	477	—	—
Other financial income	63	53	63	53
Other items	16	10	—	1
Total	**874**	**650**	**191**	**133**

NOTE 19 FINANCIAL INVESTMENTS

ACCOUNTING POLICY

Financial investments are recognised in accordance with the principles described in Note 22 in respect of financial assets measured at fair value via the income statement plus financial assets measured at accrued cost.

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
Shares and bonds (listed)	1,941	2,659	1,323	2,078
Loans to associated companies/joint ventures	890	—	—	—
Total	**2,831**	**2,659**	**1,323**	**2,078**

Loans to associated companies/joint ventures consists of surplus liquidity that is invested in associated companies. These investments consist of loans that can be repaid within 12 months by agreement.

These investments consist of loans which can be repaid within 3 months according to agreement.

NOTE 20 EQUITY

Share capital
As of 31 December, the share capital in Balder totalled SEK 186,500,000 distributed among 186,500,000 shares. Each share has a quota value of SEK 1, of which 11,229,432 shares are Class A and 175,270,568 shares are Class B. The total number of outstanding shares is 186,500,000 as of 31 December. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

Other contributed capital
Other contributed capital refers to equity contributed by the owners. This includes share premiums paid in connection with new issues.

Translation differences
Refers to currency translation differences arising due to translation of foreign operations.

Reserves
This item refers to cash flow hedges after tax. Cash flow hedges mainly refer to interest rate hedges.

Retained earnings including net profit for the year
Retained earnings including net profit for the year includes profits earned in the parent company and its subsidiaries. This item also includes previous transfers to statutory reserves.

Non-controlling interests
The item refers to the minority's share of equity in non-wholly-owned subsidiaries and mainly refers to SATO Oyj, where Balder's participating interest is 56.1% (56.0) and Asuntoyhtymä Group Oy, where the participating interest is 75.0% (75.0). For further information see Note 21, Non-controlling interests.

Dividend
The Board proposes to the Annual General Meeting that no dividend (–) be declared for the financial year 2021.

Appropriation of profits
The Board has proposed that the profit at the disposal of the annual general meeting of SEK 18,262,254,051 shall be appropriated as follows; to be carried forward SEK 18,262,254,051.

SHARE CAPITAL DEVELOPMENT

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

The table continues on the following page

Contd. ***Note 20*** *Equity*

Contd. table from previous page

Day	Month	Year	Event	Change in number of shares	Total number of shares	Total number of outstanding shares	Quota value per share, SEK	Change in share capital, SEK	Total share capital, SEK
31	January	2012	Set-off issue of preference share	1,000,000	167,396,852	164,537,252	1.00	1,000,000	167,396,852
11	October	2012	Set-off issue of preference share	1,000,000	168,396,852	165,537,252	1.00	1,000,000	168,396,852
24	May	2013	Directed new issue of preference shares	500,000	168,896,852	166,037,252	1.00	500,000	168,896,852
22	October	2013	Directed new issue of preference shares	3,500,000	172,396,852	169,537,252	1.00	3,500,000	172,396,852
19	March	2014	Disposal of repurchased shares	2,859,600	172,396,852	172,396,852	1.00	—	172,396,852
18	December	2015	Directed new issue of ordinary shares	10,000,000	182,396,852	182,396,852	1.00	10,000,000	182,396,852
23	September	2016	Directed new issue of ordinary shares	3,000,633	185,397,485	185,397,485	1.00	3,000,633	185,397,485
16	December	2016	Set-off issue	4,602,515	190,000,000	190,000,000	1.00	4,602,515	190,000,000
12	October	2017	Redemption of preference capital	–10,000,000	180,000,000	180,000,000	1.00	–10,000,000	180,000,000
30	November	2020	Directed new issue of ordinary shares	6,500,000	186,500,000	186,500,000	1.00	6,500,000	186,500,000
31	**December**	**2021**			**186,500,000**	**186,500,000**			**186,500,000**

NOTE 21 NON-CONTROLLING INTERESTS

A summary of financial information is shown below for significant non-controlling interests in the Group. The amounts reported are based on the amounts contained in the consolidated financial statements. Only net assets in which non-controlling interests have a share are included.

SATO Oyj (corp. ID no. 0201470-5) is one of Finland's biggest property companies specialising in residential properties. The company invests primarily in residential properties located in Greater Helsinki, Tampere and Åbo. The non-controlling interest in SATO Oyj totals 43.9% (44.0).

Asuntoyhtymä Group Oy (corp. ID no. 2808794-5) is a growing property company specialising in newly produced residential properties in Finland's biggest cities. The company places great emphasis on optimising size and efficiency in the apartments' floor plans. The non-controlling interest in Asuntoyhtymä Group Oy totals 25.0% (25.0).

Both subsidiaries operate in Finland and have their registered office in Helsinki.

	SATO Oyj		Asuntoyhtymä Group Oy	
Participation	**2021**	**2020**	**2021**	**2020**
Balder, share, %	56.1	56.0	75.0	75.0
Non-controlling interests, share, %	43.9	44.0	25.0	25.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

	SATO Oyj		Asuntoyhtymä Group Oy	
Balance sheet in summary, SEKm	**2021**	**2020**	**2021**	**2020**
Investment properties	50,929	47,193	6,099	3,558
Other property, plant and equipment	840	837	4	0
Current assets	301	3,208	101	39
Total assets	**52,069**	**51,238**	**6,204**	**3,597**
Non-current liabilities	26,285	25,673	4,897	2,956
Current liabilities	1,738	3,927	132	26
Total liabilities	**28,023**	**29,600**	**5,028**	**2,982**
Net assets	**24,047**	**21,638**	**1,175**	**614**
Carrying amount from non-controlling interests	**10,504**	**9,472**	**294**	**154**

	SATO Oyj		Asuntoyhtymä Group Oy	
Statement of comprehensive income in summary, SEKm	**2021**	**2020**	**2021**	**2020**
Income	3,026	3,181	252	189
Net profit for the year	**2,090**	**1,069**	**545**	**613**
Other comprehensive income	182	–21	0	0
Total comprehensive income	**2,271**	**1,048**	**545**	**613**
Net profit for the year attributable to non-controlling interests	918	470	136	153
Dividend paid to non-controlling interests	**128**	**—**	**—**	**—**

	SATO Oyj		Asuntoyhtymä Group Oy	
Cash flow statement in summary, SEKm	**2021**	**2020**	**2021**	**2020**
Cash flow from operating activities	1,039	1,240	30	38
Cash flow from financing activities	–1,126	–1,551	–1,886	–753
Cash flow from financing activities	–2,445	2,965	1,874	722
Increase/decrease in cash and cash equivalents	**–2,531**	**2,654**	**18**	**7**

NOTE 22 FINANCIAL RISK MANAGEMENT

ACCOUNTING POLICY

Financial instruments

Financial instruments are measured and recognised in the Group in accordance with the rules in IFRS 9. Financial instruments on the asset side that are recognised in the consolidated statement of financial position include cash and cash equivalents, financial investments, trade receivables and other non-current receivables (receivables from associated companies) as well as derivatives with a positive value. Liabilities include trade payables, borrowings and derivatives with a negative value.

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

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

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

Balder divides its financial instruments into the following categories in accordance with IFRS 9; amortised cost, fair value through other comprehensive income and fair value through the income statement. The classification is based on the cash flow characteristics of the asset and on the business model the asset is held within.

Financial assets measured at amortised cost

Interest-bearing assets (debt instruments) which are held for the purpose of recovering contractual cash flows and where these cash flows consist only of principal amounts and interest are measured at amortised cost. The carrying amount of these assets is adjusted with any expected credit losses recognised (see paragraph on Impairment testing of financial assets). Interest income from these financial assets is recognised using the effective interest method and is recognised as financial income. The Group's financial assets that are measured at amortised cost consist of other non-current receivables (mainly receivables from associated companies), trade receivables, portion of financial investments that constitutes short-term lending to associated companies/joint ventures and cash and cash equivalents.

Financial assets measured at fair value via the income statement

Investments in debt instruments that do not qualify for recognition at amortised cost or at fair value through other comprehensive income are measured at fair value via the income statement. Equity instruments held for trading, equity instruments where the Group has chosen not to report fair value changes through other comprehensive income and derivatives that do not qualify for hedge accounting are included in this category. A gain or loss on a financial asset (debt instrument) that is recognised at fair value via the income statement and which is not part of a hedging relationship is recognised net in the income statement during the period in which the gain or loss arises. This category includes the Group's derivatives with positive fair value and the portion of financial investments that constitute shares and bonds.

Financial assets measured at fair value through other comprehensive income

This category includes equity instruments that are not held for trading and for which the Group, on initial recognition, made an irrevocable decision to report the holding at fair value through other comprehensive income. The changes in value of these investments are recognised on an ongoing basis in other comprehensive income. In the event of a divestment, the accumulated profit or loss is not transferred to the income statement. Holdings of unlisted shares that are included in the item other non-current receivables are recognised in this category.

Financial liabilities measured at fair value via the income statement

Financial liabilities measured at fair value via the income statement comprise derivatives with negative fair values that are not included in what is referred to as hedge accounting. Financial liabilities measured at fair value via the income statement are also recognised in subsequent periods at fair value and the change in value is recognised in the net profit for the year.

Liabilities in this category are classified as current liabilities if they fall due within 12 months of the balance sheet date. If they fall due after more than 12 months from the balance sheet date, they are classified as non-current liabilities.

Financial liabilities measured at accrued cost

The Group's other financial liabilities are classified as measured at amortised cost by application of the effective interest method. Financial liabilities at amortised cost consist of interest-bearing liabilities (current and non-current), other non-current liabilities and trade payables. Borrowing is initially carried at fair value, net after transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net after transaction costs) and the amount of repayment is recognised in the statement of comprehensive income allocated over the term of the loan using the effective interest method. Borrowing is classified as short-term in the balance sheet if the company does not have an unconditional right to postpone the settlement of the debt for at least twelve months after the reporting period. Declared dividends are recognised, where applicable, as liabilities after the shareholders' general meeting has approved the dividend. Trade payables and other operating liabilities have short expected maturities and are measured at their nominal value with no discounting.

Derivative instruments

Derivative instruments are recognised in the balance sheet on the transaction date and are measured at fair value, both on initial and subsequent remeasurement in each reporting period. Balder holds derivatives that hedge certain risks relating to cash flow (currency swaps and interest rate swaps), and derivatives that hedge investment in a foreign operation (net investment hedges). Derivatives related to net investments in foreign operations, currency swaps and certain interest rate swaps have been identified as hedging instruments and are deemed to meet the requirements for hedge accounting in IFRS 9. For more detailed descriptions of hedge accounting, see the following paragraph. All other derivative instruments are not considered to meet the criteria for hedge accounting in IFRS 9. Derivatives are also contractual terms that are embedded into other agreements. Embedded derivatives should be accounted for separately if they are not closely related to the host contract. At present, no embedded derivatives have been identified. Changes in the value of derivative instruments identified as hedging instruments are recognised in other comprehensive income, while changes in value of other derivative instruments are recognised in accordance with the applicable category above.

Hedging of variable interest on loans

Some of the Group's interest rate swaps have been identified as hedging instruments and are deemed to meet the requirements for hedge accounting. The interest rate swaps hedge loans with variable interest rates by replacing variable rates with fixed interest rates. The effective portion of changes in fair value on these interest rate swaps is recognised through other comprehensive income in reserves in equity. The ineffective portion of the change in value is recognised immediately in net profit for the year and is included in the line item Changes in value of derivatives. Amounts accumulated in the hedging reserve in equity are reclassified to profit or loss in the periods in which the hedged item affects earnings.

Hedges of net investments in foreign operations

The Group hedges a significant proportion of the net investments in foreign operations through loans in the same currency as the foreign operations and through currency swaps. The Group considers that the criteria for hedge accounting in IFRS 9 are met for net investments in foreign operations. Translation differences on loans and changes in fair value of hedging instruments are recognised in other comprehensive income insofar as the hedge is effective. The cumulative changes in translation differences and fair value are recognised as separate components in equity. Gains or losses arising from the ineffective portion of the hedging instrument are recognised in net profit for the year. When divesting foreign operations, the gain or loss that is accumulated in equity is transferred to net profit for the year, thus increasing or decreasing the profit/loss of the divestment.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and directly accessible balances at banks and similar institutions.

Impairment testing of financial assets

At each reporting date, the Group assesses the future expected credit losses, which are linked to assets recognised at amortised cost based on forward-looking information. The Group's financial assets for which credit losses are expected, essentially consist of trade receivables (rent receivables) and other non-current receivables (mainly receivables from associated companies). The Group chooses a provisioning method based on whether or not there has been a significant increase in credit risk. The Group recognises a provision for credit losses for such expected credit losses at each reporting date. For the Group's financial assets (largely trade receivables and receivables from associated companies), the Group applies the simplified approach for credit loss provisioning, in other words, the provision will correspond to the expected loss over the entire life of the trade receivable. In order to measure the expected credit losses, trade receivables have been grouped based on distributed credit risk characteristics and days overdue. The Group uses forward-looking variables for expected credit losses.

The Group's credit losses have historically been insignificant and the customers' and associated companies' payment history good. With this in consideration, together with forward-looking information of macro economic factors that may affect the conterparties' ability to pay claims, the Group's expected credit losses have been assessed as unsignificant.

Contd. ***Note 22*** *Financial risk management*

Balder is financed by equity and liabilities, where the majority of the liabilities consist of interest-bearing liabilities. The proportion of equity is impacted by the chosen level of financial risk which in turn is impacted by lenders' equity requirements for offering financing at competitive market rates. Balder's long-term goals for the capital structure are that the equity/assets ratio should not be less than 40% over time, that the interest coverage ratio should not be less than 2 times and that net debt to total assets should not exceed 50%.

Financial policy

The Group is exposed to six different kinds of financial risks through its operations. Financial risks refer to interest rate risk, liquidity risk, refinancing risk, price risk, credit risk and currency risk. The financial policy prescribes guidelines and rules for how the financial operations shall be conducted and establishes the division of responsibilities and administrative rules. Departures from the Group's financial policy require the approval of the Board. Responsibility for the Group's financial transactions and risks is managed centrally by the parent company's finance department. Financial risk is managed at a portfolio level. Financial transactions shall be conducted based on an assessment of the Group's overall needs relating to liquidity, financing and interest rate risk. The equity/assets ratio shall not fall below 40%.

Financial policy goals:

- the equity/assets ratio should exceed 40% over time,
- the interest coverage ratio should not be less than 2 times,
- net debt to total assets should not exceed 50% over time,
- secure the short-term and long-term supply of capital,
- achieve a stable long-term capital structure.

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

Balder has obligations to its financiers in the form of financial key ratios, so-called covenants. At the year-end, Balder had financing obligations with an interest coverage ratio of 1.8 times, secured debt/total assets of 45% and net debt to total assets of 65%. All covenants were met at the year-end.

Duration analysis of financial liabilities

The tables show the cash flow per year in respect of financial liabilities assuming the current size of the Group. The cash flow refers to interest expenses, amortisation, trade payables and settlement of other financial liabilities. Net financial items have been calculated based on the Group's average interest minus interest income. Refinancing takes place on an ongoing basis, so no interest expense for a longer period than 10 years is indicated.

DURATION ANALYSIS OF FINANCIAL LIABILITIES

GROUP, 31/12/2021

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Maturity structure, loans	13,106	20,918	12,348	12,570	13,313	45,172	117,426
Interest expenses[1]	1,680	1,677	1,674	1,671	1,669	8,301	16,671
Trade payables	897	—	—	—	—	—	897
Lease liabilities (rent of premises)	13	11	10	10	10	11	65
Other non-current liabilities	—	1,251	—	—	—	—	1,251
Total	**15,695**	**23,857**	**14,033**	**14,251**	**14,991**	**53,484**	**136,311**

For non-discounted cash flows attributable to site leasehold rights, see Note 8, Leases.

GROUP, 31/12/2020

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Maturity structure, loans	9,174	12,026	11,585	11,150	9,567	35,487	88,989
Interest expenses[1]	1,385	1,382	1,380	1,378	1,375	6,840	13,740
Trade payables	505	—	—	—	—	—	505
Lease liabilities (rent of premises)	12	12	10	9	9	19	72
Other non-current liabilities	—	828	—	—	—	—	828
Total	**11,076**	**14,248**	**12,975**	**12,537**	**10,951**	**42,346**	**104,134**

For non-discounted cash flows attributable to site leasehold rights, see Note 8, Leases.

PARENT COMPANY, 31/12/2021

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Maturity structure, loans	11,415	7,039	6,233	6,790	10,227	13,581	55,285
Interest expenses[1]	774	773	773	773	772	3,855	7,720
Trade payables	6	—	—	—	—	—	6
Total	**12,194**	**7,812**	**7,006**	**7,563**	**10,999**	**17,436**	**63,011**

PARENT COMPANY, 31/12/2020

SEKm	Within one year	1–2 years	2–3 years	3–4 years	4–5 years	>5 years	Total
Maturity structure, loans	4,291	8,475	6,245	5,268	6,696	15,392	46,366
Interest expenses[1]	694	694	694	694	693	3,462	6,932
Trade payables	7	—	—	—	—	—	7
Total	**4,993**	**9,169**	**6,939**	**5,962**	**7,389**	**18,854**	**53,305**

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

Contd. ***Note 22*** *Financial risk management*

SENSITIVITY ANALYSIS

Factor	Change	Profit effect before tax, SEKm
Interest rate level of interest-bearing liabilities	+1 percentage point	– 315

FINANCIAL TARGETS

		Target	Outcome 2021	Outcome 2020
Equity/assets ratio, %	min.	40.0	40.4	38.6
Net debt to total assets, %	max.	50.0	47.4	46.1
Interest coverage ratio, times	min.	2.0	4.9	5.3

MATURITY STRUCTURE INTEREST RATE DERIVATIVES [1)]

Year	Nominal amount, SEKm	Interest, %
2022	646	2.01
2023	3,060	0.41
2024	641	1.29
2025	2,467	1.35
2026	2,352	1.80
2027	433	1.20
2028	300	1.47
2029	2,610	0.86
2030	1,023	1.04
2031	2,000	0.81
2037	1,500	2.00
2040	256	0.67
Total	**17,288**	**1.16**

1) Relates to interest rate derivatives where a fixed interest rate is being paid.

RISKS

Capital risk
The Group's goal in respect of the capital structure is to secure the Group's ability to continue its operations, in order to continue to generate a return to shareholders and value for other stakeholders.

Liquidity risk
Liquidity risk refers to the risk of a lack of sufficient cash and cash equivalents to be able to fulfil the company's payment obligations relating to operating costs, interest and amortisation. According to the financial policy, there should always be sufficient cash in hand and guaranteed credit facilities to cover the day-to-day liquidity requirements. Regardless of long-term goals, the Board can decide to temporarily boost liquidity, for example, to be better prepared for major transactions. As of the closing date, Balder's cash and cash equivalents, financial investments and unutilised credit facilities totalled SEK 4,543 million (7,477). Balder's financial policy, which is updated at least once each year, prescribes guidelines and rules for how borrowing should be conducted. The overall objective of financial management is to use borrowing to safeguard the supply of capital to the company in the short and long run, to adapt the financial strategy and management of financial risks to the company's business so that a long-term and stable capital structure is achieved and maintained and to achieve the best possible net financial income/expense within given risk limits.

Refinancing risk
Refinancing risk refers to the risk that Balder may not be able to obtain refinancing in the future or only at a significantly increased cost. As of the year-end, Balder had credit facilities of SEK 8,079 million (13,032), of which SEK 8,079 million (13,032) were unutilised. Balder works continually on raising new loans and on renegotiating existing loans. Over time, 50% of the loan portfolio shall have a credit term of more than 2 years and not more than 20% of the loans should mature within one year.

Interest rate risk
Interest rate risk refers to the risk of fluctuations in cash flow and earnings due to changes in interest rates. The key factor affecting interest rate risk is the interest rate refixing period. Long interest rate refixing periods ensure predictability in cash flow, but in most cases also mean higher interest expenses. The Group's interest rate exposure is centralised, which means that the central finance function is responsible for identifying and managing this exposure. The interest rate risk shall be managed using risk hedging instruments such as interest rate swaps, interest rate ceilings and interest rate floors. The overriding key ratio used is the interest coverage ratio. On each measurement date, the interest coverage ratio shall exceed 2.0 times. To manage the interest risk cost-effectively, an assessment of the interest rate risk is made when raising loans with short interest rate refixing periods based on the Group's overall loan portfolio. Interest rate derivative transactions are entered into as required to achieve the desired interest risk in the overall borrowing.

Balder has mainly used swaps and fixed-interest loans to manage its interest rate risk, which mature between 2022 and 2040. As of the year-end, about 70% of the loans were hedged using interest rate swaps and fixed-interest loans, and for 7% hedge accounting is applied. Fluctuations in market interest rates give rise to theoretical surpluses or deficits in respect of these financial instruments, which do not directly affect cash flow. Derivatives are recognised on an ongoing basis at fair value in the balance sheet and changes in value are recognised in the income statement. Derivatives are measured based on quoted prices in the market. Changes in value during 2021 totalled SEK 511 million (–141). As of the year-end, the fair value of interest rate derivatives totalled SEK –592 million (–1,253). The fair value of financial instruments is based on measurements by the intermediating credit institutions. The reasonability of the measurements has been tested by engaging another credit institution to value similar instruments at the end of the reporting period, see the sensitivity analysis.

SATO's interest rate derivatives meet hedge accounting requirements, as the term of the derivatives is matched with the underlying financing. This means that the change in value of the derivatives is recognised in other comprehensive income. The interest rate derivatives (interest rate swaps) entered into by SATO have the same critical terms as the hedged item. Critical terms may be the reference rate, interest rate conversion days, payment dates, due date and nominal amount. Inefficiency in interest rate swaps may arise due to differences in critical terms between the interest rate swap and the loan. There were no inefficiencies attributable to SATO's interest rate swaps in 2021.

Currency risk
Balder owns properties through subsidiaries in Denmark, Norway, Finland, Germany and the UK. The companies mainly have revenue and costs in local currency. The Group is impacted by exchange rate fluctuations when translating the assets and liabilities of foreign subsidiaries into the currency of the parent company. The Group is exposed to EUR, DKK, GBP and NOK through net investments in foreign operations.

Translation exposure
When the subsidiaries' statement of financial position in local currency is translated into Swedish kronor, a translation difference arises, which is due to the fact that the current year is translated at a different closing rate than the previous year and that the statement of comprehensive income is translated at the average rate during the year, while the statement of financial position is translated at the exchange rate as of 31 December. The translation difference is posted to other comprehensive income and is carried forward in reserves in equity. The translation exposure consists of the risk that the translation difference represents in terms of the impact on other comprehensive income and equity. The risk is greatest for the currencies in which the Group has the largest net assets and where the price movements in relation to Swedish kronor are the largest. The net assets in Finland and Denmark have the greatest impact on the Group. Balder issued a total of EUR 4,800 million in the European bond market, which helped to reduce the currency exposure of the Group's net assets in EUR and DKK. As of the year-end, there also were currency swaps for NOK – million (445) and EUR –2,315 million (–492), and the fair value of these items totalled SEK –111 million (–287).

The assets and liabilities in EUR and DKK are aggregated as the DKK rate is pegged to the EUR. The translation differences are mainly handled through borrowing spread among different currencies based on the net assets in each currency. Loans raised in the same currency as the currency of net assets in the Group reduce these net assets and thus reduce the translation exposure. These hedges of net investments in foreign operations operate in the following way. Exchange gains and losses on loans in foreign currency, which finance acquisition of foreign subsidiaries, are recognised as part of other comprehensive income to the extent that the loans function as a hedge for the acquired net assets. In other comprehensive income, they meet the translation difference arising from the consolidation of the foreign subsidiaries. In the Group, net exchange differences of SEK –670 million (714) relating to liabilities in foreign currency were transferred to other comprehensive income as hedging of net investments in

Contd. ***Note 22*** *Financial risk management*

foreign operations. There was no inefficiency to be recognised from hedges of net investment in foreign operations. The loans that hedge net investments in foreign operations are in EUR and DKK, since these foreign currencies have the greatest impact on the statement of financial position. Of the Group's total net investments in foreign operations, 100% are hedged.

Since the Group uses parts of its cash flow to amortise the loans to improve net financial items, the extent of this hedging tends to decrease over time. A change in the foreign subsidiary's net assets over time can have the same effect.

Price risk

Balder's income is affected by the occupancy rate of the properties, the level of competitive market rents and the ability of customers to pay. A change in the rental rate of +/–1% or the economic occupancy rate of +/–1 percentage point has an effect on profit before tax of SEK +/–97 million and SEK +/–101 million respectively.

Credit risks

Trade receivables

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

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

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

Financial operations

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

Borrowing, maturity structure and interest rates

At the year-end, Balder had binding loan agreements totalling SEK 117,426 million (88,989). Loans are raised in Swedish kronor, Danish kroner, Norwegian kroner, British pounds and euros. At year-end, loans in Danish kroner totalled DKK 6,669 million, loans in Norwegian kroner NOK 2,861 million, loans in British pounds GBP 49 million and loans in euros EUR 7,266 million. The single largest financing source is euro bonds issued in the European bond market. Balder also has a domestic MTN programme with a limit of SEK 15,000 million. As of 31 December, the outstanding commercial paper volume was SEK 2,051 million (1,870), the commercial paper programme totals SEK 6,091 million (6,015). Net interest-bearing liabilities minus cash and cash equivalents and financial investments of SEK 4,130 million (7,127) totalled SEK 108,950 million (83,115).

Agreements can be divided into four categories:

- loans against security pledged in the form of promissory note receivables from subsidiaries. The security has been augmented by collateral in the shares of subsidiaries/limited partnership shares.
- loans against pledging of mortgage deeds on property,
- commercial paper programme,
- bond loans, including Hybrid capital.

Short-term interest bearing liabilities that formally mature within one year and one year of agreed amortisation are recognised as current interest-bearing liabilities.

In certain cases, the security is augmented by covenants. Balder satisfies all of its covenants. Credit agreements contain customary termination conditions.

The average fixed credit term in loan agreements totalled 5.7 years (5.9) on 31 December 2021. The maturity structure of loan agreements, presented in the table duration analysis, indicates when loan agreements are due for renegotiation or repayment. The average effective interest as of the closing date totalled 1.4% (1.5) including the effect of accrued interest from Balder's interest rate derivatives. The average interest rate refixing period on the same date was 3.6 years (3.5). The proportion of loans with interest maturity dates during the coming 3-year period was 50% (57).

Other commitments

As of closing date there is no commitment of significance for the Group.

Contd. ***Note 22*** *Financial risk management*

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS, 2021

Group, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	*Fair value hierarchy* Total fair value 2021 Level 1	Level 2	Level 3
Other non-current receivables	1,726	—	11 [2]	1,736	—	1,736	—
Trade receivables	388	—	—	388	—	388	—
Financial investments	890	1,941	–	2,831	1,941	890	—
Cash and cash equivalents	1,299	–	–	1,299	—	1,299	—
Total receivables	**4,303**	**1,941**	**11**	**6,255**	**1,941**	**4,314**	**—**
Non-current interest-bearing liabilities	104,268	—	—	104,268	55,757	48,403	—
Other non-current liabilities	1,251	—	—	1,251	—	1,251	—
Derivatives [1]	—	374	329	703	—	703	—
Current interest-bearing liabilities	13,158	—	—	13,158	6,280	6,889	—
Trade payables	897	—	—	897	—	897	—
Total liabilities	**119,574**	**374**	**329**	**120,277**	**62,037**	**58,142**	**—**

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS, 2020

Group, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	*Fair value hierarchy* Total fair value 2020 Level 1	Level 2	Level 3
Other non-current receivables	2,291	—	10 [2]	2,302	—	2,302	—
Trade receivables	343	—	—	343	—	343	—
Financial investments	—	2,659	—	2,659	2,659	—	—
Cash and cash equivalents	4,468	—	—	4,468	–	4,468	—
Total receivables	**7,102**	**2,659**	**10**	**9,771**	**2,659**	**7,112**	**—**
Non-current interest-bearing liabilities	79,814	—	—	79,814	42,403	38,302	—
Other non-current liabilities	828	—	—	828	—	828	—
Derivatives [1]	—	767	773	1,540	—	1,540	—
Current interest-bearing liabilities	9,175	—	—	9,175	2,409	6,769	—
Trade payables	505	—	—	505	—	505	—
Total liabilities	**90,322**	**767**	**773**	**91,861**	**44,811**	**47,944**	**—**

1) Derivative instruments have been recognised net as a liability. The liability includes positive values in the Group of SEK 131 million (18).
2) No changes in value were recognised in 2021 or 2020.
Level 1 – measured at fair value based on quoted market values on active markets for identical assets.
Level 2 – measured at fair value based on other observable inputs for assets and liabilities than market values under level 1.
Level 3 – measured at fair value based on inputs for assets and liabilities that are not based on observable market inputs.

INTEREST RATE REFIXING PERIOD

Year	Carrying amount, SEKm 2021	2020	Interest, % 2021	2020
Within one year	43,572	34,277	0.8	1.0
1–2 years	9,999	6,556	2.4	1.4
2–3 years	4,207	9,548	1.5	2.4
3–4 years	8,915	4,126	2.1	1.6
4–5 years	14,313	7,566	2.3	2.1
>5 years	36,420	26,917	1.5	1.5
Total	**117,426**	**88,989**	**1.4**	**1.5**

Year	Share, % 2021	2020	Fair value, SEKm 2021	2020
Within one year	37	38	43,583	34,287
1–2 years	9	7	10,096	6,615
2–3 years	4	11	4,300	9,770
3–4 years	8	5	9,128	4,257
4–5 years	12	9	14,301	7,815
>5 years	31	30	35,922	27,138
Total	**100**	**100**	**117,329**	**89,883**

Contd. ***Note 22*** *Financial risk management*

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS, 2021

Parent Company, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	*Fair value hierarchy* Total fair value 2021 Level 1	Level 2	Level 3
Other non-current receivables	985	—	—	985	—	985	—
Receivables from Group companies	83,490	—	—	83,490	—	83,490	—
Financial investments	—	1,323	—	1,323	1,323	—	—
Cash and cash equivalents	457	—	—	457	—	457	—
Total receivables	**84,931**	**1,323**	**—**	**86,254**	**1,323**	**84,931**	**—**
Non-current liabilities to credit institutions	43,870	—	—	43,870	29,369	14,727	—
Derivatives[1]	—	321	—	321	—	321	—
Liabilities to Group companies	44,736	—	—	44,736	—	44,736	—
Current liabilities to credit institutions	11,415	—	—	11,415	6,021	5,401	—
Trade payables	6	—	—	6	—	6	—
Total liabilities	**100,028**	**321**	**—**	**100,349**	**35,389**	**65,193**	**—**

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS, 2020

Parent Company, SEKm	Assets and liabilities measured at amortised cost	Assets and liabilities measured at fair value via the income statement	Fair value via other comprehensive income	Total carrying amount	*Fair value hierarchy* Total fair value 2020 Level 1	Level 2	Level 3
Other non-current receivables	1,817	—	—	1,817	—	1,817	—
Receivables from Group companies	57,787	—	—	57,787	—	57,787	—
Financial investments	—	2,078	—	2,078	2,078	—	—
Cash and cash equivalents	1,359	—	—	1,359	—	1,359	—
Total receivables	**60,963**	**2,078**	**—**	**63,041**	**2,078**	**60,963**	**—**
Non-current liabilities to credit institutions	40,260	—	—	40,260	28,536	12,460	—
Derivatives[1]	—	767	—	767	—	767	—
Liabilities to Group companies	14,419	—	—	14,419	—	14,419	—
Current liabilities to credit institutions	6,106	—	—	6,106	901	5,206	—
Trade payables	7	—	—	7	—	7	—
Total liabilities	**60,792**	**767**	**—**	**61,559**	**29,437**	**32,860**	**—**

1) Derivative instruments have been recognised net as a liability. The liability includes positive values in the parent company of SEK 31 million (18).
Level 1 – measured at fair value based on quoted market values on active markets for identical assets.
Level 2 – measured at fair value based on other observable inputs for assets and liabilities than market values under level 1.
Level 3 – measured at fair value based on inputs for assets and liabilities that are not based on observable market inputs.

NOTE 23 CREDIT FACILITIES

SEKm	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Approved credit limit	413	350	350	350
Utilised portion	—	—	—	—
Unutilised portion	**413**	**350**	**350**	**350**

NOTE24 ACCRUED EXPENSES AND DEFERRED INCOME

SEKm	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Staff costs	125	88	24	22
Interest expenses	750	603	547	427
Rent paid in advance	1,370	1,209	—	—
Property costs	540	571	—	—
Other items	73	73	5	5
Total	**2,858**	**2,546**	**576**	**454**

NOTE 25 PLEDGED ASSETS AND CONTINGENT LIABILITIES

ACCOUNTING POLICY

Contingent liabilities
A contingent liability is recognised if there is a possible obligation for which it has yet to be confirmed if the Group has an obligation that could lead to an outflow of resources, alternatively, if there is a present obligation that does not meet the criteria to be recognised in the balance sheet as a provision or other liability as it is not probable that an outflow of resources will be required to settle the obligation or as it is not possible to make a sufficiently reliable estimate of the amount.

Parent company – Financial guarantees
The parent company's financial guarantee contracts mainly consist of loan guarantees on behalf of subsidiaries and associated companies. Financial guarantees mean that the company has an obligation to compensate the holder of a debt instrument for losses that they incur because a particular debtor does not complete payment on maturity according to the terms of the agreement. For recognition of financial guarantee contracts, the parent company applies RFR 2 paragraph IFRS 9, which implies relief compared to the rules in IFRS 9 as regards financial guarantee contracts issued on behalf of subsidiaries and associated companies. The parent company recognises financial guarantee contracts as a provision in the balance sheet when the company has an obligation for which payment is likely to be required to settle the obligation.

PLEDGED ASSETS

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
Property mortgages	40,474	31,039	—	—
Shares in Group companies	13,677	12,100	—	—
Promissory notes	—	—	4,191	3,203
Total	**54,151**	**43,139**	**4,191**	**3,203**

CONTINGENT LIABILITIES

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
Guarantees for subsidiaries	—	—	19,925	16,555
Guarantees for associated companies	1,295	1,647	431	1,647
Other guarantees [1)2)]	2,476	1,597	1,109	189
Total	**3,771**	**3,244**	**21,465**	**18,391**

1) As the project portfolio grows and the number of tenant owner property projects in progress increases, so do other guarantee commitments towards housing associations, contractors and municipalities.
2) The company issues, to a lesser extent, time-limited capital guarantees for subsidiaries whose activities may require additional venture capital.

NOTE 26 CASH FLOW STATEMENT

ACCOUNTING POLICY

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

Cash and cash equivalents
The Group's cash and cash equivalents consist of cash and bank balances. Cash and cash equivalents are recognised in accordance with the principles described in Note 22 in respect of financial assets measured at accrued cost.

CASH AND CASH EQUIVALENTS

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
The following components are included in cash and cash equivalents:				
Cash and bank balances	1,299	4,468	457	1,359
Total according to Balance Sheet	**1,299**	**4,468**	**457**	**1,359**
Total according to cash flow statement	**1,299**	**4,468**	**457**	**1,359**

INTEREST AND DERIVATIVE EXPENSES PAID

	Group		Parent Company	
SEKm	**2021**	**2020**	**2021**	**2020**
Interest received	240	267	1,093	158
Interest paid	–1,734	–1,337	–905	–735
Derivative expense paid	–159	–105	–133	–105
Total	**–1,652**	**–1,174**	**54**	**–682**

Intra-Group interest income and interest expenses for 2021 and 2020 do not affect the cash flow.

RECONCILIATION OF LIABILITIES RELATED TO FINANCING ACTIVITIES

			Changes not affecting cash flow		
Group, SEKm	**31/12/2020**	**Cash flow**	**Exchange differences**	**Other items not affecting cash flow**	**31/12/2021**
Interest-bearing liabilities	88,989	25,242	958	2,237	117,426
Lease liabilities (rent of office premises)	67	–1	—	–5	61
Total liabilities related to financing activities	**89,056**	**25,241**	**958**	**2,232**	**117,487**

			Changes not affecting cash flow		
Group, SEKm	**31/12/2019**	**Cash flow**	**Exchange differences**	**Other items not affecting cash flow**	**31/12/2020**
Interest-bearing liabilities	81,242	10,634	–2,847	–40	88,989
Lease liabilities (rent of office premises)	81	–19	—	5	67
Total liabilities related to financing activities	**81,324**	**10,615**	**–2,847**	**–36**	**89,056**

Contd. ***Note 26*** *Cash flow statement*

RECONCILIATION OF LIABILITIES RELATED TO FINANCING ACTIVITIES

			Changes not affecting cash flow		
Parent Company, SEKm	**31/12/2020**	**Cash flow**	**Exchange differences**	**Other items not affecting cash flow**	**31/12/2021**
Interest-bearing liabilities	46,366	8,293	625	—	55,285
Total liabilities related to financing activities	**46,366**	**8,293**	**625**	**—**	**55,285**

			Changes not affecting cash flow		
Parent Company, SEKm	**31/12/2019**	**Cash flow**	**Exchange differences**	**Other items not affecting cash flow**	**31/12/2020**
Interest-bearing liabilities	43,862	3,835	–1,331	—	46,366
Total liabilities related to financing activities	**43,862**	**3,835**	**–1,331**	**—**	**46,366**

NOTE 27 PARTICIPATIONS IN GROUP COMPANIES

ACCOUNTING POLICY

Shares in subsidiaries are recognised in the parent company in accordance with the cost method. The book value is tested on an ongoing basis against the subsidiaries' Group equity. If the book value falls below the subsidiaries' Group value, there is an impairment that is charged to the income statement. In those cases where a previous impairment is no longer justified, this is reversed.

Parent Company, SEKm	**2021**	**2020**
Accumulated cost		
Opening balance	10,376	10,111
Acquisitions	4,901	265
Shareholder contributions paid	241	—
Closing balance	**15,518**	**10,376**

SPECIFICATION OF PARENT COMPANY'S DIRECT HOLDINGS OF PARTICIPATIONS IN SUBSIDIARIES

Subsidiaries	**Corporate ID number**	**Reg. office**	**Number of participations**	**Share, %**	**2021**	**2020**
Balder Storstad AB	556676-4378	Gothenburg	100,000	100	2,211	2,046
Balder Mellanstad AB	556514-4291	Gothenburg	1,938,000	100	5,782	5,782
Din Bostad Sverige AB	556541-1898	Gothenburg	1,000,000	100	626	626
Egby Vindkraftverk AB	556760-5919	Gothenburg	1,000	100	0	0
Balder Danmark A/S	34058016	Copenhagen	5,000	100	158	158
Balder Fastigheter Norge AS	916755856	Oslo	120	100	319	319
Balder Bilrum Fastighet AB	556730-4059	Gothenburg	100,000	100	1,255	1,179
Balder Germany GmbH	194177B	Berlin	23,725	95	1	1
SATO Oyj [1]	0201470-5	Helsinki	619,300	0	265	265
Asset Buyout Partners Invest AS	916164882	Oslo	4,185,527,540	100	4,172	—
Serena Properties AB	559023-2707	Stockholm	4,950,000	99	729	—
Total					**15,518**	**10,376**

1) The Balder Group owns a total of 31,754,245 shares in SATO Oyj, representing a holding of 56.1% (56.0). 619,300 shares are owned from Fastighets AB Balder and the remaining 31 134,945 shares are owned from the subsidiary Balder Finska Otas AB (559000-0369).

The Group owns a number of companies in Sweden, Denmark, Finland, Norway, Germany and the UK via the above-mentioned subsidiaries, as presented in each subsidiary's annual accounts. For companies in SATO Oyj, see SATO Oyj's annual accounts at sato.fi.

NOTE 28 RECEIVABLES FROM/LIABILITIES TO GROUP COMPANIES

	Receivables		Liabilities	
Parent Company, SEKm	**2021**	**2020**	**2021**	**2020**
Opening balance	57,787	52,646	14,419	10,966
Change in lending to subsidiaries	25,703	5,141	30,318	3,453
Closing balance	**83,490**	**57,787**	**44,736**	**14,419**

There is no fixed amortisation plan.

NOTE 29 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the end of the year, Balder refinanced SEK 7 billion of the loans that mature in 2022.

Russia's invasion of Ukraine and the geopolitical unrest in Eastern Europe increases the difficulty of assessing economic development in 2022. A general impact on the world economy, for example in terms of energy prices, interest rates and exchange rates has already occurred. Balder follows the development closely to ensure preparation for different scenarios.

Otherwise, no events of significant importance for Fastighets AB Balder's position occurred after the end of the reporting period.

NOTE 30 RELATED PARTIES

ACCOUNTING POLICY

Related parties are both legal and physical persons as defined in IAS 24. Transactions with related parties shall be conducted on commercial terms and conditions, just like other transactions. In connection with transactions, special attention shall also be paid to the guidelines on conflicts of interest. The following are defined as related parties:

- All companies within the Balder Group
- Board members and company management
- Close family members of Board members or company management
- Companies controlled by Board members or company management
- Shareholders in control of more than 10% of the shares or votes in the company

Related party relationships

Group

The Group is under the control of Erik Selin Fastigheter AB, which holds 48.8% (48.8) of the votes in the parent company Fastighets AB Balder.

Parent Company

Apart from the related parties shown for the Group, the parent company exercises control over subsidiaries according to Note 27, Participations in Group companies.

Summary of related party transactions

Group

Erik Selin Fastigheter AB purchased property-related administrative services from Balder for SEK 3 million (4). Balder purchased services from the law firm Norma Law for SEK 1 million (1), where the Board member Anders Wennergren is a partner. During the year, construction services were purchased from Tommy Byggare AB for SEK 108 million (4), an associated company of Erik Selin Fastigheter AB. The services were priced on competitive market conditions.

Parent Company

The parent company performed property-related administrative services on behalf of its subsidiaries totalling SEK 323 million (251). The parent company functions as an internal bank. On the closing date, receivables from subsidiaries totalled SEK 83,490 million (57,787). Both administrative and financial services were priced on competitive market conditions.

Associated companies/joint ventures

Apart from the related parties described above, the Balder Group owns associated companies according to Note 14, Participations in associated companies/joint ventures.

During the financial year, associated companies purchased management and administrative services for their organisations from Balder totalling SEK 77 million (78). In addition to this, services were purchased from Collector AB (publ). Net receivables from associated companies totalled SEK 2,250 million (2,077) as of the closing date, of which financial investments that constitute short-term lending to associated companies totalled SEK 890 million (–). Both administrative and financial services were priced on competitive market conditions.

Transactions with key people in executive positions

The company's Board members and companies owned by these members control 63.7% (63.7) of the votes in Balder. With regard to the Board, CEO and other employees' salaries and other remuneration, expenses and agreements relating to pensions and similar benefits as well as agreements in respect of severance pay, see Note 4, Employees and staff costs.

NOTE 31 PARENT COMPANY INFORMATION

Fastighets AB Balder (publ) is a Swedish-registered limited liability company with its registered office in Gothenburg. The parent company's shares are listed on Nasdaq Stockholm, Large Cap segment. The address of the head office is Box 53121, 400 15 Gothenburg, Sweden. The visiting address is Parkgatan 49.

The consolidated accounts for 2021 comprise the parent company and its subsidiaries, together referred to as the Group.

NOTE 32 OTHER INCOME/EXPENSES

During the fourth quarter, the shares in the listed Swedish property company Stenhus Fastigheter i Norden AB (publ) were reclassified, as it is considered that a controlling influence has been achieved. The holding was thus classified from being a financial asset measured at fair value via the income statement to being an associated company. Balder's participation as of 31/12/2021 totals 20.2%. Change in fair value of holding in Stenhus Fastigheter i Norden AB during the fourth quarter totals SEK 611 million and is recognised in the item Other income/expenses in the consolidated income statement in and in the item Interest income and similar income statement items in the income statement for the parent company. For additional information about the holding in Stenhus Fastigheter i Norden AB, see Note 14, Participations in associated companies/joint ventures.

The annual accounts and the consolidated accounts were approved for issuance by the Board of Directors and CEO on 6 April 2022. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 12 May 2022. The Board will propose to the Annual General Meeting that no dividend (–) be declared for the financial year 2021.

The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the international accounting standards IFRS referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated financial statements provide a true and fair view of the parent company's and Group's financial position and results of operations. The Report of the Board of Directors for the Group and the parent company provides a true and fair review of the development of the Group's and the parent company's operations, financial position and results of operations and describes material risks and uncertainties facing the parent company and the companies forming the Group.

Gothenburg, 6 April 2022

Christina Rogestam	Sten Dunér	Fredrik Svensson	Anders Wennergren	Erik Selin
Chairman of the Board	*Board member*	*Board member*	*Board member*	*Board member and CEO*

Our audit report was submitted on 7 April 2022
Öhrlings PricewaterhouseCoopers AB

Bengt Kron	Konstantin Belogorcev
Authorised Public Accountant	*Authorised Public Accountant*
Auditor in charge	

AUDIT REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

Opinions

We have audited the annual accounts and consolidated financial statements of Fastighets AB Balder (publ) for 2021. The company's annual accounts and consolidated accounts are included on pages 38–84 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2021 and of its financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Report of the Board of Directors is consistent with the other parts of the annual accounts and the consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet of the parent company and the statement of comprehensive income and the statement of financial position for the Group.

Our opinions in this statement on the annual accounts and consolidated financial statements are consistent with the content of the supplementary report that has been submitted to the Board of Directors of the parent company and the Group in accordance with Article 11 of the Auditors Ordinance (537/2014).

Basis for opinions

We conducted the audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are described in further detail in the section entitled Auditor's responsibility. We are independent in relation to the parent company and the Group according to generally accepted auditing standards in Sweden and in other respects have fulfilled our professional ethical responsibilities according to these requirements.

This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditors Ordinance (537/2014) have been provided to the audited company or, if applicable, to its parent company or its controlled companies in the EU.

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

OUR AUDIT APPROACH

The focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. We conducted in particular those areas where the CEO and the Board of Directors have performed subjective assessments, for example important accounting estimates made on the basis of assumptions and forecasts about future events, which are uncertain in their nature. As in all of our audits, we also addressed the risk of the Board of Directors and the CEO overriding internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored our audit in order to perform a proper review to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates in six countries and the properties are owned by separate companies, which through centralised accounting functions and uniform routines are compiled in sub-groups. The Finnish sub-group SATO Oyj and the Danish and Norwegian companies are audited by local unit audit teams, which report to the Group audit team.

We have evaluated the work performed by the local unit auditors to determine whether sufficient audit evidence has been obtained as the basis for our opinions in the audit report for the Group.

The audit of the sub-group SATO Oyj was performed by Deloitte, Finland. According to generally accepted auditing standards, it is the responsibility of the Group auditor to ensure that the unit auditors have performed the right work and with sufficiently high quality regarding the identified audit risks. Since SATO Oyj accounts for a substantial part of the Balder Group and thus the Group audit, and since we and the unit auditors are not part of the same network, this task is particularly important. We have therefore drawn up special instructions to Deloitte Finland and ensured via continual communication and meetings as well as written confirmations that they followed and considered the instructions. We have read, discussed and evaluated the risk assessment and materiality assessment that the unit auditor planned for and also used in the audit. We also visited Deloitte, Finland digitally and reviewed significant audit items.

Apart from the parent company accounts and consolidated financial statements, the Swedish companies were also audited by the Group audit team.

All in all, this means that we have assured ourselves that there is sufficient evidence for our Group audit and audit report.

Materiality

The scope and direction of the audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including for the consolidated financial statements as a whole. These and qualitative considerations helped us to determine the emphasis and scope of our audit and the nature, timing and scope of our audit procedures, and to assess the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

We chose total assets as a benchmark of our overall assessment of materiality for the financial statements as a whole, given that the value of the investment properties has a significant impact and significance for the Group's financial position, and constitutes a particularly important area for the audit. We also defined a specific materiality for the audit of the profit from property management including the working capital related balance sheet items.

Key audit matters

Key audit matters are the matters which, in our professional judgement were the most significant for the audit of the annual accounts and consolidated financial statements for the current period. These matters were addressed in the context of our audit of, and in forming our opinion about, the annual accounts and consolidated financial statements as a whole, but we do not provide a separate opinion on these matters.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated financial statements, and this is found on pages 1–37 and 89–118, respectively. Other information also consists of the Remuneration Report for 2021, which we

KEY AUDIT MATTERS	HOW OUR AUDIT CONSIDERED THIS KEY AUDIT MATTER
Valuation of investment properties We refer to the Report of the Board of Directors, description of accounting policies in Note 1 and Investment properties in Note 12. Investment properties were recognised at a fair value of SEK 189,138 million as of 31 December 2021 and account for a significant part of the Balder Group's balance sheet. The fair value of the Group's property holdings is based on internal calculations, mainly by applying the yield method. Properties under construction and internally managed project properties are valued at market value minus estimated contracting expenditure and project risk, which usually corresponds to a valuation at cost. To quality-assure the internal valuations, external valuations and second opinions were obtained. External valuations amounted to 20% and second opinions amounted to 26% of the property portfolio's value, excluding projects for own management. The significance of the estimates and assumptions included in determining fair value, together with the fact that only a small difference in the individual properties calculation parameters, such as estimates of future net operating income, occupancy rate and yield requirements, can lead to significant errors, means that the valuation of investment properties, is a key audit matter.	Our audit has, among other things, focused on the company's internal control and quality assurance for the valuation process. We have, together with our valuation specialists, reviewed and assessed the valuation models that Balder also applies the reasonableness of the assumptions made. Our audit has, among other things, included the following audit procedures: • Follow-up to ensure that the valuations comply with Balder's guidelines for property valuation • Audit sampling to follow up on the model's mathematical calculations • Assessed inputs through audit sampling and follow-up in relation to historical outcomes, compared with available market inputs • Audit sampling of inputs in the calculation models in relation to information in the property system and the notification system • Consideration of external valuations and audit sampling compared to internal calculations • Review of the audit approach and external documentation with the Finnish audit team regarding the valuation of the subsidiary SATO's property portfolio. Our work focused on the largest investment properties, the most significant assumptions and the properties where there were the largest variations in value compared to previous years. In cases where the assumptions about future net operating income, occupancy rate and yield requirement deviated from our initial expectations, these deviations were discussed with the Group's representatives and, if necessary, supplementary documentation was obtained. Finally, we checked that the models used, that the assumptions and sensitivity analyses Balder made were properly described in Note 12.
Recognition of property transactions We refer to the Report of the Board of Directors, description of accounting policies in Note 1 and Investment properties in Note 12. During the year, a number of property transactions took place, acquisitions to a value of SEK 20,637 million, which in respect of the amount and contractual terms were particularly important to consider in the audit. In the case of each significant property transaction, we estimated that the accounting treatment was in accordance with Balder's accounting principles and IFRS.	For all significant acquisitions and divestments, we obtained and reviewed the underlying agreements and terms of entry. Furthermore, we examined the calculations, to ensure that pro forma statements, entry balances and, where appropriate, that settlement notes were in accordance with the agreement and that the transaction was recognised correctly. We followed up to ensure that the property transactions were correctly recognised and disclosed in the annual accounts.

obtained for the date of this audit report. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements accounts does not cover this other information and we do not express any form of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure we also consider the knowledge otherwise obtained during the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and CEO
The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated financial statements and for ensuring that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, in accordance with IFRS as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the CEO are also responsible for the internal control they deem necessary to prepare annual accounts and consolidated accounts that do not contain material misstatements, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to the ability to continue as a going concern and using the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the CEO intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Board's audit committee shall, without affecting the Board's responsibilities and tasks in general, among other things monitor the company's financial reporting.

The auditor's responsibility
Our goal is to achieve a reasonable degree of certainty as to whether the annual accounts and consolidated accounts as a whole do not contain any material misstatement, whether due to fraud or error, and to submit an audit report that contains our statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit according to ISA, we use professional judgment and have a professional skeptic attitude throughout the audit. In addition:

- we identify and assess the risks of significant inaccuracies in the annual accounts and consolidated accounts, whether these are due to irregularities or mistakes, designs and performs audit measures based on, among other things, these risks and acquires audit evidence that is sufficient and appropriate to provide a basis for our statements. The risk of not discovering another significant error consequence of irregularities is higher than

for a significant one error due to mistakes, as irregularities may include acts of collusion, forgery, intentional omissions, incorrect information or breach of internal control.

- we gain an understanding of that part of the company internal control that is important for our audit to design appropriate audit procedures taking into account the circumstances, but not to tell us about the effectiveness of internal control.
- we evaluate the appropriateness of the accounting principles used and the reasonableness of the board's and the CEO's estimates in the accounts and related disclosures.
- we draw a conclusion about the suitability of the board and the CEO uses the assumption on continued operations in the preparation of the annual accounts and the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether there is any material uncertainty as to such events or circumstances which may give rise to significant doubts as to the company's ability to continue operations. If we conclude that there is a significant uncertainty factor, we must draw attention to the information in the annual report in the auditor's report and the consolidated financial statements on the significant uncertainty factor or, if such information is insufficient, modify the statement on the annual financial statements and the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date for the audit report. However, future events or conditions may make a company no longer can continue the business.
- we evaluate the overall presentation, the structure and content of the annual report and the consolidated financial statements, including the information, and if the annual accounts and consolidated accounts present the underlying transactions and events in a way that true picture.
- we obtain sufficient and appropriate audit evidence regarding the financial information for the units or business activities within the group to make a statement regarding the consolidated accounts. We are responsible for control, monitoring and performing the group audit. We are alone responsible for our statements.

We must inform the Board of, among other things, the planned scope and focus of the audit and the time for it. We must also inform about significant observations during the audit, including those any significant shortcomings in internal control as we identified.

We must also provide the board with a statement on that we have complied with relevant professional ethical requirements regarding independence, and address all relationships and other circumstances that may reasonably affect our independence, and in where applicable, measures taken to eliminate the threats or countermeasures taken.

Of the areas that are communicated with the board we determine which of these areas have been the most significant for the audit of the annual report and the consolidated financial statements, including the most important assessed the risks of material misstatement, and which therefore constitute the areas of particular importance to the audit. We describe these areas in the auditor's report unless laws or other regulations prevent information on the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also performed a review of the administration of the Board of Directors and the CEO of Fastighets AB Balder (publ) for the year 2021 and the proposed appropriation of the company's profit or loss.

We recommend that the Annual General Meeting allocate the profit in accordance with the proposal in the Report of the Board of Directors and discharge the members of the Board and the CEO from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility in this respect is described in further detail in the section entitled The auditor's responsibility. We are independent in relation to the parent company and the Group according to generally accepted auditing standards in Sweden and in other respects have fulfilled our professional ethical responsibilities according to these requirements.

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

Responsibilities of the Board of Directors and CEO

The Board of Directors is responsible for the proposal for allocating the company's profit or loss. In connection with a proposal for dividend, this involves, inter alia, an assessment of whether the dividend is defensible in view of the requirements imposed by the type, scale and risks of the operations on the size of the parent company's and the Group's equity, need to strengthen the balance sheet, liquidity and financial position generally.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and, among other things, take measures that are necessary to fulfil the company's accounting in accordance with the law and handle the management of assets in a reassuring manner.

The auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thus our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

As part of an audit in accordance with good auditing practice in Sweden we use professional judgment and have a professionally sceptical attitude throughout the audit. The review of the administration and the proposal to dispositions of the company's profit or loss basis mainly on the audit of the accounts. The additional audit measures that are performed are based on our professional assessment based on risk and materiality. That means we focus the review

of such measures, areas and conditions that are essential to the business and there deviations and infringements would be of particular importance for the company's situation. We go through and review decisions made, decision materials, measures taken and other matters relevant to our statement on discharge. As a basis for our statement on the Board's proposal for dispositions regarding the company's profit or loss, we have examined whether the proposal is compatible with the Swedish Companies Act.

AUDITOR'S AUDIT OF THE ESEF REPORT

Opinions

In addition to our audit of the annual accounts and the consolidated accounts, we also performed an audit of the Board of Directors and the CEO have established the annual report and the consolidated accounts in a format that enables uniform electronic reporting (Esef report) according to ch. 16 Section 4a of the Act (2007: 528) on the securities market for Fastighets AB Balder (publ) for the year 2021.

Our review and our statement relate only to that statutory requirement.

In our view, the Esef report #[875b2d8b87e4a68f3693b26dfced9a27a869f62f7f9bb4fb967a6e6f977adc10] has been drawn up in a format that essentially enables uniform electronic reporting.

Basis for opinions

We performed the audit in accordance with FAR's recommendation RevR 18 Auditor's review of the Esef report. Our responsibility according to this recommendation is described further in the section Auditor's responsibilities. We are independent in relation to Fastighets AB Balder (publ) according to good auditing practice in Sweden and has otherwise fulfilled ours professional ethical responsibility according to these requirements.

We believe that the evidence we have obtained is sufficient and appropriate as a basis for our statement.

Responsibilities of the Board of Directors and CEO

It is the Board and the CEO who have the responsibility for the Esef report having been prepared in accordance with ch. 16 Section 4a of the Act (2007: 528) on the securities market, and that there is such an internal control that the Board of Directors and the CEO deemed necessary in order to prepare the Esef report without material inaccuracies, whether due to irregularities or mistakes.

The auditor's responsibility

Our task is to express ourselves with reasonable certainty that the Esef report is essentially prepared in a format which meets the requirements in ch. 16 Section 4a of the Act (2007: 528) on the securities market, on the basis of our examination.

RevR 18 requires that we plan and implement ours audit measures to achieve reasonable assurance that the Esef report is prepared in a format that complies these requirements.

Reasonable security is a high degree of security, but is no guarantee that an audit will be performed in accordance with RevR 18 and good auditing practice in Sweden always come to discover a material error about such available. Errors can occur due to irregularities or mistakes and are considered significant if they individually or together can reasonably be expected to influence the financial decisions that users make based on the Esef report.

The auditing firm applies ISQC 1 Quality Control for audit firms that perform audits and general review of financial reports as well as other certification assignments and related services and thus has a comprehensive system for quality control which includes documented guidelines and routines regarding compliance with professional ethics requirements, standards for professional practice and applicable requirements in laws and other statutes.

The review includes that through various measures obtain evidence that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual report and consolidated accounts. The auditor chooses which measures to perform, among otherwise by assessing the risks of material misstatement in the reporting whether or not these are due irregularities or mistakes. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board and the CEO produce the documentation in order to design audit measures that are appropriate in the light of the circumstances, but not for the purpose of statement on the effectiveness of internal control.

The review also includes an evaluation of the appropriateness and reasonableness of the Board of Directors' and the CEO's assumptions.

The audit measures mainly include one technical validation of the Esef report, i. e. if the file that contains the Esef report meets the technical specification set out in Commission Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual report and the consolidated accounts.

Furthermore, the review also includes an assessment of whether the Esef report has been marked with iXBRL which enables an accurate and complete machine readability version of the Group's income statement, balance sheet, equity accounts and cash flow statement.

Öhrlings PricewaterhouseCoopers AB, Skånegatan 1, 405 32 Gothenburg, Sweden, was appointed as Fastighets AB Balder (publ)'s auditor by the general meeting of shareholders on 12 May 2021 and has been the company's auditing company since 2009.

Gothenburg 7 april 2022
Öhrlings PricewaterhouseCoopers AB

Bengt Kron
Authorised Public Accountant
Auditor in charge

Konstantin Belogorcev
Authorised Public Accountant

27.07.2023 kl 21:20 Brønnøysundregistrene Side 106 av 136

COMMENTS BY **THE CHAIRMAN OF THE BOARD**

The recent years have in many ways been dominated by the ongoing pandemic. There has been a major, direct impact on people's lives and health, but it has also generated questions about the future development of the office market. Remote working has increased during the pandemic, and many analysts believe that this will continue at a high level in the future. This will also affect both demand for and the design of office premises.

The role of the Board

The mandate issued by the owners to Balder's Board of Directors remains unchanged: to create value by acquiring, developing and managing commercial and residential properties. In recent years, the company has broadened its base by not only investing in a bigger number of properties for hotel operations, but also by moving primarily into our neighbouring countries in the Nordic region.

Balder's Board of Directors works on the company's long-term development, which includes following up on the management team's operational activities and assuring themselves that everything is as it should be in the company.

One regular item on the Board's agenda is risk assessment, in which matters such as the state of the economy and the impact of interest rate trends on the company are analysed. Other important elements of the Board's work are the company's development in the form of access to competence, and the company's work to contribute towards socially and environmentally sustainable social development.

Strong focus on sustainability

As a long-term property owner, Balder assumes responsibility for the business's impact on not only the economy and the environment, but also on social issues. The company continues to work on the development of our own areas and has a high level of social engagement with a focus on security and well-being, children, young people and employment.

Balder has several strategic partnerships linked to the company's social engagement, and every year engages a large number of people on work placements, summer workers and students to contribute to increased employment, but also to develop the property industry. By signing up to the Global Compact, Balder has adopted a stance and is working actively to follow the UN's ten principles for companies with regard to human rights, health and safety, the environment and anti-corruption.

Limiting the climate impact is becoming increasingly important, and during the year Balder updated its climate goals in line with the Paris Agreement and the 1.5 degrees goal. The company also signed up to the Science Based Targets initiative, to have the goals approved on scientific grounds.

Following up on sustainability-related issues is becoming an increasingly important feature of the Board's work. Another important issue is ethics. The Board and the management team must always bear in mind the control question of how you can account publicly for your decisions. It is becoming increasingly important to consider the consequences when it comes to preserving a company's reputation or building its brand.

In summary

The Board considers that Balder's management team and employees have dealt well with this year's challenges. Balder has a stable foundation to stand on in terms of the management and production of new properties and areas. With a strong project portfolio, a culture based on an entrepreneurial spirit and dedicated employees, Balder continues to develop.

In the beginning of 2022 the world has unfortunately faced new challenges, and at present it is not possible to overview the consequenses of Russia's invasion of Ukraine. Our thoughts go out to all war-torn people and families on the run.

CHRISTINA ROGESTAM
Chairman of the Board

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 916164882

CORPORATE GOVERNANCE REPORT

Corporate governance in Swedish listed companies is governed by a combination of written rules and practice, by which the owners directly and indirectly control the company. The rules and regulations have been developed through legislation, recommendations, the Swedish Corporate Governance Code and through self-regulation.

The Code is based on the principle comply or explain, which means that all rules do not always have to be complied with if there is a reason and it is explained. Some of the Code's principles are to create a good basis for exercising an active and responsible ownership role and to create a well-adjusted balance of power between owners, the Board and the executive management, which Balder views as a natural part of the principles for its operations. The Code also means that certain information should be made available on the company's website.

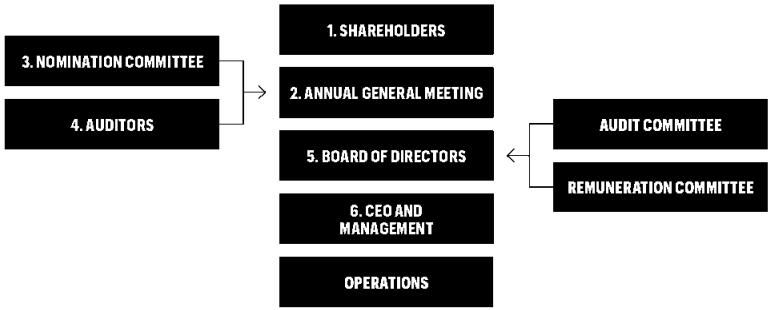
The Swedish Corporate Governance Code is administered by the Swedish Corporate Governance Board and is available on www.bolagsstyrning.se, where the Swedish model for corporate governance is also described. Balder applies the Code, which is intended to serve as part of the self-regulation within the Swedish business community. In the view of the Board, there are no deviations to report or explain.

Articles of Association

The company's name is Fastighets AB Balder and the company is a public company (publ). The registered office of the company is in Gothenburg. The company's purpose shall be directly or indirectly, through wholly-owned or part-owned companies, to acquire, manage, own and divest real property and securities, and to conduct other associated activities.

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

OVERALL STRUCTURE OF CORPORATE GOVERNANCE



1. THE SHARE AND THE OWNERS

The Balder share is listed on Nasdaq Stockholm, Large Cap segment. At the year-end, the number of shareholders was approximately 22,000. Of the total share capital, 30% was owned by foreign owners. The principal owner of Fastighets AB Balder is Erik Selin Fastigheter AB, which owns 35.1% of the capital and 48.8% of the votes.

Balder's share capital as of 31 December 2021 totalled SEK 186,500,000 distributed among 186,500,000 shares. Each share has a quota value of SEK 1.00. The shares are distributed across 11,229,432 Class A shares and 175,270,568 Class B shares. Each Class A share carries one vote and each Class B share carries one tenth of one vote.

Each shareholder at the general meeting is entitled to vote for the number of shares held and represented by him/her. Further information regarding shares and share capital may be found on pages 5–9, Balder's share and owners.

Information to the stock market

Balder issues interim reports for the operations three times per year: as of 31 March, as of 30 June and as of 30 September. In addition to this, Balder reports its full-year accounts on 31 December in its year-end report and publishes its annual accounts in good time before the AGM.

The annual accounts for 2021 are now available for distribution and on Balder's website. All documents, press releases and presentations in connection with reports are available at www.balder.se.

2. ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the company's highest decision-making body in which the shareholders exercise their rights to decide on the affairs of the company. The Board and auditors of the company are elected by the AGM according to the proposal of the nomination committee. The annual AGM also passes resolutions, including on amendments of the articles of association, on change of the share capital and decides on the company's distribution of profits and discharge from liability for the Board and the CEO.

To participate in passing resolutions, the shareholder must be present at the meeting, either personally or by proxy. In addition, the shareholder must be registered in the share register on a certain date prior to the meeting and notification of participation must be given to the company within a certain determined period. Shareholders who wish to have a special matter dealt with at the AGM can normally request this if the request is made in good time to Balder's Board of Directors prior to the meeting. Because of the prevailing pandemic, the 2022 AGM has been adapted in line with temporary rules of law. The meeting will therefore be held with no possibility for shareholders to attend personally or by proxy. For further information, see page 118.

Notice to attend the Annual General Meeting is given through the Official Swedish Gazette (Post- och Inrikes Tidningar) and on Balder's website. It shall also be announced in Svenska Dagbladet that notice has been given. Resolutions at the general meeting are normally passed by a simple majority. In certain questions, the Swedish Companies Act prescribes that proposals must be approved by a larger proportion of the shares represented and cast at the meeting.

Annual General Meeting 2021
At the AGM on 12 May 2021, 650 shareholders were represented, representing around 83% of total number of votes. The AGM adopted the financial statements for 2020 and discharged the Board and CEO from liability for the financial year 2020.
The following resolutions were passed at the AGM on 12 May 2021:

- that no dividend shall be declared for the shareholders,
- the Board shall, during the period until the next AGM has been held, be composed of five ordinary members without deputy members,
- directors' fees of a fixed amount of SEK 560,000 should be paid to the Board, of which SEK 200,000 to the Chairman of the Board and SEK 120,000 to the other Board members who are not permanently employed by the company. The amount includes remuneration for committee work,
- re-election of Board members Christina Rogestam, Erik Selin, Fredrik Svensson, Sten Dunér and Anders Wennergren. All members are elected up to and including the 2022 AGM. Christina Rogestam was re-elected as Chairman of the Board,
- approval of the Board's proposed guidelines for remuneration to senior executives,
- a mandate for the Board, during the time until the next AGM, on one or more occasions, to decide on a new issue of Class B shares, as well as of warrants and/or convertibles with the right to subscribe and/or convert to Series B shares, may take place with or without departure from the preferential rights of shareholders. The number of shares issues with the support of this mandate may be a maximum of 20,000,000 Class B shares. The new issue shall be used by the company for payment of acquisitions of properties or acquisition of shares or participations in legal entities that own property or in order to capitalise the company ahead of such acquisitions or to capitalise the company in other respects,
- a mandate for the Board to decide on repurchase and transfer of the company's own shares for the purpose of adjusting the company's capital structure and for transferring own shares as payment or for financing of property investments. If the use of this authorization is combined with the use of the authorization regarding the issue of shares, warrants and/or convertibles at the same acquisition, the Series B shares, warrants and/or convertibles that can be subscribed and/or converted to Series B shares may together correspond to no more than 20,000,000 Series B shares.

Minutes taken at the AGM on 12 May 2021 are available on the company's website. The 2022 AGM will be held on 12 May at 16:00. For further information, see page 118. Information concerning the AGM will be published at www.balder.se.

3. NOMINATION COMMITTEE
The AGM passes resolutions on the procedure for election of the Board and, when applicable, auditors. The 2021 AGM resolved that a nomination committee should be established before the 2022 AGM in order to submit proposals on the number of Board members, election of Board members including the Chairman of the Board and election of auditors and remuneration for Board members as well as for auditors. The nomination committee's proposals shall be announced no later than in conjunction with the notice convening the AGM. Shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The 2021 AGM adopted the nomination committee's proposal that the nomination committee should be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced no later than six months before the AGM.

The nomination committee's term of office extends until a new nomination committee has been appointed. If Lars Rasin resigns as chairman of the nomination committee, the company's Chairman shall appoint a new chairman of the nomination committee until the next general meeting of the company.

The nomination committee ahead of the 2022 AGM is composed of Jesper Mårtensson, representing Erik Selin Fastigheter AB, Rikard Svensson, representing Arvid Svensson Invest AB, and chairman Lars Rasin.

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

4. AUDITORS
The company's annual accounts and the administration of the CEO and Board are reviewed by the company's auditor, who submits an audit report for the financial year to the AGM. The auditor reports to the Board on his audit plan for the year and his views on the accounts, annual accounts and administration.

At the 2019 AGM, Öhrlings PricewaterhouseCoopers AB was elected as the company's auditor, with Bengt Kron as auditor in charge, for the period until the end of the 2023 AGM.

5. BOARD OF DIRECTORS
The Board of Directors is elected by the AGM and according to the articles of association shall consist of at least three and at most seven members. The members are elected at the AGM for the period until the end of the first AGM that is held after the members were elected. During 2021, the Board was composed of five members and is responsible for the company's organisation and administration (more information about the company's Board is available on page 96 and at www.balder.se. The Board works according to an established formal work plan with instructions concerning division of responsibilities between the Board and the CEO.

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

The rules of the Swedish Companies Act apply to resolutions in the Board, to the effect that more than half of the members present and more than one third of the total number of members must vote for resolutions. The Chairman has the casting vote if there is no majority.

The Board's work is governed by the Swedish Companies Act, the articles of association, the Code and the formal work plan that the Board has adopted for its work. Balder's Board of Directors is composed of persons who possess broad experience and competence from the property sector, business development, sustainability issues and financing. Most of the Board members have experience of board work from other listed companies.

Both of the major owners Erik Selin Fastigheter AB and Arvid Svensson Invest AB are represented on the Board through Erik Selin and Fredrik Svensson. Balder's authorised signatories, apart from the Board, are the Chairman of the Board Christina Rogestam and the CEO Erik Selin jointly, or one of these jointly with Director of Economy Eva Sigurgeirsdottir or Head of Personnel and Administration Petra Sprangers.

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

The Board has responsibility for ensuring that the company's organisation is appropriate and that the operations are conducted in accordance with the articles of association, the Companies Act and other applicable laws and regulations and the formal work plan of the Board. The Board shall perform the board work collectively under the leadership of the Chairman.

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

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

- establishing business plans, strategies, significant policies and goals for the company and the Group that the company is parent company of,
- determining the company's and Group's overall organisation,
- appointing and dismissing the CEO,
- ensuring that there is a functioning reporting system,
- ensuring that there is satisfactory control of the company's and Group's compliance with laws and other regulations that apply to the operations,
- approving a new formal work plan and instruction to the CEO annually,
- approving financial reporting in the form of interim reports, year-end reports and annual accounts that the company must publish,
- ensuring that the company has a functioning approvals list and approvals process,
- approving necessary guidelines for the company's conduct in society with the aim of ensuring long-term value creation and a sustainability perspective,
- ensuring that the company has an appropriate system for follow-up and control of the risks associated with the company and its operations.

Chairman of the Board

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

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

The formal work plan of the Board of Directors

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

Board meetings

The Board shall, in addition to the statutory meeting, hold board meetings on at least four occasions annually. The CEO and/or the Director of Economy shall as a general rule present a report to the Board. The company's employees, auditor or other external consultants shall be called in to board meetings in order to participate and report on matters as required. The Board has a quorum if more than half of the Board members are present. The Chairman has the casting vote in the event that there is no clear majority.

The work of the Board

Balder's Board held 14 board meetings during 2021, one of which was the statutory meeting. Board meetings are held in connection with the company's reporting. Matters of significant importance to the company are dealt with at each ordinary board meeting, such as acquisition and divestment of properties, investments in existing properties and financing questions. In addition, the Board is informed about the current business situation in the rental, property and credit markets.

The regular matters dealt with by the Board in 2021 included acquisition strategies, capital structure and financing position, sustainability work, common corporate policies and the formal work plan for the Board.

Composition of the Board

The Board, for its work in Balder's Board of Directors, shall have appropriate experience and competence for the operations that are being conducted in order to be able to identify and understand the risks that can arise in the business and the rules and regulations governing the operations that are being conducted.

The composition of the Board shall be characterised by diversity and breadth in terms of the chosen members' competencies, experience, age, gender or ethnic background. The diversity policy applied by the nomination committee follows item 4.1 of the Code. It is the duty of the nomination committee to consider the policy, with the objective of achieving an appropriate composition in the Board.

When electing new Board members, the suitability of the individual members shall be examined with the aim of achieving a Board with a combined level of expertise that is sufficient for ensuring appropriate governance of the company. The composition of the Board provides a good basis for well-functioning Board work with a good spread among individual members that represents diversity according to the Board's diversity policy.

Evaluation of the Board's work

The intention of the evaluation is to further improve the Board's working methods and efficiency, and to clarify the main direction of the Board's future work. The evaluation also serves as a tool for ensuring the right competence and knowledge in the Board. In connection with the annual evaluation, Board members are asked, based on their own perspective, to discuss various areas relating to the Board's work with other Board members. These conclusions are documented in a report.

The areas discussed and evaluated in 2021 related to the Board's composition, competence, efficiency and focus areas going forward. The areas covered by the Board evaluation may vary from one year to another to reflect the development of the Board's work. The evaluation showed constructive board work conducted in a positive spirit.

Remuneration committee

The remuneration committee has a preparatory function in relation to the Board in questions regarding principles for remuneration and other terms of employment for the CEO and other senior executives. The remuneration committee shall monitor and evaluate the application of the guidelines for remuneration and levels of compensation to senior executives that the AGM has determined and shall also draw up proposals for new guidelines for principles of remuneration and other terms of employment.

Before the resolution of the AGM, at least every four years the Board shall propose new principles for remuneration and other terms of employment for the CEO and other senior executives. Based on the resolution of

the AGM, it is the duty of the remuneration committee to decide on remuneration to the CEO and other officers. The Board shall be entitled to deviate from the guidelines if there are special reasons in an individual case to justify this. The remuneration committee is composed of all independent Board members and shall meet at least once every year. For further information see Note 4, Employees and staff costs.

Audit committee

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

The audit committee shall meet the company's auditor at least once per calendar year and have the opportunity to meet with the auditors without any members of company management being present. During 2021, the audit committee, which was composed of all independent Board members, met the company's auditor on one occasion and received an audit plan for 2021 and a report on the audit performed.

Disqualification

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

6. CEO AND MANAGEMENT

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

The management team normally meets once every month with a standing agenda, including property transactions, finance and general management issues. Group Management consists of six persons and includes resources such as the CEO, accounting, finance, management, property transactions and HR. More information about the company's CEO and management team may be found on page 97.

COMPOSITION OF THE BOARD OF DIRECTORS, NUMBER OF MEETINGS AND ATTENDANCE

Name	Elected	Independent[1]	Board meetings	Audit committee	Remuneration committee
Christina Rogestam	2006	Yes	14/14	1/1	1/1
Erik Selin	2005	No	14/14	—	—
Fredrik Svensson	2005	No	14/14	1/1	1/1
Sten Dunér	2007	Yes	14/14	1/1	1/1
Anders Wennergren	2009	Yes	14/14	1/1	1/1

1) The independence is based on both independence in relation to the company and the company management as well as to larger shareholders (>10%).

LÅNGSTRÖMSALLÉN, GOTHENBURG, SWEDEN

INTERNAL CONTROL IN RESPECT OF FINANCIAL REPORTING

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

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

CONTROL ENVIRONMENT

The control environment constitutes the basis for the internal control over financial reporting. A good control environment is built on clearly defined and communicated decision-making procedures and guidelines between different levels of the organisation, which together with the corporate culture and shared values establish the basis for managing Balder in a professional manner.

Balder's internal control is based on a decentralised organisation with 1,678 properties, each with its own profit centre, which are administered from regional offices. To support the control environment and provide necessary guidance to different officers, there are a number of documented governing documents such as internal policies, guidelines, manuals, the formal work plan of the Board, decision-making procedures, rules for approvals as well as accounting and reporting instructions. Governing documents are updated as required in order to always reflect applicable laws and rules.

RISK ASSESSMENT

The focus is on identifying the risks that are considered most significant in Balder's income statement and balance sheet items in the financial statements and what measures can reduce these risks. Risk management is integrated into the above-mentioned document for the control environment.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Board conducts continuous reviews of the internal control in accordance with the formal work plan of the Board. The risk assessment is continually updated to cover changes that have a material impact on the internal control over financial reporting.

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

CONTROL ACTIVITIES

A number of control activities are built-in to ensure that financial reporting provides a true and fair view at each point in time. These activities involve different levels in the organisation, from the Board and company management to other employees.

The control activities are aimed at preventing, discovering and correcting errors and deviations. The activities consist of approval and reporting of commercial transactions, follow-up on decisions and approved policies of the Board, general and application-specific IT controls, checking of external counterparties and follow-up on results at various levels in the organisation.

Other activities are follow-up on reporting procedures, including the annual accounts and consolidated financial statements and their conformity with applicable rules and regulations, approval of reporting tools, accounting and valuation principles, as well as power of attorney and authority structures.

Balder's regional offices participate in basic control, follow-up and analysis in each region. To guarantee the quality of the regions' financial reporting, an evaluation is performed in conjunction with the Group's controllers.

Follow-up at regional level combined with the controls and analyses at Group level are an important part of the internal control, to make sure that financial reporting essentially does not contain any errors.

INFORMATION AND COMMUNICATION

Balder has determined how information and communication in respect of the financial reporting should occur so that the company's information disclosure should take place in an effective and correct manner. Balder has guidelines for how financial information should be communicated between management and other employees.

Guidelines, updates and changes are made available and known to the employees concerned by means of oral and written information and on Balder's intranet. The Board receives further information about risk management, internal control and financial reporting from meetings and reports from the company's auditors.

FOLLOW-UP

There is an appropriate process for continual follow-up and annual evaluation of the observance of internal policies, guidelines and codes and of the appropriateness and functionality of the established control activities.

Different methods are used to measure and minimise risks and to ensure that the risks that the company is exposed to are handled according to Balder's current policies and rules. The Group's accounting and controller function has the day-to-day responsibility for ensuring follow-up and reporting to the company management of possible shortcomings. Follow-up takes place at both property level and at Group level.

The Board regularly evaluates the information submitted by company management and the auditors. The company's auditors report their observations from the audit and their opinion about internal control over financial reporting on at least one occasion each year.

NEED FOR INTERNAL AUDIT

Balder has a decentralised organisation that manages 1,678 properties from regional offices. Financial operations and the finance function for the entire Group are conducted in the parent company. There is a controller function in the parent company which, together with controllers in Denmark and Finland, monitors the administration of the regional offices and financial operations in the Group. Balder's size and decentralised organisation together with the controller function in the parent company mean that a special internal audit function is not justified at present.

27.07.2023 kl 21:20 Brønnøysundregistrene Side 112 av 136

AHEAD OF THE 2022 AGM

Ahead of the AGM on 12 May 2022, the Board proposes:

- no share dividend to be declared,
- decision to approve the report in respect of remuneration to senior executives,
- guidelines for remuneration of senior executives,
- a renewed mandate for the Board, before the next AGM, on one or more occasions, to resolve on the new issue of Class B shares corresponding to no more than 10% of the total amount of Class B shares. It shall be possible to subscribe for the shares in cash, in kind or through right of set-off,
- a mandate for the Board, before the next AGM, to repurchase and transfer Class B shares in Balder equivalent to no more than 10% of all shares in the company.
- a split of shares to be made, so that each existing share is split into six shares of the same share class, a so called share split 6:1.

Ahead of the AGM on 12 May 2022, the nomination committee proposes:

- re-election of the current Board members Christina Rogestam, Fredrik Svensson, Sten Dunér, Anders Wennergren and Erik Selin. It is proposed that Christina Rogestam be re-elected as Chairman of the Board.
- it is proposed to pay directors' fees of SEK 200,000 to the Chairman of the Board and SEK 120,000 to the other Board members who are not permanently employed by the company. The amounts include remuneration for committee work.
- that the general meeting resolves that the nomination committee shall be composed of one representative for each of the two largest shareholders or ownership spheres in addition to Lars Rasin, who represents the other shareholders. The chairman of the nomination committee shall be Lars Rasin. The names of the other two members and the owners they represent shall be announced no later than six months before the AGM. The nomination committee's term of office extends until a new nomination committee has been appointed.

Gothenburg, 6 April 2022

Christina Rogestam
Chairman of the Board

Sten Dunér
Board member

Fredrik Svensson
Board member

Anders Wennergren
Board member

Erik Selin
Board member and CEO

AUDITOR'S STATEMENT REGARDING **THE CORPORATE GOVERNANCE REPORT**

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

Engagement and allocation of responsibility

The Board of Directors is responsible for the Corporate Governance Report for 2021 on pages 90–95 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

The focus and scope of the review

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our review of the corporate governance report has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

Opinion

A corporate governance statement has been prepared. Disclosures according to Chapter 6 Section 6, second paragraph, items 2–6 of the Annual Accounts Act and Chapter 7 Section 31, second paragraph of the same Act are consistent with the annual accounts and consolidated financial statements and are in compliance with the Annual Accounts Act.

Gothenburg, 7 April 2022
Öhrlings PricewaterhouseCoopers AB

Bengt Kron
Authorised Public Accountant
Auditor in charge

Konstantin Belogorcev
Authorised Public Accountant

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 916164882

BOARD OF DIRECTORS

FREDRIK SVENSSON
Board member since 2005

Born 1961

Education and experience
B.Sc. (Economics).

Chairman of the Board at Arvid Svensson Invest AB, Board member at SBB, Samhällsbyggnadsbolaget, Chairman of the Board at ABB-Gymnasiet.

Shareholding in Balder
2,915,892 Class A shares and 13,542,540 Class B shares, all held via company.

ERIK SELIN
Board member since 2005

Born 1967

Education and experience
Business school economist.

CEO of Fastighets AB Balder, Chairman of the Board at Brinova Fastigheter AB, K-fast Holding AB and Collector AB, Board member Hexatronic Group AB, I.A. Hedin Bil AB and Ernström & Co AB.

Shareholding in Balder
10,500 Class B shares, and 8,309,328 Class A shares and 57,200,400 Class B shares held via company.

STEN DUNÉR
Board member since 2007

Born 1951

Education and experience
B.Sc. (Economics).

Chairman of the Board at Länsförsäkringar Liv, Board member at Garbo and Humlegården.

Shareholding in Balder
No shareholding in Balder.

CHRISTINA ROGESTAM
Chairman of the Board since 2006

Born 1943

Education and experience
B.A. Social Studies.

Former President and CEO of Akademiska Hus AB.

Shareholding in Balder
18,000 Class B shares and 3,000 Class B shares held via company.

ANDERS WENNERGREN
Board member since 2009

Born 1956

Education and experience
Bachelor of Law.

Lawyer and partner at Norma Law, Bord member BRA Bygg AB and Alhem AB.

Shareholding in Balder
210,000 Class B shares held via company.

Auditor
Öhrlings PriceWaterhouseCoopers AB. Auditor in charge: Bengt Kron, born 1965. Öhrlings PriceWaterhouseCoopers AB was elected at the AGM held on 8 May 2019 for the period until the AGM in 2023.

MANAGEMENT

ERIK SELIN
CEO

Born 1967

Employed since 2005

Education and experience
Business school economist

Shareholding in Balder
10,500 Class B shares, 8,309,328 Class A shares and 57,200,400 Class B shares held via company

Email address
erik.selin@balder.se

SHARAM RAHI
Deputy CEO

Born 1973

Employed since 2005

Education and experience
Compulsory school

Shareholding in Balder
737,822 Class B shares and 788,978 Class B shares held via company

Email address
sharam.rahi@balder.se

EVA SIGURGEIRSDOTTIR
Director of Economy

Born 1974

Employed since 2014

Education and experience
DIHM Graduate in Business Administration IHM Business School

Shareholding in Balder
1,000 Class B shares

Email address
eva.sigurgeirsdottir@balder.se

MARCUS HANSSON
CFO

Born 1974

Employed since 2007

Education and experience
B.Sc. (Economics)

Shareholding in Balder
156,500 Class B shares

Email address
marcus.hansson@balder.se

PETRA SPRANGERS
Head of Personnel & Administration

Born 1965

Employed since 2007

Education and experience
Business school economist

Shareholding in Balder
300 Class B shares

Email address
petra.sprangers@balder.se

BENNY IVARSSON
Head of Property

Born 1955

Employed since 2006

Education and experience
B.Sc. (Economics)

Shareholding in Balder
11,474 Class B shares and 11,720 Class B shares held via company

Email address
benny.ivarsson@balder.se

27.07.2023 kl 21:20 Brønnøysundregistrene Side 115 av 136

DETAILED **SUSTAINABILITY INFORMATION**

This section contains detailed information about Balder's sustainability work, including goals, key ratios, information about the materiality analysis and the company's work on climate-related risks in accordance with the TCFD's recommendations. It also includes the GRI index and supporting data for the report to the Global Compact (Communication on Progress).

BALDER'S WORK ON THE UN SUSTAINABLE DEVELOPMENT GOALS

Balder strives to contribute to the fulfillment of the UN Sustainable Development Goals and has selected six of the 17 goals that are considered most relevant to the company's business activities and where the company has the greatest opportunity to have an influence.

To link these more closely to the company's operations, the associated targets have also been analysed. Balder has interpreted goals and targets in order to identify the areas where the company has the greatest opportunity to contribute to the goals being achieved.

11. SUSTAINABLE CITIES AND COMMUNITIES

11.1 Safe and affordable housing
Balder assumes an active role in the development of entire areas and city districts. By building new homes with varied forms of tenure, Balder contributes to developing residential areas and improving security.

11.3 Inclusive and sustainable urbanisation
A blend of workplaces and homes produces more job opportunities in the local environment and creates new meeting places.

11.6 Reduce the environmental impact of cities
Solutions for increased mobility, such as proximity to public transport, cycle paths and electric vehicle pools are given priority in the development of properties and areas, as are green areas and areas for sport and recreation. Balder is also striving to promote effective waste management and to keep the areas clean and tidy.

7. SUSTAINABLE ENERGY FOR ALL

7.2 Increase the share of renewable energy in the world
All electricity purchased for the properties is green electricity, and Balder also owns several wind farms in Sweden. More and more properties are also having solar panels and charging stations installed.

7.3 Double the rate of improvement in energy efficiency
Balder has a strong focus on efficient energy consumption and works continuously on operational optimisation and efficiency improvement, by such means as supplementary insulation, replacing windows and so on. During the year, an analysis of the property portfolio and operations was also performed with reference to the EU taxonomy, which has resulted in a number of proposed measures to improve energy efficiency.

8. DECENT WORK AND ECONOMIC GROWTH

8.4 Improve resource efficiency in consumption and production
Balder strives to achieve sustainable purchasing, following up on suppliers and buying locally wherever possible. The company works continuously to reduce the volume of waste and increase recycling, and to develop circular flows in the construction process.

8.6 Promote employment, education and work placements for young people
A number of young people living in the company's areas are hired every year as summer workers. Balder also offers work experience and work placements to students on property-related study programmes and within the framework of various local initiatives.

8.8 Protect labour rights and promote a safe and secure work environment for all
Balder strives to achieve greater diversity and equality, and a good work environment, where everyone is treated equally and offered opportunities for development. The company's standard agreement contains specific requirements that suppliers must comply with the international conventions that form the basis of Balder's code of conduct.

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 916164882

9. SUSTAINABLE INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.2 Promote inclusive and sustainable industrialisation
Balder supports sustainable industrialisation and innovation, and works continuously with more efficient resource utilisation.

9.4 Upgrade all industry and infrastructure for increased sustainability
The company also strives to increase the proportion of recycled and reused material in both renovation and new construction, and to increase the use of new technology by such means as the increased digitalisation of properties. Both in property management and new construction, the company depends on transport operations, and continual work is in progress to optimise these as much as possible to further reduce the environmental impact.

12. SUSTAINABLE CONSUMPTION AND PRODUCTION

12.4 Responsible management of chemicals and waste
Balder strives to minimise the volume of chemicals and waste, to use less harmful material and to apply the precautionary principle when selecting materials and handling chemicals.

12.5 Substantially reduce waste generation
To promote sustainable consumption and production, Balder strives to be prudent in its consumption of materials, with a focus on increased recycling.

Tenants are also encouraged in various ways to increase recycling. The company will also continue to increase the level of reuse and recycling, in renovation projects for example, to contribute to increased circularity, and to strive to increase levels of sorting at source and reuse.

13. CLIMATE ACTION

13.1 Strengthen resilience and adaptive capacity to climate-related disasters
Balder has initiated work to identify climate-related risks and opportunities in accordance with the recommendations from the Task Force on Climate-Related Financial Disclosures.

13.3 Improve knowledge of and capacity for climate change mitigation
In its continued work to identify climate-related risks and opportunities, Balder has an objective, among other things, to draw up action plans at property level, and to make sure that all employees have relevant knowledge in this field.

27.07.2023 kl 21:20 Brønnøysundregistrene Side 117 av 136

FRAMEWORK FOR **SUSTAINABILITY WORK**

PROPERTIES

MATERIAL TOPICS

- Minimise use of energy, water and chemicals
- Select renewable energy sources and less harmful materials
- Minimise waste and increase degree of sorting

EXAMPLES OF ACTIVITIES DURING 2021

New regulations with the taxonomy
During the year, a mapping exercise was performed of Balder's operations and properties with reference to the EU taxonomy. This includes, for example, a more detailed analysis of the properties' energy use and other factors relating to the regulations in the taxonomy.

The results form the basis of action plans for continued improvements. This may involve investing in renovations, but also drawing up inventories of technical systems in order to identify opportunities to optimise and streamline energy use.

Focus on renewable energy
All electricity purchased for Balder's properties is green electricity from renewable sources. Balder also owns two wind farms, one to the north of Falkenberg and one on Öland. Every year, the ten wind turbines contribute with renewable energy corresponding to the use of household electricity for approximately 7,800 apartments.

THE UN SUSTAINABLE DEVELOPMENT GOALS

GOALS AND OUTCOMES – PROPERTIES

Goal	Outcome
Energy efficiency improvement 2% per sq.m. per annum.	During the year the use of electricity and heating has decreased, while the use of cooling has increased, mainly as an effect of the pandemic which to some extent has prohibited optimisation at the properties. (See page 103)
Reduced water use 2% per sq.m. per annum.	Water use fell by 12,12% during the year.
All newly produced properties must as a minimum satisfy the Miljöbyggnad Silver rating or equivalent.	Of the properties completed in Sweden during the year, all except Bovieran are certified in accordance with the Miljöbyggnad Silver rating or equivalent.

AREAS

MATERIAL TOPICS

- Security and well-being in the company's property portfolio
- Responsible, efficient transport operations

EXAMPLES OF ACTIVITIES DURING 2021

Summertime activities for children and young people
Despite the ongoing pandemic, it was possible to organise plenty of summer holiday activities for children in Balder's areas. Events organised during the summer included various sporting activities, swimming lessons in partnership with the Swedish Life Saving Society, a cycling course, study visits and various kinds of summer games.

Basketball and books in Biskopsgården
During the year, Balder sponsored BonnierHoops, a meeting place for basketball and culture that takes place in Biskopsgården during the summer.

BonnierHoops offers a host of different activities, aimed primarily at children and young people, such as basketball tournaments, reading in the book lounge, crafts, dancing, workshops on the spoken word, poetry, hip hop and much more.

Increased focus on recycling
Over the course of two weeks during the summer, colleagues in Gothenburg, Stockholm, Sundsvall, Skövde and Trollhättan put an extra focus on recycling. With the aid of PreZero, who takes care of waste in many of Balder's areas, activities were created for tenants with an aim to increase awareness of waste management and recycling. For example, quizzes were organised for children and young people of different ages, information was distributed to tenants and discussions were held on the subject.

THE UN SUSTAINABLE DEVELOPMENT GOALS

GOALS AND OUTCOMES – AREAS

Goal	Outcome
Create jobs for young people in the management organisation.	60 summer workers were hired by Balder during the year. In addition to these, the company received 37 work placements and a number of students doing thesis work.
Implement initiatives for sustainable travel to and from the properties.	A number of charging stations for electric vehicles were installed at Balder's properties during the year, as well as electric vehicle pools at newly constructed properties.

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 916164882

PARTNERSHIPS

MATERIAL TOPICS

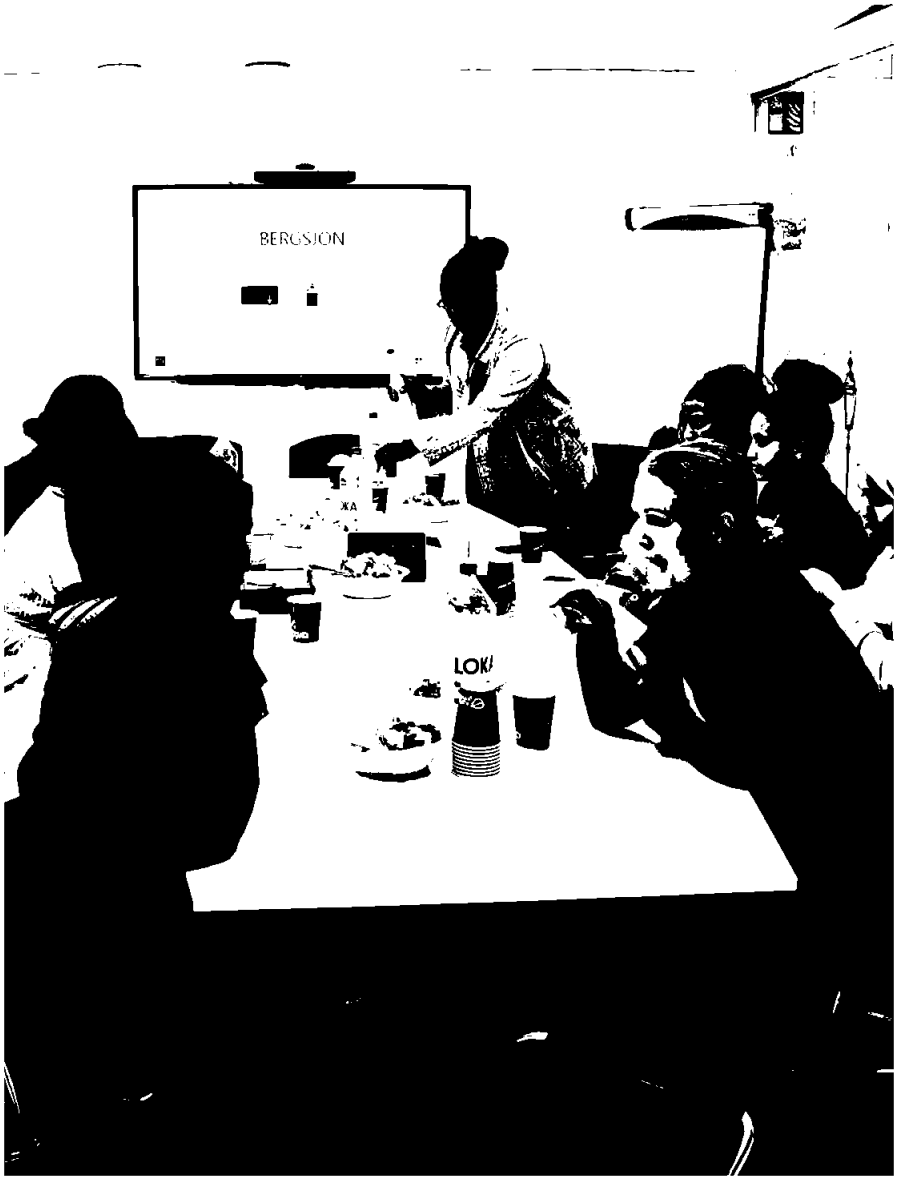
- Good, ethical external relationships
- Responsible suppliers

EXAMPLES OF ACTIVITIES DURING 2021

Support for young people
Mitt Livs Val (My Life's Choice) is a charitable foundation that works for an inclusive society in which young people have the conditions to influence their future. They run study-related programmes and labour market preparation programmes for newly arrived young people in Stockholm and Gothenburg. Balder supports the Framåt! (Forward!) programme with premises. A number of colleagues are also engaged as CV coaches and inspirational job counsellors. A group of young people also paid a study visit to Balder in Bergsjön in the autumn, where they were able to learn more about the company and accompany a colleague for a couple of hours of 'job shadowing'.

Industry-wide security project
During the year, Balder took part in an industry initiative that brought together both private and municipal property owners. The industry organisation Fastighetsägarna GFR and the vocational training college Fastighetsakademin led the work together with the Tryggare Sverige (A Safer Sweden) foundation and the sociologist Maria Wallin. The project involved producing a status report on vulnerable areas in West Sweden, and on the basis of this drawing up guidelines describing how property owners can work to reduce problems and instead create socially healthy residential areas.

Long-term urban development projects
Balder is involved in many parts of the country in so-called BID projects. BID stands for Business Improvement District and the purpose is to bring together a number of parties to develop city districts and areas. These projects, which are being implemented in places including Gamlestaden in Gothenburg and Huddinge in Stockholm, bring together bodies such as property companies, municipalities, associations and other actors to drive development through collaboration and participation.



THE UN SUSTAINABLE DEVELOPMENT GOALS

GOALS AND OUTCOMES – PARTNERSHIPS

Goal	Outcome
No incidents of corruption.	0 incidents involving corruption were reported during the year.
No incidents of discrimination.	0 incidents involving discrimination were reported during the year.

COWORKERS

MATERIAL TOPICS

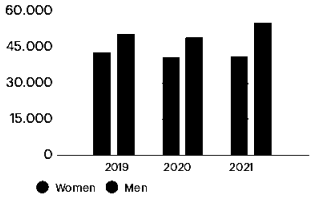
- Satisfied employees and a good work environment
- Responsible, efficient travel

EXAMPLES OF ACTIVITIES DURING 2021

A focus on equality and diversity
Balder aims to have a good work environment based on equality and diversity, where the privacy of employees is safeguarded. The company strives to increase the blend of employees from different backgrounds and to improve the balance in the distribution between men and women in all positions in the company.

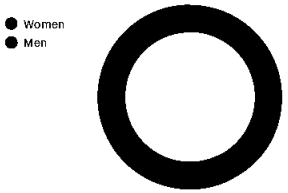
Impartial letting
All letting of apartments is handled in accordance with Balder's selection policy, which has been drawn up to achieve an impartial assessment when choosing tenants. No party may be disadvantaged in the selection process due to, for example, gender, sexual orientation, ethnic origin, religion or other belief, disability, transgender identity/expression or age.

PAY DIFFERENCES WOMEN AND MEN

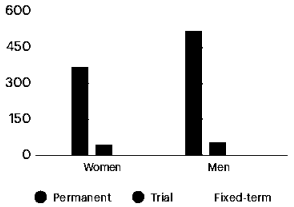


NUMBER OF EMPLOYEES, WOMEN/MEN DISTRIBUTION

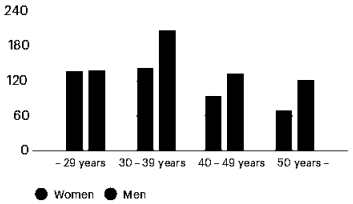
Total number of employees:



EMPLOYEES PER EMPLOYMENT FORM, NUMBER



GENDER DISTRIBUTION BY AGE GROUP, NUMBER



THE UN SUSTAINABLE DEVELOPMENT GOALS

GOALS AND OUTCOMES – COWORKERS

Goal	Outcome
All employees must be trained in the code of conduct.	Training in the code of conduct has been rolled out in the organisation, and the number of employees who have completed this will continue to be monitored during 2022.
Encourage environment-friendly travel.	In 2020 and 2021, the number of business trips fell rapidly as a consequence of the ongoing pandemic, so it is difficult to determine what proportion of the reduced, more environment-friendly journeys would have been the result of Balder's initiatives during a normal year.

OTHER EMPLOYEE INFORMATION

	2021	2020	2019
Number of summer workers	60	36	56
Number of work placements	37	28	20
Number of reported cases of corruption	0	0	0
Number of reported cases of discrimination	0	0	0
Staff turnover, %	16	20	23
Number of training hours/employee, average	13.4	11.5	17.2

FINANCES

MATERIAL TOPICS

- Continued customer satisfaction
- Long-term financial stability and profitability

EXAMPLES OF ACTIVITIES DURING 2021

Green financing
For several years, Balder has had what are known as green loans as an element of financing new property projects. Green loans are arranged using a green asset as security, which in the property sector usually consists of buildings that have been built with a low environmental impact and have certification.

In addition to this, the company also has a framework for green bonds in order to finance projects that contribute to a reduced environmental impact. This relates primarily to green and energy-efficient buildings, but also investments in energy efficiency improvement measures and renewable energy.

During the year, Balder's property portfolio and operations were analysed with reference to the new regulations that came into force with the EU taxonomy. This analysis will form the basis of continued reporting.

Certification of properties
Balder is striving to increase the proportion of properties that are certified. The goal for new in-house production is that the properties shall be certified as a minimum in accordance with the Miljöbyggnad Silver rating or equivalent, which means, for example, BREEAM Very Good, LEED Excellent, DGNB or Nordic Swan Ecolabel.

THE UN SUSTAINABLE DEVELOPMENT GOALS

GOALS AND OUTCOMES – FINANCES

Goal	Outcome
Financial goals.	See page 22 for outcomes.

OTHER KEY RATIOS

ENERGY AND WATER

	2021	2020	2019
Total energy use[1] degree day-based, kWh	355,545,585	332,438,858	330,501,109
Electricity use, kWh/sq.m.	17.77	17.83	19.47
Heating use, kWh/sq.m.	100.46	102.64	109.73
Cooling use, kWh/sq.m.	44.65	39.79	41.70
Water use, m^3/sq.m.	1.16	1.32	0.96[2]

1) Refers to electricity, heating and district cooling. The numbers for 2019 and 2020 have been corrected since improved data for energy use in the properties have become available.
2) The water use for 2019 is not complete since problems with installations resulted in insufficient measurements.

EMISSIONS

	2021	2020	2019
Scope 1, tonnes[1]	282.68	221.12	176.34
Scope 2, tonnes[2]	9,527.14	8,937.36	8,867.25
Intensity Scope 1 and 2, kg/sq.m.	3.79	4.34	4.94
Scope 3, tonnes[3]	56,569		
Intensity kg/sq.m.	19.80		
Intensity Scope 1, 2 and 3, kg/sq.m.	23.59		

1) The numbers for 2019 and 2020 have been corrected since improved data for fuel consumption in the service cars have become available.
2) The numbers for 2019 and 2020 have been corrected since improved data for energy use in the properties have become available, as well as more correct emission factors.
3) Balder reports emissions in Scope 3 for the first time for 2021.

WIND POWER PRODUCTION

	2021	2020	2019
Total, MWh	17,740	21,050	18,400

27.07.2023 kl 21:20 Brønnøysundregistrene

MATERIALITY ANALYSIS AND **STAKEHOLDER DIALOGUE**

Continuous dialogues with stakeholders combined with regular reviews of the materiality analysis define which topics are in focus for Balder's work on sustainability.

The materiality analysis first of all defines the company's stakeholders, and a review is conducted of internal information and knowledge of these. An analysis is then made of the dialogues and ongoing communication channels the company has with these stakeholders, to produce a list of the topics deemed to be most material. Supplementary dialogues are also conducted if necessary. In the ongoing analysis, the material topics are then ranked on the basis of both importance and impact.

The main groups of stakeholders defined comprise Customers, Employees, Owners and Society. The latter group also includes the local community at locations where Balder has operations, such as government agencies and municipalities, business partners and suppliers, and the Tenants' Association.

Dialogues with stakeholder groups take place in many different forums. Dialogues with customers take place, for example, both on an ongoing basis and in connection with the CSI survey that is conducted every one and a half to two years. All employees have employee appraisals with their line manager at least once a year.

Different topics are important for each stakeholder group, and these different topics have been weighted to contribute to the materiality analysis that forms the basis of Balder's work on sustainability and this report.

For a summary of significant topics associated with Balder's framework for sustainability work, see page 25.

CUSTOMERS

Material topics
- Well-being and security in the home/premises and in the surrounding area.
- Development of home/premises, including issues of, for example, energy use, material selection, etc.
- Influence on development of property and area.
- Service, including range provided by Balder, but also by other suppliers in the local area.
- Opportunity for environmentally sustainable choices, e.g. increased sorting facilities.

Channels for dialogue
- Tenants' meetings
- Tenants' Association
- Dialogue meetings

EMPLOYEES

Material topics
- Work environment, both physical and psychological.
- Diversity and equality, and that everyone has the same opportunities.
- Social engagement, especially in the company's own areas.
- Secure jobs and development opportunities within the company.

Channels for dialogue
- Employee appraisals
- Suggestion box
- Intranet
- Review meetings

OWNERS

Material topics
- Financial stability and efficient risk management.
- Yield and good share price trend.
- Customer satisfaction and continued high level of trust in the company.
- The EU taxonomy, certification of properties, climate-related risks and reporting of emissions.

Channels for dialogue
- Financial statements
- Sustainability reporting
- Meetings with analysts and investors

SOCIETY

Material topics
- Long-term, ethical external relationships.
- Long-term, sustainable urban development.
- Environmental impact, for example from transport activities, waste and recycling.
- Communication and reporting.

Channels for dialogue
- Website and social media
- Urban planning processes
- Dialogue meetings

Side 121 av 136

Brønnøysundregistrene Årsregnskap regnskapsåret 2021 for 916164882

RISKS AND **OPPORTUNITIES**

The management and development of properties, just like all business activity, is associated with risks, and these must be handled responsibly and in a controlled manner. Balder works continually to identify and reduce the risks that can impact operations. Handled in the right way, risks can generate opportunities and create value.

Balder also evaluates risks and opportunities that may arise as a consequence of climate change, and analyses the organisation's resilience when it comes to climate-related risks. This work will continue to be developed in the future, with detailed analyses to clarify which effects climate change might have for the company and its operations.

To evaluate risks and opportunities linked to climate change, Balder has officially adopted a position to support and follow the recommendations issued by the Task Force on Climate-Related Financial Disclosures (TCFD), and is working to implement the recommendations in the areas included:

- Governance
- Strategy
- Risk management
- Goals and metrics

Governance and strategy

Governance of the risk process takes place at an overarching level by the Board of Directors and at an operational level by the CEO, management and other employees. The sustainability function (including energy managers) are responsible for identifying and assessing climate-related risks and opportunities, as well as suggested measures to manage these (e.g. energy efficiency improvement measures). This is done in collaboration with the finance function and those responsible for property development and management.

The Board deals with climate-related issues at least once a year, and if something special occurs that requires action in addition to these instances. Before meetings, the Board receives a report from the Head of sustainability about climate-related issues and other sustainability-related issues.

Managing risks

When new construction takes place, risks of issues such as floods are dealt with in the planning process, in which municipalities and county administrative boards are involved, specifying tough demands for investigations and impact assessments. Analyses need to be performed for existing properties based on, for example, geographical location, type of property, year of construction, etc. When analysing risks, they are divided into the short, medium and long term, which in Balder's analysis corresponds to 5, 25 and 50 years respectively.

Analysis of risks and opportunities

The effects expected above all as a consequence of climate change are higher temperatures, drought, increased precipitation and downpours, rising sea levels and a greater risk of landslides, rockfalls and erosion. This has a potentially major impact on buildings, and also on, for example, surface water and drainage systems.

To analyse climate-related risks and opportunities in more detail, Balder uses two different climate scenarios. The first one, RCP 2.6, assumes that the Paris Agreement's goal of reduced environmental impact is achieved, which means that global emissions culminate after 2020 and then fall gradually. It will take strong measures to achieve this, both politically and privately. The second scenario, RCP 8.5, essentially means that everything continues in the same way, with a continuation of high and rising emissions.

In its analysis, Balder has used climate scenarios from the Swedish Meteorological and Hydrological Institute (SMHI) and focused on areas where the majority of the company's properties are located. The analysis includes both physical risks and transitional risks.

Continued work

Balder will continue to work with risks and opportunities in accordance with the TCFD's recommendations. This means above all continued work to refine the analysis at property level and to identify specific measures for each property.

The objective is also to be able to evaluate the economic consequences that different scenarios and risks may give rise to. For more information about risks and opportunities, see pages 42–45.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

RISKS AND OPPORTUNITIES IDENTIFIED

Work undertaken so far in accordance with the TCFD's recommendations has identified the following risks and opportunities:

RISKS

RCP 2.6

- Increased energy costs, for example as a result of increased emission limits.
- Official decisions, for example increased taxes and increased requirements for conversion.
- Increased property costs, for example to adapt properties to meet stricter regulations on energy types and emissions, and to replace old technology.
- Increased requirements for reporting of emissions.
- Increased costs of replacing fossil fuels in operational vehicles.

RCP 8.5

- Physical effects on properties, e.g. floods, raised sea levels, heatwaves and other extreme weather.
- Increased insurance costs for properties in risk zones.
- Uncertainty about market development and increased requirements or changed preferences from customers.
- Risk that properties become unusable, resulting in loss of income.
- Increased costs for remediation/renovation of properties.
- Increased cooling costs.

OPPORTUNITIES

- Decreased energy use in more efficient buildings.
- Increased use of energy sources with lower emissions.
- Increased production of own renewable energy, e.g. solar panels.
- More efficient transport operations.
- Increased recycling.
- Higher valuation of green/certified properties.
- More beneficial financing of green assets.

REPORTING **IN ACCORDANCE WITH THE TAXONOMY**

Balder's operations are covered by the EU taxonomy, which was introduced with the aim of reducing climate change and in due course achieving the goals set out in the Paris Agreement.

The taxonomy contains definitions of what is an environmentally sustainable financial investment, with the aid of a common classification system. For a business to be classified as environmentally sustainable, it needs to make a significant contribution to at least one of the taxonomy's six environmental objectives, not cause harm to any of the other objectives and meet the requirements in defined minimum safeguards.

Balder is covered by the disclosure requirements according to the taxonomy. For the financial year 2021, Balder shall report how large a proportion of the company's operations are covered by the taxonomy ("taxonomy eligible"). The activities that are listed for the property industry and are relevant for Balder are:

- 7.1. Construction of new buildings
- 7.2. Renovation of existing buildings
- 7.3. Installation, maintenance and repair of energy-efficient equipment
- 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings
- 7.6. Installation, maintenance and repair of renewable energy technologies
- 7.7. Acquisition and ownership of buildings

Balder's operations encompass primarily categories 7.1 and 7.7, and it is within these that the largest proportion of net sales and expenses is generated.

Accounting policies

Balder reports on the basis of the definitions below in accordance with Annex 1 of the Delegated Act 2021: 4987 supplementing Article 8 of the Taxonomy Regulation:

Net sales

Net sales refer to total rental income in the income statement, plus sales of completed projects during the year. Net sales is for the most part linked to categories 7.1 and 7.7, and correspond to Rental income in the Group's report on Comprehensive income in Balder's financial accounts.

Capital expenditure (CapEx)

Capital expenditure includes capitalised expenses for acquisition of properties and investments in new and existing properties for the year, i.e. mainly activities in categories 7.1, 7.2 and 7.7. Capital expenditures of SEK 28,057m corresponds to total expenditure for acquisition and investment in investment properties and development properties during 2021. The capital expenses are found in Note 12 and Note 16 in Balder's financial report, and consist of acquisitions and investments in existing properties and projects as well as accrued project costs.

Operating expenses (OpEx)

Operating expenses include expenses that are directly attributable to the day-to-day maintenance of the properties and the expenses that are necessary to maintain the function of the properties, i.e. primarily those parts of category 7.7 that include ownership of buildings. This includes ongoing operating expenses, renovations that have not been capitalised as capital expenditure and expenses for maintenance and repairs. Energy consumption costs are not included. Operating expenses are part of the item Property costs in the Group's statement of Comprehensive income in Balder's financial accounts.

Future reporting

In the sustainability report for the financial year 2022, Balder will also report what proportion of the business operations may be deemed to meet the requirements set out in the taxonomy ("taxonomy aligned").

According to the taxonomy, this applies for properties that have a Class A energy declaration or are among the 15% most energy-efficient buildings in the country. For new buildings, they must have a primary energy performance that is 10% better than the requirements in the national building regulations.

	Total, SEKm	Share of economic activity taxonomy eligible	Share of economic activity taxonomy non-eligible
Net sales	10,623	100%	0%
CapEx	28,057	100%	0%
OpEx	532	100%	0%

TEST OF REUSE **IN RENOVATION PROJECT**

Starting in October 2021, SATO and the City of Helsinki's Recycling Centre carried out a pilot project on recycling directly from an apartment building that was to be renovated. This trial in the area of circular economy is part of the project Circular Construction in Regenerative Cities (CIRCuIT).

The project involves parts of buildings and apartment furnishings such as doors, cooling machines, wardrobes and coat hooks that were in good condition being saved from a SATO-owned apartment building that had been built in the 1930s in the Kallio district of Helsinki. The recycling centre dismantled and inspected the items, which were to be sold, to make sure that they were suitable and safe to be reused.

The renovation of the building started in January 2022, and the items were available to buy from the Recycling Centre's web shop during October and were collected directly from the property that was to be renovated at Castreninkatu 3.

The main benefit of organising a recycling project on site is efficiency. Selling or giving away objects directly from a demolition site reduces costs and the bother of storing the objects. The pilot project contributed a saving of 46,000 kg of natural resources.

GOVERNANCE OF **SUSTAINABILITY WORK**

Sustainability is integrated in Balder's day-to-day operations and is governed by the general sustainability policy and the code of conduct. These policies interact with the company's business concept, goals and other policies for governing the company in a way that is sustainable in the long term. The sustainability policy includes the company's environmental policy.

The Board is ultimately responsible for the company's code of conduct and sustainability policy, and decides on these matters. The company's management team is responsible for implementing policies and ensuring that they are followed. The CEO and management also have ultimate responsibility for the economic performance, and for ensuring that the company's business is conducted in an ethically correct manner. Managers from the property management organisation and property development are responsible for ensuring that the material environmental topics are taken into account in the day-to-day operations, as well as topics relating to social sustainability in the company's areas.

All managers with staff responsibility together with HR, are responsible for maintaining a good working environment with satisfied employees. The company has a Head of sustainability who coordinates the internal work, as well as external communications and reporting.

The code of conduct and related policies are based on international guidelines such as the UN Global Compact's principles for human rights, labour, the environment and anti-corruption, the UN Guiding Principles on Business and Human Rights, the ILO's Core Conventions and the OECD's Guidelines for Multinational Enterprises. Each employee is responsible for observing the code of conduct. The company and those with staff responsibility are responsible for ensuring that all employees understand, can obtain advice and act in accordance with the code of conduct.

Compliance with and knowledge of the code of conduct and other policies are followed up annually and have been integrated into the company's internal training system. The content of these documents is reviewed annually, in order to correspond with the company's operations and material topics. No cases of corruption have been reported during the year, nor have any cases of infringements of laws and regulations.

For Balder's wholly-owned subsidiaries, the same sustainability policy and environmental goals apply as for Fastighets AB Balder. For information about SATO, see sato.fi. For the environmental policies and environmental goals of other associated companies, see each company's website. For more information about Balder's subsidiaries, see Note 27, Participations in Group companies.

POLICIES UNDERPINNING ALL OPERATIONS

All of Balder's employees are subject to the policies that have been produced, and that are revised and approved by the Board every year.

Examples of policies are:

- Code of Conduct
- Sustainability Policy (including Environmental Policy)
- Health and Safety Policy
- Equality and Diversity Policy

In addition to these, there are policies covering, for example, information, IT, letting, etc. The company's internal training platform, the Balder Academy, has mandatory courses for all policies.

ENVIRONMENTAL LEGISLATION AS MINIMUM REQUIREMENT

Balder does not conduct any operations that require permits according to the Environmental Code. There is, however, a duty to report in respect of refrigerants. Balder's tenants may, however, conduct business operations that require permits or have a duty to report. There were no registered breaches of environmental legislation and regulations during the year.

CYBER SECURITY

Balder has operational measures in place to monitor and respond to data breaches and cyber attacks. The digital environment is monitored by an external partner around the clock. Another external company conducts annual security audits of the company's infrastructure and system configuration. All activities are in line with CIS 22. Balder has also implemented a micro learning platform in early 2022 to spread awareness and knowledge, and to create a culture around cyber security.

	Governance	Properties	Areas	Partnerships	Coworkers	Finances
	GRI Standards	302: Energy 305: Emissions 307: Environmental compliance CRE1: Building energy intensity CRE2: Building water intensity	305: Emissions	205: Anti-corruption 418: Customer privacy 419: Socioeconomic compliance	401: Employment 404: Education 405: Diversity and equal opportunity 406: Non-discrimination	201: Economic performance
GRI 103-1	**Why this area is important for Balder**	Buildings have a large environmental impact in society, why this is a key issue for Balder.	For Balder, it is very important to take responsibility for more than just the buildings the company owns, since this creates significant value.	Balder assumes responsibility by maintaining good and ethical external relationships, and also through collaboration with other actors in order to develop city districts and areas together. In the same way, the relationship with suppliers is very important, and Balder has zero tolerance of corruption and bribery.	Balder strives to create a good work environment based on gender equality and diversity, where the privacy of employees is safeguarded. All forms of harassment are forbidden, as is discrimination.	In order to continue operating and growing, Balder depends on long-term economic stability and profitability.
GRI 103-1	**Responsibility and influence in the value chain**	Balder strives to increase its influence in the value chain, in both the construction phase and the usage phase of the company's properties.	By developing sustainable city districts and areas, Balder aims to contribute enhanced security in the local community, even outside the company's districts and properties.	Balder's standard agreement contains requirements that suppliers must comply with the international conventions and standards that form the basis of the company's code of conduct.	Balder's main responsibility is its own employees, but the company also strives to ensure a good work environment at the premises of suppliers and contractors.	Efficient resource utilisation and good financial control contribute to positive development for both investors and associated companies.
	Limitations in reporting	See page 109	See page 109	See page 109	See page 109	See page 109
GRI 103-2	**Work methods**	By minimising use of energy, water and chemicals, Balder aims to reduce the company's environmental impact. For the same reason, the company aims as far as possible to choose renewable energy sources and less hazardous materials, and to apply the precautionary principle in material selection and handling chemicals.	There is a focus on promoting security and well-being in the areas where the properties are located.	Balder collaborates with a number of actors in the local communities where the company operates, to ensure joint initiatives for sustainable development.	The company distances itself from all forms of forced labour and safeguards employees' freedom of expression and right of association. There are 363 employees with collective agreements in the Balder Group.	Solid management of the company's resources is an important element, as is having satisfied customers who want to continue renting and buying homes and premises from Balder.
GRI 103-2	**Objectives**	To develop sustainable, efficient properties that meet the needs of tenants.	To develop safe, attractive areas.	To guarantee long-term external relationships.	To create conditions for both retaining existing colleagues and recruiting new ones.	To generate a good profit from property management and increase customer satisfaction.
GRI 103-2	**Policies**	Sustainability Policy, Code of Conduct.	Sustainability Policy, Code of Conduct.	Sustainability Policy, Code of Conduct.	Health and Safety Policy, Sustainability Policy, Code of Conduct, Equality and Diversity Policy, Travel Policy.	Finance Policy, Code of Conduct, Sustainability Policy, Information Policy.
GRI 103-2	**Obligations in addition to Swedish laws and guidelines.**	Certification of properties.	Global Compact.	Global Compact.	Global Compact.	TCFD.
GRI 103-2	**Goals**	Energy efficiency improvement 2% per sq.m. per annum. Reduced water use 2% per sq.m. per annum. All newly produced properties must as a minimum satisfy the Miljöbyggnad Silver Rating or equivalent.	Create jobs for young people in the management organisation. Implement initiatives for sustainable travel to and from the properties.	No incidents of corruption. No incidents of discrimination.	All employees must be trained in the code of conduct. Encourage environment-friendly transport operations.	Financial goals, see page 22. Improvement in CSI results.
	Special processes, projects, programmes and initiatives	Certification of properties.	Collaboration with other actors, e.g. in BID projects.	Whistleblowing function, training in code of conduct.	Balder Academy, employee appraisals.	Reporting in accordance with TCFD.
GRI 103-3	**Evaluation of governance**	Follow-up on resource use and emissions.	Analysis of CSI surveys.	Follow-up on whistleblowing function.	Annual updating of policies.	Analysis of CSI surveys.

ABOUT **THE REPORT**

Balder has prepared a sustainability report in accordance with Chapter 6 of the Swedish Annual Accounts Act. The sustainability report is included in this document, which also contains the company's statutory Annual Report for 2021. The sustainability report also constitutes the company's Communication on Progress, i.e. the annual report to the UN Global Compact.

The sustainability report consists of pages 25–28, 42–45 and 98–109. Where specific areas in the statutory sustainability report may be found is shown in the table opposite, where reference is also made to the principles in the UN Global Compact. The auditor's opinion on the statutory sustainability report may be found on page 112.

Balder's sustainability report follows the financial year and is published annually. The previous report was published in March 2021. No significant changes occurred in operations during the reporting period. This is Balder's fifth sustainability report, and it has been prepared in accordance with GRI Standards, Core option. The report has not been examined by a third party.

Calculation methods

The figures that are reported for energy use relate to the parent company and wholly-owned subsidiaries and properties in Sweden and Denmark that were owned by Fastighets AB Balder during the entire financial year 2021. For SATO's sustainability report, see sato.fi. Other properties that are owned by part-owned or associated companies are not included. Water intensity refers to use in Swedish properties.

Balder's environmental data is based on measurements from the main meters for each type of media in the properties. These meters report the actual energy that is used in the properties. In those cases where the tenant themselves pays for all technical installations and purchasing in the properties, this is not included in the total.

Consumption of media is compiled through gathering data from Balder's central energy management system and finance system. The data that is reported is aggregated consumption data based on the degree-day method.

Balder reports emission data for Scope 1 and 2. Scope 1 includes data from in-house operational vehicles, based on actual use and emission data from suppliers. Scope 2 includes use of electricity, heating and district cooling, based on actual use and emission factors from the company's supplier of energy follow-up services and energy suppliers.

For the financial year 2021 Balder also reports indirect emissions in the value chain, Scope 3. The calculations relate to the parent company and wholly-owned subsidiaries and properties in Sweden and Denmark that were owned by Fastighets AB Balder during the entire financial year 2021, and partly owned companies and associated companies. SATO's properties in Finland are not included.

The categories included are purchased goods and services and transports for projects in property management and development, business travel, electricity use and waste from tenants as well as capital goods.

The result shows that the most significant emissions from Balder's operations are generated from purchase of goods, services and transport in property management and development as well as emissions from tenant's activities. Additional focus will be on these sources in order to identify activities that can reduce emission.

Calculations are mostly made based on estimations from spend analysis and industry-specific data. In order to improve the calculations and identify activities to reduce emissions Balder will strive to increase the quality of the data by increasing the use of specific activity data. This data comprises for examples amounts of material and energy for property management and development as well as electricity use and waste management of tenants.

Area in Annual Accounts Act	UNGC principle	Example of Balder's work	Page reference
Material topics		Annual review of materiality analysis, and ongoing stakeholder dialogues.	25, 100–104
Environment	7, 8, 9	Structured work in order to minimise use of energy, water and chemicals, reduce emissions from transport operations and minimise waste.	98–100, 107–108
Social conditions		Initiatives to create vibrant and safe areas and districts where tenants and others are happy and remain.	27–28, 98–99, 101–102, 108
Employees	3, 4, 5, 6	Attract and retain competent employees and continue to develop them. Combat all forms of discrimination, forced labour and the like.	27–28, 98, 102, 107–108
Human rights	1, 2	Continued work for increased diversity both internally and externally, development of areas and city districts and a fair letting process.	27–28, 98, 101–102, 107–108
Anti-corruption	10	Continued training in the code of conduct and policies, and follow-up on suppliers and partners.	98, 101, 107–108
Business model		The processes for management, property development and transactions are continually refined, in order to create further value for the company's stakeholders.	13–19
Policies and follow-up		Internal training in the code of conduct and other policies. Whistleblowing function for the reporting of possible breaches.	27–28, 102, 107–108
Risks		Continual analysis of risks and action plans for handling these issues. Balder has identified risks in the areas environment, social conditions and employees, as well as ethics and corruption. Development and analysis has also started in accordance with TCFD.	42–45, 105

GRI INDEX

GRI Standard	Disclosure	Page reference	Comments
GRI 102: General Disclosures 2016			
Organisational profile			
102-1	Name of the organisation	1, 38	
102-2	Activities, brands, products and services	1, 13–19, 38	
102-3	Location of headquarters	118	
102-4	Location of operations	30	
102-5	Ownership and legal form	9, 38	
102-6	Markets served	2, 13–15	
102-7	Scale of the organisation	8	
102-8	Information on employees and other workers	27–28, 38, 58–59	
102-9	Supply chain	101, 107–109	
102-10	Significant changes to the organisation and its supply chain	109	
102-11	Precautionary Principle or approach	108	
102-12	External initiatives supported by the organisation	25	
102-13	Membership of associations		Collaboration and membership are organised locally as relevant
Strategy			
102-14	Statement from the senior decision-maker	3–4, 89	
Ethics and integrity			
102-16	Values, principles, standards and code of conduct	107–108	
Governance			
102-18	Governance structure	107–108	
Stakeholder engagement			
102-40	List of stakeholder groups	104	
102-41	Collective bargaining agreements	108	
102-42	Identifying and selecting stakeholders	104	
102-43	Stakeholder dialogue	104	
102-44	Material topics for stakeholders	104	

GRI Standard	Disclosure	Page reference	Comments
GRI 102: General Disclosures 2016			
Reporting practice			
102-45	Entities included in the consolidated statements	109	
102-46	Defining report content and topic boundaries	109	
102-47	List of material topics	25, 104	
102-48	Restatement of information from previous reports including reason	103, 109	
102-49	Changes in reporting	109	
102-50	Reporting period	109	
102-51	Date of most recent report	109	
102-52	Reporting cycle	109	
102-53	Contact points for questions regarding the report		Camilla Holten, Head of Sustainability
102-54	Reporting in accordance with GRI Standards	109	
102-55	GRI Index	110–111	
102–56	External assurance	112	
GRI 200: Economic standards			
Economic performance			
GRI 103: Management approach 2016			
103-1–103-3	Explanation of the material topic, its boundary and governance	108	
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	46–53	
202-2	Financial impact and other risks and opportunities associated with climate change	44, 105	
Own disclosure	Satisfied customers	19	
Anti-corruption			
GRI 103: Management approach 2016			
103-1–103-3	Explanation of the material topic, its boundary and governance	108	
GRI 205: Anti-corruption 2016			
205–2	Communication and training about anti-corruption policies and procedures	27–28, 102, 107	
205-3	Confirmed incidents of corruption and actions taken	101	

GRI Standard	Disclosure	Page reference	Comments
GRI 300: Environmental standards			
Energy			
GRI 103: Management approach 2016			
103-1–103-3	Explanation of the material topic, its boundary and governance	108	
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	103	
302-3	Energy intensity	103	
302-4	Reduction of energy consumption	100, 103	
CRE1	Building energy intensity	103	
Water			
GRI 103: Management approach 2016			
103-1–103-3	Explanation of the material topic, its boundary and governance	108	
CRE2	Building water intensity	100, 103	
Emissions			
GRI 103: Management approach 2016			
103-1–103-3	Explanation of the material topic, its boundary and governance	108	
GRI 305: Emissions 2016			
305-1	Direct greenhouse gas emissions	103	
305-2	Indirect greenhouse gas emissions	103	
305-3	Other indirect (Scope 3) greenhouse gas emissions	103	
305-4	Greenhouse gas emissions intensity	103	
305-5	Reduction of greenhouse gas emissions	103	
Environmental compliance			
GRI 103: Management approach 2016			
103-1–103-3	Explanation of the material topic, its boundary and governance	108	
GRI 307: Environmental compliance			
307–1	Non-compliance with environmental laws and regulations	107	

GRI Standard	Disclosure	Page reference	Comments
GRI 400 Social standards			
Education			
GRI 103: Management approach 2016			
103-1–103-3	Explanation of the material topic, its boundary and governance	108	
401-1	New employee hires and employee turnover	102	
GRI 404: Training and education 2016			
404-1	Average hours of training per year per employee	102	
404-3	Percentage of employees receiving regular performance and career development reviews	27	
Diversity and equal opportunity			
GRI 103: Management approach 2016			
103-1–103-3	Explanation of the material topic, its boundary and governance	108	
GRI 405: Diversity and equal opportunity 2016			
405-1	Diversity of governance bodies and employees	58, 92, 96–97, 102	
405-2	Ratio of basic salary and remuneration of women to men	102	
Non-discrimination			
GRI 103: Management approach 2016			
103-1–103-3	Explanation of the material topic, its boundary and governance	108	
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	101	
Socioeconomic compliance			
GRI 103: Management approach 2016			
103-1–103-3	Explanation of the material topic, its boundary and governance	108	
GRI 419: Socioeconomic compliance 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	107	
419-1	Non-compliance with laws and regulations in the social and economic area	107	

THE AUDITOR'S STATEMENT IN RESPECT OF THE **STATUTORY SUSTAINABILITY REPORT**

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

Engagement and allocation of responsibility
The Board of Directors is responsible for the sustainability report for 2021 on pages 25–28, 42–45 and 98–109 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

The focus and scope of the review
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's statement in respect of the sustainability report.

This means that our review of the sustainability report has another aim and direction, and is substantially less exhaustive in scope, than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinion.

Opinion
A sustainability report has been prepared.

Gothenburg, 7 April 2022
Öhrlings PricewaterhouseCoopers AB

Bengt Kron
Authorised Public Accountant
Auditor in charge

Konstantin Belogorcev
Authorised Public Accountant

BOHUSGATAN, GOTHENBURG, SWEDEN

PROJECT PROPERTIES FOR OWN MANAGEMENT UNDER CONSTRUCTION

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Estimated total investment, SEKm	Estimated completion
Finland	East	Keravan Aurinkorinne	Residential	1,265	38	54	Q1 2022
Finland	East	Keravan Tähtirinne	Residential	1,265	38	54	Q1 2022
Sweden	East	Mörtlösa Mercedes	Retail	6,300	—	135	Q1 2022
Sweden	East	Mörtlösa Porsche	Retail	4,200	—	89	Q1 2022
Sweden	Gothenburg	Örja	Commercial	2,381	—	56	Q1 2022
Denmark	Copenhagen	Lynghaven	Residential	14,835	184	504	Q2 2022
Finland	Helsinki	Lupajantie 2	Residential	4,505	112	199	Q2 2022
Finland	Helsinki	Hämeenlinnan Asemanranta	Residential	2,802	100	109	Q2 2022
Finland	East	Oulun Sokurin Hyve	Residential	2,108	68	70	Q2 2022
Finland	East	Oulun Toppilansalmi	Residential	1,804	55	57	Q2 2022
Finland	East	Turun Henning	Residential	3,595	118	152	Q2 2022
Finland	Helsinki	Jokiniityntie 28	Residential	3,400	79	144	Q2 2022
Sweden	Gothenburg	Stenhuggaren	Residential	5,233	88	132	Q3 2022
Sweden	Gothenburg	Kärna skola	Commercial	2,295	—	68	Q3 2022
Denmark	Copenhagen	Ofeliahaven	Residential	9,096	109	321	Q3 2022
Denmark	Copenhagen	Fyrkanten HTC A10	Residential	8,863	107	332	Q3 2022
Finland	Helsinki	Järvenpään Herttua	Residential	1,572	43	67	Q3 2022
Finland	Helsinki	Kirkkonummen Brooklyn	Residential	1,770	74	81	Q3 2022
Finland	Helsinki	Kirkkonummen Soho	Residential	1,770	74	81	Q4 2022
Finland	Helsinki	Kirkkonummen Saaga	Residential	1,485	34	61	Q4 2022
Finland	East	Turun Kirstinpuiston Helmi	Residential	3,771	129	169	Q4 2022
Finland	East	Oulun Antiikva	Residential	2,279	75	96	Q4 2022
Finland	East	Turun Olva	Residential	2,573	82	118	Q4 2022
Finland	East	Oulun Hiillos	Residential	2,619	84	94	Q4 2022
Finland	East	Oulun Mallastohtori	Residential	2,144	60	74	Q4 2022
Sweden	Gothenburg	Hedin HK	Office	12,286	—	550	Q4 2022
Denmark	Copenhagen	Rubinhaven HTC A17	Residential	9,697	124	363	Q4 2022
Sweden	Gothenburg	Bergsjön	Residential	8,922	177	251	2022–2023
Denmark	Copenhagen	Triumphbyen Hovvej	Residential	16,185	202	605	Q1 2023
Finland	East	Heittoniityntkuja 5	Residential	5,759	132	191	Q1 2023
Sweden	Gothenburg	Hälsans Hus	Commercial	1,796	—	65	Q1 2023
Sweden	Gothenburg	Bergskristallen	Residential	5,098	89	145	Q2 2023
Denmark	Copenhagen	Green Hills	Residential	24,886	294	923	Q2 2023
Finland	Helsinki	Jokiniementie 46	Residential	4,548	104	237	Q2 2023
Finland	Helsinki	Jokiniementie 48	Residential	5,355	118	279	Q2 2023
Finland	Helsinki	Runoratsaunkatu 15	Residential	5,355	135	287	Q2 2023

The table continues on the following page

Contd. table from previous page

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Estimated total investment, SEKm	Estimated completion
Finland	Helsinki	Raudikkokuja 7	Residential	5,780	161	240	Q2 2023
Finland	Helsinki	Kotkatie 6	Residential	3,685	100	188	Q3 2023
Finland	Helsinki	Lincolninaukio 4	Residential	5,100	137	246	Q3 2023
Sweden	Gothenburg	Kv Dörren	Residential	5,212	104	161	Q3 2023
Sweden	Gothenburg	Velocity	Residential	4,305	41	69	Q3 2023
Sweden	Gothenburg	Hotell Draken	Hotel	28,166	—	1,273	Q3 2023
Sweden	Gothenburg	Västra Gatan Kungälv	Commercial	3,343	—	31	Q3 2023
Sweden	Stockholm	Basaren	Commercial	1,655	—	113	Q3 2023
Sweden	Gothenburg	Frölunda et 3	Residential	10,980	205	421	Q4 2023
Denmark	Copenhagen	Stranby Høje	Residential	19,808	284	877	Q3 2024
Total				**281,851**	**4,158**	**10,832**	

DEVELOPMENT PROPERTIES FOR SALE UNDER CONSTRUCTION

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Estimated total investment, SEKm	Estimated completion
Norway	North	Sandefjord	Residential	6,500	46	299	Q1 2022
Sweden	Gothenburg	Bergsfallet	Residential	5,440	87	237	Q3 2022
Sweden	Gothenburg	Bergsjö Glänta	Residential	3,619	31	119	Q4 2022
Finland	East	Hervantajärven Helmi	Residential	2,741	52	93	Q4 2022
Denmark	Copenhagen	Triumphbyen	Residential	4,540	39	168	Q1 2023
Sweden	Gothenburg	Fixfabriken Glasbruket	Residential	9,849	136	423	Q1 2023
Sweden	Gothenburg	Västra Gatan Kungälv	Residential	8,213	128	388	Q3 2023
Sweden	Gothenburg	Hovås Höjd	Residential	10,616	148	513	Q3 2023
Sweden	Gothenburg	Bovieran Svedala	Residential	4,273	54	164	Q3 2023
Sweden	Stockholm	Basaren	Residential	4,334	65	280	Q3 2023
Sweden	Stockholm	Caprea	Residential	3,742	28	502	Q4 2023
Sweden	Stockholm	Fabrique 46	Residential	7,658	138	648	Q1 2024
Total				**71,525**	**952**	**3,835**	
Total				**353,376**	**5,110**	**14,667**	

PROJECT PROPERTIES FOR OWN MANAGEMENT ESTIMATED CONSTRUCTION START Q1 2022–Q1 2023

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Estimated total investment, SEKm	Construction start
Sweden	Gothenburg	Frölunda et 4	Residential	10,845	187	365	2022
Sweden	Gothenburg	Långström	Residential	20,808	399	923	2022
Sweden	Gothenburg	Gårdsten	Residential	6,414	150	216	2022
Sweden	Gothenburg	Kv Haren	Residential	3,091	60	92	2022
Sweden	Stockholm	Barkarby City E1	Residential	10,971	242	486	2022
Finland	Helsinki	Kultalyhty	Residential	3,808	80	219	2022
Finland	Helsinki	Kultakruunu	Residential	3,995	85	230	2022
Finland	Helsinki	Pataljoonantie	Residential	4,649	92	185	2022
Finland	Helsinki	Hämeenlinnan Keinusaari	Residential	3,360	116	134	2022
Finland	Helsinki	Kaskilaaksontie	Residential	2,637	63	116	2022
Finland	Helsinki	Peijinkuja 6	Residential	6,122	140	311	2022
Finland	Helsinki	Niittykummuntie 2C	Residential	2,579	67	154	2022
Finland	Helsinki	Peijinkula 10	Residential	4,443	121	236	2022
Finland	Helsinki	Saturnuksenrinne	Residential	2,463	54	103	2022
Finland	Helsinki	Maapadontie 3	Residential	3,831	92	185	2022
Finland	East	Nihtisillankuja	Residential	5,474	139	276	2022
Finland	East	Sorakatu	Residential	2,790	77	126	2022
Finland	East	Suorannankatu	Residential	1,922	44	73	2022
Finland	East	Toppilansalmen Legenda	Residential	1,807	55	58	2022
Finland	East	Jyväskylän Tulisydän	Residential	2,906	93	115	2022
Finland	East	Kangasalan Kuningatar	Residential	2,887	95	109	2022
Finland	East	Kangasalan Lamminrahka	Residential	4,646	140	176	2022
Finland	East	Nokian Tanhuankatu	Residential	4,693	168	178	2022
Finland	East	Porvoon Horisontti	Residential	1,464	54	64	2022
Finland	East	Nokian Ylpeys	Residential	2,177	88	85	2022
Denmark	Copenhagen	Strandby Huse D Hundige Øst	Residential	3,024	48	120	2022
Total				**123,806**	**2,949**	**5,336**	

PROJECT PROPERTIES FOR SALE
ESTIMATED CONSTRUCTION START Q1 2022–Q1 2023

Country	Region	Project	Property category	Lettable area, sq.m.	Number of apartments	Estimated total investment, SEKm	Construction start
Finland	Helsinki	Käskynhaltija	Residential	3,180	60	158	2022
Sweden	Gothenburg	Västra Eklanda	Residential	11,000	133	531	2022
Sweden	Gothenburg	Bohusgatan	Residential	11,723	192	697	2022
Sweden	Stockholm	Bovieran Haninge	Residential	2,586	36	137	2022
Sweden	Stockholm	Bovieran Nykvarn	Residential	4,273	54	176	2022
Norway	North	Ski Linåskollen	Residential	16,600	169	882	2022
Norway	North	Drammen	Residential	8,400	102	442	2022
Total				**57,762**	**746**	**3,023**	
Total				**181,568**	**3,695**	**8,359**	

FUTURE PROJECTS
ESTIMATED CONSTRUCTION START 2023 AND ONWARDS

Country	Region	Gross area, sq.m.	Number of apartments
Sweden	Gothenburg	737,838	6,839
Sweden	Stockholm	556,884	5,317
Finland	Helsinki	230,460	4,226
Finland	East	27,900	520
Denmark	Copenhagen	40,024	225
Norway	North	30,000	300
Total		**1,623,106**	**17,427**

DEFINITIONS

Balder presents a number of financial metrics in the annual 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. Unless otherwise specified, the key ratios are alternative performance measures according to ESMA's guidelines. A description follows below of how Fastighets AB Balder's key ratios are defined and calculated.

FINANCIAL

Return on equity, %
Profit after tax in relation to average equity. The profit was 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 total assets. The profit was 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.

Net debt to total assets, %
Net debt in relation to total assets.

EBITDA
Profit from property management plus the net profit from the sale of development properties with reversal of net financial items. EBITDA has been converted to a full-year basis in interim accounts, with the exception of the net profit from the sale of development properties.

Profit from property management, SEKm
Profit including changes in value and tax in associated companies, with reversal of change in value and tax in participations in profit from associated companies. When calculating the Profit from property management, attributable to the parent company's shareholders, the profit from property management is also reduced by the participation of non-controlling interests.

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

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.

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

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

Debt/equity ratio, times
Interest-bearing liabilities minus 50% of Hybrid capital in relation to equity.

Equity/assets ratio, %
Equity including non-controlling interests plus 50% of Hybrid capital in relation to the balance sheet total at the year-end.

SHARE-RELATED

Equity per share, SEK
Equity attributable to the parent company's shareholders in relation to the number of outstanding shares at the year-end.

Profit from property management per share, SEK
Profit from property management attributable to the parent company's shareholders in relation to the average number of shares.

Average number of shares
The number of outstanding shares at the start of the year, adjusted by the number of shares issued during the year 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 share (NAV), SEK
Equity attributable to parent company's shareholders 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's shareholders in relation to the 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 year-end.

Net operating income, SEKm
Rental income minus property costs.

Economic occupancy rate, % [1)]
Contracted rent for leases which are running at year-end in relation to rental value.

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

Property portfolio
Refers to both investment properties and development properties.

Property category
Classified according to the principal use of the property. There is a breakdown 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 property is mostly used for.

Property costs, SEKm
This item includes direct property costs, such as operating expenses, media 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 [1)]
Contracted rent and estimated market rent for vacant premises.

Surplus ratio, %
Net operating income in relation to rental income.

OTHER

Associated companies/joint ventures
Disclosures in running text about transactions linked to associated companies and joint ventures are referred to for reasons of simplicity only as "associated companies", the report refers to holdings that constitute both associated companies and joint ventures.

Second opinion
Examination of the valuation method used, performed by an external valuation firm.

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

ANNUAL GENERAL MEETING

The shareholders in Fastighets AB Balder (publ), (Balder), corporate identity number 556525-6905, will be convened at the Annual General Meeting on Thursday, May 12, 2022.

Implementation of the Annual General Meeting
In light of the risk that may still be considered to be attributable to the corona pandemic, the Board has decided, with the aim of reducing the risk of spreading the infection, to conduct the meeting by postal vote with the support of temporary legal rules. The meeting will therefore be conducted without the opportunity for shareholders to attend in person or by proxy.

A presentation by Balder's CEO, Erik Selin, will be posted on Balder's website, www.balder.se, on 12 May 2022.

Information about the decisions made by the Annual General Meeting will be published on 12 May 2022 as soon as there has been a final compilation of the advance voting.

Registration etc.
Shareholders wishing to participate in the Annual General Meeting by postal voting must be entered as shareholders in the share register kept by Euroclear Sweden AB on Wednesday 4 May, 2022, and have registered their participation in the meeting no later than Wednesday 11 May, 2022 by having submitted their postal vote in accordance with the instructions under the heading Postal voting below, so that the postal vote has been received by Computershare AB by that date at the latest.

Shareholders who have their shares nominee-registered through a bank or other administrator must, in order to be entitled to participate in the meeting, have the shares registered in their own name. Such re-registration, which may be temporary, must be executed at Euroclear Sweden AB no later than Wednesday 4 May, 2022. Registrations of voting rights executed no later than the second banking day after 4 May, 2022 will be taken into account when producing the share register. Registration for the meeting can only take place through postal voting.

Postal voting
For postal voting, a special form must be used. The form is available on Balder's website, www.balder.se.

The form, completed and signed, is valid as an application to the general meeting. The completed form must be sent to Computershare AB, "Balder's Annual General Meeting 2022", Box 5267, 102 46 Stockholm or via e-mail to proxy@computershare.se. The completed form must be received by Computershare AB no later than Wednesday 11 May, 2022. Shareholders who are a physical person can also, through verification with BankID, submit their postal vote electronically via Balder's website, www.balder.se. To be valid as an application, such an electronic signature must be registered no later than Wednesday 11 May, 2022.

If shareholder submits a postal vote through a proxy, the power of attorney must be attached to the form. Proxy forms are available on Balder's website, www.balder.se. If the shareholder is a legal entity, a registration certificate or other authorization document must be attached to the form.

Shareholders may not provide the postal vote with special instructions or conditions. If this happens, the vote (i.e. the postal vote in its entirety) is invalid. Further instructions can be found in the postal voting form.

CONTACT INFORMATION

balder.se
info@balder.se
Corp. ID no.: 556525-6905

Head office
Parkgatan 49
Box 53121
400 15 Göteborg
Tel.: +46 31 10 95 70

Letting
+46 20 151 151

Customer Service
+46 774 49 49 49

Gothenburg Region
Parkgatan 49
Box 53121
400 15 Göteborg
Tel.: +46 31 10 95 70

Timmervägen 9 A
SE-541 64 Skövde
Tel.: +46 500 47 88 50

Helsinki Region
Panuntie 4
PO Box 401
FI-00610 Helsinki
Tel.: +358-201 34 4000

Copenhagen Region
Vesterbrogade 1 E. sal
DK-1620 København V
Tel.: +45-88 13 61 51

North Region
Forskarvägen 27
804 23 Gävle
Tel.: +46 26 54 55 80

Sandbäcksgatan 5
653 40 Karlstad
Tel.: +46 54 14 81 80

Affärsgatan 4D862 31
Kvissleby
Tel.: +46 60 52 45 50

Stockholm Region
Tulegatan 2A
113 58 Stockholm
Tel.: +46 8 735 37 70

Vårby Allé 18
143 40 Vårby
Tel.: +46 8 735 37 70

South Region
Kalendegatan 26
211 35 Malmö
Tel.: +46 40 600 96 50

Esplanaden 15
265 34 Åstorp
Tel.: +46 42 569 40

Bryggaregatan 7
SE-252 27 Helsingborg
Tel.: +46 42 12 21 30

East Region
Hospitalsgatan 11
SE-602 27 Norrköping
Tel.: +46 11 15 88 90

Rönnbergagatan 10
723 45 Västerås
Tel.: +46 21 10 98 90

CALENDAR

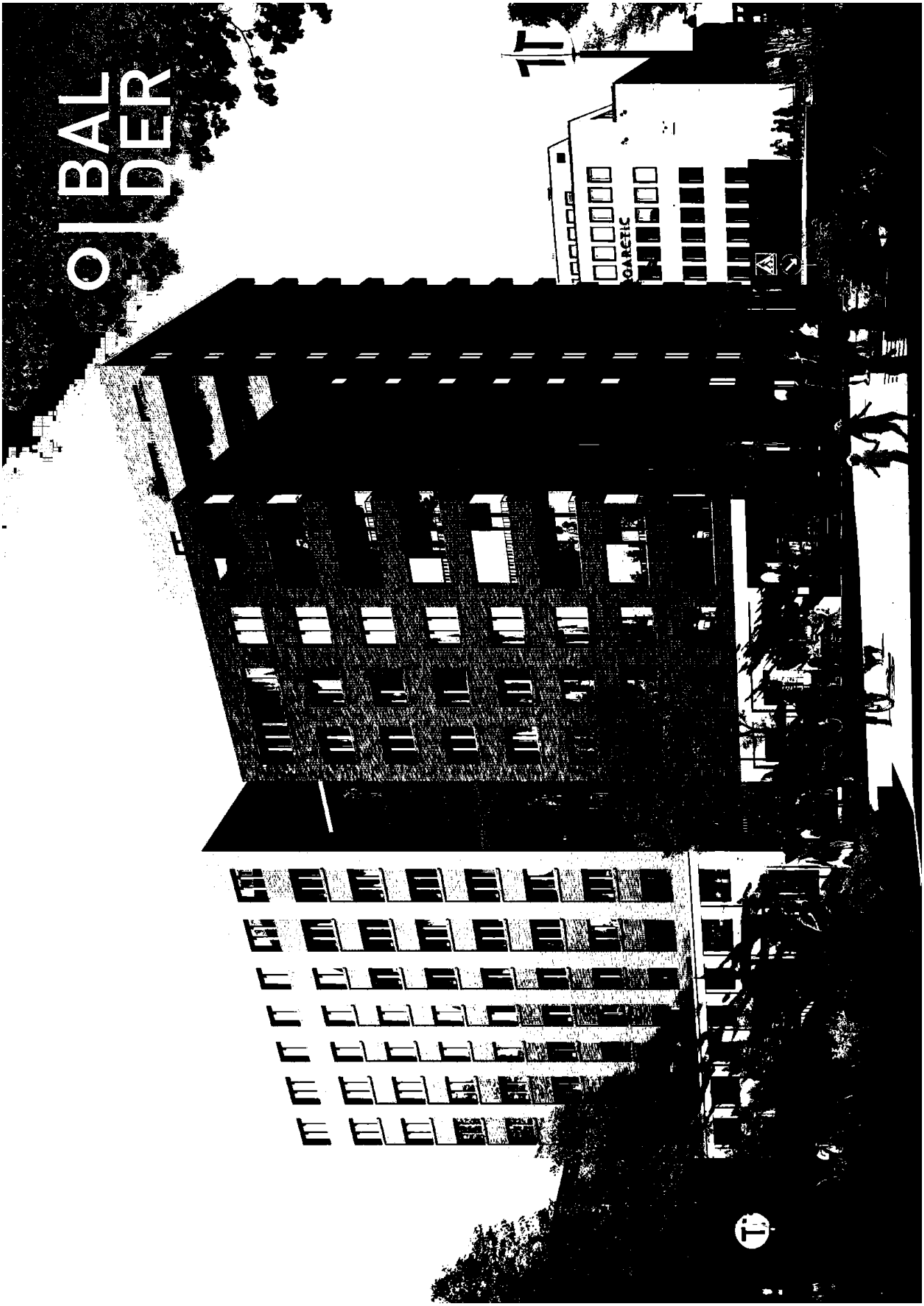
Annual General Meeting, 12 May 2022
Interim report, Jan–Mar 2022, 12 May 2022
Interim report, Jan–June 2022, 15 July 2022
Interim report, Jan–Sept 2022, 28 October 2022
Year-end report, Jan–Dec 2022, 10 February 2023

This report is a translation of the Swedish Annual Report 2021. In the event of any disparities between this report and the Swedish version, the latter will have priority.

A climate-neutral publication

Photos: Mikaela Alexandersson, Kasper Dudzik and others
Form: Solberg Kommunikation
Printed by: Billes Tryckeri

Baksida: Fabrique 46, Stockholm, Sverige


GLOBAL
LEADER
ARCTIC