

Akelius Residential Property AB (publ)

Interim report January to June 2015

- Rental income SEK 2,095 million (1,707), increased by 4.5 per cent (3.8) for comparable properties
- Operating surplus SEK 1,055 million (927), increased by 0.4 per cent (6.4) for comparable properties
- Change in property value SEK 1,925 million (857), or 3.3 per cent (1.9)
- Change in value of derivative instruments SEK 353 million (-495)
- Net profit before tax SEK 2,640 million (647)
- Earnings per share SEK 0.69 (0.20)
- Investments in property holdings SEK 825 million (758)
- Purchases of properties SEK 5,895 million (4,581)
- Sales of properties SEK 993 million (719), 5 per cent (17) higher than fair value at the beginning of the year

Summary

| | 2015 Apr-Jun | 2014 Apr-Jun | 2015 Jan-Jun | 2014 Jan-Jun | 2014 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Rental income, SEK million | 1,051 | 879 | 2,095 | 1,707 | 3,602 |
| Operating surplus, SEK million | 533 | 503 | 1,055 | 927 | 1,882 |
| Operating profit, SEK million | 1,292 | 937 | 2,921 | 1,755 | 3,226 |
| Profit before tax, SEK million | 1,452 | 422 | 2,640 | 647 | 852 |
| Earnings per share before and after dilution, SEK | 0.41 | 0.11 | 0.69 | 0.20 | 0.15 |
| Rent level increase for comparable properties, per cent | 1.0 | 1.2 | 1.9 | 2.5 | 4.3 |
| Real vacancy rate residential, per cent | 1.3 | 1.1 | 1.3 | 1.1 | 1.0 |
| Loan-to-value, per cent | 51 | 53 | 51 | 53 | 52 |
| Property fair value, SEK million | 64,840 | 50,086 | 64,840 | 50,086 | 57,736 |
| Number of apartments | 50,169 | 43,989 | 50,169 | 43,989 | 47,896 |

On a mission for a better living

The large supply of money has increased demand for rental property. During the year, the increase in demand has led to a price rise. More than half of the SEK 1,925 million increase in property value is explained by this. The remainder is due to increased rental income. For comparable properties, rental income increased by 4.5 per cent in compared to 2014.

Standard & Poor's evaluated our credit rating during the spring. They gave us a credit rating of BBB-, so-called "investment grade". With the benefit of an official rating, we borrowed an additional SEK 500 million in the Swedish bond market; maturity less than three years and interest rate 1.65 per cent above STIBOR.

As a result of the increased volume and expiration of the fixed interest term, our average interest rate continues to fall; 3.56 per cent on the closing date, 0.57 percentage points lower than a year ago.

We have continued our cherry picking in New York, Toronto, Montreal, Berlin, Stockholm, Malmo, Paris and London. In total, we have bought for SEK 5,895 million, the largest share in New York - including our first property in Manhattan, see picture below. The sale of properties amounted to SEK 993 million, 5 per cent above fair value. The value of our portfolio is now SEK 64,840 million, of which 78 per cent is in New York, Toronto, Montreal, London, Paris, Berlin, Hamburg, Stockholm and Öresund region. Apartments for metropolitans is our thing.

Our efforts to provide our current and future tenants with a better living is continuing unabated. During the period, we have among other things invested SEK 825 million in our portfolio - upgrading apartments, entrances and stairwells, energy projects and attic expansions - and improved services in Germany by opening a service center.

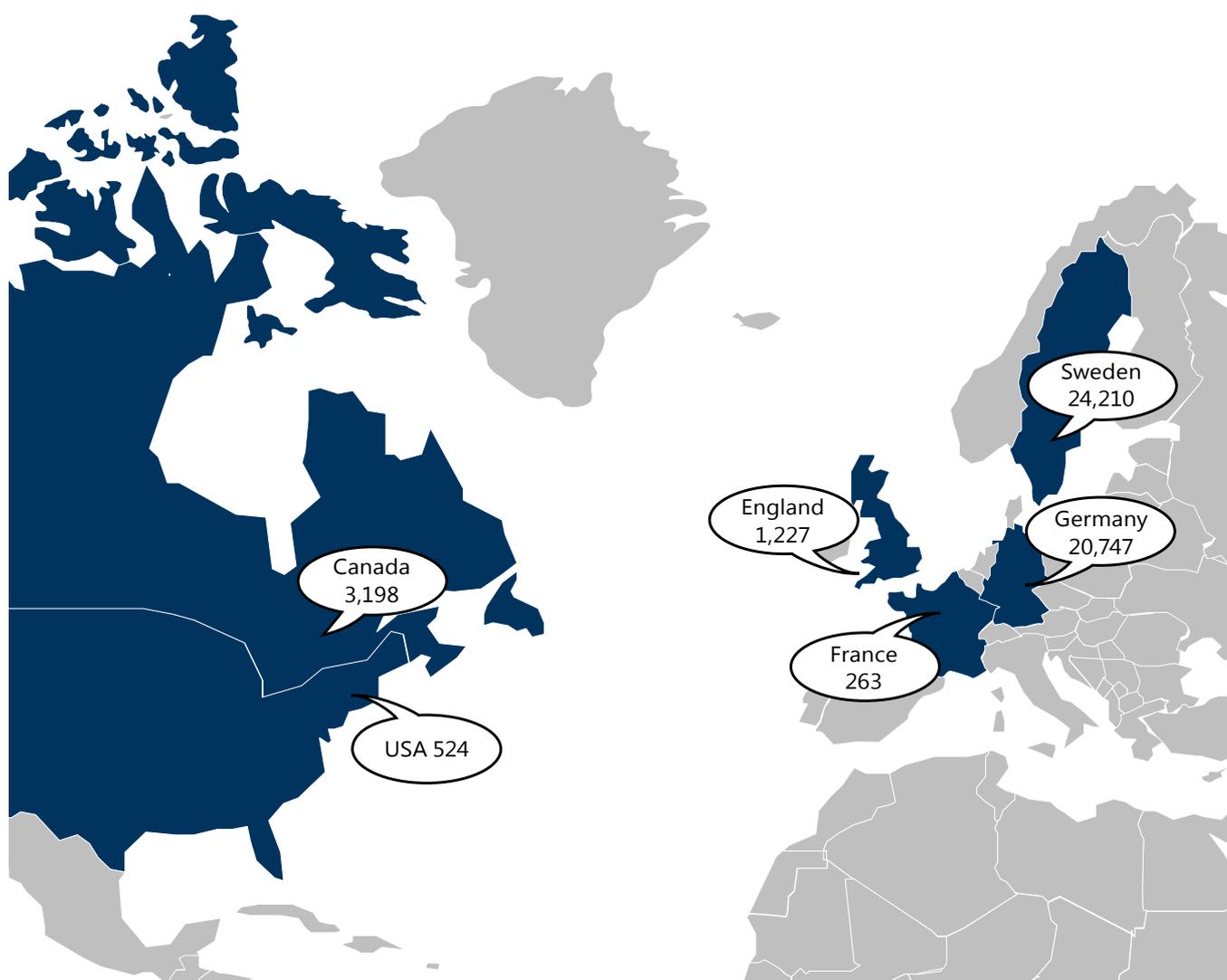
Pål Ahlsén
CEO, Managing Director



Petersfield, Manhattan, New York, with 196 apartments.

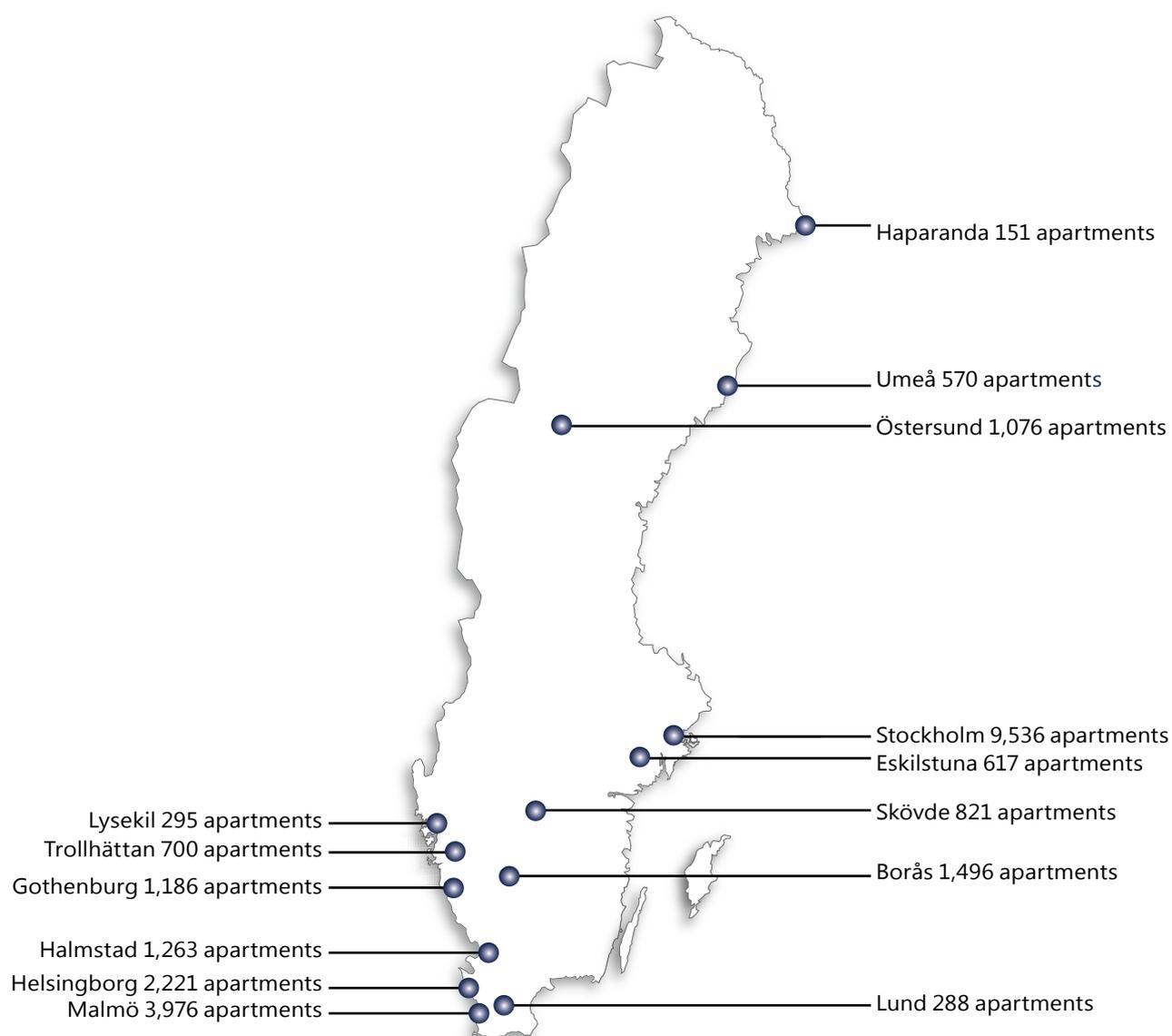
Property portfolio 2015-06-30

| Country | Residential units | Lettable space, thousand sqm | | | Fair value | |
|--------------|-------------------|------------------------------|------------|--------------|---------------|---------------|
| | | Residential | Commercial | Total | SEK million | SEK/sqm |
| Sweden | 24,210 | 1,664 | 295 | 1,959 | 30,738 | 15,693 |
| Germany | 20,747 | 1,270 | 77 | 1,347 | 22,883 | 16,986 |
| Canada | 3,198 | 182 | 1 | 183 | 3,979 | 21,755 |
| England | 1,227 | 68 | 8 | 76 | 4,576 | 60,084 |
| France | 263 | 7 | 1 | 8 | 529 | 67,393 |
| USA | 524 | 32 | 1 | 33 | 2,135 | 65,174 |
| Total | 50,169 | 3,223 | 383 | 3,606 | 64,840 | 17,983 |



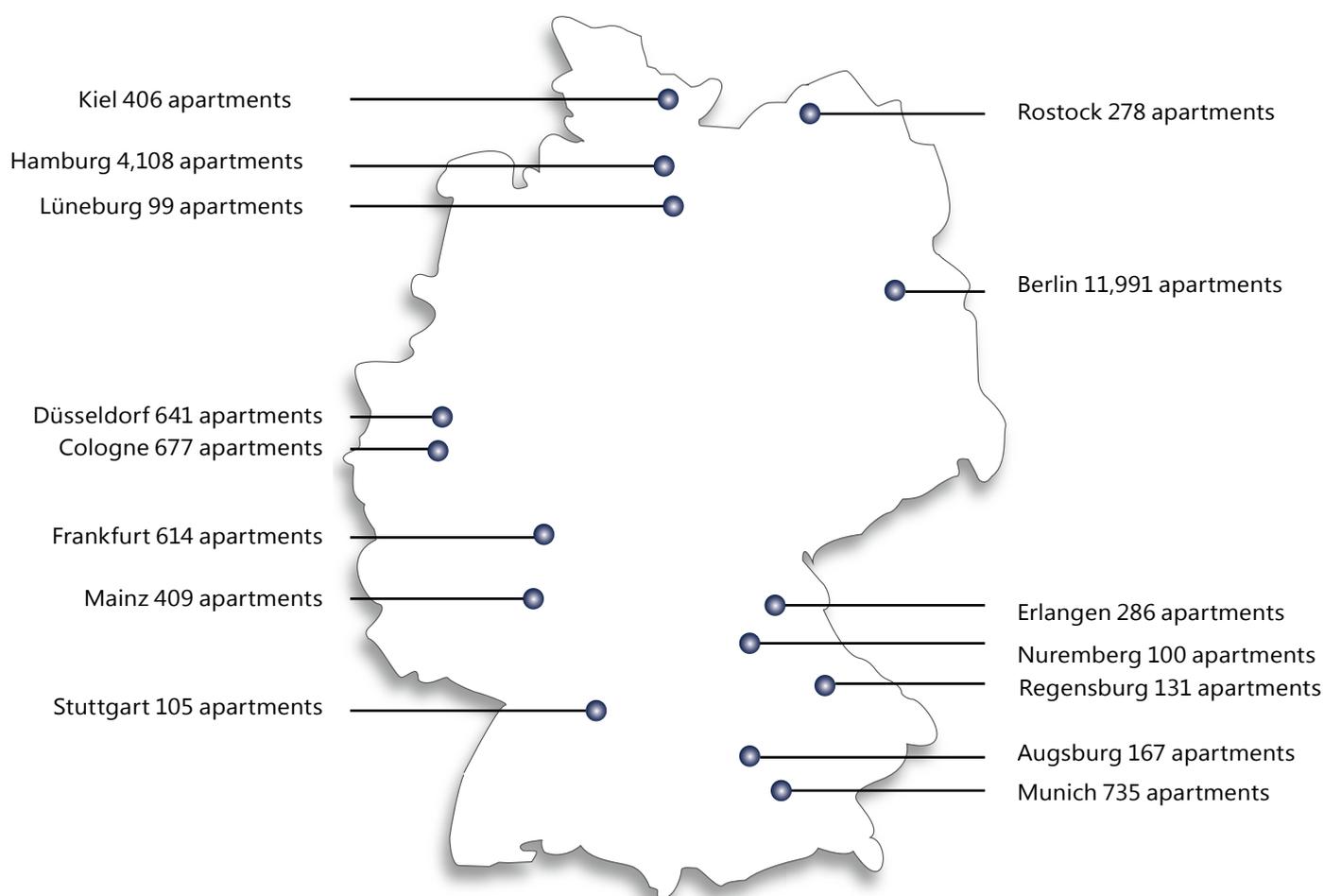
Sweden

| Total property portfolio | | Average rent, SEK/sqm/year | |
|-------------------------------------|--------|---|------------------|
| Residential units | 24,210 | Total portfolio 1 July 2014 | 1,143 |
| Fair value, SEK million | 30,738 | Sales | 1 |
| - SEK per sqm | 15,693 | Comparable portfolio 1 July 2014 | 1,144 |
| - required yield, per cent | 4.66 | Increase in comparable portfolio | 2.9% → 33 |
| Vacancy rate, residential, per cent | 1.7 | Comparable portfolio 1 July 2015 | 1,177 |
| - due to upgrades, per cent | 78 | Purchases | -5 |
| - real vacancy rate, per cent | 0.4 | Total portfolio 1 July 2015 | 1,172 |



Germany

| Total property portfolio | | Average rent, EUR/sqm/month | |
|-------------------------------------|--------|--|-------------|
| Residential units | 20,747 | Total portfolio 1 July 2014 | 7.79 |
| Fair value, SEK million | 22,883 | Sales | 0.00 |
| - SEK per sqm | 16,986 | Comparable portfolio 1 July 2014 | 7.79 |
| - required yield, per cent | 4.56 | Increase in comparable portfolio 4.7 % → 0.36 | |
| Vacancy rate, residential, per cent | 4.7 | Comparable portfolio 1 July 2015 | 8.15 |
| - due to upgrades, per cent | 59 | Purchases | -0.22 |
| - real vacancy rate, per cent | 1.9 | Total portfolio 1 July 2015 | 7.93 |

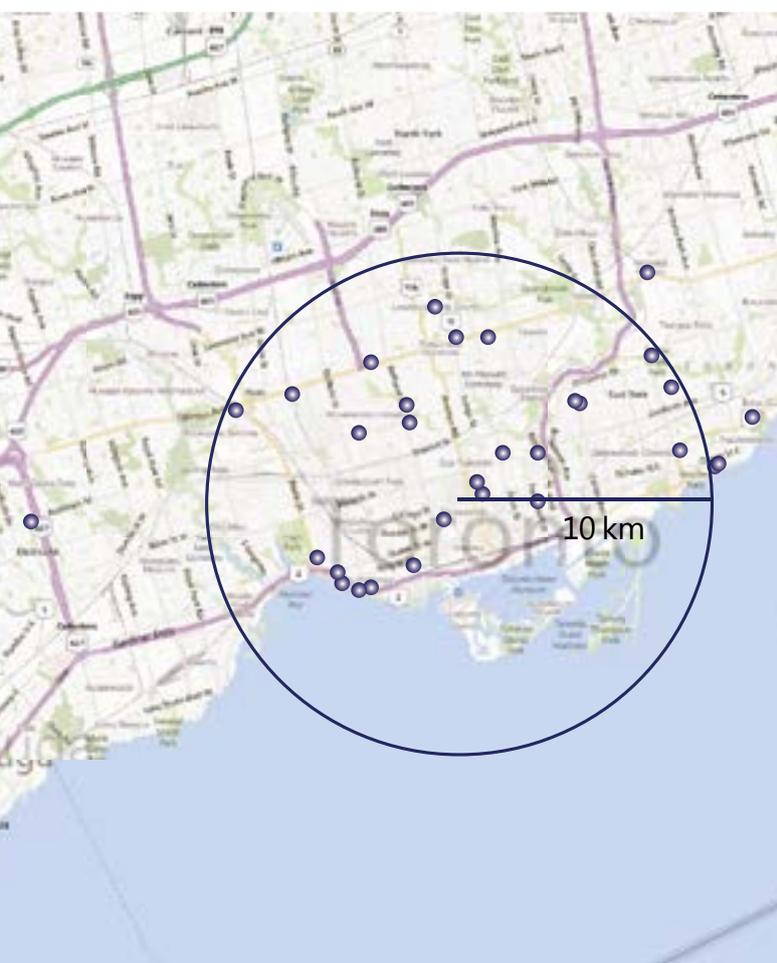


*) Average rent for the total portfolio 1 July 2015 also includes one property that was purchased on 1 July 2015. Total residential area amounted to 1,682 square meters.

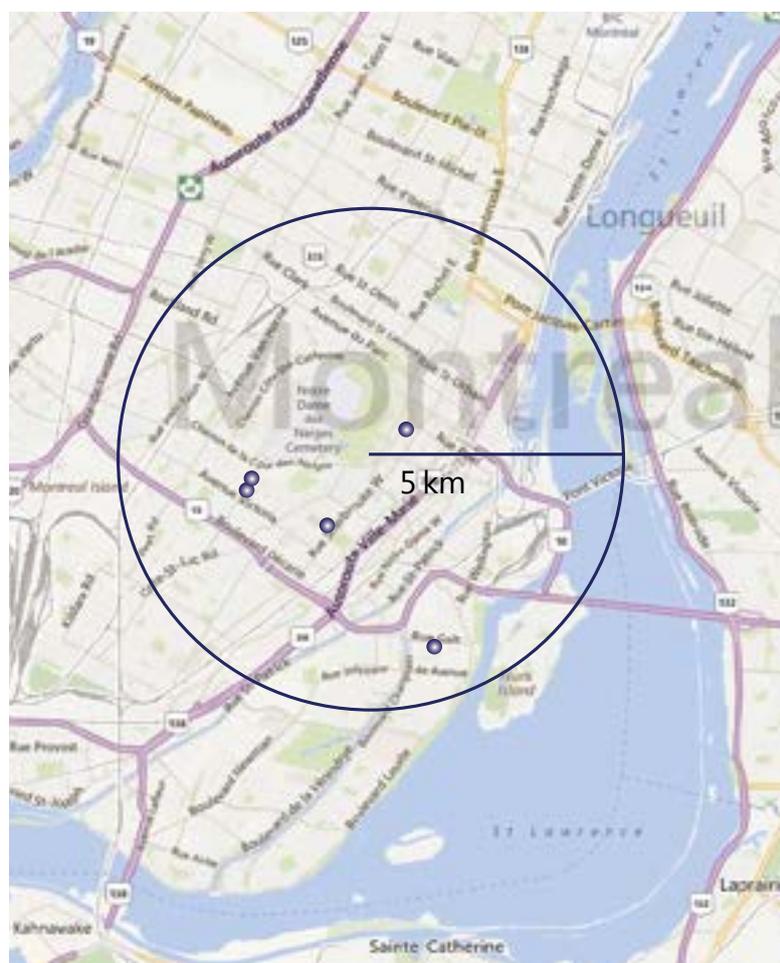
Canada

| Total property portfolio | | Average rent, CAD/sqft/month | |
|-------------------------------------|--------|---|---------------------|
| Residential units | 3,198 | Total portfolio 1 July 2014 | 1.94 |
| Fair value, SEK million | 3,979 | Sales | 0.00 |
| - SEK per sqm | 21,755 | Comparable portfolio 1 July 2014 | 1.94 |
| - required yield, per cent | 4.51 | Increase in comparable portfolio | 7.6 % → 0.15 |
| Vacancy rate, residential, per cent | 8.4 | Comparable portfolio 1 July 2015 | 2.09 |
| - due to upgrades, per cent | 62 | Purchases | -0.30 |
| - real vacancy rate, per cent | 3.2 | Total portfolio 1 July 2015 | 1.79 |

85 per cent of the total fair value in Canada relates to properties in Toronto and 15 per cent to properties in Montreal.



Properties in Toronto are marked with blue dots.



Properties in Montreal are marked with blue dots.

England

| Total property portfolio | | Average rent, GBP/sqft/month | |
|-------------------------------------|--------|---|-------------|
| Residential units | 1,227 | Total portfolio 1 July 2014 | 1.63 |
| Fair value, SEK million | 4,576 | Sales | 0.00 |
| - SEK per sqm | 60,084 | Comparable portfolio 1 July 2014 | 1.63 |
| - required yield, per cent | 4.30 | Increase in comparable portfolio 11.6 % → 0.19 | |
| Vacancy rate, residential, per cent | 7.3 | Comparable portfolio 1 July 2015 | 1.82 |
| - due to upgrades, per cent | 66 | Purchases | 0.04 |
| - real vacancy rate, per cent | 2.5 | Total portfolio 1 July 2015 | 1.86 |

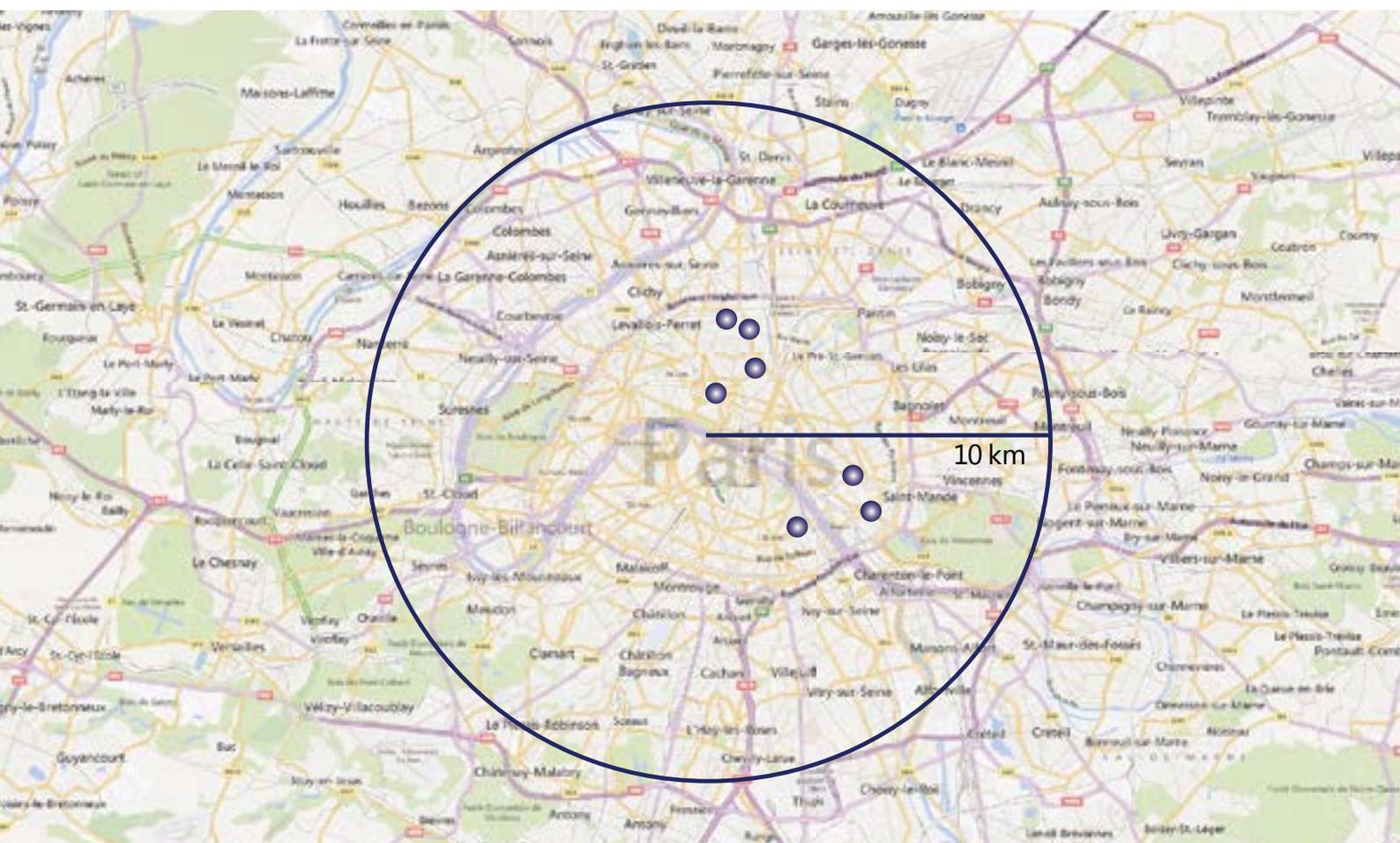


Properties in London are marked with blue dots.

France

| | | | |
|-------------------------------------|--------|---|--------------|
| Total property portfolio | | Average rent, EUR/sqm/month | |
| Residential units | 263 | Total portfolio 1 July 2014 | - |
| Fair value, SEK million | 529 | Sales | - |
| - SEK per sqm | 67,393 | Comparable portfolio 1 July 2014 | - |
| - required yield, per cent | 4.33 | Increase in comparable portfolio | - |
| Vacancy rate, residential, per cent | 29.1 | Comparable portfolio 1 July 2015 | - |
| - due to upgrades, per cent | 93 | Purchases | 27.44 |
| - real vacancy rate, per cent | 1.9 | Total portfolio 1 July 2015 | 27.44 |

We bought our first property in France in September 2014.

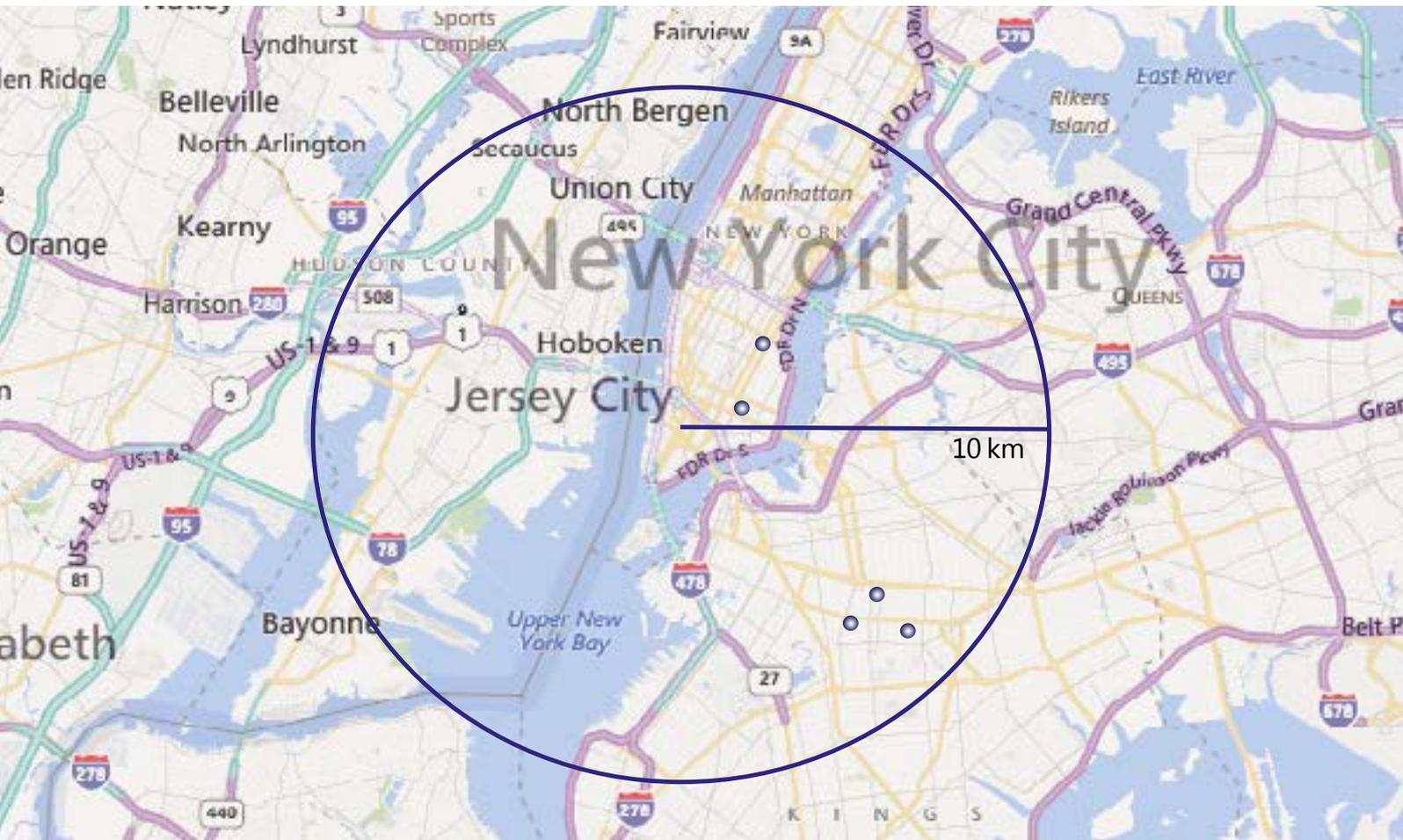


Properties in Paris are marked with blue dots.

USA

| | | | |
|-------------------------------------|--------|---|-------------|
| Total property portfolio | | Average rent, USD/sqft/month | |
| Residential units | 524 | Total portfolio 1 July 2014 | - |
| Fair value, SEK million | 2,135 | Sales | - |
| - SEK per sqm | 65,174 | Comparable portfolio 1 July 2014 | - |
| - required yield, per cent | 4.21 | Increase in comparable portfolio | - |
| Vacancy rate, residential, per cent | 7.1 | Comparable portfolio 1 July 2015 | - |
| - due to upgrades, per cent | 76 | Purchases | 2.76 |
| - real vacancy rate, per cent | 1.7 | Total portfolio 1 July 2015 | 2.76 |

We bought our first property in the USA in March 2015.



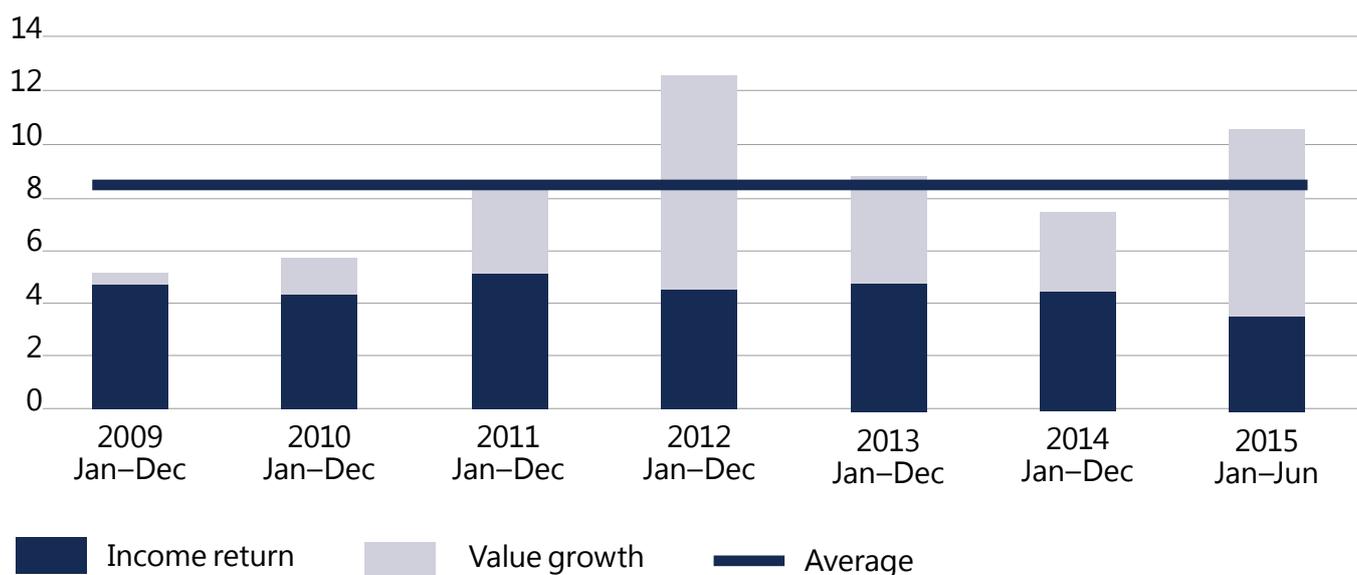
Properties in New York are marked with blue dots.

Total property return January-June 2015

| | SEK million | Growth Jan-Jun, per cent |
|---------------------------------|---------------|--------------------------|
| Fair value, 1 Jan 2015 | 57,736 | |
| Revaluations | 1,925 | 3.3 |
| Investments | 825 | 1.4 |
| Purchases | 5,895 | 10.2 |
| Sales | -993 | - |
| Translation difference | -548 | - |
| Fair value, 30 June 2015 | 64,840 | 12.3 |
| Operating surplus | 1,055 | |
| | SEK million | p.a., per cent |
| Total property return | 2,980 | 10.6 |

Annual property return

Per cent



Result January-June 2015

Operating surplus SEK 1,055 million

Consolidated rental income for the period increased by SEK 388 million to SEK 2,095 million (1,707). Of the total increase in rental income, SEK 319 million is attributable to the purchase of new properties and SEK 69 million is due to increased rental income for comparable properties. Rental income for comparable properties, adjusted for changes in exchange rates, increased by 4.5 per cent compared to the same period of 2014.

The real vacancy rate was 1.3 per cent, which is 0.2 percentage points higher than at the end of 2014. The vacancy rate was 3.7 per cent, of which 66 per cent was due to apartment upgrades and planned apartment sales.

Property expenses amounted to SEK 1,040 million (780), of which SEK 202 million (110) was maintenance, corresponding to an average annual expense of SEK 114 per square meter. The operating surplus for comparable properties increased by 0.4 per cent. For the total portfolio, the operating surplus margin was 50.4 per cent (54.3).

Increase in value of properties 3.3 per cent

The increase in value of the properties was SEK 1,925 million (857), equivalent to 3.3 per cent (1.9). The increase in value is due to increased rental income and a lower required yield.

Net financial items SEK -281 million

Interest expenses for the period were SEK 608 million (614). The average interest rate on total borrowings was 3.56 per cent, 0.57 percentage points lower than one year ago, which affected interest expenses positively. Other financial income and expenses amounted to SEK -26 million (2). Derivative financial instruments during the period increased in value by SEK 353 million (-495), mainly due to the higher market interest rates.

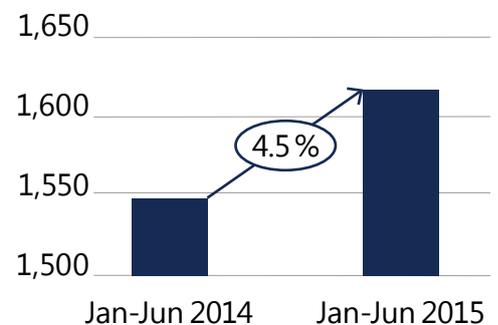
Net profit before tax SEK 2,640 million

Net profit before tax was SEK 2,640 million (647), and was positively impacted by the increase on revaluation of investment properties of SEK 1,925 million (857).

Tax expenses SEK -451 million

Total tax expenses for the period amounted to SEK 451 million (162), of which SEK 450 million related to deferred tax from unrealized gains on properties.

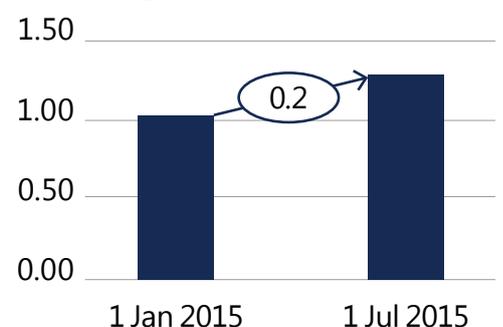
Rental income, comparable properties SEK million



Operating surplus, comparable properties SEK million



Real vacancy rate Percentage



Property portfolio

Property purchases SEK 5,895 million

The average required yield was 4.37 per cent. The purchases were as follows:

- New York, SEK 2,182 million.
- Germany, SEK 1,324 million, of which SEK 1,124 million in Berlin.
- Sweden, SEK 929 million, of which SEK 883 million in Stockholm.
- London, SEK 647 million.
- Canada, SEK 411 million, of which SEK 357 million in Toronto and SEK 54 million in Montreal.
- Paris, SEK 402 million.

Property investments SEK 825 million

Investments in properties for the period totalled SEK 825 million (758), of which 56 per cent for apartment upgrades, equivalent to an annual investment of SEK 466 per square metre.

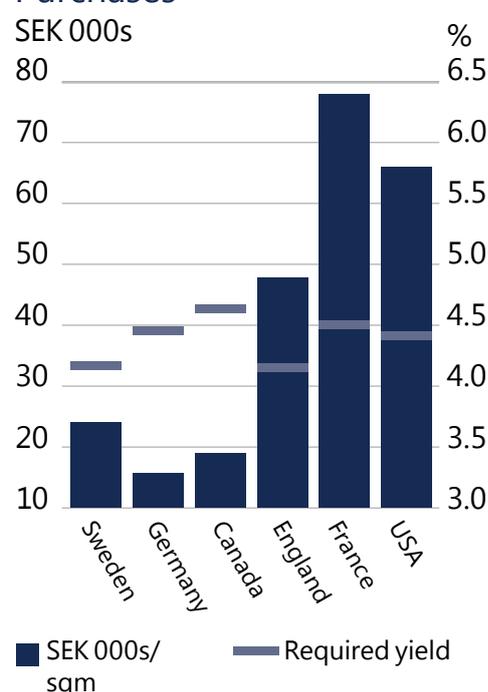
Property sales SEK 993 million

Selling prices were 5 per cent higher than the fair value at the beginning of the year. Most of the sold properties are in Sweden. Among other things, we sold our entire portfolio in Trelleborg in a swap for apartments in Stockholm and Malmö.

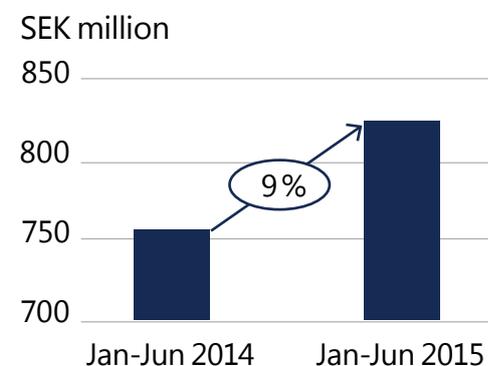
Property market value SEK 64,840 million

The estimated market value of the Group's property holdings was SEK 64,840 million, which is equivalent to an average of SEK 17,983 per square metre, as compared to SEK 16,629 at the end of 2014. The average required yield for the entire portfolio was 4.58 per cent, which is 0.14 percentage points lower than at the beginning of the period.

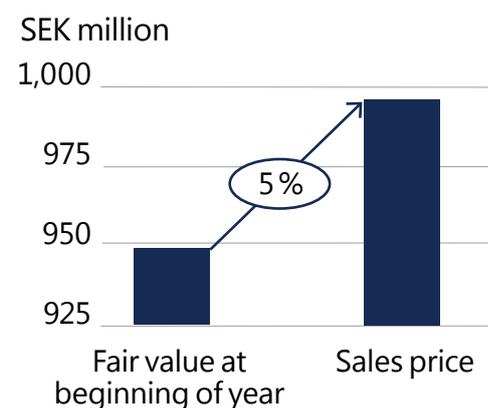
Purchases



Investments



Sales



| Required yield | Per cent |
|---------------------------|----------|
| Opening, 1 Jan 2015 | 4.72 |
| Purchases | -0.03 |
| Comparable | -0.11 |
| Exchange rate differences | 0.00 |
| Closing, 30 June 2015 | 4.58 |

Financing

Equity to assets ratio 40 per cent

During the period, consolidated equity increased by SEK 3,504 million to SEK 26,087 million, equivalent to an equity ratio of 40 per cent.

Loan-to-value 51 per cent

The Group's borrowings increased during the period by SEK 3,185 million to SEK 33,521 million. The loan-to-value ratio decreased from 52 to 51 per cent.

Secured loans increased by SEK 1,416 million to SEK 29,082 million at the end of the period. The secured loan-to-ratio decreased from 47 to 44 per cent during the period as a result of the Group's focus on raising capital through unsecured loans and equity. The secured loans have been borrowed from 34 banks in five countries, which leads to less dependence on the financial strength of each country and bank.

Unsecured loans encompass two listed bond loans and loans from related companies. These increased during the period by SEK 1,769 million to SEK 4,439 million. The nominal value of unsecured bonds has increased by SEK 1,552 million to SEK 2,750 million, fully in line with the ambition to increase our presence in the capital market.

The value of encumbered properties at the end of the period was SEK 31,592 million.

Capital tied up 5.0 years

Total interest-bearing debt was on average tied up for 5.0 years, compared to 4.5 at the end of 2014. The loans that mature within one year amount to SEK 3,102 million. The refinancing risk is mitigated by strong liquidity, highly diversified funding and a low loan-to-value.

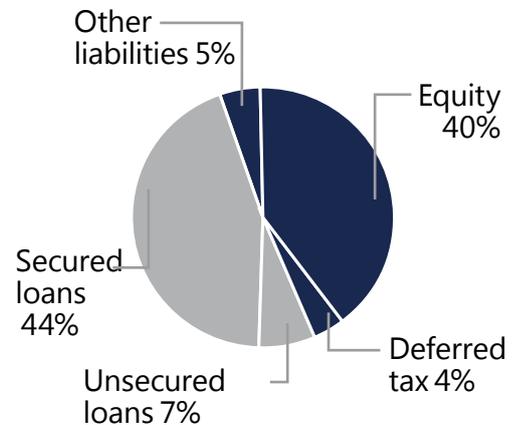
Interest rate hedge 3.9 years

Of the SEK 33,521 million in total borrowings, SEK 10,756 million had a fixed interest rate term of less than one year and SEK 9,667 million had a fixed interest rate term of more than five years. The loans had an average interest rate of 3.56 per cent, which is 0.57 percentage points lower than in the same period of 2014. The average interest rate hedge was 3.9 years, as compared to 4.2 years at the end of 2014.

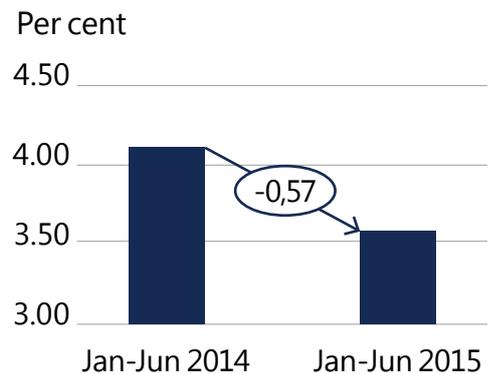
Liquidity SEK 3,130 million

At the end of the period, available funds in the form of cash and secured but unutilized credit facilities totalled SEK 3,130 million, compared to SEK 1,765 million at the end of 2014. The unmortgaged share of the properties' fair value corresponded to SEK 35,758 mkr at the end of the period.

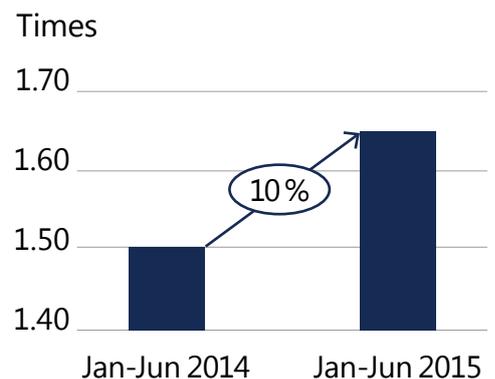
Equity & Liabilities



Average interest rate



Interest coverage ratio



Other financial information

Cash flow for the period

Cash flow before changes in working capital increased by 14 per cent to SEK 413 million (362). Operating activities generated a cash flow of SEK 190 million (109). Net cash from investing activities was SEK -5,285 million (-4,873). Cash flow required for acquisitions of properties is secured before signing acquisition agreements. Profitable and non-mandatory upgrades can, if needed, be stopped within a three-month period. Cash flow from financing activities was SEK 4,932 million (5,239).

Preference shares

In April 2015, Akelius carried out an issue of 6,060,606 new preference shares at a price of SEK 330 per preference share, which provided the company with SEK 2,000 million before transaction costs. 37 percent of the new preference shares were bought by international investors. The total number of preference shares at the end of the period amounted to 18,835,606.

Preference shares represent 0.65 per cent of the total number of shares in Akelius Residential Property AB.

As at 30 June 2015, the price paid per preference share was SEK 302.5.

Akelius paid a dividend to the owners of preference shares of SEK 64 million on the 5 February and an additional SEK 94 million on the 5 May. A dividend of SEK 5 per preference share will be paid on the following dates:

5 August 2015, 5 November 2015 and 5 February 2016, for a total of SEK 283 million.

Akelius rating

In June 2015, Standard & Poor's Rating Services rated Akelius as BBB- with a stable outlook.

Parent company

The parent company's net financial income for the period amounted to SEK 29 million (-362), while profit before tax totalled SEK 5 million (-383), which is attributable to positive changes in the fair value of derivative financial instruments of SEK 185 million (-188).

Result for the second quarter

Net income for the quarter amounted to SEK 1,304 million (303) and has been impacted by a positive change in the fair value of derivative financial instruments of SEK 487 million (-214) and of properties of SEK 797 million (453). During the second quarter, rental income increased to SEK 1,051 million (879) and property costs increased to SEK 518 million (376), which resulted in an improvement in the operating surplus to SEK 533 million (503).

The value increase in the property portfolio was SEK 797 million (453), and was mainly related to an increase in rental income. Net financial items totalled SEK 160 million (-514) including change in the fair value of derivatives of SEK 487 million (-214). Higher interest expenses are attributable to increased borrowings due to expansion of the property portfolio.

Cash flow for the second quarter amounted to SEK -86 million (485). Cash flow generated from operations was SEK 250 million (4). Net cash flow from investing activities amounted to SEK -3,331 million (-2,015), which is essentially explained by the acquisition of investment properties. Financing activities had a positive effect on cash flow of SEK 2,995 million (2,496), primarily due to the proceeds from the issuance of preference shares amounting to SEK 2,000 million.

Other financial information

Basis of presentation

Statement of compliance

The Akelius Residential Property Group's Interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

The financial statements of the parent company have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2, Accounting for Legal Entities. The Group applies the same accounting principles as in the last annual report.

Estimates and assessments

Estimates and assessments are evaluated continuously based on empirical factors and other aspects, including anticipation of future events that are reasonable under the prevailing circumstances. The same principles are followed in the interim reporting as in the previous annual report.

Derivative instruments

Derivative instruments consist mainly of interest rate swaps. Estimates of the fair value of derivatives are based on Level 2 of the fair value hierarchy. Compared to 2014, no transfers have occurred between the different levels of the hierarchy, and no significant changes have been made regarding the valuation method.

Cash flow in the derivative contracts is compared with the cash flow that would have been received if the contracts have been concluded at market prices on the closing date. The difference in the cash flows is discounted using an interest rate that takes into account the credit risk. The present value obtained is reported in the balance sheet at fair value. Changes in fair value are recognized in the income statement without the application of hedge accounting.

Valuation of properties

The fair value of all properties was assessed by internal valuations on the closing date. The valuations are based on a cash flow model for each individual property, with separate assessments of future earning ability and required rates of return. The cash flow model is based on actual income and expenses adjusted for a normalized future cash flow.

Other

The figures in this interim report have been rounded up or down, while the calculations have been made without rounding up or down. As a result, the figures in certain tables and key figures may appear not to add up correctly.

Risks and uncertainties

The operational risks are limited through concentration of the property portfolio to residential properties in metropolitan areas. Strong residential rental markets in Berlin, Hamburg, London, Paris, New York, Toronto, Montreal, Stockholm, Gothenburg and Malmö reduce the risk for long-term vacancies.

In order to further reduce the risk, or variations in cash flow, interest rates are secured on a long-term basis.

Access to capital from a large number of banks, through the capital market and from private individuals, mitigates the refinancing risk. Overseas investments are currency-hedged in a way that leaves the Group's equity to assets ratio unaffected by exchange rate fluctuations.

Other financial information

Accounting principles

The accounting policies adopted in the preparation of the interim report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended on 31 December 2014. The following standards, amendments to standards and interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2015. Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these standards.

IFRS 9 – Financial Instruments. IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and to add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 15 – Revenue from Contracts with Customers. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

At this time, the impact of the above publications is not expected to be material to the Group's consolidated financial statements.

Personnel

At the end of the period, 510 (283) people were employed in the Group.

Related party transactions

During the second quarter, the Group sold Akelius Spar AB to Akelius Apartment Ltd for SEK 115 million and Akelius Residential Property AB borrowed SEK 460 million from Akelius Spar AB. The transactions were subject to market terms.

Events after balance sheet date

Since the end of the period, we bought new properties for a total of SEK 2 billion, including 378 apartments for SEK 1 billion in New York and have signed agreements for the sale of a properties in Sweden and Canada for a total of SEK 0.7 billion.

Danderyd, Sweden, 10 August 2015
Akelius Residential Property AB (publ)

Pål Ahlsén,
CEO, Managing Director

The interim report has not been examined by the company's auditors.

Consolidated statement of comprehensive income

| SEK million | 2015 Apr-Jun 3 months | 2014 Apr-Jun 3 months | 2015 Jan-Jun 6 months | 2014 Jan-Jun 6 months | 2014 Jan-Dec 12 months |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Rental income | 1,051 | 879 | 2,095 | 1,707 | 3,602 |
| Operating expenses | -406 | - 323 | -838 | -670 | -1,406 |
| Maintenance | -112 | - 53 | -202 | -110 | -314 |
| Operating surplus | 533 | 503 | 1,055 | 927 | 1,882 |
| Central administration | -22 | - 10 | -43 | -18 | -54 |
| Other income and expenses | -16 | - 9 | -16 | -11 | -14 |
| Net gain on revaluation of investment properties | 797 | 453 | 1,925 | 857 | 1,412 |
| Operating profit | 1,292 | 937 | 2,921 | 1,755 | 3,226 |
| Interest income | 1 | 1 | 1 | 2 | 7 |
| Interest expenses | -311 | - 307 | -608 | -614 | -1,191 |
| Other financial income and expenses | -17 | 6 | -27 | - | -39 |
| Change in fair value of derivative financial instruments | 487 | - 214 | 353 | -495 | -1,149 |
| Profit before tax | 1,452 | 422 | 2,640 | 647 | 852 |
| Tax | -148 | - 119 | -451 | -162 | -350 |
| Profit for the period / year | 1,304 | 303 | 2,189 | 485 | 503 |
| Items that will be reclassified to profit or loss: | | | | | |
| - Translation difference | -114 | 118 | -254 | 91 | 745 |
| Comprehensive income for the period / year | 1,190 | 421 | 1,935 | 576 | 1,248 |
| Profit attributable to: | | | | | |
| - parent company shareholders | 1,254 | 300 | 2,137 | 481 | 503 |
| - holdings with no controlling influence | 50 | 3 | 52 | 4 | - |
| Total comprehensive income attributable to: | | | | | |
| - parent company shareholders | 1,151 | 417 | 1,867 | 572 | 1,245 |
| - holdings with no controlling influence | 40 | 4 | 68 | 4 | 3 |
| Earnings per share before and after dilution, SEK | 0.41 | 0.11 | 0.69 | 0.20 | 0.15 |

Consolidated statement of financial position

| SEK million | 2015 30 Jun | 2014 30 Jun | 2014 31 Dec |
|--------------------------------------|----------------|----------------|----------------|
| Assets | | | |
| Intangible assets | 18 | - | 14 |
| Investment property | 64,840 | 50,086 | 57,736 |
| Tangible assets | 25 | 22 | 21 |
| Derivative financial instruments | 6 | 38 | - |
| Deferred tax | 49 | 776 | 9 |
| Financial assets | 114 | 302 | 119 |
| Total non-current assets | 65,052 | 51,224 | 57,899 |
| Trade and other receivables | 512 | 693 | 612 |
| Derivative financial instruments | 17 | - | - |
| Cash and cash equivalents | 116 | 534 | 278 |
| Total current assets | 645 | 1,227 | 890 |
| Total assets | 65,697 | 52,452 | 58,789 |
| Equity and liabilities | | | |
| Equity | 26,087 | 19,049 | 22,583 |
| Borrowings | 30,389 | 22,849 | 26,519 |
| Derivative financial instruments | 2,133 | 1,911 | 2,466 |
| Deferred tax | 2,840 | 2,941 | 2,384 |
| Other liabilities | 18 | 103 | 33 |
| Total non-current liabilities | 35,380 | 27,803 | 31,403 |
| Borrowings | 3,132 | 4,955 | 3,816 |
| Derivative financial instruments | 43 | 16 | 53 |
| Trade and other payables | 1,055 | 629 | 935 |
| Total current liabilities | 4,230 | 5,600 | 4,804 |
| Total equity and liabilities | 65,697 | 52,452 | 58,789 |
| Borrowings | | | |
| - unsecured | 4,439 | 2,252 | 2,670 |
| - secured | 29,082 | 25,552 | 27,666 |
| Total | 33,521 | 27,804 | 30,336 |

Consolidated statement of cash flows

| SEK million | 2015 Apr-Jun 3 months | 2014 Apr-Jun 3 months | 2015 Jan-Jun 6 months | 2014 Jan-Jun 6 months | 2014 Jan-Dec 12 months |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|
| Operating surplus | 532 | 503 | 1,054 | 927 | 1,882 |
| Other income and expenses | -2 | -5 | 2 | 3 | 10 |
| Central administration | -19 | -10 | -38 | -18 | -54 |
| Interest paid | -315 | -267 | -600 | -548 | -1,173 |
| Income tax paid | -2 | -2 | -5 | -2 | -4 |
| Cash flow before changes in working capital | 194 | 219 | 413 | 362 | 661 |
| Changes in current assets | -21 | -205 | -81 | -185 | -143 |
| Changes in current liabilities | 77 | -10 | -142 | -68 | 184 |
| Total changes in working capital | 56 | -215 | -223 | -253 | 41 |
| Cash flow from operating activities | 250 | 4 | 190 | 109 | 702 |
| Investments in intangible assets | -4 | - | -6 | - | -14 |
| Investments in investment properties | -472 | -481 | -825 | -758 | -1,881 |
| Purchase of investment properties | -3,639 | -1,960 | -5,895 | -4,580 | -9,678 |
| Acquisition of net assets | 448 | - | 823 | - | - |
| Proceeds from sale of investment properties | 869 | 618 | 982 | 711 | 1,064 |
| Proceeds from sale of net assets | -539 | - | -539 | - | - |
| Increase/decrease in other fixed assets | 6 | -192 | 175 | -246 | -148 |
| Cash flow from investing activities | -3,331 | -2,015 | -5,285 | -4,873 | -10,657 |
| Proceeds from share issue | 1,974 | 3,020 | 1,974 | 3,020 | 8,960 |
| Proceeds from capital contribution | 21 | 1,363 | 21 | 1,363 | 1,377 |
| Proceeds from borrowings | 3,749 | 1,629 | 8,096 | 4,418 | 10,087 |
| Repayment of borrowings | -2,576 | -2,482 | -4,898 | -2,528 | -6,043 |
| Proceeds from derivative financial instruments | -54 | -34 | -54 | -34 | -71 |
| Dividend paid | -119 | -1,000 | -207 | -1,000 | -4,136 |
| Cash flow from financing activities | 2,995 | 2,496 | 4,932 | 5,239 | 10,174 |
| Cash flow for the period | -86 | 485 | -163 | 475 | 219 |
| Cash and cash equivalents at beginning of period | 201 | 49 | 278 | 59 | 59 |
| Translation difference in cash and bank | 1 | - | 1 | - | - |
| Cash and cash equivalents at end of period | 116 | 534 | 116 | 534 | 278 |

Consolidated statement of changes in equity

| SEK million | Share capital | Share premium | Trans- lation reserve | Retained earnings | Total | Non- controlling interests | Total equity |
|-------------------------------------|---------------|---------------|-----------------------------|-------------------|---------------|----------------------------------|---------------|
| Balance at 31 Dec 2013 | 1,263 | 1,937 | 42 | 11,896 | 15,138 | 31 | 15,169 |
| Hybrid loan | - | - | - | - | - | 1,354 | 1,354 |
| Dividend | - | - | - | -1,051 | -1,051 | - | -1,051 |
| Share issue | 181 | 2,820 | - | - | 3,001 | - | 3,001 |
| Profit for the period, Jan-Jun | - | - | - | 481 | 481 | 4 | 485 |
| Other comprehensive income, Jan-Jun | - | - | 91 | - | 91 | - | 91 |
| Balance at 30 Jun 2014 | 1,444 | 4,757 | 133 | 11,326 | 17,660 | 1,389 | 19,049 |
| Acquired minority | - | - | - | - | - | 41 | 41 |
| Redistribution | - | - | - | -7 | -7 | 7 | - |
| Hybrid loan | - | - | - | - | - | 11 | 11 |
| Dividend | - | -1,937 | - | -1,160 | -3,097 | -52 | -3,149 |
| Share issue | 294 | 5,728 | - | -63 | 5,959 | - | 5,959 |
| Profit for the period, Jul-Dec | - | - | - | 22 | 22 | -3 | 19 |
| Other comprehensive income, Jul-Dec | - | - | 650 | - | 650 | 4 | 654 |
| Balance at 31 Dec 2014 | 1,737 | 8,548 | 782 | 10,119 | 21,187 | 1,396 | 22,583 |
| Acquired minority | - | - | - | - | - | 21 | 21 |
| Dividend, hybrid loan | - | - | - | - | - | -49 | -49 |
| Dividend, preference shares | - | - | - | -377 | -377 | - | -377 |
| Share issue | 4 | 1,996 | - | -26 | 1,974 | - | 1,974 |
| Profit for the period, Jan-Jun | - | - | - | 2,137 | 2,137 | 52 | 2,189 |
| Other comprehensive income, Jan-Jun | - | - | -270 | - | -270 | 16 | -254 |
| Balance at 30 Jun 2015 | 1,741 | 10,544 | 513 | 11,853 | 24,651 | 1436 | 26,087 |

Segment information Jan-Jun 2015

| January-June 2015, SEK million | Sweden | Germany | Other | Total |
|--|--------------|--------------|-------------|--------------|
| Rental income | 1,120 | 745 | 230 | 2,095 |
| Operating expenses | -435 | -283 | -120 | -838 |
| Maintenance | -140 | -41 | -21 | -202 |
| Operating surplus | 545 | 421 | 89 | 1,055 |
| Net gain on revaluation of investment properties | 793 | 874 | 258 | 1,925 |
| Total property return | 1,338 | 1,295 | 347 | 2,980 |
| Total property return, per cent | 9.3 | 12.6 | 10.2 | 10.6 |
| Property fair value | 30,738 | 22,883 | 11,219 | 64,840 |

| January-June 2014, SEK million | Sweden | Germany | Other | Total |
|--|------------|------------|-------------|--------------|
| Rental income | 1,043 | 575 | 89 | 1,707 |
| Operating expenses | -423 | -207 | -40 | -670 |
| Maintenance | -72 | -34 | -4 | -110 |
| Operating surplus | 548 | 334 | 45 | 927 |
| Net gain on revaluation of investment properties | 439 | 224 | 194 | 857 |
| Total property return | 987 | 558 | 239 | 1,784 |
| Total property return, per cent | 7.5 | 7.3 | 13.9 | 8.3 |
| Property fair value | 26,927 | 18,324 | 4,834 | 50,086 |

Interest-bearing debt

| Duration Years | Interest rate hedge Amount in SEK million | Interest rate hedge Average interest rate, per cent | Share, per cent | Capital tied up Amount in SEK million | Share, per cent |
|-------------------|--|--|--------------------|---|--------------------|
| 0-1 | 10,756 | 1.78 | 32 | 3,102 | 9 |
| 1-2 | 3,267 | 3.80 | 10 | 7,627 | 23 |
| 2-3 | 3,727 | 3.08 | 11 | 9,210 | 27 |
| 3-4 | 2,725 | 5.88 | 8 | 2,706 | 8 |
| 4-5 | 3,380 | 4.68 | 10 | 3,704 | 11 |
| 5-6 | 1,804 | 5.27 | 5 | 171 | 1 |
| 6-7 | 3,181 | 4.87 | 9 | 560 | 2 |
| 7-8 | 1,001 | 4.63 | 3 | 270 | 1 |
| 8-9 | 749 | 4.55 | 2 | 95 | - |
| 9-10 | 894 | 3.17 | 3 | 660 | 2 |
| > 10 | 2,038 | 4.28 | 6 | 5,417 | 16 |
| Total | 33,521 | 3.56 | 100 | 33,521 | 100 |

Statement of comprehensive income for the parent company

| SEK million | 2015 Apr-Jun 3 months | 2014 Apr-Jun 3 months | 2015 Jan-Jun 6 months | 2014 Jan-Jun 6 months | 2014 Jan-Dec 12 months |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| Administration expenses | -12 | - 18 | -35 | - 30 | -55 |
| Other income and expenses | 10 | 6 | 11 | 9 | 16 |
| Operating profit | -2 | -11 | -24 | -21 | -38 |
| Interest income | 211 | 291 | 373 | 397 | 679 |
| Interest expenses | -230 | - 360 | -435 | - 549 | -878 |
| Other financial income and expenses | -79 | - 26 | -94 | - 22 | 191 |
| Change in fair value of derivative financial instruments | 233 | - 80 | 185 | - 188 | -440 |
| Profit before appropriations | 133 | -186 | 5 | -383 | -486 |
| Appropriations | - | - | - | - | -138 |
| Profit before tax | 133 | -186 | 5 | -383 | -624 |
| Tax | -21 | 17 | -9 | 41 | 137 |
| Profit for the period/year | 112 | -169 | -4 | -342 | -487 |
| Comprehensive income for the period/year | 112 | -169 | -4 | -342 | -487 |

Statement of financial position for the parent company

| SEK million | 2015 30 Jun | 2014 30 Jun | 2014 31 Dec |
|--------------------------------------|----------------|----------------|----------------|
| Assets | | | |
| Intangible assets | 7 | - | 5 |
| Total intangible assets | 7 | - | 5 |
| Shares in subsidiaries | 13,165 | 10,806 | 13,270 |
| Receivables from group companies | 3,087 | - | 1,055 |
| Deferred income tax assets | 366 | 281 | 377 |
| Total financial assets | 16,617 | 11,087 | 14,702 |
| Total non-current assets | 16,624 | 11,087 | 14,706 |
| Receivables from group companies | 13,075 | 13,812 | 7,911 |
| Other current receivables | 7 | 11 | 7 |
| Prepaid expenses and accrued income | 141 | 3 | 58 |
| Cash and cash equivalents | 2 | 1 | 155 |
| Total current assets | 13,224 | 13,827 | 8,131 |
| Total assets | 29,848 | 24,914 | 22,838 |
| Equity and liabilities | | | |
| Total equity | 13,028 | 8,700 | 11,410 |
| Borrowings | 7,673 | 2,631 | 3,108 |
| Borrowings from group companies | 8,085 | 142 | 2,510 |
| Derivative financial instruments | 487 | 419 | 671 |
| Total non-current liabilities | 16,245 | 3,192 | 6,289 |
| Borrowings | 50 | 1,539 | 918 |
| Borrowings from group companies | - | 11,420 | 3,984 |
| Accounts payable | 1 | - | 2 |
| Other current liabilities | 492 | - | 139 |
| Accrued expenses and prepaid income | 32 | 63 | 96 |
| Total current liabilities | 575 | 13,022 | 5,139 |
| Total equity and liabilities | 29,848 | 24,914 | 22,838 |

Key figures

| | 2015 30 Jun | 2014 31 Dec | 2013 31 Dec | 2012 31 Dec | 2011 31 Dec |
|---|----------------|----------------|----------------|----------------|----------------|
| Equity | | | | | |
| Equity, SEK million | 26,087 | 22,583 | 15,169 | 9,970 | 8,567 |
| Equity to assets ratio, per cent | 40 | 38 | 33 | 27 | 26 |
| Risk capital to assets ratio, per cent | 44 | 42 | 39 | 32 | 31 |
| Return on equity, per cent | 9 | 9 | 24 | 27 | 4 |
| Interest-bearing liabilities | | | | | |
| Loan-to-value, secured loans, per cent | 44 | 47 | 49 | 53 | 50 |
| Loan-to-value, total loans, per cent | 51 | 52 | 56 | 59 | 60 |
| Interest coverage ratio, total loans | 1.6 | 1.5 | 1.2 | 1.2 | 1.3 |
| Capital tied up total loans, year | 5.0 | 4.5 | 4.6 | 5.0 | 5.7 |
| Fixed interest rates | | | | | |
| Average interest rate total loans, per cent | 3.56 | 3.94 | 4.75 | 4.85 | 5.26 |
| Fixed interest term total loans, year | 3.9 | 4.2 | 5.0 | 5.4 | 5.6 |
| Properties | | | | | |
| Number of apartments | 50,169 | 47,896 | 41,319 | 35,443 | 35,151 |
| Rentable area, thousand sqm | 3,606 | 3,472 | 2,992 | 2,576 | 2,632 |
| Growth in rental income ¹ , per cent | 4.5 | 3.4 | 5.8 | 4.4 | 3.8 |
| Growth in operating surplus ¹ , per cent | 0.4 | 7.1 | 6.7 | 4.1 | 8.3 |
| Real vacancy rate residential, per cent | 1.3 | 1.0 | 0.7 | 0.7 | 0.7 |
| Vacancy rate residential, per cent | 3.7 | 3.2 | 2.6 | 2.0 | 1.9 |
| Fair value of properties, SEK million | | | | | |
| Opening balance | 57,736 | 44,104 | 35,437 | 32,352 | 28,269 |
| Change in fair value | 1,925 | 1,412 | 1,569 | 2,671 | 1,025 |
| Investments | 825 | 1,881 | 1,531 | 1,493 | 1,138 |
| Purchases | 5,895 | 9,678 | 6,901 | 1,663 | 3,792 |
| Sales | -993 | -1,084 | -1,801 | -2,383 | -1,828 |
| Reclassification | - | - | 13 | - | - |
| Exchange differences | -548 | 1,745 | 454 | -359 | -44 |
| Closing balance | 64,840 | 57,736 | 44,104 | 35,437 | 32,352 |
| Fair value, per sqm | 17,983 | 16,629 | 14,736 | 13,755 | 12,292 |
| Required yield, per cent | 4.58 | 4.72 | 4.75 | 4.73 | 5.07 |
| Change in required yield ¹ , per cent | -0.11 | 0.01 | -0.01 | -0.28 | 0.01 |

Key figures

| | 2015 30 Jun | 2014 31 Dec | 2013 31 Dec | 2012 31 Dec | 2011 31 Dec |
|--|----------------|----------------|----------------|----------------|----------------|
| Properties Sweden | | | | | |
| Average residential rent, SEK /sqm/year | 1,172 | 1,156 | 1,114 | 1,074 | 1,026 |
| Growth in average residential rent ² , per cent | 1.4 | 3.7 | 5.8 | 5.0 | 5.1 |
| Growth in rental income ³ , per cent | 3.3 | 3.5 | 5.5 | 3.8 | - |
| Growth in operating surplus ³ , per cent | -3.1 | 8.0 | 3.3 | 5.2 | - |
| Fair value, SEK million | 30,738 | 29,571 | 26,797 | 23,456 | 22,574 |
| Fair value, SEK per sqm | 15,693 | 14,899 | 14,115 | 13,809 | 12,055 |
| Required yield, per cent | 4.66 | 4.78 | 4.84 | 4.79 | 5.15 |
| Number of apartments | 24,210 | 24,407 | 23,867 | 21,707 | 23,354 |
| Properties Germany | | | | | |
| Average residential rent, EUR /sqm/month | 7.93 | 7.77 | 7.71 | 7.52 | 7.19 |
| Growth in average residential rent ² , per cent | 2.1 | 5.4 | 5.6 | 5.6 | 7.0 |
| Growth in rental income ³ , per cent | 5.6 | 3.1 | 6.8 | 6.8 | - |
| Growth in operating surplus ³ , per cent | 4.3 | 5.8 | 13.7 | 1.0 | - |
| Fair value, SEK million | 22,883 | 21,171 | 15,549 | 11,981 | 9,778 |
| Fair value, SEK per sqm | 16,986 | 16,752 | 15,398 | 13,649 | 12,903 |
| Required yield, per cent | 4.56 | 4.72 | 4.64 | 4.64 | 4.87 |
| Number of apartments | 20,747 | 19,423 | 15,769 | 13,736 | 11,797 |
| Properties Canada⁴ | | | | | |
| Average residential rent, CAD /sqft/month | 1.79 | 1.83 | 1.94 | 2.01 | 1.34 |
| Growth in average residential rent ² , per cent | 0.7 | 6.6 | 7.7 | 11.2 | - |
| Growth in rental income ³ , per cent | 5.4 | 7.0 | 20.6 | - | - |
| Growth in operating surplus ³ , per cent | -6.2 | -17.8 | 56.4 | - | - |
| Fair value, SEK million | 3,979 | 3,432 | 1,758 | 1,074 | 26 |
| Fair value, SEK per sqm | 21,755 | 21,808 | 20,710 | 22,026 | 19,833 |
| Required yield, per cent | 4.51 | 4.55 | 4.47 | 4.52 | 4.25 |
| Number of apartments | 3,198 | 2,823 | 1,683 | 1,046 | 17 |
| Properties England⁵ | | | | | |
| Average residential rent, GBP /sqft/month | 1.86 | 1.74 | 1.55 | 1.54 | 1.04 |
| Growth in average residential rent ² , per cent | 6.5 | 11.3 | 0.1 | 13.7 | - |
| Growth in rental income ³ , per cent | 15.5 | 5.9 | 29.0 | - | - |
| Growth in operating surplus ³ , per cent | 20.2 | 9.3 | 31.7 | - | - |
| Fair value, SEK million | 4,576 | 3,395 | 1,792 | 1,580 | 145 |
| Fair value, SEK per sqm | 60,084 | 53,606 | 36,430 | 32,730 | 22,872 |
| Required yield, per cent | 4.30 | 4.36 | 4.64 | 4.53 | 4.77 |
| Number of apartments | 1,227 | 1,153 | 870 | 870 | 97 |

Key figures

| | 2015 30 Jun | 2014 31 Dec | 2013 31 Dec | 2012 31 Dec | 2011 31 Dec |
|--|----------------|----------------|----------------|----------------|----------------|
| Properties France | | | | | |
| Average residential rent, EUR /sqm/month | 27.44 | 21.31 | - | - | - |
| Growth in average residential rent ² , per cent | 8.3 | - | - | - | - |
| Growth in rental income ³ , per cent | - | - | - | - | - |
| Growth in operating surplus ³ , per cent | - | - | - | - | - |
| Fair value, SEK million | 529 | 166 | - | - | - |
| Fair value, SEK per sqm | 67,393 | 60,732 | - | - | - |
| Required yield, per cent | 4.33 | 4.11 | - | - | - |
| Number of apartments | 263 | 90 | - | - | - |
| Properties USA | | | | | |
| Average residential rent, USD /sqft/month | 2.76 | - | - | - | - |
| Growth in average residential rent ² , per cent | - | - | - | - | - |
| Growth in rental income ³ , per cent | - | - | - | - | - |
| Growth in operating surplus ³ , per cent | - | - | - | - | - |
| Fair value, SEK million | 2,135 | - | - | - | - |
| Fair value, SEK per sqm | 65,174 | - | - | - | - |
| Required yield, per cent | 4.21 | - | - | - | - |
| Number of apartments | 524 | - | - | - | - |

1)For comparable properties. The property portfolio in England was bought from fellow subsidiaries in March 2014. The table for 30 June 2015 shows the development as if the properties had been owned since 1 January 2014.

2)Growth from period start to period end for comparable portfolio.

3)Growth for the period compared to the previous year's period for comparable portfolio.

4)The property portfolio in Toronto, Canada, was bought from a fellow subsidiary at the end of 2013. The tables above show the development as if the properties had been owned since 2011.

5)The property portfolio in England was bought from fellow subsidiaries in March 2014. The tables above show the development as if the properties had been owned since 2011.

Definitions

| | |
|--|--|
| Equity to assets ratio | Equity in relation to total assets. |
| Interest coverage ratio total loans | Profit/loss before income tax with add-back of depreciation, impairment charges, the cost of property sales, interest expenses, changes in the value of assets and liabilities in relation to interest expenses for all loans. |
| Loan-to-value total loans | Secured and unsecured interest-bearing liabilities in relation to total assets. |
| Operating surplus margin | Operating surplus in relation to rental income. |
| Real vacancy rate | The total number of vacant apartments less the number of apartments vacant due to renovation work or planned sales, in relation to the total number of apartments. Real vacancy is measured on the first day after month end. |
| Risk capital | Equity and deferred tax liability. |
| Risk capital to assets ratio | Risk capital in relation to total assets. |
| Vacancy rate | The number of vacant apartments in relation to the total number of apartments. Vacancy is measured on the first day after month end. |

Akelius in brief

Head office

Svärdvägen 3A
Box 104, S-182 12 Danderyd
Tel +46 (0) 8 566 130 00

Sweden

Rosenlundsgatan 50
Box 38149
100 64 Stockholm
Tel +46 (0)10-722 31 00
akelius.se

Germany

Leipziger Platz 14
D-10117 Berlin
Tel +49 (0) 30 7554 110
akelius.de

Canada

289 Niagara Street
Toronto M6J 0C3
Tel +1 (416) 214-2626
akelius.ca

England

Coin House
2 Gees Court
London W1U 1JA
Tel +44 (0) 2 078 719 695
akelius.co.uk

France

67 Boulevard Haussmann
75008 Paris

USA

101 Federal Street
Suite 1900
Boston, MA 02110

Apartments for metropolitans

Akelius owns, manages, upgrades and develops residential properties in metropolitan areas. 78 per cent of the portfolio is situated in Berlin, Hamburg, London, Paris, New York, Toronto, Montreal, Stockholm, Gothenburg and the Öresund region.

A better living

Our mission is to provide our current and future tenants with a better living, by continuously upgrading our buildings and our service.

Acquire via cherry picking

Akelius prefers to make smaller acquisitions of exactly the right properties - to cherry pick - rather than a smaller number of larger acquisitions of not quite the right properties.

Strong capital structure, low refinancing risk

Akelius has agreements with thirty-four banks, listed preference shares and listed senior unsecured bonds. Akelius is Sweden's largest listed property company. We have sixteen thousand shareholders.

First-class personnel

More than one hundred and fifty employees have graduated in Residential Real Estate Management from Akelius University.

Financial calendar

| | |
|------------------------------|-----------------|
| Interim report Jan-Sep 2015 | 26 October 2015 |
| Year-end report Jan-Dec 2015 | 26 January 2016 |



