

# Interim report

## Akelius Residential Property (publ)

January to June 2014

- Rental income SEK 1,707 million (1,456), increased by 3.8 per cent (5.1) for comparable properties
- Operating surplus SEK 927 million (777), increased by 6.4 per cent (6.4) for comparable properties
- Change in property value SEK 857 million (949), or 1.9 per cent (2.7)
- Change in value of derivative instruments SEK -495 million (782)
- Net profit before tax SEK 647 million (1,877)
- Earnings per share before and after dilution, SEK 0.20 (0.98)
- Investments in property holdings SEK 758 million (626)
- Purchases of properties for SEK 4,581 million (4,003)
- Sales of properties for SEK 719 million (651), 17.0 (13.0) per cent higher than fair value at the beginning of the year
- Issue of preference shares for SEK 1,020 million and common shares for SEK 2,000 million

### Summary

	2014	2013	2014	2013	2013
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Rental income, SEK million	879	765	1,707	1,456	3,025
Operating surplus, SEK million	503	428	927	777	1,579
Operating profit, SEK million	937	770	1,755	1,671	3,008
Profit before tax, SEK million	422	1,280	647	1,877	2,897
Earnings per share before and after dilution, SEK	0.11	0.71	0.20	0.98	1.21
Potential for new leases, per cent	27	25	29	27	30
Rent level increase for comparable properties, per cent	1.2	1.3	2.5	3.6	5.8
Real vacancy rate residential, per cent	1.1	0.6	1.1	0.6	0.7
Loan-to-value, total loans, per cent	53	60	53	60	56
Property fair value, SEK million	50,077	40,603	50,077	40,603	44,091
Number of apartments	43,989	39,455	43,989	39,455	41,319

## Our cherry picking continues

In 2014, we acquired 2,622 apartments, in addition to the 909 apartments we bought from sister companies in London at the end of March 2014. Berlin, Toronto and London represent 94 per cent of the properties acquired. In June, we signed an agreement to purchase our first property in Paris, including 40 apartments with transfer of ownership in September.

At the end of the period, 77 per cent of our property portfolio was situated in Berlin, Hamburg, Toronto, Stockholm, Gothenburg and the Oresund region.

Our organic growth is strong. Rental income for comparable properties increased by 3.8 per cent and operating surplus by 6.4 per cent compared to 2013. This extensive growth is explained by residential properties in major cities and upgrades to First Class.

The offer to subscribe for preference shares in Akelius Residential Property AB was oversubscribed several times. With the introduction on Nasdaq OMX First North at the beginning of June, the share price rose by 13 per cent, pleasing 12,000 shareholders. During the summer, the share price rose to SEK 368, which is SEK 68 or 23 per cent higher than the introduction price.

At the end of June, we issued an unsecured bond loan for SEK 350 million within a framework of SEK 1.5 billion with a maturity of 3.7 years. The bond has a variable interest rate of 3 months Stibor plus 2.0 percentage points.

Liquidity generated from the preference shares and the bond will be used for continued residential cherry picking in major cities and upgrading to First Class.

Properties were sold for a total of SEK 719 million, which is 17 per cent above the fair value at the beginning of the year. Among other things, we have sold our properties in Enköping, Uddevalla and Luleå, and have thereby completely vacated these cities. At the end of June, we signed an agreement for selling our portfolio in Åre, effective in Sep-

tember. In Halmstad, we have sold a residential property to a tenant owner's association.

At an extraordinary general meeting, Roger Akelius resigned as a regular member of the board to be a deputy member with the right to attend board meetings. Simultaneously, two new board members were elected.

Staffan Jufors has a long career history at Volvo as CEO of Volvo Penta, CEO of Volvo Trucks and chair of Volvo Buses. Staffan has approximately thirty years of experience in international management and is currently a board member of ÅF AB (publ), Haldex AB (publ) and Nordens Ark. Staffan has 49 preference shares in Akelius Residential Property AB.

Michael Brusberg started his career at Akelius in 1987, where he wrote the financial encyclopaedia 'Ekonomi & Kalkyler' (Economics & Calculations) and was Business Area Manager at Economy & Law. Some of his earlier assignments included CEO of Framfab Sweden, a member of the management team at Semcon AB and CEO of Jeppesen Systems. Michael is a board member of Dunross & Co AB and has 290 preference shares in Akelius Residential Property AB.

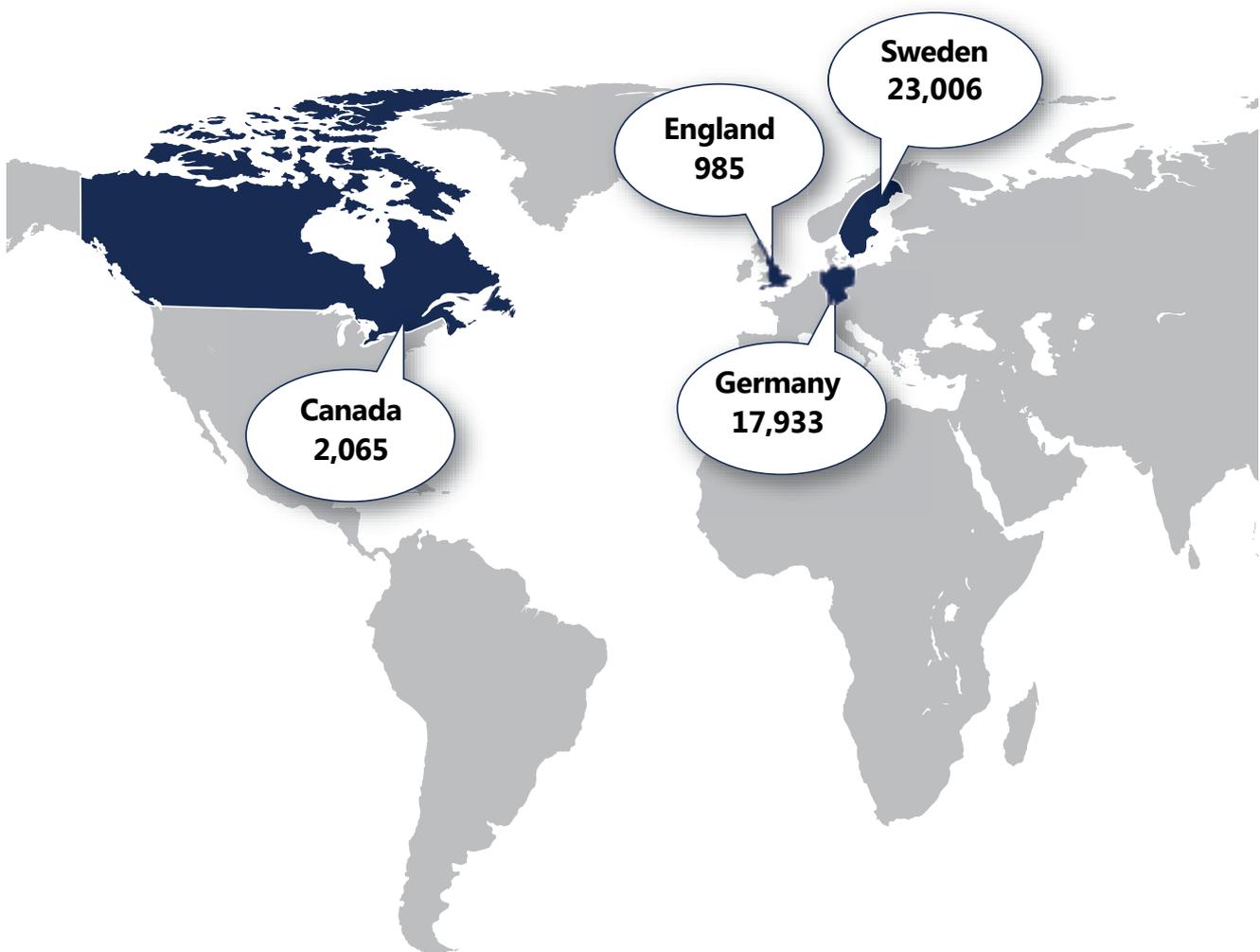
The extraordinary general meeting also decided to complement the company name with Property. Accordingly, the complete company name is Akelius Residential Property AB.

During the summer, our cherry picking continued with the acquisition of 66 apartments in Frankfurt am Main, 158 apartments in Berlin, 36 apartments in London and 96 apartments in Toronto. In Stockholm, 36 apartments were sold to a tenant owner's association.

CEO, Managing Director  
Pål Ahlsén

## Property portfolio 30 June 2014

	Residential units	Lettable space, thousand sqm			Fair value	
		Residential	Commercial	Total	SEK million	SEK/sqm
Sweden	23,006	1,585	257	1,842	26,918	14,613
Germany	17,933	1,095	57	1,152	18,324	15,900
Canada	2,065	106	0	106	2,308	21,711
England	985	55	0	55	2,526	46,301
<b>Total</b>	<b>43,989</b>	<b>2,842</b>	<b>314</b>	<b>3,155</b>	<b>50,077</b>	<b>15,870</b>

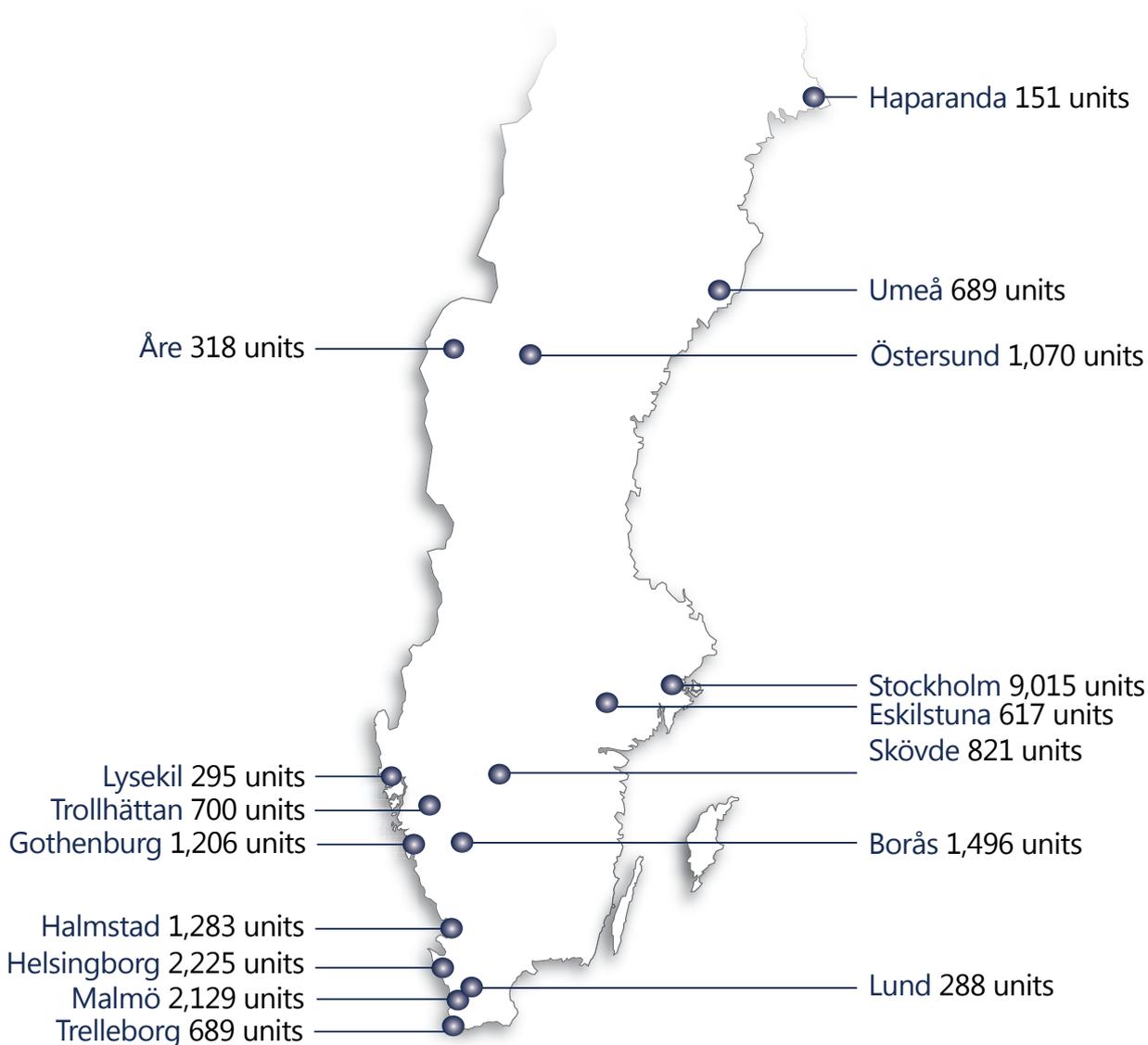


## Sweden

Total property portfolio		Average rent, SEK/sqm/year	
Residential units	23,006	<b>Total portfolio 1 July 2013</b>	<b>1,103</b>
Fair value, SEK million	26,918	Sales	-3
- SEK per sqm	14,613	Comparable portfolio 1 July 2013	1,100
- required yield, per cent	4.82	<b>Increase in comparable portfolio</b>	<b>43</b> ← 3.9%
Vacancy rate, per cent	2.2	Comparable portfolio 1 July 2014	1,143
- due to upgrades, per cent	68	Purchases	0
- real vacancy rate, per cent	0.7	<b>Total portfolio 1 July 2014</b>	<b>1,143</b>

### Comparable properties, January to June 2014

Average rent new leases, SEK/sqm/year	1,316
Potential new leases, per cent	18

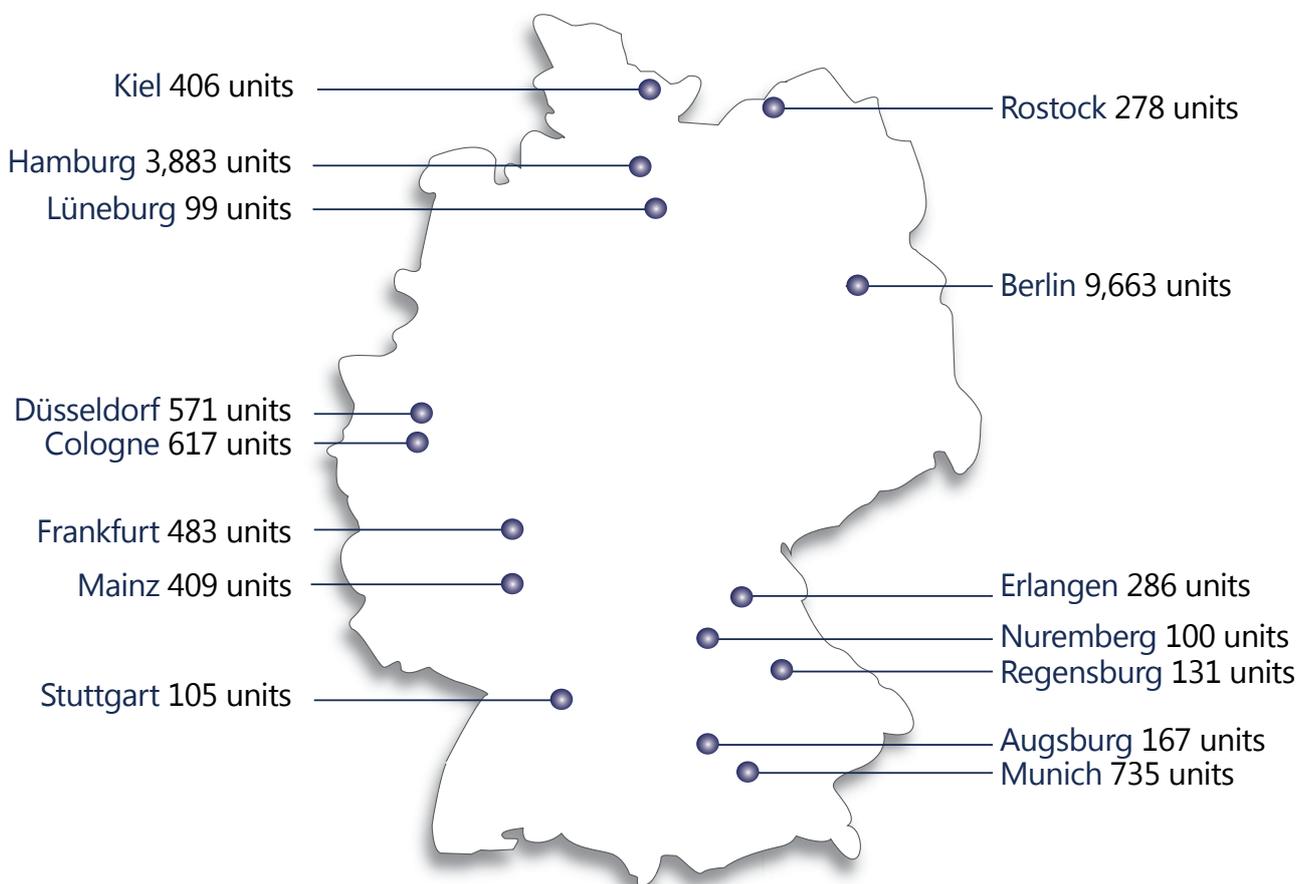


## Germany

Total property portfolio	
Residential units	17,933
Fair value, SEK million	18,324
- SEK per sqm	15,900
- required yield, per cent	4.65
Vacancy rate, per cent	3.9
- due to upgrades, per cent	63
- real vacancy rate, per cent	1.4

Average rent, EUR/sqm/month	
<b>Total portfolio 1 July 2013</b>	<b>7.71</b>
Sales	-
Comparable portfolio 1 July 2013	7.71
<b>Increase in comparable portfolio</b>	<b>0.43</b> ← 5.6%
Comparable portfolio 1 July 2014	8.14
Purchases	-0.35
<b>Total portfolio 1 July 2014</b>	<b>7.79</b>

Comparable properties, January to June 2014	
Average rent new leases, EUR/sqm/month	11.69
Potential new leases, per cent	52

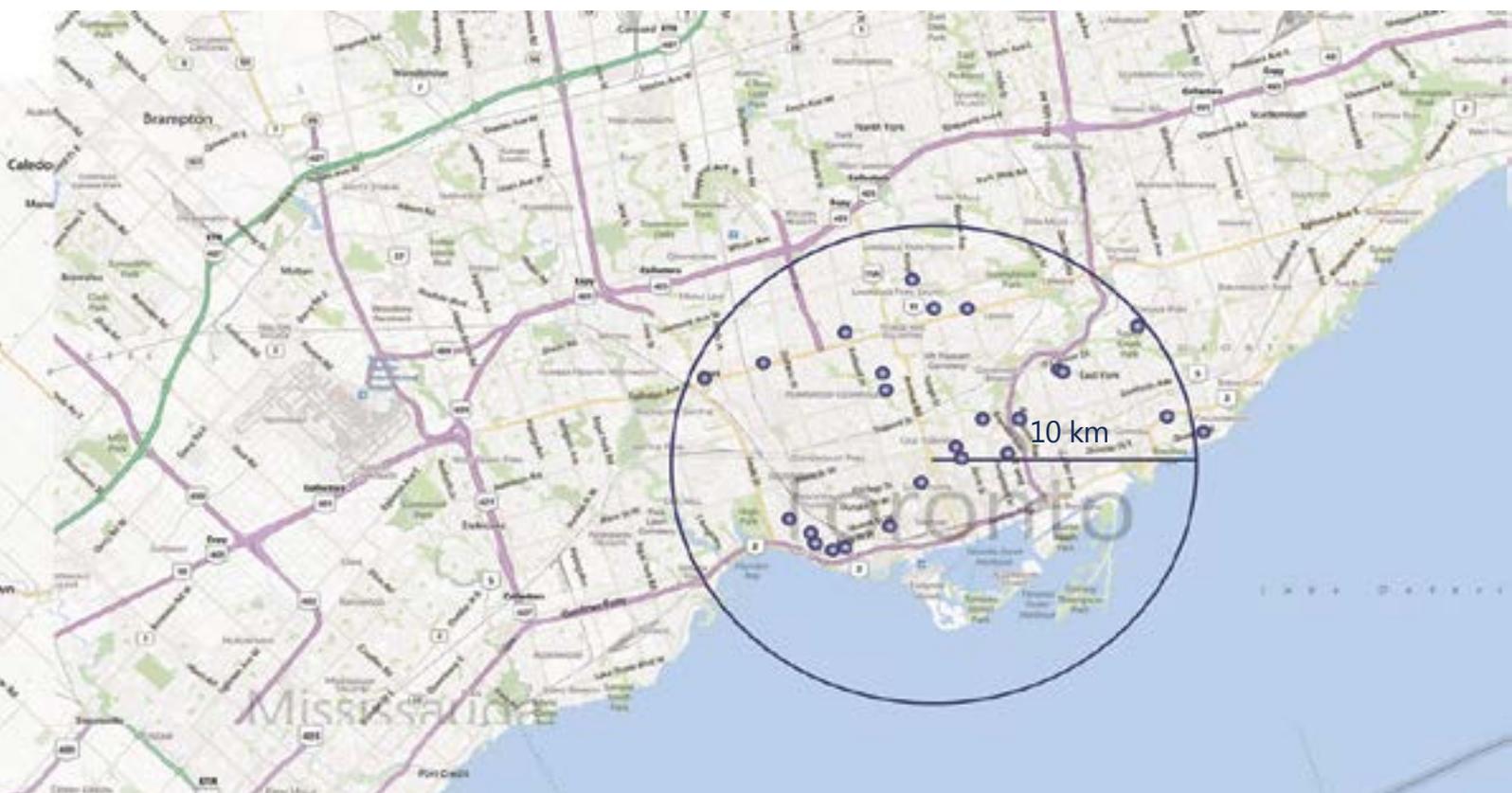


## Canada

Total property portfolio		Average rent, CAD/sqft/month*	
Residential units	2,065	<b>Total portfolio 1 July 2013</b>	<b>2.02</b>
Fair value, SEK million	2,308	Sales	-
- SEK per sqm	21,711	Comparable portfolio 1 July 2013	2.02
- required yield, per cent	4.53	<b>Increase in comparable portfolio</b>	<b>0.15</b> ← 7.0%
Vacancy rate, per cent	5.4	Comparable portfolio 1 July 2014	2.17
- due to upgrades, per cent	71	Purchases	-0.23
- real vacancy rate, per cent	1.5	<b>Total portfolio 1 July 2014</b>	<b>1.94</b>

Comparable properties, January to June 2014	
Average rent new leases, CAD/sqft/month	2.72
Potential new leases, per cent	39

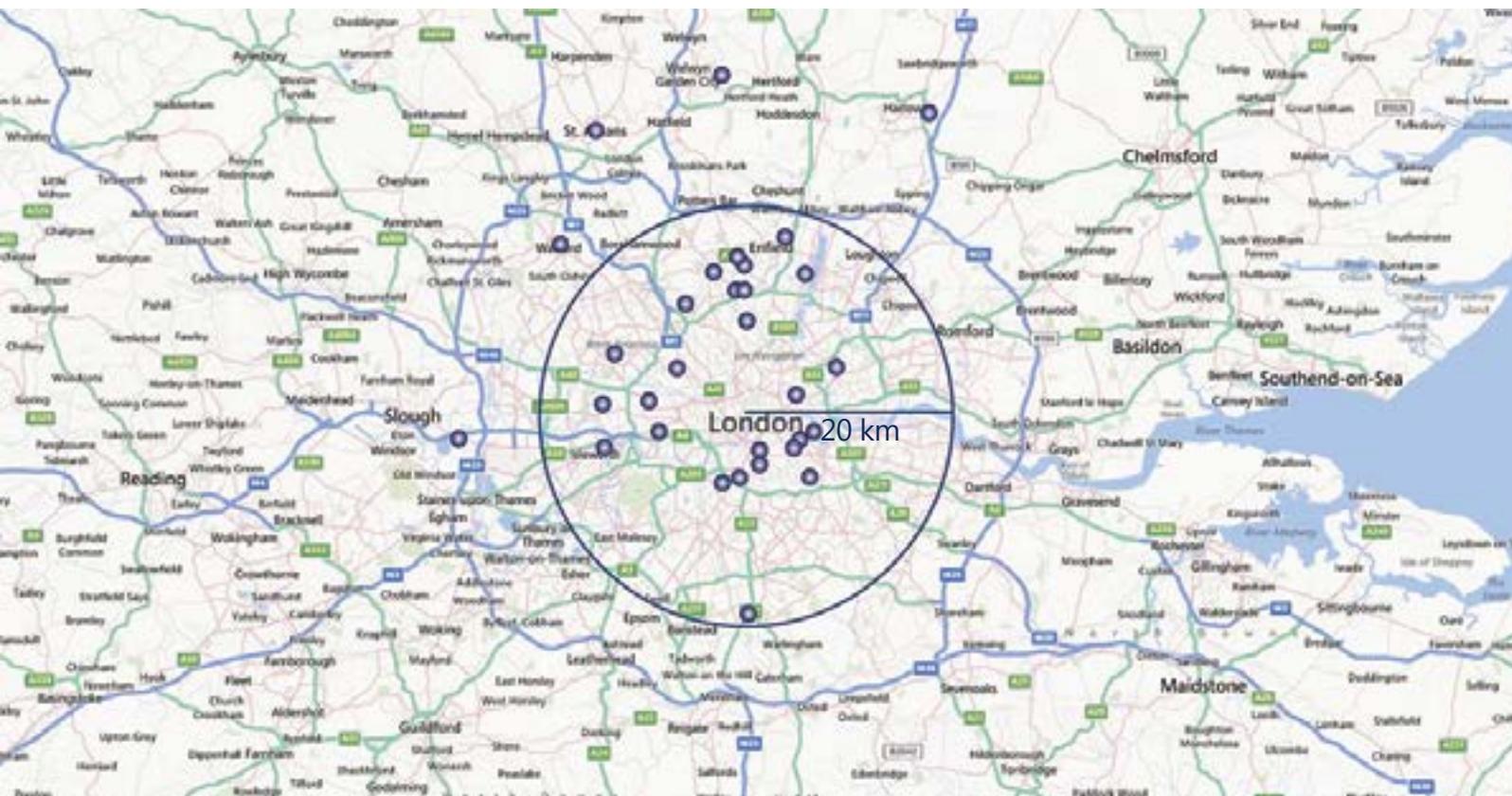


Akelius Residential Property's properties in Toronto are marked in blue.

\*) The main part of the property portfolio in Toronto, Canada was acquired from a sister company at the end of December 2013. The table above shows the development as if Akelius Residential Property had owned the properties since the 1 of July 2013.

## England

Total property portfolio		Average rent, GBP/sqft/month*	
Residential units	985	<b>Total portfolio 1 July 2013</b>	<b>1.50</b>
Fair value, SEK million	2,526	Sales	-
- SEK per sqm	46,301	Comparable portfolio 1 July 2013	1.50
- required yield, per cent	4.45	<b>Increase in comparable portfolio</b>	<b>0.14</b> ← 9.4%
Vacancy rate, per cent	9.3	Comparable portfolio 1 July 2014	1.64
- due to upgrades, per cent	78	Purchases	-0.01
- real vacancy rate, per cent	2.0	<b>Total portfolio 1 July 2014</b>	<b>1.63</b>
Comparable properties, January to June 2014			
Average rent new leases, GBP/sqft/month		2.05	
Potential new leases, per cent		33	



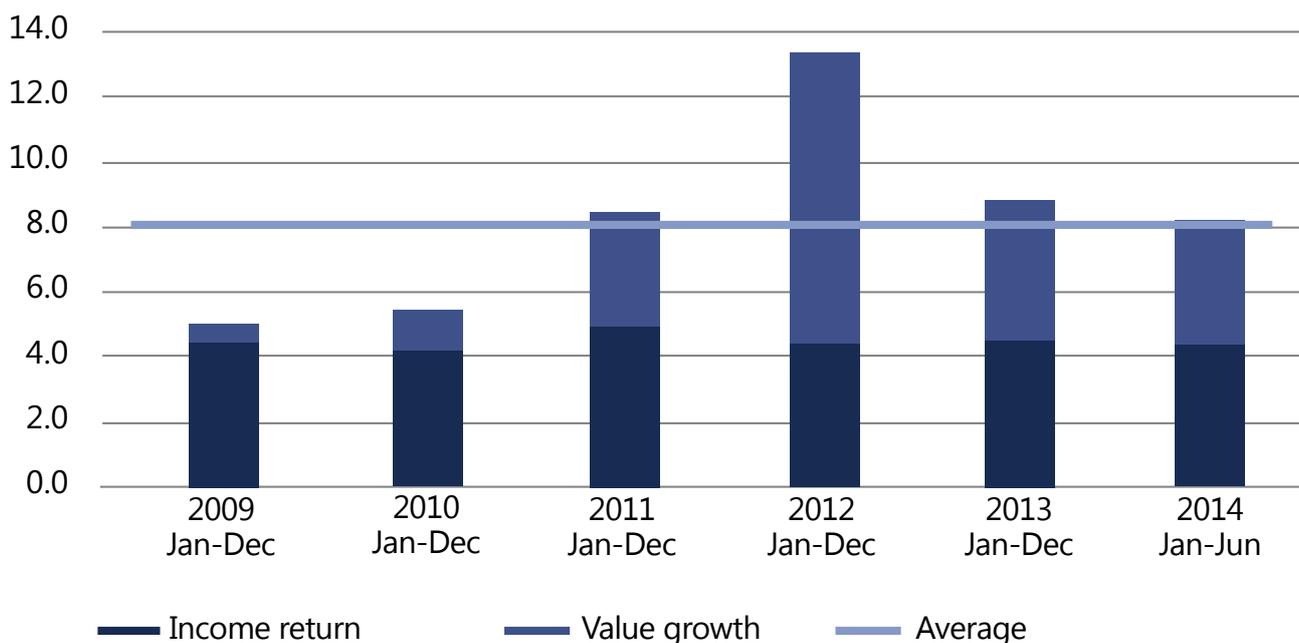
Akelius Residential Property's properties in London are marked in blue.

\*) The main part of the property portfolio in England was bought from a sister company during March 2014. The table above shows the development as if Akelius Residential Property had owned the properties since the 1 of July 2013.

## Total property return January-June 2014

	SEK million	Growth Jan-Jun, per cent
<b>Fair value, 1 Jan 2014</b>	<b>44,091</b>	-
Translation difference	509	1.2
Revaluations	857	1.9
Investments	758	1.7
Purchases	4,581	10.4
Sales	-719	-1.6
<b>Fair value, 30 June 2014</b>	<b>50,077</b>	<b>13.6</b>
<b>Operating surplus</b>	<b>927</b>	-
	SEK million	Period, per cent
<b>Total property return</b>	<b>1,784</b>	<b>8.3</b>

per cent



## Financial information January-June 2014

### Operating surplus SEK 927 million

Consolidated rental income for the year increased by SEK 251 million to SEK 1,707 million (1,456). Out of the total increase in revenue, SEK 205 million is attributable to the purchase of new properties and SEK 46 million is due to increased rents on comparable properties. Adjusted for changes in exchange rates, rental income for comparable properties increased by 3.8 per cent compared to the same period in 2013.

The vacancy rate for residential properties was 3.2 per cent, of which 66 per cent was due to apartment upgrades. The real vacancy rate was therefore 1.1 per cent, which is 0.4 percentage points higher compared to the end of 2013.

Property expenses amounted to SEK 780 million (679), of which SEK 110 million (103) was in respect of maintenance, corresponding to an average annual expense of SEK 72 per square metre. The operating surplus for comparable properties increased by 6.4 per cent. For the total portfolio, the operating surplus margin was 54.3 per cent (53.4).

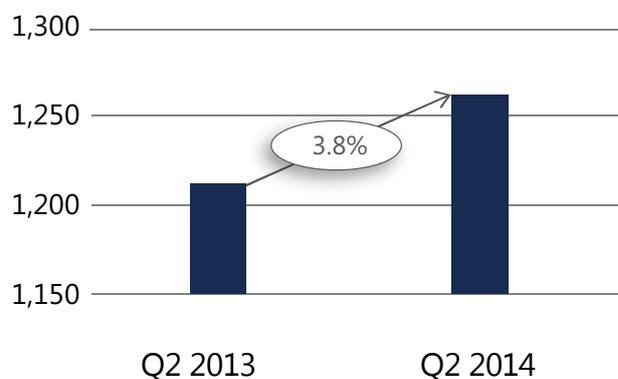
### Increase in value of properties 1.9 per cent

The increase in value of the property holding was SEK 857 million (949) for the period, equivalent to 1.9 per cent (2.7). The increase in value is due to increased rental income. Properties were sold during the period for a total of SEK 719 million, which is 17 per cent above the fair value at the beginning of the period.

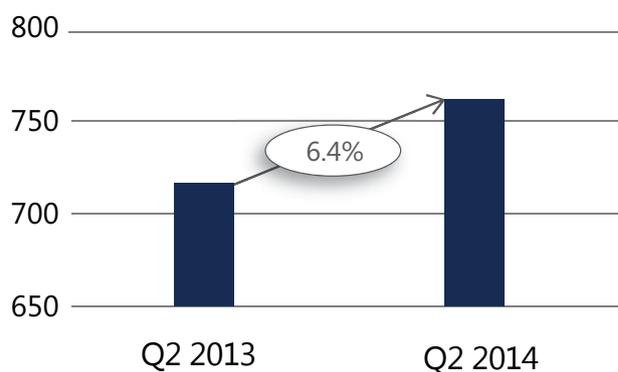
### Net financial items SEK 612 million

Income from financial items for the period was SEK 2 million (2) and financial expenses were SEK 614 million (578). The Group's interest expenses increased by SEK 36 million compared to the same period last year due to increased borrowings in connection with purchases of properties. The average interest

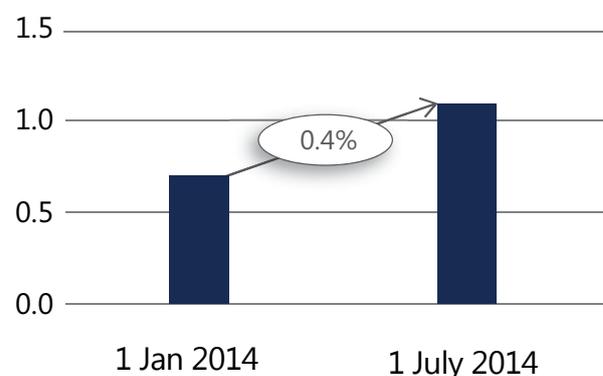
### Rental income, comparable properties SEK million



### Operating surplus, comparable properties SEK million



### Real vacancy per cent



rate on total borrowings decreased by 0.62 percentage points to 4.13, which affected interest expenses positively. The interest coverage ratio was 1.5 (1.3).

### Change in fair value of derivatives SEK -495 million

Derivative financial instruments during the period declined in value by SEK -495 million (782), mainly due to the fall in market interest rates. 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 2013, 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 were 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. Change in fair value is recognized in the income statement without applying hedge accounting.

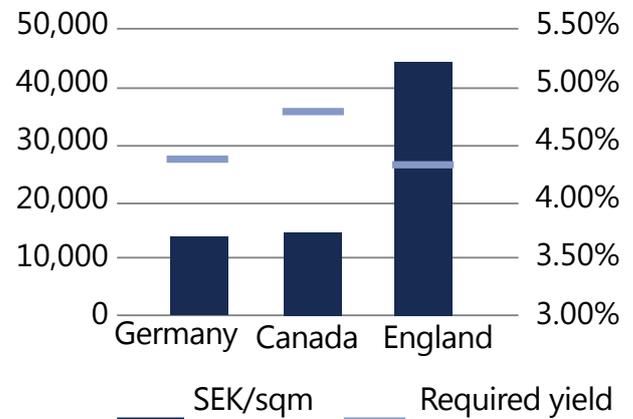
### Property purchases SEK 4,581 million

During the period, properties were purchased for SEK 4,581 million with an average initial required yield of 4.5 per cent. SEK 2,125 million relates to the purchase of properties from sister companies in England. Additionally, new properties were bought in England for SEK 267 million. In Germany, properties were purchased for SEK 1,878 million at an average property price per square metre of SEK 13,281. In Canada, properties were bought for SEK 310 million at an average property price per square metre of SEK 14,405.

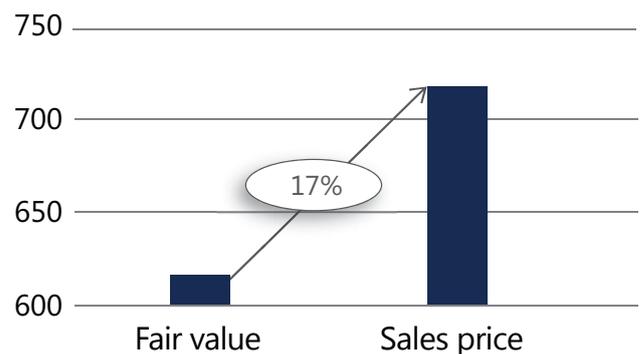
### Property investments SEK 758 million

Investments in properties for the period totalled SEK 758 million (626), equivalent to an annual investment of SEK 493 per square

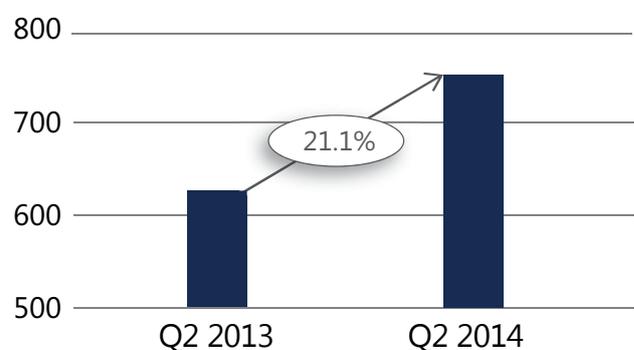
### Purchases SEK million



### Sales SEK million



### Investments SEK million



metre. First Class investments totalled SEK 424 million and SEK 334 million was invested in the conversion of commercial premises and lofts to apartments, the densification of existing properties and water and energy saving projects.

## Market valuation of properties

The estimated market value of the Group's property holding at the end of the period was SEK 50,077 million, which is equivalent to an average of SEK 15,870 per square metre as compared to SEK 14,736 at the end of 2013. The higher value per square metre is primarily due to the purchase of properties in England that, on average, were valued at SEK 43,841 per square metre.

The fair value has increased by SEK 857 million, or 1.94 per cent, as a result of increased rental income.

The fair value of all properties was assessed by internal valuations by closing day. 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. The average required yield for residential properties was 4.73 per cent, which is 0.02 percentage points lower compared to the beginning of the period.

## Loan-to-value 53 per cent

The Group's borrowing increased during the year by SEK 2,283 million to a total of SEK 27,804 million. The loan-to-value ratio decreased to 53 per cent in connection with cash received from the issuance of preference and common shares totalling SEK 3,020 million.

Secured loans increased by SEK 3,080 million to SEK 25,552 million at the end of the quarter, corresponding to a loan-to-value ratio of 49 per cent. The secured loans were raised from 26 banks in four countries, which leads to less dependence on the financial strength of each country and bank. Assets

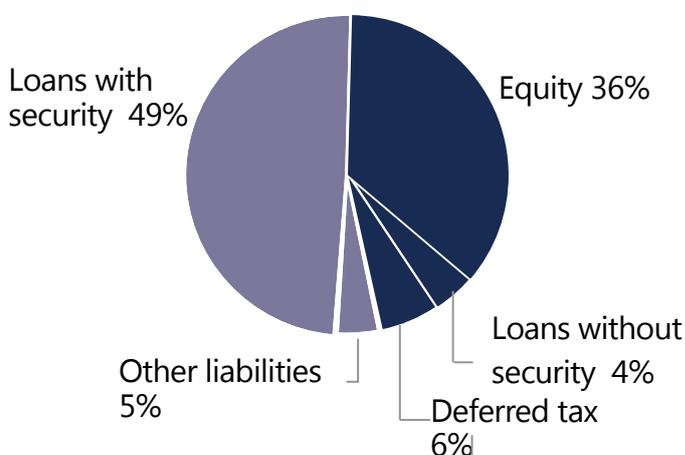
## Required yield per cent

<b>Opening</b>	<b>4.75</b>
Translation difference	0.00
Purchases	-0.01
Sales	0.00
Comparable	-0.01
<b>Closing</b>	<b>4.73</b>

## Required yield per country per cent

	Total	Residential	Commercial
Sweden	4.82	4.63	6.90
Germany	4.65	4.57	6.61
Canada	4.53	4.52	4.58
England	4.45	4.45	-
<b>Total</b>	<b>4.73</b>	<b>4.59</b>	<b>6.73</b>

## Equity & Liabilities



pledged as collateral for mortgages has increased from SEK 25,545 million at the end of 2013 to SEK 27,043 million, primarily related to the purchase of properties in England.

Unsecured loans, which encompass a listed debenture loan, borrowing from the public and loans from group companies, decreased during the period by SEK 797 million to SEK 2,252 million. At the end of June, Akelius issued a new unsecured bond loan of SEK 350 million within a framework of SEK 1.5 billion. The loan matures in 3.7 years with a variable interest rate of Stibor 3 months plus 2.00 percentage points. Akelius' second bond loan had a nominal value of SEK 1,000 million at the end of the period. Both bond loans are listed on Nasdaq OMX Stockholm. Akelius Residential Property's German subsidiary, Akelius GmbH, took a hybrid bond loan of EUR 150 million recognized in equity during the second quarter. In connection with the hybrid loan, EUR 150 million in unsecured loans was repaid.

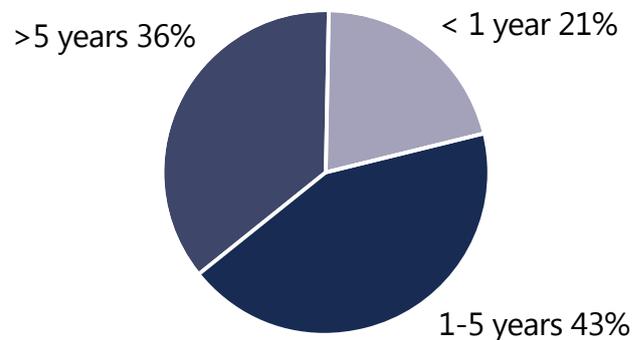
### Liquidity SEK 1,808 million

At the end of the period, available funds in the form of cash and secured but unutilized credit facilities totalled SEK 1,808 million, compared to SEK 1,597 million at the end of 2013. Another SEK 275 million of unutilized credit facilities is available when offering the lenders security. The unmortgaged share of the properties' fair value corresponded to SEK 24,524 million at the end of the period.

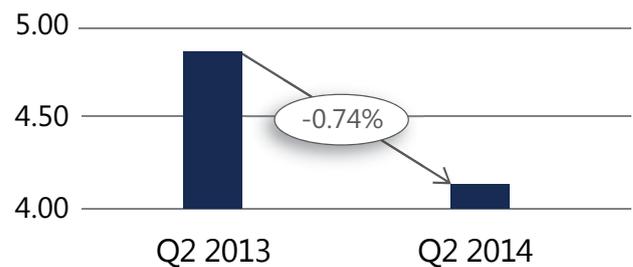
### Equity to assets ratio 36 per cent

At the end of the period, consolidated equity was SEK 19,049 million, equivalent to an equity to assets ratio of 36 per cent. Under the period, Akelius Residential Property paid a dividend of SEK 1,000 million, registered a common share issue for SEK 2,000 million, issued preferred shares for SEK 1,020 million and recognized a EUR 150 million hybrid bond loan in equity. Akelius Residential Property has also implemented a share split, entitling shareholder to receive 4,449 new shares for each share owned.

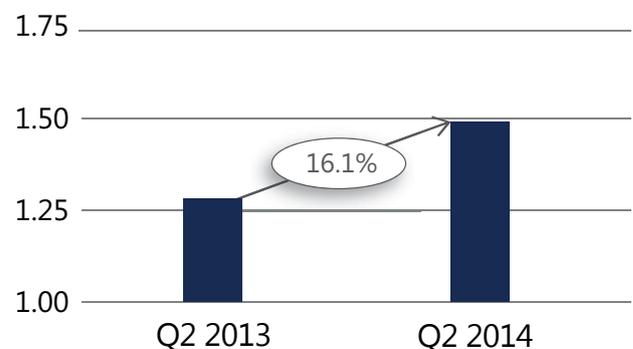
### Interest hedge, total loans



### Average interest rate percentage



### Interest coverage, total loans per cent



## Interest rate hedge 4.4 years

Of the SEK 27,804 million in total interest-bearing debt, SEK 5,719 million had a fixed interest rate term of less than one year and SEK 9,998 million had a fixed interest rate term of more than five years. The loans had an average interest rate of 4.13, which is 0.74 percentage points lower than at the beginning of the year. The average interest rate hedge was 4.4 years as compared to 5.0 at the end of 2013.

## Capital tied up 4.6 years

Total interest-bearing debt was on average tied up for 4.6 years, which is unchanged compared to the end of 2013. The loans are raised from 26 banks, 30,000 private investors, the capital market and as unsecured loans from companies within the Akelius Group. The loans that mature within one year amount to SEK 4,953 million.

## Tax

Total tax expense for the period amounted to SEK 162 million (114), mainly related to deferred tax from unrealized value increase in the property portfolio. Akelius Residential Property has no ongoing tax disputes.

## Cash flow

Operating activities generated a cash flow of SEK 109 million (284). Net cash from investing activities was SEK -4,873 million (-4,321). Cash flow from acquisitions of properties is secured before signing acquisition agreements. Profitable and non-mandatory upgrades to First Class can, if needed, be stopped within a three-month period. Cash flow from financing activities was SEK 5,239 million (4,097).

## Parent company

The parent company's net financial income for the period amounted to SEK -174 million (-151) while profit before tax totalled SEK -383 million (-112), which is attributable to negative changes in fair value of derivative financial instruments of SEK -188 million (46). During the period, Akelius Residential Property AB paid SEK 1,000 million in dividends, issued common shares and preference shares to a total of SEK 3,020 million and issued a new unsecured bond loan of SEK 350 million.

## Result for the second quarter

Net income for the quarter amounted to SEK 422 million (1,280) and has been impacted by a negative change in fair value of derivative financial instruments of SEK -214 million (844). During the second quarter, rental income increased to SEK 879 million (765) and property costs decreased to SEK 376 million (337), which resulted in an operating surplus of SEK 503 million (428).

The value increase of the property portfolio was SEK 453 million (376), mainly related to an increase in rental income. Financial costs were SEK 301 million (334). The lower financial costs are attributable to a lower average interest rate of 4.13 per cent (4.87).

Cash flow amounted to SEK 534 million (88) during the second quarter. Cash flow generated from operations was SEK 4 million (259), primarily related to higher financial expenses. Net cash flow from investing activities amounted to SEK -2,015 million (-3,609), which is essentially explained by the acquisition of properties in Germany amounting to SEK -1,383 million. Financing activities had a positive effect on cash flow of SEK 2,496 million (3,368), primarily due to the issuance of preference shares amounting to SEK 1,020 million, common shares for SEK 2,000 million and the payment of dividends of SEK 1,000 million.

## Other information

### Registration of preference shares

During the second quarter, 3.4 million preference shares with an issue price of SEK 300 each were registered to a total amount of SEK 1,020 million. Each preference share provides an annual dividend of SEK 20, with quarterly payments of SEK 5. Akelius' Certified Adviser is Avanza Bank. The dates for preference share dividends were determined by an extraordinary general meeting and are 5 August 2014, 5 November 2014 and 5 February 2015. On 30 June 2014, the price paid per preference share was SEK 336. Akelius' preference shares were listed on Nasdaq OMX First North on 5 June 2014.

### Risks and possibilities

The operational risks are limited through the property portfolio being concentrated to residential properties in locations with population growth. A strong residential market in Sweden, Germany, Canada and England reduces the risk for long-term vacancies. In order to further reduce the risk, or variations in cash flow, interest rates are fixed for long terms. Access to capital from a large number of investors, through the capital market and from private individuals provides a low refinancing risk. Overseas investments are currency-hedged so that the Group's equity to assets ratio is not affected by exchange rate fluctuations.

### Accounting principles

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, with the exception of IFRS 11 and IFRIC 21 Levies. As of 2014, Akelius Residential Property applies IFRIC 21 Levies and has reported in the interim report for January-June 2014 the total amount of the annual property tax liability. Additionally,

a prepaid expense has been reported and is amortized on a straight-line basis over the financial year. IFRS 11 has not had any material impact on the Group.

### Estimates and assessments

Estimates and assessments are evaluated on a continuous basis from empirical factors and other aspects including anticipation of future events deemed reasonable under the prevailing circumstances. The same principles are followed in the interim reporting as in the previous annual report.

### Personnel

At the end of the period, 283 persons were employed in the Group.

### Related party transactions

During the period, Akelius Residential Property raised net loans totalling SEK 56 million from the parent company Akelius Apartments. Akelius Residential Property's German subsidiary Akelius GmbH took a EUR 150 million hybrid bond loan from Akelius Apartments and repaid SEK 150 million in unsecured loans to Akelius Fonder Ltd. Akelius Residential Property issued new common shares in the amount of SEK 2,000 million. The transactions were subject to market terms.

### Important events since the end of the reported period

Akelius Residential AB (publ) has changed its name to Akelius Residential Property AB (publ).

Danderyd, Sweden, 28 August 2014

Akelius Residential Property AB (publ)

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Pål Ahlsén, CEO

This Interim Report has not been examined by the company's auditors.

## Consolidated statement of comprehensive income

SEK million

	2014 Apr-Jun 3 months	2013 Apr-Jun 3 months	2014 Jan-Jun 6 months	2013 Jan-Jun 6 months	2013 Jan-Dec 12 months
Rental income	879	765	1,707	1,456	3,025
Operating costs	-323	-276	-670	-576	-1,143
Maintenance	-53	-61	-110	-103	-303
<b>Operating surplus</b>	<b>503</b>	<b>428</b>	<b>927</b>	<b>777</b>	<b>1,579</b>
Central administration	-10	-10	-18	-20	-55
Other income and expenses	-7	-12	-3	-22	-48
Costs - property sales	-2	-12	-8	-13	-37
Net gain on revaluation of investment properties	453	376	857	949	1,569
<b>Operating profit</b>	<b>937</b>	<b>770</b>	<b>1,755</b>	<b>1,671</b>	<b>3,008</b>
Interest income	1	1	2	2	8
Interest expenses	-307	-306	-614	-577	-1 203
Other financial income and expenses	6	-29	0	-1	-54
Change in fair value of derivative financial instruments	-214	844	-495	782	1,138
<b>Profit before tax</b>	<b>422</b>	<b>1,280</b>	<b>647</b>	<b>1,877</b>	<b>2,897</b>
Tax	-119	1	-162	-114	-677
<b>Profit for the period / year</b>	<b>303</b>	<b>1,281</b>	<b>485</b>	<b>1,763</b>	<b>2,220</b>
Translation difference	118	263	91	119	206
<b>Comprehensive income for the period / year</b>	<b>421</b>	<b>1,544</b>	<b>576</b>	<b>1,882</b>	<b>2,426</b>
Profit attributable to:					
- parent company shareholders	300	1,280	481	1,761	2,216
- holdings with no controlling influence	3	1	4	2	4
Total comprehensive income attributable to:					
- parent company shareholders	417	1,543	572	1,880	2,422
- holdings with no controlling influence	4	1	4	2	4
Earnings per share before and after dilution, SEK	0.11	0.71	0.20	0.98	1.21

## Consolidated statement of financial position

SEK million

	2014 30 Jun	2013 30 Jun	2013 31 Dec
<b>Assets</b>			
Investment property	50,077	40,603	44,091
Fixed assets	31	30	31
Derivative financial instruments	38	76	100
Deferred tax	776	686	663
Financial fixed assets	302	773	204
<b>Total non-current assets</b>	<b>51,224</b>	<b>42,168</b>	<b>45,089</b>
Other assets	693	169	544
Cash and cash equivalents	534	88	59
<b>Total current assets</b>	<b>1,227</b>	<b>257</b>	<b>603</b>
<b>Total assets</b>	<b>52,452</b>	<b>42,425</b>	<b>45,692</b>
<b>Equity and liabilities</b>			
Equity	19,049	12,532	15,169
Long-term interest-bearing liabilities	22,489	18,495	22,398
Derivative financial instruments	1,911	1,853	1,496
Deferred tax	2,941	2,162	2,695
Other liabilities	103	116	25
<b>Total non-current liabilities</b>	<b>27,803</b>	<b>22,636</b>	<b>26,614</b>
Short-term interest-bearing liabilities	4,955	6,761	3,123
Derivative financial instruments	16	7	24
Trade and other payables	629	499	762
<b>Total current liabilities</b>	<b>5,600</b>	<b>7,267</b>	<b>3,909</b>
<b>Total equity and liabilities</b>	<b>52,452</b>	<b>42,425</b>	<b>45,692</b>
Interest-bearing liabilities			
- without security	2,252	4,073	3,049
- with security	25,552	21,183	22,472
<b>Total</b>	<b>27,804</b>	<b>25,256</b>	<b>25,521</b>

## Consolidated statement of cash flows

SEK million

	2014 Apr-Jun 3 months	2013 Apr-Jun 3 months	2014 Jan-Jun 6 months	2013 Jan-Jun 6 months	2013 Jan-Dec 12 months
Cash generated from operations	273	424	659	750	1,570
Interest paid	-267	-163	-548	-463	-1,249
Income tax paid	-2	-1	-2	-2	-3
<b>Net cash generated from operating activities</b>	<b>4</b>	<b>259</b>	<b>109</b>	<b>284</b>	<b>318</b>
Investments in investment properties	-481	-357	-758	-626	-1,531
Purchase of investment properties	-1,960	-3,409	-4,580	-4,003	-6,901
Sales of investment properties	618	609	711	638	1,765
Increase/decrease in other fixed assets	-192	-452	-246	-330	97
<b>Net cash used in investing activities</b>	<b>-2,015</b>	<b>-3,609</b>	<b>-4,873</b>	<b>-4,321</b>	<b>-6,570</b>
New share issue	3,020	-	3,020	-	2,120
Shareholder contribution	1,363	682	1,363	682	680
Borrowings	1,629	3,527	4,418	6,299	9,361
Repayment of loans	-2,482	-1,120	-2,528	-3,163	-6,122
Purchase of derivative instruments	-34	278	-34	278	271
Group contribution	-	-	-	-	-27
Dividend	-1,000	-	-1,000	-	-
<b>Net cash from financing activities</b>	<b>2,496</b>	<b>3,368</b>	<b>5,239</b>	<b>4,097</b>	<b>6,283</b>
<b>Cash flow for the period/year</b>	<b>485</b>	<b>18</b>	<b>475</b>	<b>60</b>	<b>31</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>49</b>	<b>70</b>	<b>59</b>	<b>28</b>	<b>28</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>534</b>	<b>88</b>	<b>534</b>	<b>88</b>	<b>59</b>

## Consolidated statement of changes in equity

SEK million

	Share capital	Share premium	Other reserves	Profit brought forward	Total	Non controlling influence	Total equity
<b>Equity 31 December 2012</b>	<b>400</b>	-	<b>-164</b>	<b>9,707</b>	<b>9,943</b>	<b>27</b>	<b>9,970</b>
Shareholder contribution	-	-	-	680	680	-	680
Profit for the year, Jan-Jun	-	-	-	<b>1,761</b>	<b>1,761</b>	<b>2</b>	<b>1,763</b>
Other comprehensive income	-	-	119	-	119	-	119
<b>Equity 30 June 2013</b>	<b>400</b>	-	<b>-45</b>	<b>12,148</b>	<b>12,503</b>	<b>29</b>	<b>12,532</b>
Share issue	183	1,937	-	-	2,120	-	2,120
Transfer share capital	680	-	-	-680	0	-	0
Shareholder contribution	-	-	-	-27	-27	-	-27
Profit for the year, Jul-Dec	-	-	-	455	455	2	457
Other comprehensive income	-	-	87	-	87	-	87
<b>Equity 31 December 2013</b>	<b>1,263</b>	<b>1,937</b>	<b>42</b>	<b>11,896</b>	<b>15,138</b>	<b>31</b>	<b>15,169</b>
Profit for the year, Jan-Jun	-	-	-	481	481	4	485
Other comprehensive income	-	-	91	-	91	-	91
Hybrid loan	-	-	-	-	-	1,354	1,354
Dividend	-	-	-	-1,051	-1,051	-	-1,051
Share issue	181	2,820	-	-	3,001	-	3,001
<b>Equity 30 June 2014</b>	<b>1,444</b>	<b>4,757</b>	<b>133</b>	<b>11,326</b>	<b>17,660</b>	<b>1,389</b>	<b>19,049</b>

## Segment information

Jan-Jun 2014

	Sweden		Germany		Canada		England		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Rental income	1,043	974	575	482	64	-	25	-	1,707	1,456
Operating costs	-423	-400	-207	-176	-32	-	-8	-	-670	-576
Maintenance	-72	-77	-34	-26	-3	-	-1	-	-110	-103
<b>Operating surplus</b>	<b>548</b>	<b>497</b>	<b>334</b>	<b>280</b>	<b>29</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>927</b>	<b>777</b>
Central administration	-	-	-	-	-	-	-	-	-18	-20
Other income and expenses	-	-	-	-	-	-	-	-	-3	-22
Costs related to property sales	-	-	-	-	-	-	-	-	-8	-13
Net gain on revaluation of investment properties	439	538	224	411	133	-	61	-	857	949
<b>Operating profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,755</b>	<b>1,671</b>
Interest income	-	-	-	-	-	-	-	-	2	2
Interest expenses	-	-	-	-	-	-	-	-	-614	-577
Other financial income and expenses	-	-	-	-	-	-	-	-	0	-1
Change in fair value of derivative financial instruments	-	-	-	-	-	-	-	-	-495	782
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>647</b>	<b>1,877</b>
Operating surplus	548	497	334	280	29	-	16	-	927	777
Change in fair value	439	538	224	411	133	-	61	-	857	949
<b>Total property return</b>	<b>987</b>	<b>1,035</b>	<b>558</b>	<b>691</b>	<b>162</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>1,784</b>	<b>1,726</b>
<b>Total property return, per cent</b>	<b>7.5</b>	<b>9.0</b>	<b>7.3</b>	<b>11.9</b>	<b>19.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.3</b>	<b>10.0</b>
<b>Property fair value</b>	<b>26,918</b>	<b>27,081</b>	<b>18,324</b>	<b>13,522</b>	<b>2,308</b>	<b>-</b>	<b>2,526</b>	<b>-</b>	<b>50,077</b>	<b>40,603</b>

## Borrowings

Duration Years	Fixed interest rates			Capital tied up	
	Amount in SEK million	Average interest, per cent	Share, per cent	Amount in SEK million	Share, per cent
0-1	5,739	3.00	21	4,955	18
1-2	2,914	2.67	10	8,308	30
2-3	2,811	4.13	10	5,838	21
3-4	4,028	3.39	14	3,267	12
4-5	2,335	5.61	8	134	0
5-6	2,639	5.84	9	247	1
6-7	1,756	5.23	6	10	0
7-8	2,566	5.07	9	0	0
8-9	921	4.76	3	241	1
9-10	641	4.77	2	0	0
10 ->	1,474	4.44	5	4,805	17
<b>Total</b>	<b>27,804</b>	<b>4.13</b>	<b>100</b>	<b>27,804</b>	<b>100</b>

## Statement of comprehensive income, parent company

SEK million	2014 Apr-Jun 3 months	2013 Apr-Jun 3 months	2014 Jan-Jun 6 months	2013 Jan-Jun 6 months	2013 Jan-Dec 12 months
Rental income	-	13	-	26	51
Property costs	-	-2	-	-7	-19
Maintenance	-	-	-	-6	-6
<b>Operating surplus</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>13</b>	<b>27</b>
Other income and expenses	-11	-13	-21	-20	-57
Profit from sales of properties	-	-	-	-	76
Profit from shares in subsidiaries	-	-	-	-	498
Financial net	-95	-117	-174	-151	-308
Change in fair value of derivative financial instruments	-80	249	-188	46	253
<b>Profit before provisions</b>	<b>-186</b>	<b>125</b>	<b>-383</b>	<b>-112</b>	<b>489</b>
Appropriations	-	-	-	-	-106
<b>Profit before tax</b>	<b>-186</b>	<b>125</b>	<b>-383</b>	<b>-112</b>	<b>383</b>
Tax	17	0	41	-1	94
<b>Profit for the period / year</b>	<b>-169</b>	<b>125</b>	<b>-342</b>	<b>-113</b>	<b>477</b>
<b>Comprehensive income for the period / year</b>	<b>-169</b>	<b>125</b>	<b>-342</b>	<b>-113</b>	<b>477</b>

## Statement of financial position, parent company

SEK million

	2014 30 Jun	2013 30 Jun	2013 31 Dec
<b>Assets</b>			
Fixed assets	-	275	-
Financial fixed assets	11,087	9,719	14,308
<b>Total fixed assets</b>	<b>11,087</b>	<b>9,995</b>	<b>14,308</b>
Group receivables	10,384	-	81
Current assets	3,442	8	10
<b>Total current assets</b>	<b>13,826</b>	<b>8</b>	<b>91</b>
<b>Total assets</b>	<b>24,913</b>	<b>10,002</b>	<b>14,399</b>
<b>Equity</b>	<b>8,700</b>	<b>4,312</b>	<b>7,022</b>
Long-term interest-bearing liabilities	2,631	1,995	2,424
Long-term interest-bearing liabilities, group	142	815	224
Derivative financial instruments	419	282	231
<b>Total non-current liabilities</b>	<b>3,192</b>	<b>3,092</b>	<b>2,879</b>
Short-term interest-bearing liabilities	1,539	17	16
Short-term interest bearing liabilities, group	11,420	2,532	4,454
Other liabilities	63	49	28
<b>Total current liabilities</b>	<b>13,022</b>	<b>2,598</b>	<b>4,497</b>
<b>Total equity and liabilities</b>	<b>24,913</b>	<b>10,002</b>	<b>14,399</b>

## Key figures

	2014 30 Jun	2013 31 Dec	2012 31 Dec	2011 31 Dec	2010 31 Dec
<b>Equity</b>					
Equity, SEK million	19,049	15,169	9,970	8,567	8,211
Equity to assets ratio, per cent	36	33	27	26	28
Risk capital to assets ratio, per cent	46	46	39	41	46
Return on equity	4	24	27	4	8
<b>Interest-bearing liabilities</b>					
Loan-to-value, secured loans, per cent	49	49	53	50	48
Loan-to-value, total loans, per cent	53	56	59	60	61
Interest coverage rate, secured loans	1.8	1.4	1.5	1.6	1.6
Interest coverage rate, total loans	1.5	1.2	1.2	1.3	1.2
<b>Fixed interest rates</b>					
Average interest rate secured loans, per cent	3.96	4.42	4.63	4.94	5.28
Average interest rate total loans, per cent	4.13	4.75	4.85	5.26	5.63
Fixed interest term secured loans, year	4.7	5.3	5.7	5.8	5.8
Capital tied up secured loans, year	4.9	4.8	5.3	6.0	5.0
<b>Properties</b>					
Number of apartments	43,989	41,319	35,443	35,151	31,502
Rentable area, thousand sqm	3,155	2,992	2,576	2,632	2,424
Growth in rental income*, per cent	3.8	5.8	4.8	3.8	-
Growth in operating surplus*, per cent	6.4	6.7	4.1	8.3	-
Real vacancy rate residential, per cent	1.1	0.7	0.7	0.7	0.6
<b>Fair value properties, SEK million</b>					
Opening	44,091	35,437	32,352	28,269	29,255
Exchange differences	509	454	-359	-44	-839
Change in fair value	857	1,569	2,671	1,025	356
Investments	758	1,531	1,493	1,138	917
Purchases	4,581	6,901	1,663	3,792	972
Sales	-719	-1,801	-2,383	-1,828	-2,392
Closing	50,077	44,091	35,437	32,352	28,269
Fair value, per sqm	15,870	14,736	13,755	12,292	11,662
Required yield, per cent	4.73	4.75	4.73	5.07	5.09
Change required yield*, per cent	-0.01	-0.01	-0.28	0.01	-

\*) For comparable properties

Key figures	2014 30 Jun	2013 31 Dec	2012 31 Dec	2011 31 Dec	2010 31 Dec
<b>Properties Sweden</b>					
Average residential rent, SEK /sqm/year	1,143	1,114	1,074	1,026	967
Growth in average residential rent*, per cent	2.2	5.8	5.0	5.1	1.9
Growth in rental income*, per cent	3.7	5.5	3.8	-	-
Growth in operating surplus*, per cent	9.5	3.3	5.2	-	-
Fair value, SEK million	26,918	26,784	23,456	22,574	21,377
Fair value, SEK per sqm	14,613	14,115	13,809	12,055	11,435
Required yield, per cent	4.82	4.84	4.79	5.15	5.15
Number of apartments	23,006	23,867	21,707	23,354	22,926
<b>Properties Germany</b>					
Average residential rent, EUR /sqm/month	7.79	7.71	7.52	7.19	6.85
Growth in average residential rent*, per cent	3.0	5.6	5.6	7.0	4.0
Growth in rental income*, per cent	4.1	6.8	6.8	-	-
Growth in operating surplus*, per cent	1.9	13.7	1.0	-	-
Fair value, SEK million	18,324	15,549	11,981	9,778	6,892
Fair value, SEK per sqm	15,900	15,398	13,649	12,903	12,623
Required yield, per cent	4.65	4.64	4.64	4.87	4.91
Number of apartments	17,933	15,769	13,736	11,797	8,576
<b>Properties Canada**</b>					
Average residential rent, CAD /sqft/month	1.94	1.94	2.01	1.34	-
Growth in average residential rent*, per cent	3.5	7.7	11.2	-	-
Growth in rental income*, per cent	9.2	20.6	-	-	-
Growth in operating surplus*, per cent	-4.5	56.4	-	-	-
Fair value, SEK million	2,308	1,758	1,074	26	-
Fair value, SEK per sqm	21,711	20,710	22,026	19,833	-
Required yield, per cent	4.53	4.47	4.52	4.25	-
Number of apartments	2,065	1,683	1,046	17	-
<b>Properties England**</b>					
Average residential rent, GBP /sqft/month	1.63	1.55	1.54	1.04	-
Growth in average residential rent*, per cent	5.7	0.1	13.7	-	-
Growth in rental income*, per cent	-2.9	29.0	-	-	-
Growth in operating surplus*, per cent	-16.2	31.7	-	-	-
Fair value, SEK million	2,526	1,792	1,580	145	-
Fair value, SEK per sqm	46,301	36,430	32,730	22,872	-
Required yield, per cent	4.45	4.64	4.53	4.77	-
Number of apartments	985	870	870	97	-

\*) For comparable properties.

\*\*) The property portfolio in Toronto, Canada was bought from a sister subsidiary at the end of 2013. The property portfolio in London, England was bought from sister subsidiaries during March 2014. The table above show the development as if the properties had been owned since 2011.

## Definitions

Risk capital	Equity, deferred tax liability and unsecured interest-bearing liabilities.
Capital tied up	Average capital tied up is calculated taking secured but unutilised credit commitments into consideration.
Equity to assets ratio	Equity in relation to total assets.
Interest coverage ratio, secured loans	Profit/loss before income tax with add-back of depreciation, impairment charges, the cost of property sales, interest expenses, changes in value of assets and liabilities in relation to interest expenses for secured loans.
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 value of assets and liabilities in relation to interest expenses for all loans.
Loan-to-value, secured loans	Secured interest-bearing liabilities in relation to total assets.
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, deferred tax liability and unsecured interest-bearing liabilities.
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.

## Agenda

Interim report Jan-Sep.....29 Nov 2014

Annual report Jan-Dec .....27 Feb 2015

Interim report Jan-Mar..... 29 May 2015

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## Akelius in brief

### Residential properties in metropolitan areas

Akelius owns, manages, upgrades and develops residential properties in metropolitan areas. 77 per cent of the portfolio is situated in Berlin, Hamburg, London, Toronto, Stockholm, Gothenburg and the Oresund region.

### Upgrading to First Class

Akelius upgrades to First Class, a level of quality that corresponds to a newly produced apartment. During the three previous years, 10,000 apartments were upgraded to First Class.

### 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 right properties.

### Financing from several sources

In total, Akelius has agreements with twenty-six banks, thirty thousand private customers, twelve thousand shareholders and listed senior unsecured bonds. The loan-to-value ratio should have a maximum value of 60 per cent.

### First class personnel

More than one hundred employees have graduated in Residential Real Estate Management from Akelius University. These graduates can continue with postgraduate studies.

The logo for Akelius, featuring the word "Akelius" in a bold, sans-serif font. The letter 'e' is stylized with a red dot and a red underline, while the rest of the letters are in blue.