

Akelius Fastigheter AB

Annual Report 2010

We are buying more properties

in the seven largest cities in Germany and in our Swedish cities. We buy properties selectively, in A and B locations, which we can upgrade to the *Akelius standard*.



One of our latest acquisitions in Berlin

SEK 200 million to Children's Villages

The Akelius Foundation, donated via SOS Children's Villages International one hundred million Swedish kronor to Haiti and one hundred million Swedish kronor to a new village in India.



SOS Archive

Contents	Page
Administration Report	3
The group's operating statements	7
The group's balance sheets	8
Cash flow analyses for the group	10
The parent company's operating statements	11
The parent company's balance sheets	12
Cash flow analyses for the parent company	14
Accounting principles and notes	15

All amounts are presented, unless otherwise stated, in thousand Swedish crowns (TSEK).

Administration Report

The board and the Managing Director for Akelius Fastigheter AB hereby present the annual accounts and the consolidated accounts for the financial year 1 January 2010 to 31 December 2010.

The company's Corporate Identity Number (CIN) is 556156-0383. The company's registered office is located in Danderyd.

Owner

All shares in Akelius Fastigheter AB are owned by Akelius Apartments Ltd, Cyprus, corporate identity number 84077, of which the Akelius Foundation is owner of 85 percent.

The current ownership structure stems from the fact that the company's founder and original owner, Roger Akelius, has donated the majority of his fortune to the Akelius Foundation, a non-profit organisation. In 2010, the foundation decided to donate SEK 100 million to SOS Children's Villages International for long-term relief efforts in Haiti and another SEK 100 million to establish a new children's village in Tirupati, India.

In agreement with the owner, the company has decided, as of the 2011 financial year, to establish a dividend policy for the coming years. The business can expand and retain its good financial position while issuing a dividend equal to ten percent of the reported annual profit.

Operations

Akelius Fastigheter shall, in accordance with the directives its owner, at least during this century own and manage residential properties. The company intends to expand in those locations in which the company currently owns properties and which exhibit population growth, note 23.

At the end of the financial year, the Group owned properties in Sweden and Germany with a market value of SEK 28,394 million (29,286). The share of residential properties was 88 percent (88), measured as a percentage of the market value. The rentable area of the properties was 2,424,000 square metres (2,527,000). The rentable properties comprised 31,500 apartments (33,000), with 74.7 percent (76.1) in Sweden and 25.3 percent (23.9) in Germany.

In 2011 we plan to upgrade properties for SEK 1,000 million, to buy residential properties for SEK 5,500 million and to reduce our commercial holdings.

Akelius Fastigheter is the parent company of the group, with the properties owned directly by the parent or else through subsidiaries.

The annual report covers twelve months, namely the financial year 1 January to 31 December 2010. The previous financial year comprised eighteen months. Comparisons of assets and liabilities refer to 31 December 2009.

As of the financial year 2011 will we report in accordance with International Financial Reporting Standards (IFRS).

Profit for the year

Due to net sales of properties, the Group's rental income for the financial year decreased. The rental market remains strong and the occupancy rate was 98.0 percent (98.4) at year-end. The vacancy rate for residential properties was 1.3 percent (1.0), and the vacancy for commercial properties was 5.6 percent (5.1). The costs include maintenance for SEK 266 million, corresponding to an annual cost of SEK 108 per square metre. The operating surplus of SEK 1,218 million means that the operating surplus margin improved, reaching 49.9 percent (48.5).

We sold properties for SEK 2,392 million (5,056), generating proceeds of SEK 823 million (855). Profit for the year after tax was SEK 764 million (1,084).

Properties

We bought properties for SEK 972 million, of which residential properties in Germany accounted for SEK 446 million. In total, we bought 1,011 apartments and a rentable area of 72,200 square metres. We upgraded existing properties at a cost of SEK 827 million (1,129).

Internally, we assess the market value of an individual property with consideration for cash flow, earnings and required returns. The cash flow is based on actual income and expenses adjusted for a normalised future cash flow. We value properties acquired during the year at acquisition cost. We engage CB Richard Ellis for a second opinion on a third of our properties, which selection are representative of our entire holdings.

According to the above, the Group owned properties valued at SEK 28,394 million (29,286), of which 76 percent in Sweden and 24 percent in Germany.

The market value has increased by SEK 378 million after sales, acquisitions, the upgrading of existing holdings and the drop in the value of the euro against the Swedish krona. The market value of the portfolio exceeds the book value by SEK 4,577 million (4,823).

Finances

In accordance with the groups finance policy interest rates are tied in the long term, note 23. At the end of the financial period, 69 percent of the real estates credits had a fixed interest rate term greater than five years, and 5 percent a fixing period shorter than one year . The real estates credits were distributes among fifteen different lenders, and amounts to 49 percent. Maximum 60 percent according to the finance policy.

As of 31 December 2010,

- Available funds, cash and granted but unutilised credit facilities totalled SEK 1,431 million (1,450).
- As yet unapproved unutilised credit facilities totalled SEK 976 million (1,090).
- The fixed term for granted credit is 5.0 years (5.7).
- Interest-bearing liabilities totalled SEK 17,721 million (20,237), of which SEK 360 million (239) in funds deposited by the public. Of these amounts, SEK 315 million (194) stemmed from the subsidiary Akelius Spar.

Financial position

The Group's equity increased by SEK 790 million to SEK 5,009 million (4,219), corresponding to an equity ratio of 20.4 percent (16.0). Adjusted equity, which includes the surplus value of the holdings, less deductions of 26.3 percent for deferred tax, totalled SEK 8,382 million (7,773). The adjusted equity ratio was 28.8 percent (25.0).

The environment

Akelius Fastigheter does not pursue any operations which require a permit or registration under Chapter 9, Paragraph 6 of the Swedish Environmental Code.

Significant events

Pål Ahlsén took up the position of MD and CEO of Akelius Fastigheter on 14 April 2010. At a shareholders' general meeting on 15 April 2010, the Board was augmented by Igor Rogulj and Leif Norburg. Leif Norburg was appointed as Chairman of the Board.

After the end of the financial year we have bought properties in Germany to a value of SEK 518 million and sold properties in Sweden to a value of SEK 71 million. The sales price exceeds the market value as of 31 December 2010 by SEK 17 million or 31 percent.

**Several year comparison
(group)**

	2010	2008/09	2007/08	2006/07	2005
Amounts in TSEK	12 mths	18 mths	12 mths	18 mths	12 mths
Net sales	2,439,151	4,182,103	2,318,386	3,116,324	1,943,472
Operating surplus	1,218,053	2,026,857	1,087,767	1,478,787	968,505
Profit after financial items	788,223	907,498	751,292	1,375,158	491,863
Profit for the year	763,992	1,083,699	867,511	1,452,870	492,975
Balance sheet total	24,544,609	26,320,715	26,688,513	19,484,108	16,201,002
Book value of properties	23,816,820	24,463,115	25,656,485	18,855,136	15,619,405
Equity	5,008,693	4,218,525	4,139,132	3,277,675	2,217,200
Interest-bearing liabilities	17,720,732	20,236,665	20,624,245	14,525,552	12,210,654

Proposal for the allocation of profits

The group's non-restricted equity amounts to SEK 3,690,882 thousand according to the group balance sheet.

The following profits are at the disposal of the parent company:

Profit brought forward, SEK	2,337,994,847
Profit for the year, SEK	1,328,381,950
Retained earnings, SEK	3,666,376,797

The board proposes that SEK 3,666,376,797 be carried forward.

Profit and financial position

The results of the business activities for the company and the group along with the financial position at the end of the financial year are otherwise presented in the following income statements, balance sheet statements and notes.

The group's operating statements	Note	01-01-2010- -31-12-2010	01-07-2008- -31-12-2009
Net sales		2,439,151	4,182,103
Operating costs	20,21	-895,454	-1,523,157
Maintenance costs		-266,135	-529,340
Site-lease rent		-2,344	-5,233
Property tax		-57,165	-97,516
Operating surplus		1,218,053	2,026,857
Depreciations, write-downs and reversals on intangible and tangible fixed assets	8,9,10,11	-219,026	-340,549
Gross profit		999,027	1,686,308
Income from property sales	1	822,930	854,897
Income from other sales	2	4,613	1,979
Other costs or income		-7,109	2,311
Central administration expenses	20,21	-65,974	-58,711
Operating profit		1,753,487	2,486,784
Interest subsidies		2,661	10,324
Interest income and similar items	4	84,552	133,403
Interest costs and similar items	5	-1,052,477	-1,723,013
Profit/loss after financial items		788,223	907,498
Tax on the profit for the year	7	-23,719	176,773
Minority share of year's earnings		-512	-572
PROFIT FOR THE YEAR		763,992	1,083,699

The group's balance sheets	Note	31-12-2010	31-12-2009
ASSETS			
<i>Intangible fixed assets</i>			
Goodwill	8	9,708	12,695
Total intangible fixed assets		9,708	12,695
<i>Tangible fixed assets</i>			
Properties	9	23,153,308	23,848,195
Construction in progress	10	663,512	614,920
Machinery and equipment	11	17,202	11,157
Total tangible fixed assets		23,834,022	24,474,272
<i>Financial fixed assets</i>			
Long-term receivables	13	524,483	491,869
Total financial fixed assets		524,483	491,869
Total fixed assets		24,368,213	24,978,836
<i>Current assets</i>			
Stock in trade, fuel oil		1,187	408
Accounts receivable		19,792	18,221
Other current receivables		123,167	1,274,285
Prepaid expenses and accrued income		12,340	24,639
Total current assets		156,486	1,317,553
Cash and bank balances		19,910	24,326
TOTAL ASSETS		24,544,609	26,320,715

The group's balance sheets	Note	31-12-2010	31-12-2009
EQUITY AND LIABILITIES			
<i>Equity</i>	14		
<i>Restricted equity</i>			
Share capital (400,000 shares with quota value SEK 1,000)		400,000	400,000
Restricted reserves		917,811	639,385
		1,317,811	1,039,385
<i>Non-restricted equity</i>			
Non-restricted reserves		2,926,890	2,095,441
Profit for the year		763,992	1,083,699
		3,690,882	3,179,140
Total equity		5,008,693	4,218,525
<i>Minority</i>			
Minority		327	-
Total minority		327	-
<i>Provisions</i>			
Deferred tax	15	1,174,243	1,151,030
Total provisions		1,174,243	1,151,030
<i>Long-term liabilities</i>			
Interest-bearing long-term liabilities	16	13,698,695	12,795,734
Interest-bearing liabilities to group companies	16	3,152,138	2,361,159
Other long-term liabilities		3,067	4,247
Total long-term liabilities		16,853,900	15,161,140
<i>Current liabilities</i>			
Interest-bearing short-term liabilities	16	560,296	4,289,714
Interest-bearing liabilities to group companies	16	309,603	790,058
Accounts payable		134,323	126,479
Tax liability		3,528	111,847
Other current liabilities		86,481	54,125
Accrued expenses and deferred income	17	413,215	417,797
Total current liabilities		1,507,446	5,790,020
TOTAL EQUITY AND LIABILITIES		24,544,609	26,320,715
Pledged assets	18	17,836,996	20,436,124

Contingent liabilities	19	1,810,927	973,428
-------------------------------	----	------------------	----------------

The group's cash flow analyses	2010	2008/09
---------------------------------------	-------------	----------------

Operating activities

Operating surplus	1,218,053	2,026,857
Other income	-7,109	2,311
Central administration expenses	-65,974	-58,711
Interest subsidies	2,661	10,324
Interest income and similar items	84,552	133,403
Interest costs and similar items	-1,052,477	-1,723,013
Tax paid	-5,291	46,209
Cash flow from current management activities	174,415	437,380

Difference between paid and carried forward operating costs and interest costs	118,078	209,521
Cash flow before working capital changes	292,493	646,901

Increase in inventory	-779	-179
Decrease (+)/increase (-) in accounts receivable	1,224,360	-34,774
Decrease(-)/increase(+) in liabilities	-69,299	181,725
Cash flow from current activities	1,446,775	793,673

Investments in intangible fixed assets	-	-14,935
Investments in tangible fixed assets	-1,984,579	-2,932,359
Sale of tangible fixed assets	2,278,471	4,056,586
Increase in financial fixed assets	-	-48,474
Cash-flow from investment activities	293,892	1,060,818

Included interest-bearing liabilities	49,385,544	57,949,970
Amortisation of interest-bearing liabilities	-51,130,627	-58,834,705
Dividends paid	-	-1,000,000
Cash flow from financing activities	-1,745,083	-1,884,735

Change – cash and bank deposits	-4,416	-30,244
--	---------------	----------------

Cash and bank deposits at beginning of year	24,326	54,570
---	--------	--------

Cash and bank deposits at end of year	19,910	24,326
--	---------------	---------------

The parent company's operating statements	Note	01-01-2010- 31-12-2010	01-07-2008- 31-12-2009
Net sales		45,939	98,027
Operating costs	20,21	-15,886	-32,631
Maintenance costs		-5,279	-10,994
Site-lease rent		-	-2
Property tax		-1,049	-2,189
Operating surplus		23,725	52,211
Depreciation and reversals on tangible fixed assets	9,11	8,294	-991
Gross profit		32,019	51,220
Profit from property sales	1	-	-11,003
Income from other sales	2	65	-25
Other income	22	36,545	81,614
Central administration expenses	20,21	-96,649	-135,600
Operating profit		-28,020	-13,794
Interest subsidies		42	117
Earnings from shares in group companies	3	1,534,421	1,252,811
Interest income and similar items	4	831,282	1,019,147
Interest costs and similar items	5	-963,712	-1,625,717
Profit/loss after financial items		1,374,013	632,564
Balance sheet appropriations	6	-	4,500
Tax on the profit for the year	7	-45,631	38,350
PROFIT FOR THE YEAR		1,328,382	675,414

The parent company's balance sheets

Note 31-12-2010 31-12-2009

ASSETS

Tangible fixed assets

Properties	9	244,200	232,857
Construction in progress	10	116	-
Machinery and equipment	11	188	322
Total tangible fixed assets		244,504	233,179

Financial fixed assets

Participations in group companies	12	8,643,812	8,187,109
Long-term receivables	13	148,781	172,728
Deferred tax receivable	15	-	37,207
Total financial fixed assets		8,792,593	8,397,044

Total fixed assets 9,037,097 8,630,223

Current assets

Accounts receivables		490	-
Income taxes recoverable		-	361
Receivables on group companies		1,582,835	2,754,132
Other current receivables		2,796	992,678
Prepaid expenses and accrued income		1,407	13,491
Total current assets		1,587,528	3,760,662

Cash and bank balances 95 446

TOTAL ASSETS 10,624,720 12,391,331

The parent company's balance sheets	Note	31-12-2010	30-06-2008
EQUITY AND LIABILITIES			
<i>Equity</i>	14		
<i>Restricted equity</i>			
Share capital (400,000 shares)		400,000	400,000
Statutory reserve		28,500	28,500
Appreciation fund		70,000	70,000
		498,500	498 500
<i>Non-restricted equity</i>			
Profit brought forward		2,337,995	1,662,581
Profit for the year		1,328,382	675,414
		3,666,377	2,337,995
Total equity		4,164,877	2,836,495
<i>Provisions</i>			
Deferred tax	15	5,455	-
Total provisions		5,455	-
<i>Long-term liabilities</i>			
Interest-bearing long-term liabilities	16	2,385,908	2,164,988
Interest-bearing liabilities to group companies	16	3,752,800	6,251,416
Other long-term liabilities		107	50
Total long-term liabilities		6,138,815	8,416,454
<i>Current liabilities</i>			
Interest-bearing short-term liabilities	16	223,608	298,809
Interest-bearing liabilities to group companies	16	-	790,058
Accounts payable		5,226	4,330
Tax liabilities		3,341	-
Other current liabilities		3,950	3,014
Accrued expenses and deferred income	17	79,448	42,171
Total current liabilities		315,573	1,138,382
TOTAL EQUITY AND LIABILITIES		10,624,720	12,391,331
Pledged assets	18	270,671	1,264,652
Contingent liabilities	19	14,420,996	12,001,220

The parent company's cash flow analyses

	2010	2008/09
Operating activities		
Operating surplus	23,725	52,211
Other income	36,545	81,614
Central administration expenses	-96,649	-135,600
Interest subsidies	42	117
Profit from group companies	1,548,521	1,398,266
Interest income and similar items	607,016	1,019,147
Interest costs and similar items	-963,712	-1,459,302
Tax paid	733	15,573
Cash flow from current administrative operations	1,156,221	972,026
Difference between paid and carried forward operating costs and interest costs	49,361	-17,204
Cash flow before working capital changes	1,205,582	954,822
Decrease in receivables	2,162,996	799,523
Increase (+)/decrease (-) in liabilities	1,889	-17,535
Cash flow from current activities	3,370,467	1,736,810
Investments in tangible fixed assets	-3,031	-6,968
Investments in group companies	-509,759	-2,103,422
Sale of tangible fixed assets	65	126,451
Sale of group companies	-	12,333
Decrease(+)/increase(-) in financial fixed assets	21,640	-801,233
Cash flow from investment activities	-491,085	-2,772,839
Included interest-bearing liabilities	16,338,763	5,809,007
Amortisation of interest-bearing liabilities	-19,257,452	-3,796,072
Liquidation	38,956	100
Dividends paid	-	-1,000,000
Cash flow from financing activities	-2,879,733	1,013,035
Change – cash and bank deposits	-351	-22,994
Cash and bank deposits at beginning of year	446	23,440
Cash and bank deposits at end of year	95	446

ACCOUNTING PRINCIPLES

This annual report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines, with the exception of income tax accounting which is in accordance with recommendation no. 10 of the Swedish Financial Accounting Standards Council.

Unless otherwise stated, the principles remain unchanged compared to previous years.

Consolidated accounts

The consolidated accounts include subsidiaries where the parent company, directly or indirectly holds more than 50 percent of the votes, or otherwise has a controlling influence. The consolidated accounts have been prepared in accordance with acquisition accounting, whereby the shareholders' equity of the subsidiaries at the time of acquisition, determined as the difference between the fair values of the assets and liabilities, is eliminated in full. In this way the consolidated equity contains only that portion of the shareholders' equity of the subsidiaries arising after the acquisition.

On the acquisition of subsidiaries, the valuation of deferred taxes is based on the tax that has been specified in the purchase price, the so-called asset acquisition in accordance with recommendation RR 9 Income taxes, of the Swedish Financial Accounting Standards Council. Dissolution of deferred tax is recognised through the income statement as depreciations of group surplus and deficit values are charged to earnings.

If the group acquisition value of the shares is greater than/less than that in the acquisition analysis' included value of the company's net assets, the difference is reported as a group surplus/undervalue of the properties. During the period, purchased companies are included in the consolidated accounts with amounts relating to the time after the acquisition.

Foreign subsidiaries included in the group have been classified as independent subsidiaries, which explains why the current method is applied for the conversion of the companies' balance sheets. This means that the assets and debts of the overseas subsidiaries are translated at the rate of exchange that prevailed on the balance sheet date. All items on the income statements are translated to the years' average exchange rate. Translation differences are transferred directly to group equity.

Internal profits within the group are eliminated entirely.

Receivables

Receivables are taken up through individual evaluation and at the amounts expected to be paid.

Revenues

Rental income is taken up as income in the period it relates to. On early redemption of rental contracts, remuneration accrues over the original lifetime of the contract, unless a new contract is concluded when the amount redeemable is taken up as income in its entirety. Revenue from property sales are reported on the contract day, as long as it does not conflict with the special terms and conditions in the deed of purchase. Rental income and interest subsidies are taken up as income in the period they relate to.

Inventories

Inventory is valued at the lowest procurement value and the fair value on the accounting date.

Income taxes

Reported income taxes include taxes which shall be paid or received for the year in question, adjustments for previous years' taxes and changes in deferred taxes.

The valuation of all tax liabilities/receivables takes place at nominal amounts, except for deferred tax claims and liabilities on the purchasing amount of pure asset acquisitions, and are carried out according to the tax rules and tax rates which have been adopted.

In the case of items reported in the statement of earnings, tax effects associated with these items are also reported there. The tax effects of items reported directly against equity are reported against equity.

In the parent company, due to the relationship between reporting and taxation, the deferred tax liability on untaxed reserves is reported as a part of the untaxed reserves.

Intangible fixed assets

Goodwill which arises in the event of business acquisitions consists of the difference between the acquisition's procurement value and the fair value of the identifiable net assets. Goodwill is reported at procurement value less accumulated depreciation, depreciations and write-downs.

Goodwill is depreciated by 20 percent of the procurement value per calendar year from the time of procurement.

Tangible fixed assets

Tangible fixed assets are reported at the procurement value plus write-ups and less depreciations and write-downs. Expenses for improvements of the performance of assets over and above their original level increases the assets' reported value. Expenses for repairs and maintenance are reported as costs. Where the reported value exceeds the estimated recovery value, the reported value is written down immediately to the recovery value. A previous write-down is restored when there has been a change in the assumptions which at the time of the write-down formed the basis for determining the recovery value.

Tangible assets are depreciated linearly over the assets' estimated useful life. The following percentage rates are used for depreciation:

Machinery and equipment, tools and installations; 20 percent

Buildings, residential housing; 0.75 percent

Buildings, premises, industrial properties; 1.50 percent

Land improvements; 5.00 percent

Market valuation of the property portfolio

At the end of the accounting year, the market value of all properties was estimated via an internal valuation. The valuations were based on a cash flow model for each individual property with an individual valuation of future earnings capacity and yield requirements. The cash flow model is based on actual revenues and costs adjusted for a normalised future cash flow. Properties purchased during the year have been valued at their procurement value. In order to ensure the valuation, CB Richard Ellis has analysed and presented a second opinion during the year of the valuations for the properties which corresponds to a value of SEK 9,912 million, or 34 percent of the property portfolio. Of these, SEK 2,158 million relate to properties in Germany. The selection has been made in order to reflect the property portfolio's composition and also in relation to geographic and real estate category.

New properties in the process of being built are valued at the costs incurred.

Lease agreements

Lease agreements are reported in accordance with BFN 2000:4. All lease agreements, whether they are financial or operational are reported as operational leasing, i.e. leasing charges are reported as an expense as and when the cost arises.

Cash flow analysis

The cash flow analysis is drawn up using the indirect method. The reported cash flow includes only transactions involving amounts received or paid.

NOTES

Note 1	Income from property sales	2010	2008/09
	The group		
	Purchase sum	2,392,337	5,055,750
	Book value	-1,558,540	-4,075,702
	Selling expenses	-10,867	-125,151
		822,930	854,897

Parent Company

Purchase sum	-	126,455
Book value	-	-137,458
	-	-11,003

Note 2 Income from other sales

	The group		
	Purchase sum	17,296	10,926
	Book value	-12,034	-8,393
	Selling expenses	-649	-554
		4,613	1,979

Parent Company

Purchase sum	65	18
Book value	-	-21
Selling expenses	-	-22
	65	-25

Other sales relate to the sale of owner-occupied apartments and fixtures/fittings.

Note 3 Earnings from shares in group companies

Parent Company

Anticipated dividend(s)	1,232,000	937,200
Write-down of shares in subsidiaries	-13,900	-143,697
Sale of subsidiary companies	441	4,493
Share of earnings in subsidiary companies	315,880	454,815
	1,534,421	1,252,811

Note 4	Interest income and similar items	2010	2008/09
	The group		
	Interest income	84,192	131,768
	Other financial revenues	360	1,635
		84,552	133,403
	Parent Company		
	Interest revenue from group companies	522,850	957,447
	Interest income	36,314	61,700
	Currency exchange rate differences	272,111	-
	Other financial revenues	7	-
		831,282	1,019,147
Note 5	Interest costs and similar items		
	The group		
	Interest expenses	1,036,867	1,674,478
	Other financial expenses	15,610	48,535
		1,052,477	1,723,013
	Parent Company		
	Interest charges to group companies	679,829	902,459
	Interest charges to other	281,326	505,162
	Currency exchange rate differences	-	214,565
	Other financial expenses	2,557	3,531
		963,712	1,625,717
Note 6	Appropriations		
	Parent Company		
	Change in tax allocation reserve	-	-4,500
		-	-4,500
Note 7	Tax on the profit for the year		
	The group		
	Current tax for the year	-4,970	-6,985
	Current tax ascribable to previous years	-321	-24,960
	Deferred tax	-18,428	208,718
		-23,719	176,773
	Parent Company		
	Current tax for the year	-2,953	-
	Current tax ascribable to previous years	-16	-3,679
	Deferred tax	-42,662	42,029
		-45,631	38,350

Note 7	Tax on the profit for the year	2010	2008/09
	Difference between reported tax cost and tax cost based on current tax rate		
	The group		
	Reported profit/loss before tax	788,223	907,498
	Tax according to prevailing tax rate	-207,303	-254,099
	Tax effect of income not liable for tax and non-deductible net costs	161,047	247,114
	Tax effect of changed carry forwards	41,286	-
	Current tax on the profit/loss for the period	-4,970	-6,985
	Current tax ascribable to previous years	-321	-24,960
	Deferred tax	-18,428	208,718
	Reported tax in the statement of earnings	-23,719	176,773
	Parent Company		
	Reported profit/loss before tax	1,374,013	637,064
	Tax according to prevailing tax rate	-361,365	-178,378
	Tax effect of income not liable for tax and non-deductible net costs	319,117	178,378
	Tax effect of changed loss carry forwards	39,295	-
	Current tax on the profit/loss for the period	-2,953	0
	Current tax ascribable to previous years	-16	-3,679
	Deferred tax	-42,662	42,029
	Reported tax in the statement of earnings	-45,631	38,350

Tax rate

The current rate of tax is the income tax rate for the group. The tax rate is 26.3 percent in Swedish companies and 34 percent in German companies. Swedish companies whose financial year started in 2009 have a tax rate of 28 percent.

Note 8	Goodwill	31-12-2010	31-12-2009
	The group		
	Purchases	14,935	14,935
	Closing acquisition values	14,935	14,395
	Opening depreciations	-2,240	-
	Depreciations for the year	-2,987	-2,240
	Closing accumulated depreciations	-5,227	-2,240
	Closing residual value according to plan	9,708	12,695

Goodwill relates to acquired surplus value in the hotel business, in the company Haparanda Hotell och Fastigheter AB. Business operations are conducted under the trademark Cape East.

Note 9	Properties	31-12-2010	31-12-2009
	The group		
	Opening acquisition values	24,190,123	24,377,471
	Investments	16,909	175,786
	Purchase	972,219	1,732,214
	Sales	-1,530,228	-3,937,208
	Translation differences	-842,886	356,722
	Reclassifications	866,062	1,485,138
	Closing acquisition values	23,672,199	24,190,123
	Opening depreciations	-939,256	-863,988
	Purchases	-508	-5,164
	Depreciations for the period	-164,063	-265,440
	Sales	92,372	196,046
	Translation differences	31,188	-3,115
	Reclassifications	-3,186	2,405
	Closing accumulated depreciations	-983,453	-939,256
	Opening write-ups	897,886	1,236,139
	Sales	-115,356	-401,709
	Write-ups for the period	-	5,500
	Reclassifications	4,441	57,956
	Closing write-ups	786,971	897,886
	Opening depreciation on write-ups	-31,590	-35,700
	Depreciations for the period	-5,700	-12,695
	Sales	4,642	19,649
	Reclassifications	-1,255	-2,844
	Closing accumulated depreciations on write-ups	-33,903	-31,590
	Closing accumulated write-ups net	753,068	866,296
	Opening write-downs	-268,968	-267,241
	Write-downs for the period	-62,159	-91,587
	Reversals for the period	19,209	34,580
	Sales	5,976	64,806
	Translation differences	17,436	-9,526
	Closing accumulated write-downs	-288,506	-268,968
	Closing residual value according to plan	23,153,308	23,848,195
	Taxable value for properties in Sweden	13,346,289	12,365,625

A complete list of the group's real estate holdings can be provided on request.

Note 9 Properties	31-12-2010	31-12-2009
Parent Company		
Opening procurement values	262,170	397,694
Sales	-	-142,607
Reclassifications	2,760	7,083
Closing acquisition values	264,930	262,170
Opening depreciations	-13,494	-16,566
Depreciations for the period	-1,588	-3,272
Sales	-	6,344
Closing accumulated depreciations	-15,082	-13,494
Opening write-downs	-15,819	-18,739
Reversals	10,171	2,920
Closing accumulated write-downs	-5,648	-15,819
Closing residual value according to plan	244,200	232,857
Taxable value, buildings and land	360,766	294,876

A complete list of the parent company's real estate holdings can be provided on request.

Note 10 Construction in progress		
The group		
Opening procurement values	614,920	1,209,804
Purchases	-	30
Investments	990,171	948,141
Sales	-15,946	-17,286
Translation differences	-43,467	39,986
Reclassifications	-882,166	-1,565,755
Closing acquisition values	663,512	614,920
Parent Company		
Opening procurement values	-	1,310
Investments	2,876	7,032
Sales	-	-1,195
Reclassifications	-2,760	-7,147
Closing acquisition values	116	-

Note 11	Machinery and fixtures/fittings	31-12-2010	31-12-2009
	The group		
	Opening procurement values	30,503	19,956
	Purchases	9,120	1,829
	Investments	1,453	11,322
	Sales	-	-2,497
	Translation difference	-1,430	-107
	Closing acquisition values	39,646	30,503
	Opening depreciations	-19,346	-17,609
	Purchases	-	-896
	Depreciations for the period	-3,326	-3,167
	Sales	-	2,321
	Translation difference	228	5
	Closing accumulated depreciations	-22,444	-19,346
	Closing residual value according to plan	17,202	11,157
	Parent Company		
	Opening procurement values	2,089	3,941
	Investments	155	-
	Sales	-	-1,852
	Closing acquisition values	2,244	2,089
	Opening depreciations	-1,767	-2,959
	Depreciations for the period	-289	-639
	Sales	-	1,831
	Closing accumulated depreciations	-2,056	-1,767
	Closing residual value according to plan	188	322
Note 12	Participations in group companies		
	Parent Company		
	Opening book value	8,187,109	6,241,575
	Purchases	-	31,609
	Capital contribution	509,759	2,071,813
	Sales	-200	-14,091
	Liquidation	-38,956	-100

Write-downs	-13,900	-143,697
Book value closing balance	8,643,812	8,187,109

Note 12 Participations in group companies

Parent Company				<i>Shares/</i>	<i>Reported</i>
<i>Companies</i>	<i>CIN</i>	<i>Domicile</i>	<i>Share</i>	<i>units</i>	<i>value</i>
Akelius Fastigheter i Göteborg AB	556647-1792	Danderyd	100%	1,000	125,858
Akelius Fastigheter Sydväst AB	556610-3080	Stockholm	100%	1,000	115,050
Akelius Fastigheter Ödla i Hbg AB	556644-7727	Danderyd	100%	100	8,593
Åre Hyreslängheter AB	556695-4862	Danderyd	100%	1,000	3,684
Akelius Spar AB (publ)	556618-8123	Göteborg	100%	10,000	114,961
Akelius Längheter AB	556549-6360	Stockholm	100%	20,541,962	5,691,736
Akelius Fastigheter Rydebäck AB	556621-4390	Danderyd	100%	1,000	2,089
Akelius Hotell och Fastigheter AB	556650-2414	Danderyd	100%	5,000	100
Akelius GmbH		Berlin	100%	-	1,766,513
Akelius Berlin GmbH		Berlin	100%	-	813,000
Akelius Holding AB	556705-7673	Danderyd	100%	1,000	100
Akelius Invest AB	556705-7699	Danderyd	100%	1,000	100
Grundborgen BECWSX AB	556705-7707	Danderyd	100%	1,000	100
Grundborgen BGJWSX AB	556705-7640	Danderyd	100%	1,000	100
Akelius Fastigheter Amerika Norra 29 AB	556708-5831	Danderyd	100%	1,000	100
Akelius Fastigheter Amerika Norra 41 AB	556708-5898	Danderyd	100%	1,000	100
Akelius Fastigheter Amerika Norra 52 AB	556708-5955	Danderyd	100%	1,000	100
Grundborgen CAHWSX AB	556708-5971	Danderyd	100%	1,000	100
Grundborgen CBJWSX AB	556708-5922	Danderyd	100%	1,000	100
Akelius Längheter Krokodilen 11 AB	556709-3363	Danderyd	100%	1,000	100
Grundborgen CIHWSX AB	556709-6754	Danderyd	100%	1,000	100
Grundborgen DCFWSX AB	556711-5661	Danderyd	100%	1,000	100
Akelius Fastighetsrenting AB	556673-2417	Danderyd	100%	1,000	100
Akelius Längheter Lycketegen 1 AB	556703-4011	Danderyd	100%	1,000	628
Akelius Längheter Filen 9 AB	556661-3781	Danderyd	100%	1,000	100
Akelius Lgh Kullen Västra 58 AB	556661-3823	Danderyd	100%	1,000	100
Akelius Lgh Prins Fredrik 18 AB	556661-3898	Danderyd	100%	1,000	100
Total book value					8,643,812

Note 13	Long-term receivables	31-12-2010	31-12-2009
	The group		
	Opening book value	491,869	610,015
	Added receivables	414,401	1,879,062
	Through the acquisition of group companies	-	-
	Closing receivables	-306,789	-994,677
	Reclassifications	-74,998	-1,042,216
	Translation difference	-	39,685
	Book value closing balance	524,483	491,869

Of the long-term receivables in the group, SEK 502,838 thousand (482,672) relate to interest-bearing receivables with a redemption rate greater than one year. Interest-bearing receivables with a redemption rate of less than one year amounting to SEK 95,857 thousand (1,066,373) are reported as other current receivables.

Parent Company

Opening book value	172,728	323,794
Added receivables	105,777	1,077,298
Closing receivables	-127,417	-276,065
Reclassification	-2,307	-991,984
Translation difference	-	39,685
Book value closing balance	148,781	172,728

Of the long-term receivables in the parent company, SEK 148,682 thousand (172,728) relate to interest-bearing receivables with a redemption rate greater than one year. Interest-bearing receivables with a redemption rate of less than one year amounting to SEK 2,307 thousand (991,859) are reported as other current receivables.

Note 14 Equity

	Share capital	Restricted reserves	Unrestricted reserves	Total Capital
The group				
Equity 30-06-2008	400,000	523,535	3,215,597	4,139,132
Dividends paid			-1,000,000	-1,000,000
Write-up		5,500		5,500
Adjustment		120,156	-120,156	
Translation difference		-9,806	-	-9,806
Profit for the year			1,083,699	1,083,699
Equity 31-12-2009	400,000	639,385	3,179,140	4,218,525

Adjustment		252,250	-252,250	
Translation difference		26,176	-	26,176
Profit for the year			763,992	763,992
Equity 31-12-2010	400,000	917,811	3,690,882	5,008,693

Note 14 Equity

Parent Company	Share capital	Reserve fund	Write-up fund	Profit brought forward	Total capital
Equity 30-06-2008	400,000	28,500	70,000	2,662,581	3,161,081
Dividends paid				-1,000,000	-1,000,000
Profit for the year				675,414	675,414
Equity 31-12-2009	400,000	28,500	70,000	2,337,995	2,836,495
Profit for the year				1,328,382	1,328,382
Equity 31-12-2010	400,000	28,500	70,000	3,666,377	4,164,877

Note 15 Deferred tax

The difference between the book value of an asset or a liability and its taxable value is designated a temporary difference, which signifies that the difference is only temporary and will be cancelled at sometime in the future. This means that there is a tax claim or tax liability which falls due for payment on the day the asset or a liability is realised.

Within the group and in the parent company, there are temporary differences in properties where the deferred tax liability in normal cases amounts to 26.3 percent (28.0) of the difference between the properties' book value and its taxable residual value.

On the occasion of so-called pure asset acquisitions where the tax valuation has been an integral part of the business transaction, the valuation is based on deferred tax assets and liabilities on the purchase price.

The group	31-12-2010	31-12-2009
Deferred tax claims in respect of loss carry forwards	2,209	43,495
Deferred tax liability in respect of the difference between the properties' reported and tax-related values	-1,174,974	-1,193,047
Deferred tax liability – untaxed reserves	-1,478	-1,478
	-1,174,243	-1,151,030
Parent Company		
Deferred tax claims in respect of loss carry forwards	-	39,295
Deferred tax liability in respect of the difference between the properties' reported and tax-related values	-5,455	-2,088
	-5,455	37,207

Note 16 Interest-bearing liabilities

The group

Of the interest-bearing liabilities, SEK 5,932 million (5,849) fall due for payment later than five years after the balance sheet date. Of the interest-bearing liabilities, SEK 13,883 million (16,831), related to real estate credits, i.e. loans secured by real estate, while SEK 3,838 million (3,406) related to unsecured loans. Of these, SEK 360 million (239) related to deposits from the general public. Of the real estate credits, SEK 0 million (2,386) related to borrowing through securitisation. The loan was secured through mortgage deeds in properties. Bank overdraft facilities amounted to SEK 405 million (280), of which SEK 245 million (185) were not utilised.

Interest rate swaps are used to extend the fixed interest term of the loan agreements which are at variable rates of interest. The total volume of interest rate swaps was SEK 15,395 million (18,538). The surplus value of the interest rate swaps at the end of the financial period corresponds to an unrealised loss of SEK 1,339 million (1,427).

Currency swaps are used to eliminate the currency risk on equity in the group. The total volume of interest rate swaps was SEK 1,116 million (1,651). On the balance sheet date currency swaps had an unrealised value of SEK 27 million (10).

Parent Company

Of the interest-bearing liabilities, SEK 2,756 million (2,311) fall due for payment later than five years after the balance sheet date. Of the interest-bearing liabilities, SEK 2,549 million (2,404) related to loans secured by real estate and SEK 3,814 million (7,101) related to unsecured loans. Of these, SEK 44 million (44) related to deposits from the general public. Bank overdraft facilities amounted to SEK 328 million (228) at the turn of the year, of which SEK 245 million (159) were not utilised.

Swaps are used to extend the fixed interest term of the loan agreements which are at variable rates of interest. The total volume of interest rate swaps was SEK 3,126 million (3,700). The value of the interest rate swaps at the end of the financial period corresponds to an unrealised loss of SEK minus 140 million (150).

Note 17 Accrued expenses and deferred income

The group	31-12-2010	31-12-2009
Accrued interest expenses	129,486	90,098
Other accrued expenses	145,404	67,561
Prepaid rents received	138,325	260,138
	413,215	417,797

Parent Company

Accrued interest expenses	39,409	17,071
Other accrued expenses	37,428	22,639
Prepaid rents received	2,611	2,461
	79,448	42,171

Note 18 Pledged assets

The group	31-12-2010	31-12-2009
For own liabilities to credit institution		
Pledged funds	150,832	80,673
Real estate mortgages	17,148,400	18,555,885
Other pledged assets	537,764	1,799,566
	17,836,996	20,436,124
Parent Company		
For own liabilities to credit institution		
Pledged funds	-	13
Real estate mortgages	270,671	270,671
Other pledged assets	-	993,968
	270,671	1,264,652

Note 19 Contingent liabilities

The group		
Guarantees	1,810,927	973,428
	1,810,927	973,428
Parent Company		
Guarantor commitments for subsidiary companies	10,903,033	11,320,756
Guarantees	1,517,963	680,464
	12,420,996	12,001,220

Note 20 Payments to auditors **2010** **2008/09**

The group		
Öhrlings PricewaterhouseCoopers AB		
- auditing	3,098	4,350
- tax consulting	727	905
- other assignments	813	454
PricewaterhouseCoopers Aktiengesellschaft		
Wirtschaftsprüfungsgesellschaft		
- auditing	950	2,925
- tax consulting	69	41
- other assignments	286	-
	5,943	8,675

Parent Company

Öhrlings PricewaterhouseCoopers AB

- auditing	75	120
- tax consulting	727	905
- other assignments	796	454
	1,598	1,479

Note 21 Personnel	2010	2008/09
Average amount of employees during financial year		
The group		
Sweden	140	160
Germany	36	28
	176	188
Whereof men;		
Sweden	60	77
Germany	25	17
	85	94
Parent Company		
Sweden	48	59
Whereof men	19	27

Salaries, other benefits and social costs

	2010		2008/09	
	Salaries and remunerations	Social costs	Salaries and Remunerations	Social Costs
Parent Company	26,430	29,034	45,133	21,585
of which pension cost		19,855		6,199
of which pension cost for Board and Managing Director		17,287		505
The group	73,216	43,415	118,950	47,329
of which pension cost		22,165		10,843
of which pension cost for Board and Managing Director		17,287		505

Salaries and benefits distributed between board members, the Managing Director and other employees

	2010		2008/09	
	Board and Managing Director	Other employees	Board and Managing Director	Other employees
Parent Company	5,282	21,148	2,710	42,423

The group	5,282	67,934	2,710	116,240
where of Germany	-	18,235		21,798

Of the amounts for Managing Director stated above SEK 3,656 thousand relates to salaries and SEK 16,484 thousand relates to pension cost for the resigning managing director.

Note 21 Personnel

Severance pay agreement with senior executives

Remuneration and benefits agreements for the Managing Director and other senior executives have been concluded regarding severance pay amounting to 12 monthly salaries in the event of a termination of employment by the company. The period of notice is six months for employees.

Board members and senior executives

The group	2010	2008/09
Board members	5	4
of which men	5	4
Managing Director and other senior executives	7	7
of which men	7	7

Parent Company

Board members	5	4
of which men	5	4
Managing Director and other senior executives	5	7
of which men	5	7

Sickness absence %

Parent Company

Total absence due to sickness absence	1.4	1.7
of which long-term sickness	-	37.7
Sickness absence:		
- men	0.6	1.0
- women	1.9	2.3
- employees - 29 years of age	0.8	4.2
- employees 30-49 years of age	1.4	1.7
- employees 50 years of age-	1.3	0.4

Note 22 Purchases and sales between group companies

Of the parent company's reported other revenues, SEK 33 million (78) relate to sales to group companies. Of the parent company's purchases, SEK 0 million (0) relate to

purchases from group companies. Of the property sales, SEK 0 million (11) relate to losses for internal property transfers. This amount breaks down to SEK 0 million (126) in revenues and SEK 0 million (137) in book value.

Note 23 Risks

Akelius Fastigheter's business idea is to own and administer a property portfolio, with the ability to generate a stable cash flow. The operational risk is limited by having the property portfolio concentrated to residential properties in areas with population growth. A strong rental market in Sweden and in Germany for residential properties reduces the risk of long-term vacancies. Today's rental rates provide opportunities for future rent increases with corresponding increases in property values. With regard to properties for community and commercial operations, the goal is to achieve long-term lease contracts which will reduce the operational risk.

To further reduce risk, or variations in cash flow, interest rates are tied in the long term. At the end of the financial period, 69 percent (66) of the real estates credits had a fixed interest rate term greater than five years and only 5 percent (15) had a fixed interest rate term of less than one year. In addition, the risk is reduced by having real estate credits with 15 different lenders and by only having the property portfolio leveraged with real estate credits amounting to 49 percent (57) of the market value. The availability of liquid funds is guaranteed via long-term credit agreements that have been concluded with a number of banks.

Definitions, key ratios:

Visible debt/equity ratio

Equity in relation to balance sheet total.

Adjusted equity/assets ratio

Equity plus the estimated surplus value of the property portfolio net of deferred taxes (26.3 percent) in relation to the balance sheet total plus the surplus value of the property portfolio.

Surplus value of property portfolio

Difference between the properties' estimated value and book value.

Rental value

Contracted rents on annual basis plus estimated market rent on unlet premises.

Letting level

Net sales in relation to rental value

Vacancy rate

Rental value less net sales in relation to rental value

Surplus degree

Operating surplus in relation to net sales.

Danderyd 7 April 2011

Leif Norburg
Chairman

Igor Rogulj

Anders Janson

Roger Akelius

Pål Ahlsén
CEO

Our auditor's report was submitted on 8 April 2011.

Helena Ehrenborg
Authorised Public Accountant

Mats Nilsson
Authorised Public Accountant