

## interim report

January to September 2017

summary	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Rental income, SEK million	1,016	1,040	3,051	3,095	4,109
Growth in rental income comparable properties, percent	4.6	4.2	5.1	4.2	4.1
Net operating income, SEK million	622	628	1,792	1,772	2,311
Growth in net operating income comparable properties, percent	7.1	5.7	9.0	7.0	8.0
EBITDA, SEK million	580	607	1,688	1,693	2,208
Profit before tax, SEK million	1,609	3,052	7,197	8,091	13,320
Property fair value, SEK million	97,116	79,575	97,116	79,575	87,739
Change property fair value, percent	1.4	3.4	7.3	10.8	17.5
Number of apartments	45,909	45,755	45,909	45,755	46,516
Real vacancy residential, percent	0.8	0.8	0.8	0.8	1.1
Rent level increase comparable properties, percent	1.2	1.2	3.8	3.3	4.5
Loan-to-value ratio, percent	43	43	43	43	43
Interest coverage ratio	9.5	9.6	6.0	5.0	4.5
Interest coverage ratio, excluding realized value growth	2.0	2.3	2.1	1.9	1.9



220 West 23rd Street and 220 West 24th Street, New York

## the rents set the pace

After ten quarters of declining capitalization rates, the rate remained unchanged during this quarter. The change in property fair value was 1.4 percent, or SEK 1.3 billion.

One percent due to rising rents and 0.4 percent due to the sale of Helsingborg.

### vacancy rate 0.8 percent

This quarter, net lettings were SEK 10 million, even though we had 150 more move-outs than move-ins.

The upgrades took longer during the summer and early autumn.

Rental income and net operating income for comparable properties increased by 5 and 9 percent, respectively.

### quarterly purchases SEK 6 billion

We acquired residential properties in Copenhagen, London, Toronto, New York, Berlin, Boston, Washington D.C.

### quarterly sales SEK 3.9 billion

We sold properties in Helsingborg for SEK 3.8 billion.

We are now in eighteen fast-growing cities with a total population of 60 million.

This is our security.

### new office in Berlin

In addition to the Berlin management team and the finance team for Germany, IT, architecture, procurement, property department and Akelius University are based in Berlin.

We have 250 people in Berlin today.

The office is large enough to accommodate another couple of hundred people.

### loan-to-value ratio 43 percent

We recently issued unsecured bonds in both GBP and SEK.

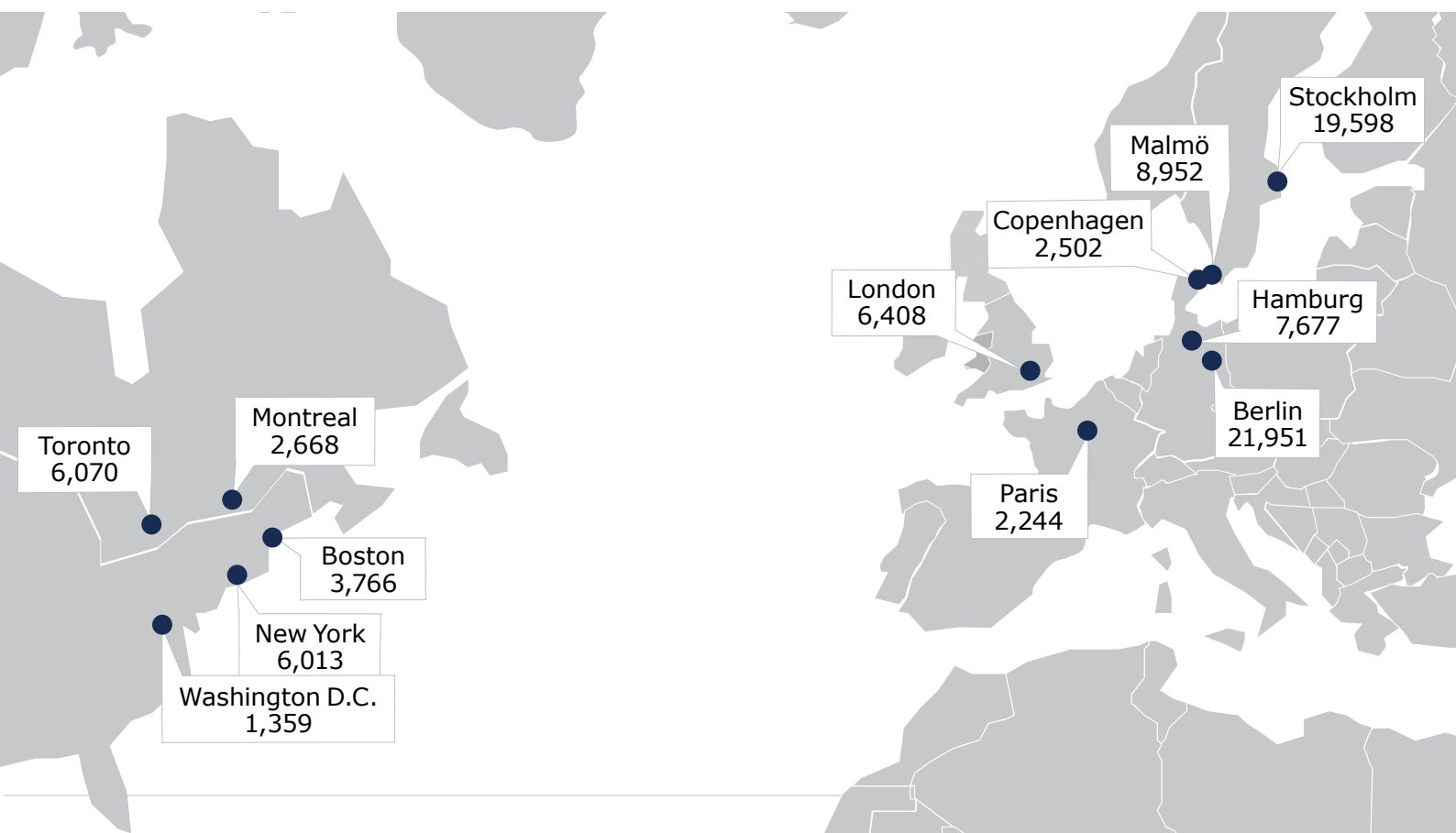
Our unsecured loans are as high as our secured loans.

Both capital tied up and fixed interest terms exceed 5 years.

Pål Ahlsén,  
CEO and Managing director

# property portfolio September 30, 2017

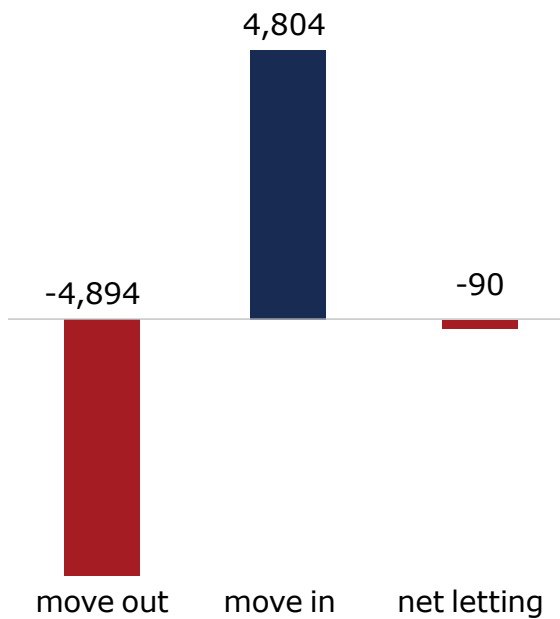
properties fair value, SEK 97,116 million



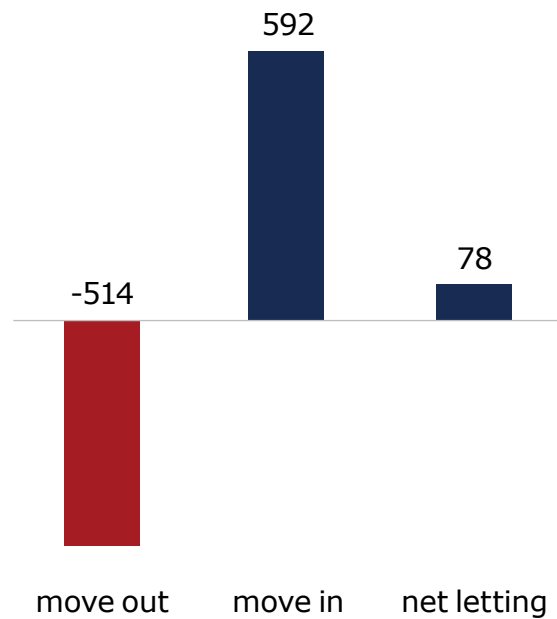
City	Residential units	Lettable space, thousand sqm			Fair value	
		Residential	Commercial	Total	SEK million	SEK/sqm
Berlin	12,583	791	64	885	21,951	25,624
Stockholm	9,195	664	46	710	19,598	27,602
Malmö	4,063	266	84	350	8,952	25,608
Hamburg	4,161	234	11	245	7,677	31,250
London	1,712	74	3	77	6,408	82,969
Toronto	3,410	183	4	187	6,070	32,609
New York	1,454	95	1	96	6,013	62,493
Boston	920	60	-	60	3,766	63,217
Montreal	1,694	121	-	121	2,668	21,957
Copenhagen	1,031	83	6	89	2,502	28,273
Paris	1,077	31	4	35	2,244	64,455
Washington D.C.	673	49	-	49	1,359	27,986
Other	3,936	230	60	290	7,908	27,272
<b>Total</b>	<b>45,909</b>	<b>2,881</b>	<b>283</b>	<b>3,164</b>	<b>97,116</b>	<b>30,690</b>

## SEK 78 million in net letting Jan–Sep 2017

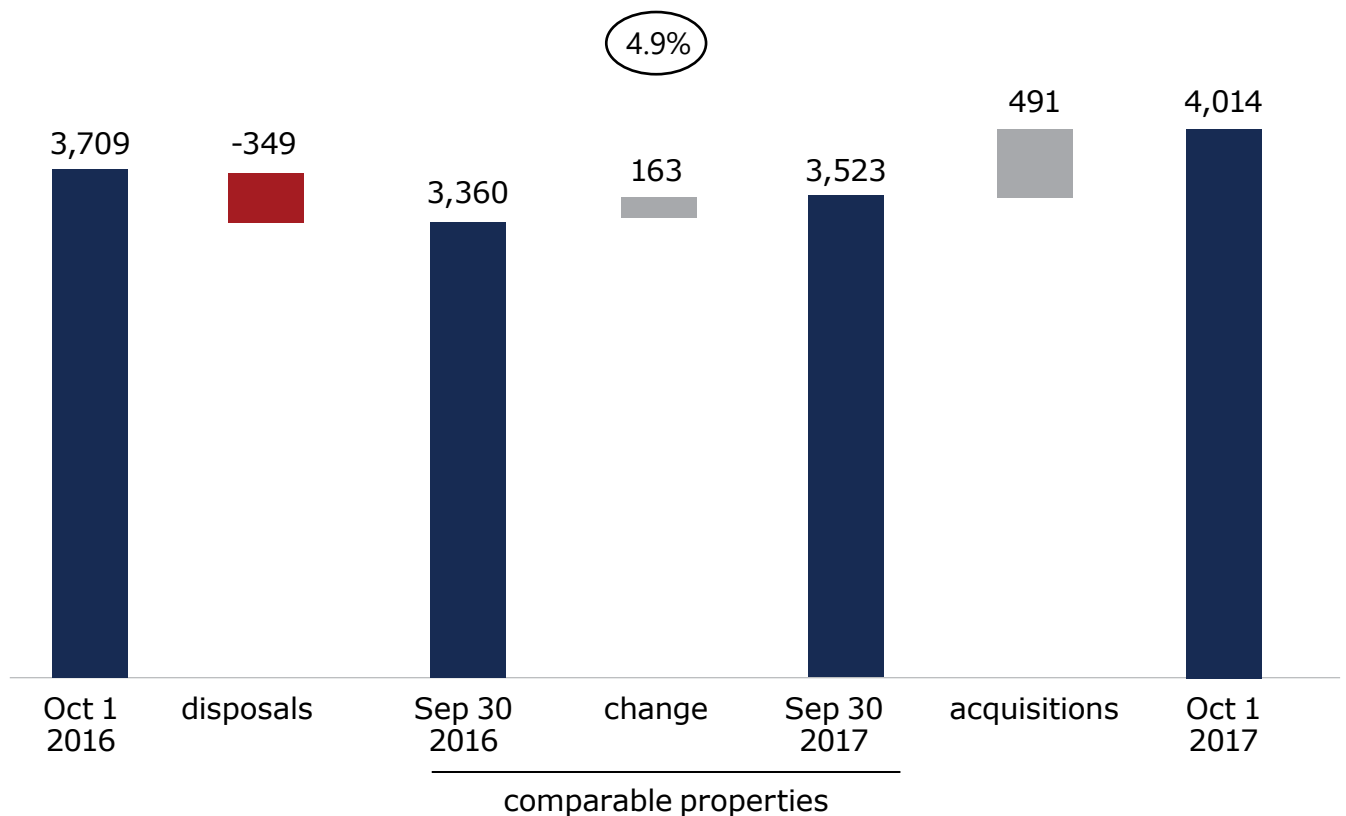
net letting -90 residential units



yearly in-place residential rent  
SEK million



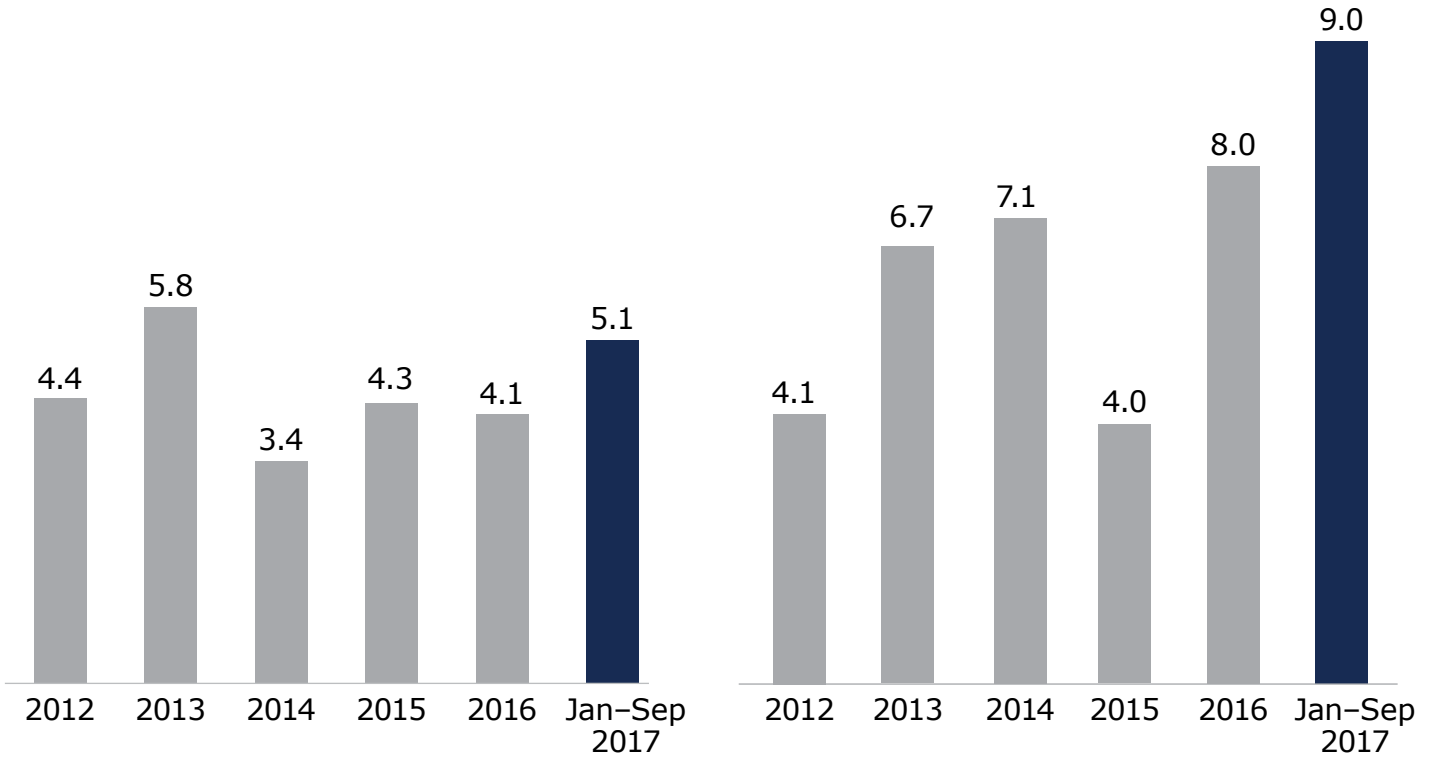
## 4.9 percent increase in yearly in-place residential rent



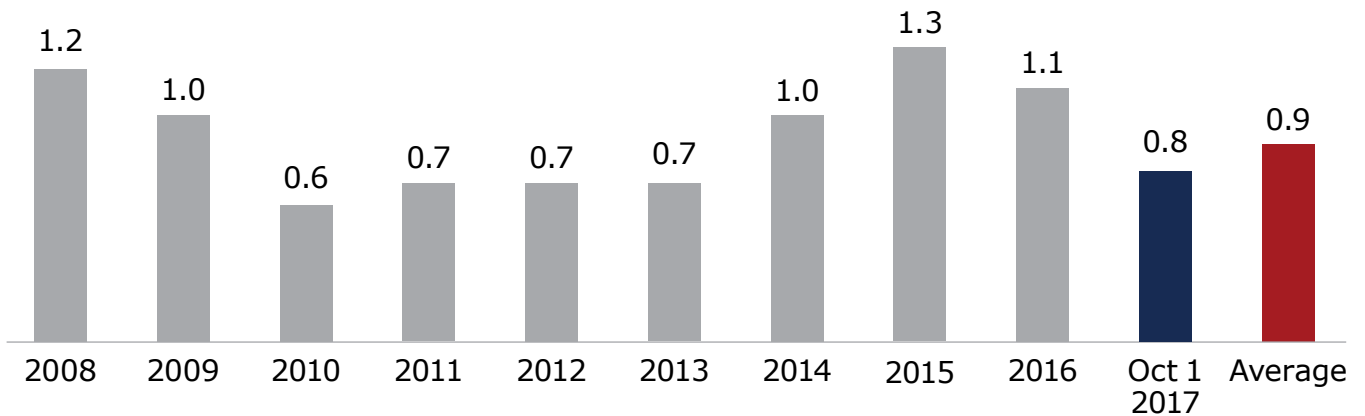
## growth for comparable properties

rental income 5.1 percent

net operating income 9.0 percent

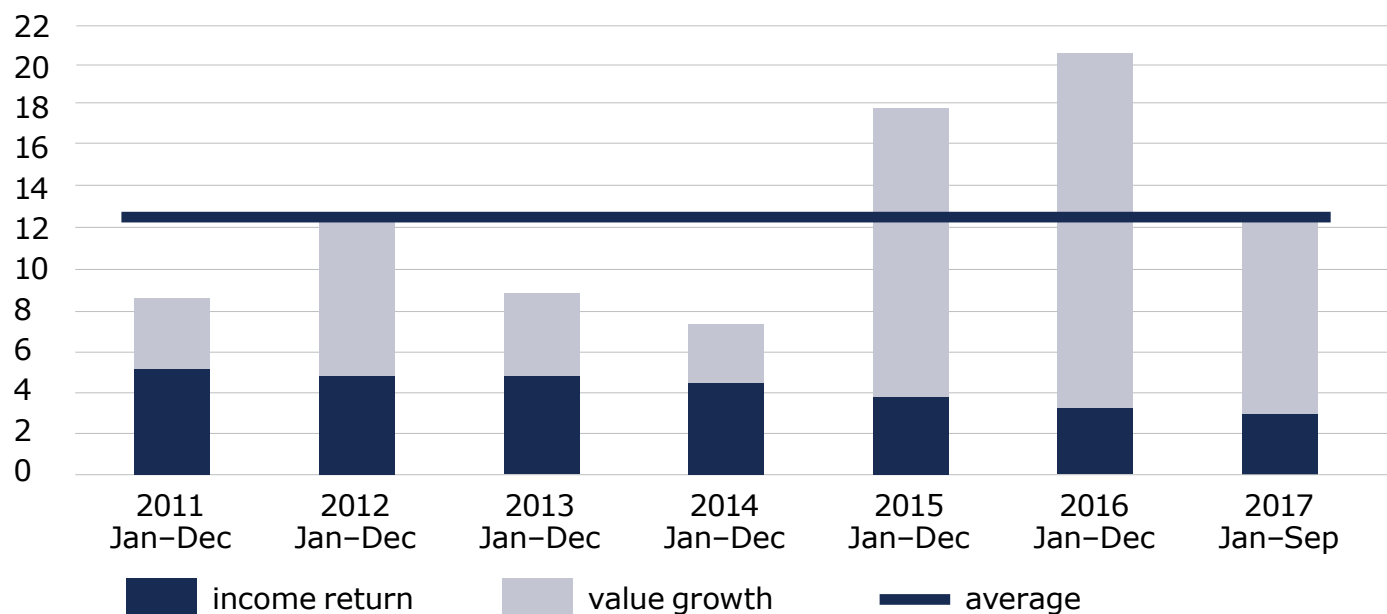


## 0.8 percent real vacancy



## 12.6 percent property return

annual property return  
percent



fair value SEK 97,116 million

	SEK million	Growth Jan-Sep percent
<b>Fair value, Jan 1, 2017</b>	<b>87,739</b>	
Revaluations	6,397	7.3
Investments	1,883	2.1
Purchases	9,554	10.9
Sales	-7,039	-8.0
Translation differences	-1,418	-1.6
<b>Fair value, Sep 30, 2017</b>	<b>97,116</b>	<b>10.6</b>
<b>Net operating income</b>	<b>1,792</b>	<b>2.0</b>
<b>Total property return</b>	<b>8,189</b>	<b>Per annum: 12.6</b>

capitalization rate 3.64 percent

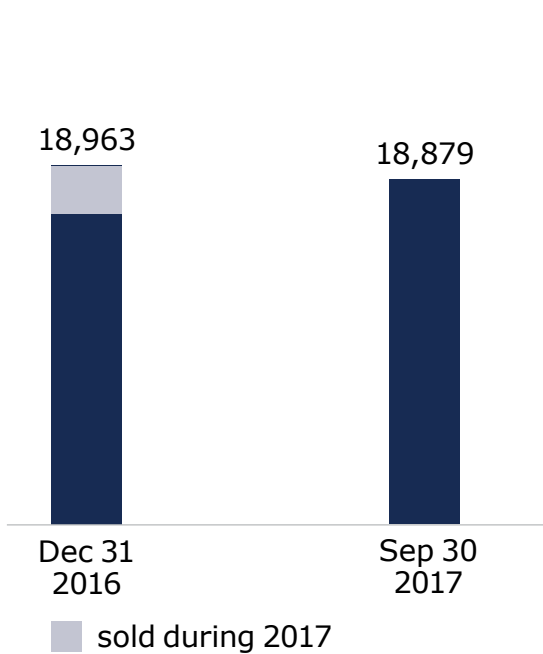
Percent	Capitalization rate	Discount rate
Jan 1, 2017	3.82	5.81
Purchases	0.00	0.00
Sales	0.00	0.00
Comparable	-0.17	-0.17
Translation differences	-0.01	-0.01
<b>Sep 30, 2017</b>	<b>3.64</b>	<b>5.63</b>

change in value SEK 6,397 million

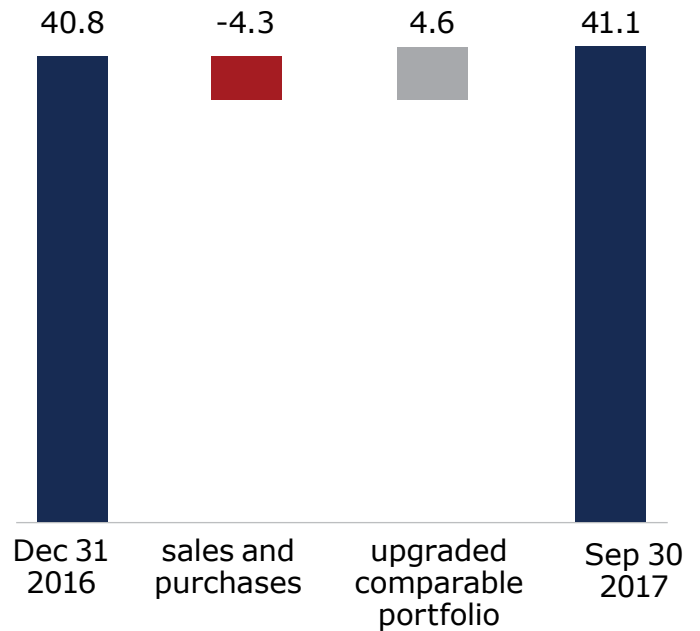
	SEK million	Return, percent
Cash flow	1,461	1.67
Required rate of return	4,209	4.79
Sales	417	0.48
Purchases	310	0.35
<b>Total change in value</b>	<b>6,397</b>	<b>7.29</b>

## changes in property portfolio

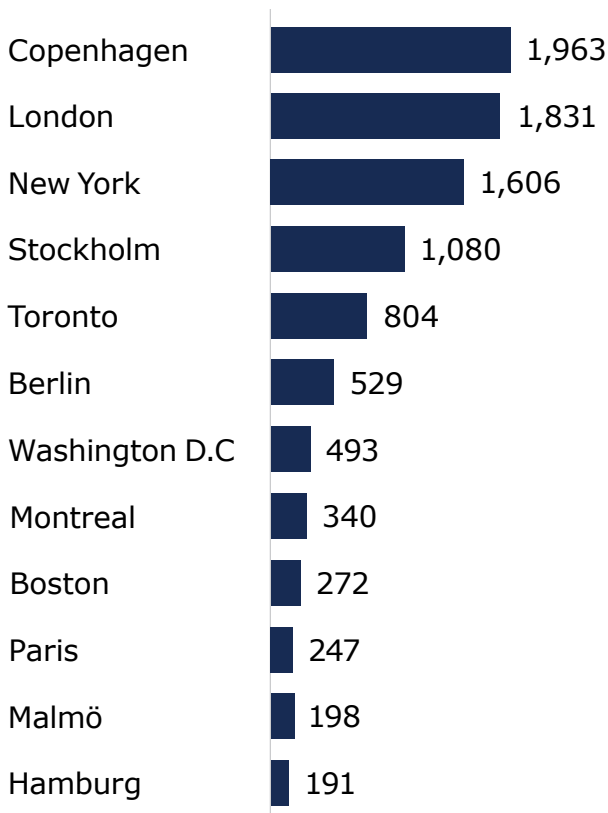
18,879 upgraded apartments



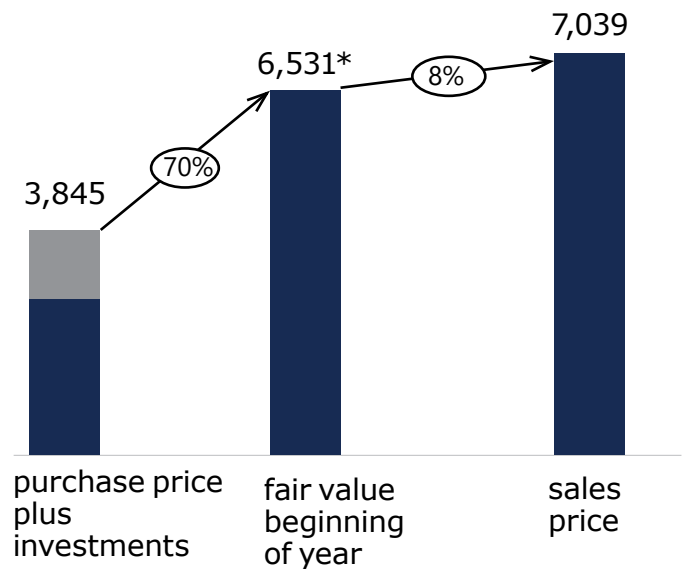
41.1 percent upgraded apartments



property purchases  
SEK 9,554 million



property sales  
SEK 7,039 million

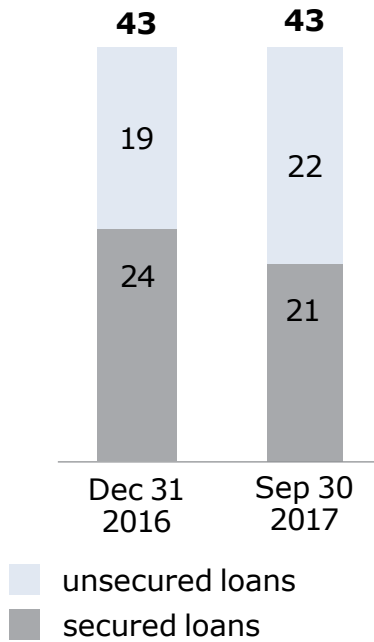


\* Some properties sold in Sweden were reported as assets held for sale at the end of 2016 and valued at sale price at the beginning of the year.

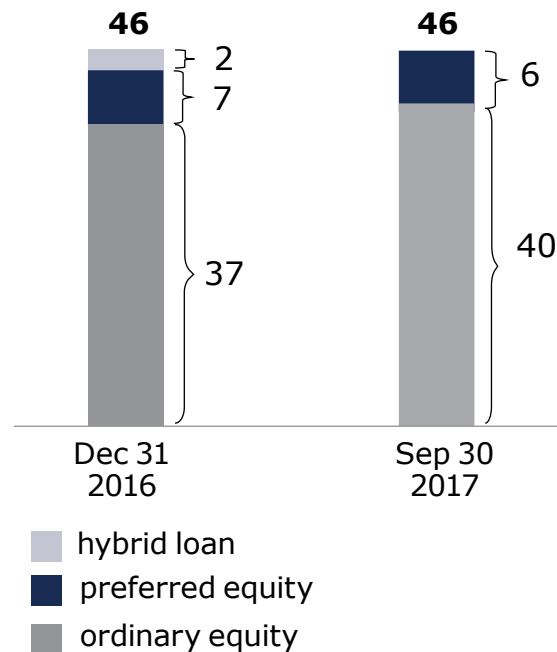


# financing

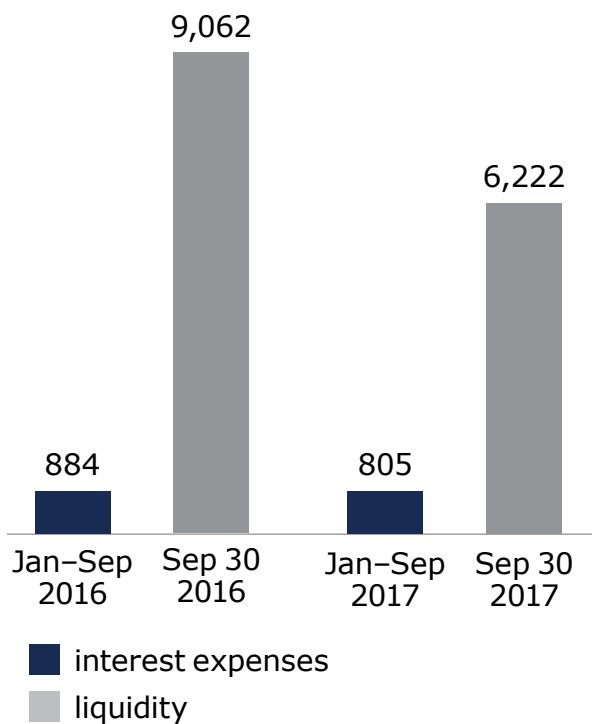
loan-to-value ratio  
43 percent



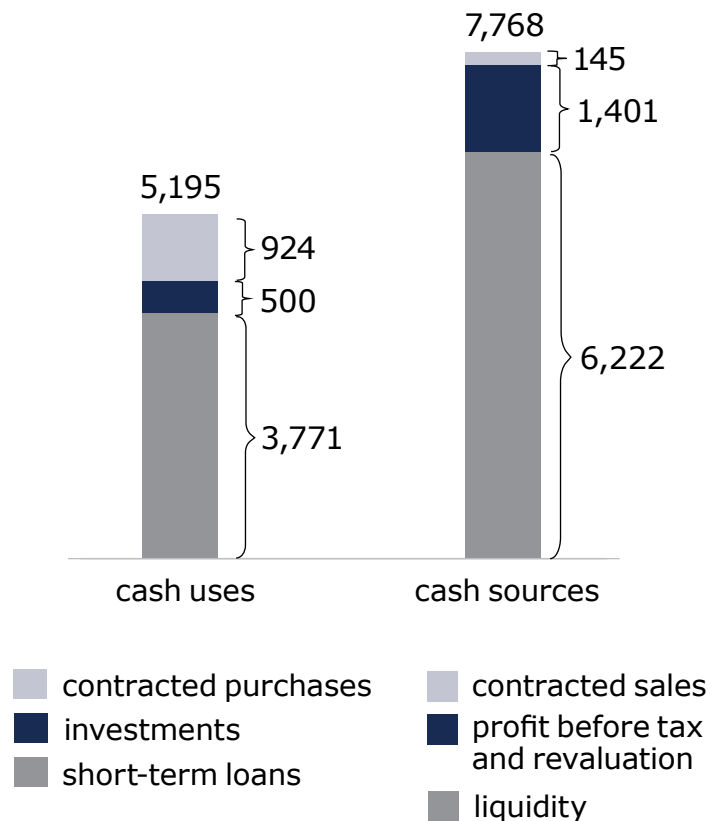
equity to assets ratio  
46 percent



interest expenses and liquidity  
SEK million



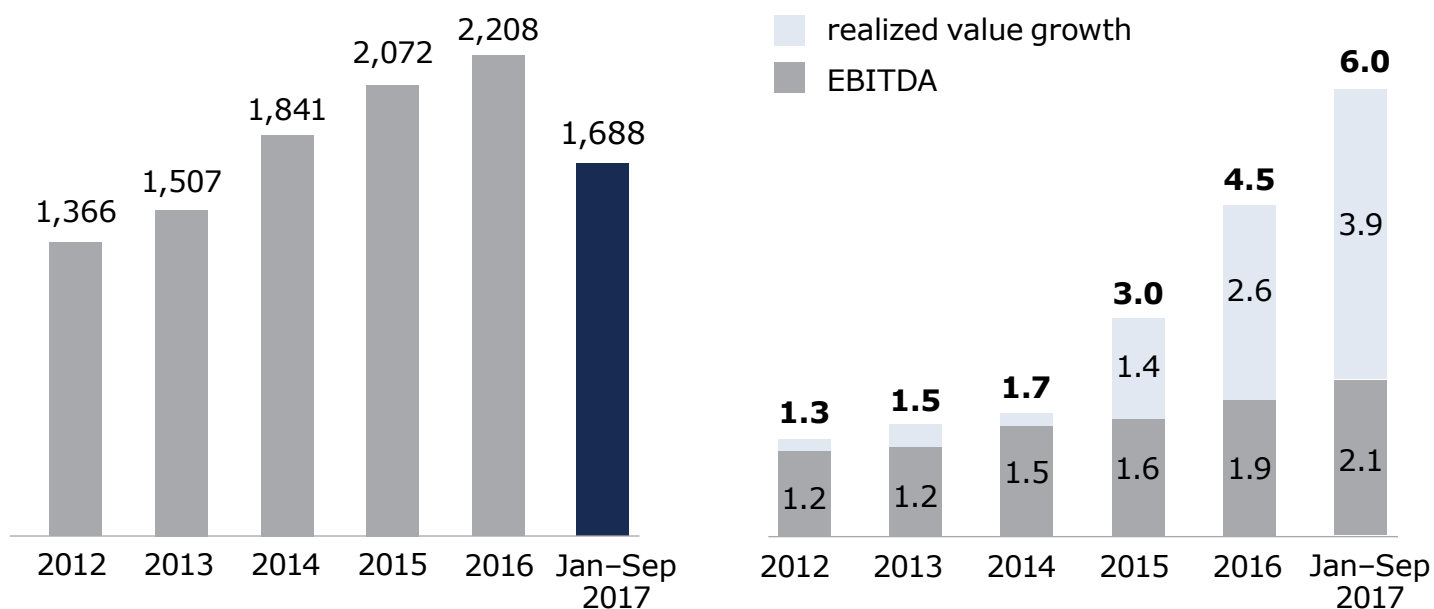
cash uses and sources  
SEK million





EBITDA SEK 1,688 million

interest coverage ratio 6.0



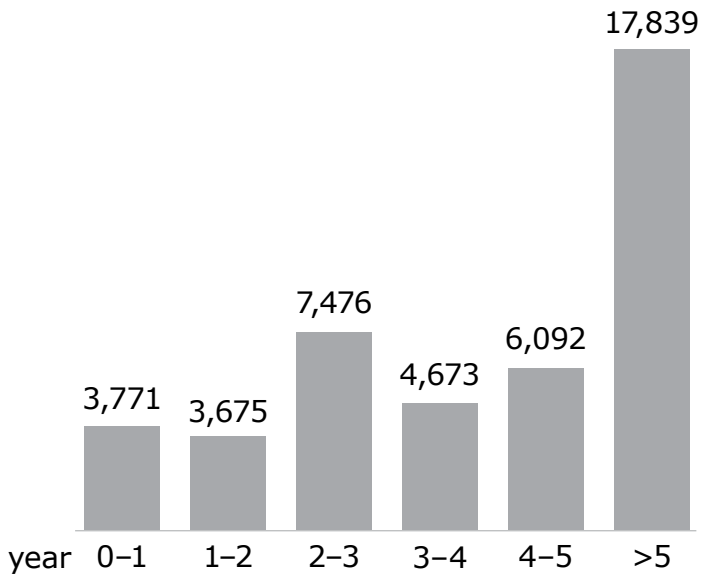
## current interest and debt coverage capacity

SEK million	Jan-Sep 2017	Oct 2016–Sep 2017	Pro forma, 12 months
Rental income	3,051	4,065	4,373*
Operating expenses	-1,021	-1,380	-1,371
Maintenance	-238	-354	-337
<b>Net operating income</b>	<b>1,792</b>	<b>2,331</b>	<b>2,665</b>
Central administrative and other expenses **	-104	-129	-138
<b>EBITDA</b>	<b>1,688</b>	<b>2,202</b>	<b>2,527</b>
Net interest expense	-804	-1,056	-1,091
Other financial income and expenses	-26	-35	-35
<b>Profit before tax and revaluation</b>	<b>858</b>	<b>1,111</b>	<b>1,401</b>
Realized value growth	3,135	3,255	-
<b>Interest coverage ratio</b>	<b>6.0</b>	<b>5.1</b>	<b>2.3</b>
<b>Interest coverage ratio excluding realized value growth</b>	<b>2.1</b>	<b>2.1</b>	<b>2.3</b>
Net debt as per Sep 30, 2017	42,375	42,375	42,375
Net debt/EBITDA	18.8	19.2	16.8
Net debt/EBITDA including realized value growth	6.6	7.8	16.8

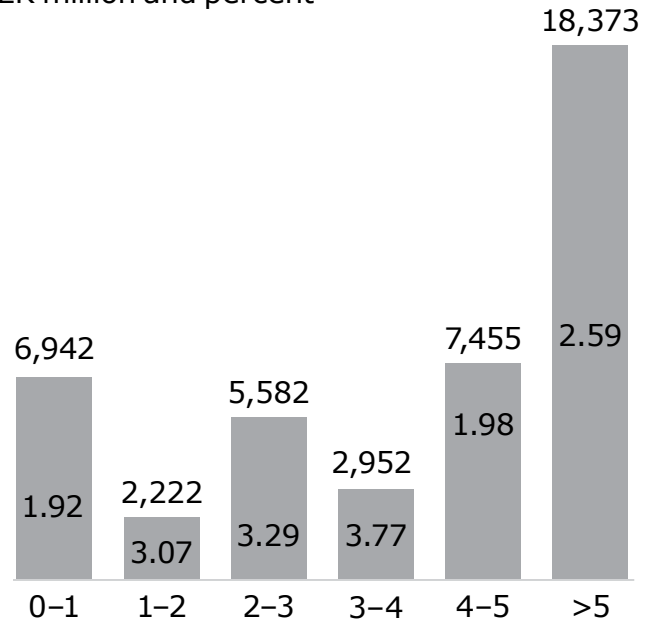
\*Includes SEK 4,014 million in yearly in-place residential rent as of Oct 1, 2017, SEK 376 million in rental income for commercial properties and parking, SEK -44 million in real vacancy for apartments and SEK 27 million for other income.

\*\* Other income and expenses excluding operational exchange differences and depreciation.

capital tied up  
SEK million

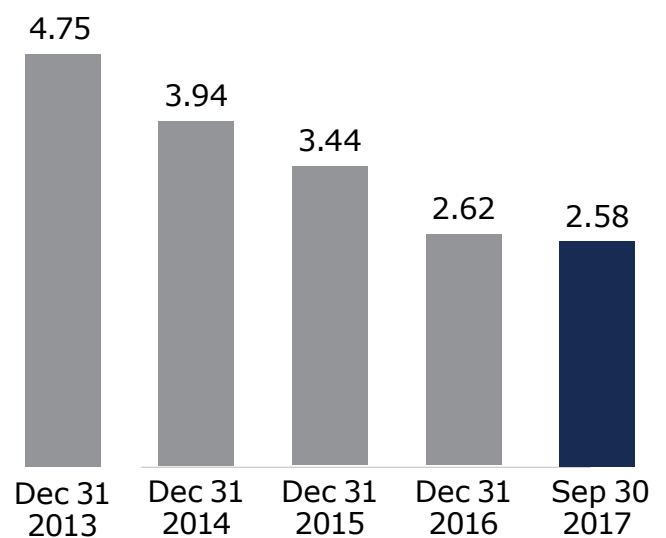
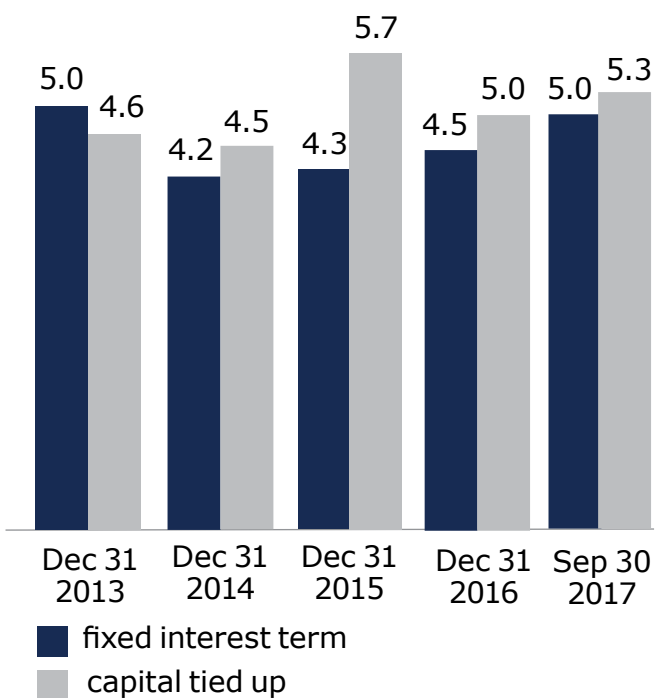


interest rate hedges and  
average interest rate  
SEK million and percent

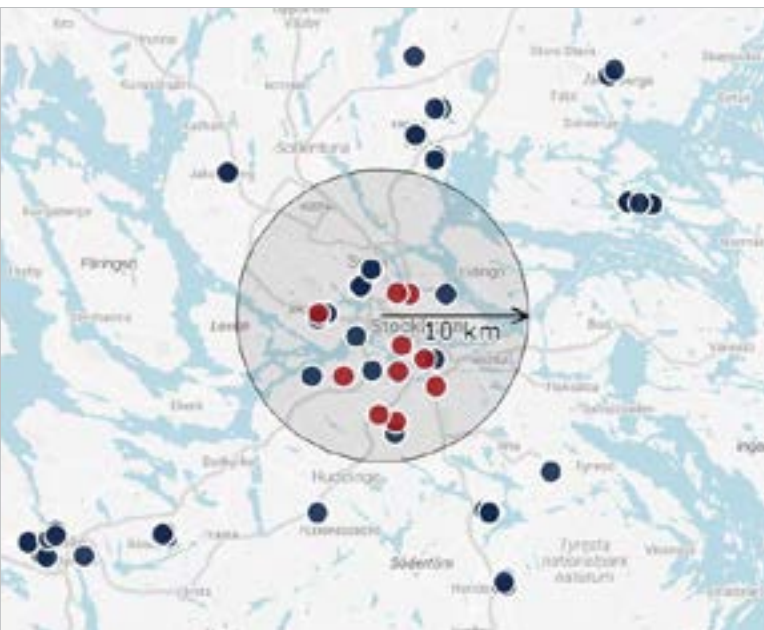


fixed interest term 5.0 years  
capital tied up 5.3 years

average interest rate 2.58 percent



## Stockholm



● acquired properties

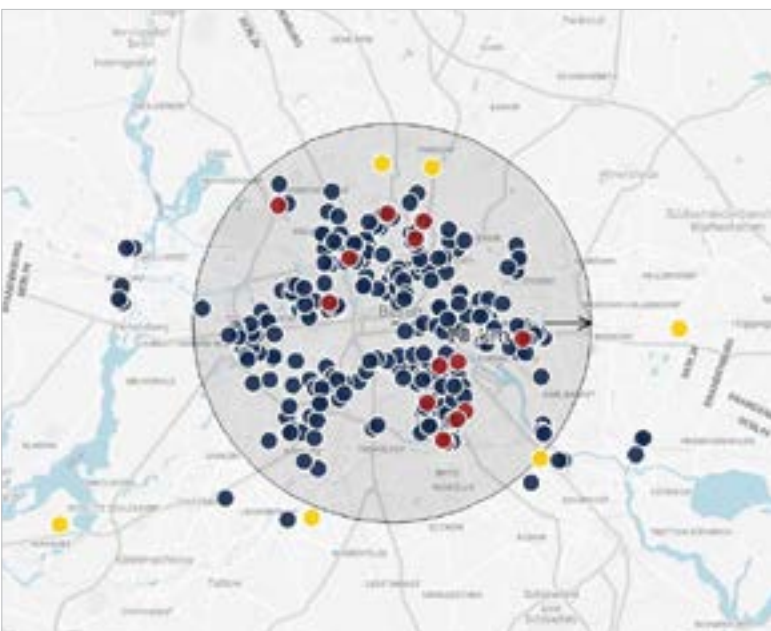
## Malmö



● comparable properties

	Stockholm	Malmö
<b>Property portfolio</b>		
Capitalization rate, percent	3.04	3.21
Proportion of property fair value, percent	20	9
Proportion upgraded apartments, percent	45	47
Walk score	57	89
Average apartment size, sqm	72	65
<b>Average rent</b>		
	SEK/sqm/year	SEK/sqm/year
Total portfolio, Oct 1, 2016	1,220	1,281
Sales	5	-
Comparable portfolio, Oct 1, 2016	1,225	1,281
Increase in comparable portfolio	26	29
- Increase in percent	2.2	2.2
Comparable portfolio, Oct 1, 2017	1,251	1,310
Purchases	9	-2
Total portfolio, Oct 1, 2017	1,260	1,308
New lease level	1,470	1,534
<b>Vacancy rate residential</b>		
	Percent	Percent
Real vacancy rate	0.0	0.0
Apartments being upgraded	1.0	1.2
Vacancy rate	1.0	1.2

## Berlin



● comparable properties      ● acquired properties

## Hamburg



● sold properties

Berlin      Hamburg

### Property portfolio

	Berlin	Hamburg
Capitalization rate, percent	3.41	3.78
Proportion of property fair value, percent	23	8
Proportion upgraded apartments, percent	35	50
Walk score	91	87
Average apartment size, sqm	63	56

### Average rent

	EUR/sqm/month	EUR/sqm/month
Total portfolio, Oct 1, 2016	7.56	10.16
Sales	-	0.02
Comparable portfolio, Oct 1, 2016	7.56	10.18
Increase in comparable portfolio	0.44	0.51
– Increase in percent	5.9	5.0
Comparable portfolio, Oct 1, 2017	8.00	10.69
Purchases	-0.05	-0.10
Total portfolio, Oct 1, 2017	7.95	10.59
New lease level	14.31	14.33

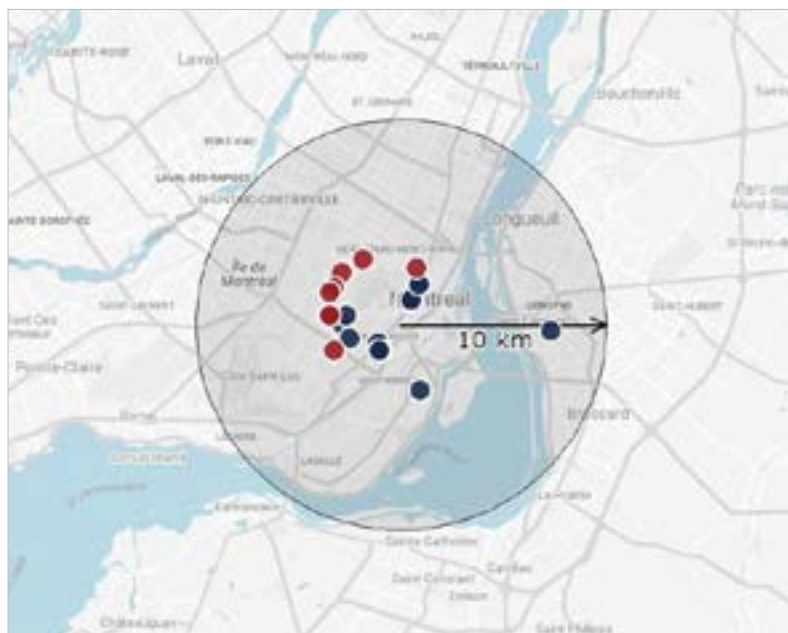
### Vacancy rate residential

	Percent	Percent
Real vacancy rate	1.0	1.3
Apartments being upgraded	5.4	4.8
Vacancy rate	6.4	6.1

## Toronto



## Montreal

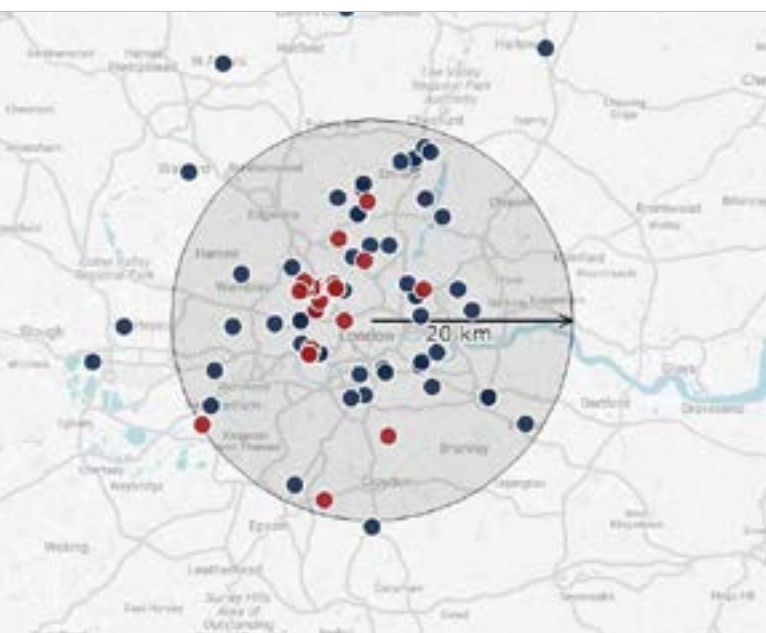


● comparable properties      ● acquired properties

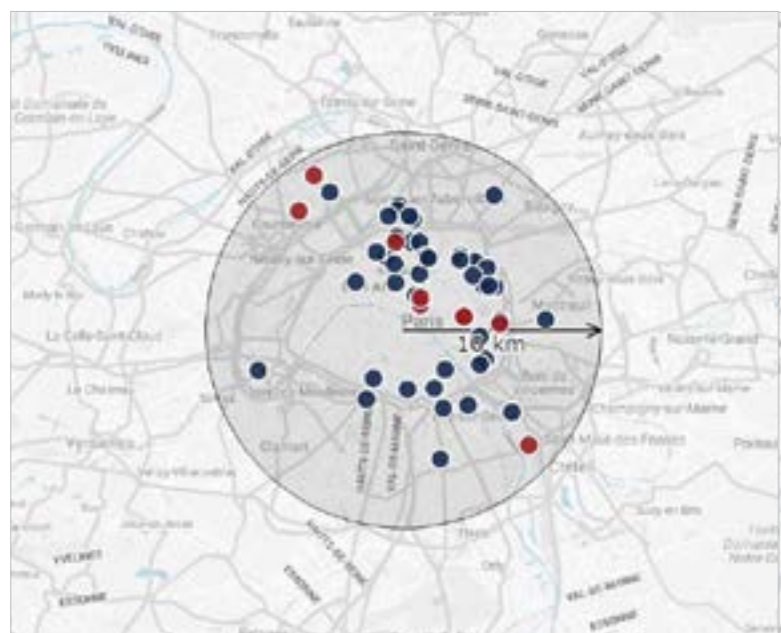
	Toronto	Montreal
<b>Property portfolio</b>		
Capitalization rate, percent	4.22	4.46
Proportion of property fair value, percent	6	3
Proportion upgraded apartments, percent	47	46
Walk score	83	90
Average apartment size, sqft	576	769
<b>Average rent</b>	CAD/sqft/month	CAD/sqft/month
Total portfolio, Oct 1, 2016	2.05	1.56
Sales	-	-
Comparable portfolio, Oct 1, 2016	2.05	1.56
Increase in comparable portfolio	0.10	0.10
– Increase in percent	5.1	6.2
Comparable portfolio, Oct 1, 2017	2.15	1.66
Purchases	-0.02	-
Total portfolio, Oct 1, 2017	2.13	1.66
New lease level	2.74	1.88
<b>Vacancy rate residential</b>	Percent	Percent
Real vacancy rate	0.9	1.7
Apartments being upgraded	2.9	2.8
Vacancy rate	3.8	4.5



## London



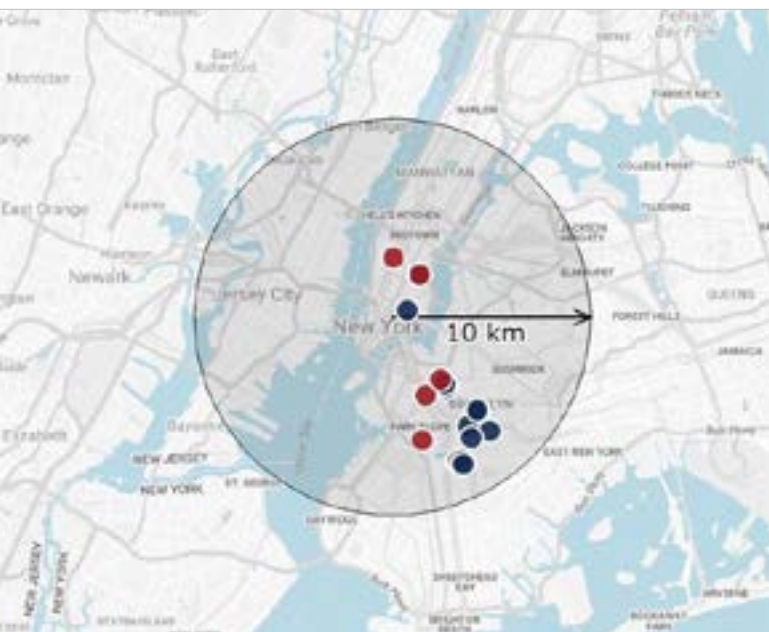
## Paris



● comparable properties      ● acquired properties

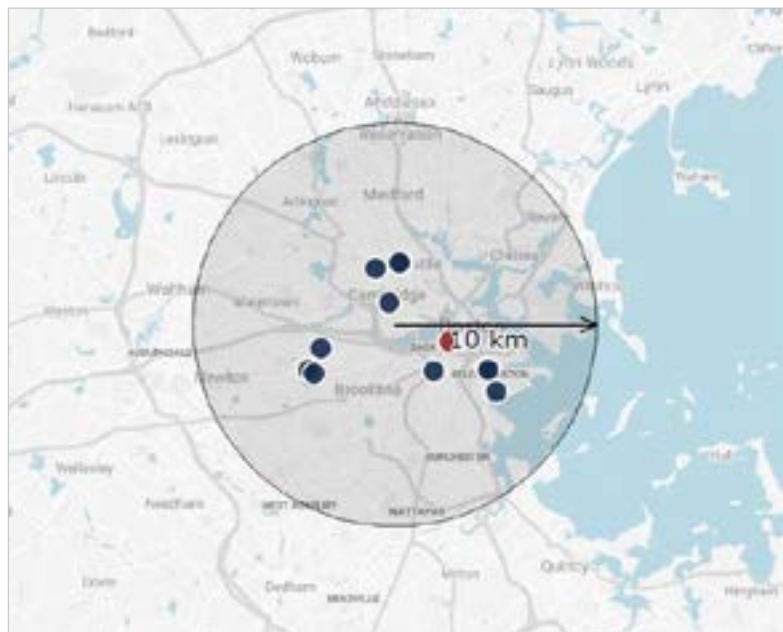
	London	Paris
<b>Property portfolio</b>		
Capitalization rate, percent	4.13	4.17
Proportion of property fair value, percent	7	2
Proportion upgraded apartments, percent	54	17
Walk score	84	97
Average apartment size	465 sqft	29 sqm
<b>Average rent</b>		
	GBP/sqft/month	EUR/sqm/month
Total portfolio, Oct 1, 2016	2.50	21.19
Sales	-	-0.01
Comparable portfolio, Oct 1, 2016	2.50	21.18
Increase in comparable portfolio	0.10	2.73
– Increase in percent	4.1	12.9
Comparable portfolio, Oct 1, 2017	2.60	23.91
Purchases	0.04	-0.99
Total portfolio, Oct 1, 2017	2.64	22.92
New lease level	2.61	43.33
<b>Vacancy rate residential</b>		
	Percent	Percent
Real vacancy rate	1.4	1.7
Apartments being upgraded	9.2	43.3
Vacancy rate	10.6	45.0

## New York



● comparable properties      ● acquired properties

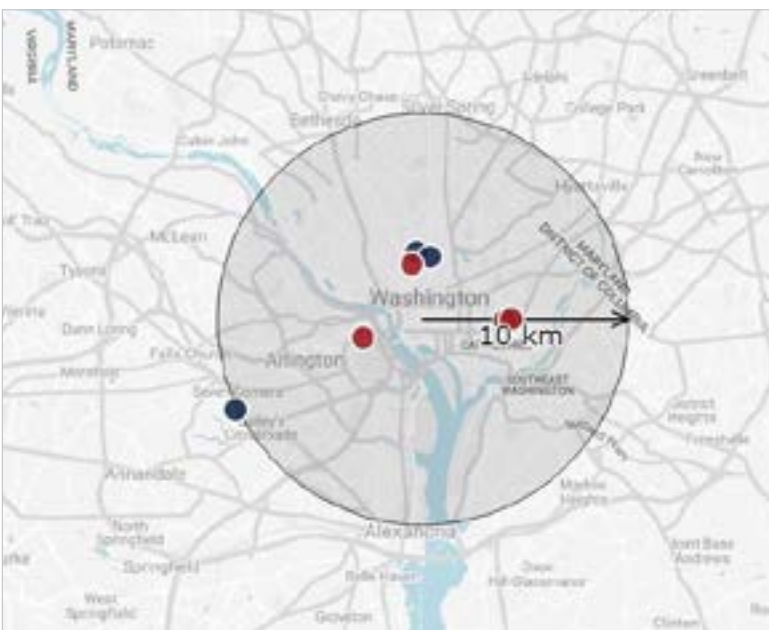
## Boston



	New York	Boston
<b>Property portfolio</b>		
Capitalization rate, percent	4.26	4.34
Proportion of property fair value, percent	6	4
Proportion upgraded apartments, percent	23	49
Walk score	97	88
Average apartment size, sqft	704	697
<b>Average rent</b>	USD/sqft/month	USD/sqft/month
Total portfolio, Oct 1, 2016	2.24	3.30
Sales	-	-
Comparable portfolio, Oct 1, 2016	2.24	3.30
Increase in comparable portfolio	0.13	0.13
– Increase in percent	5.9	4.1
Comparable portfolio, Oct 1, 2017	2.37	3.43
Purchases	0.35	-0.02
Total portfolio, Oct 1, 2017	2.72	3.41
New lease level	3.81	3.62
<b>Vacancy rate residential</b>	Percent	Percent
Real vacancy rate	2.1	2.4
Apartments being upgraded	5.1	17.4
Vacancy rate	7.2	19.8



## Washington D.C.



- comparable properties
- acquired properties

## Copenhagen



### Washington D.C.

### Copenhagen

	Washington D.C.	Copenhagen
<b>Property portfolio</b>		
Capitalization rate, percent	4.84	3.25
Proportion of property fair value, percent	1	3
Proportion upgraded apartments, percent	23	-
Walk score	85	94
Average apartment size	777 sqft	80 sqm
<b>Average rent</b>		
	USD/sqft/month	DKK/sqm/year
Total portfolio, Oct 1, 2016	1.70	903
Sales	-	-
Comparable portfolio, Oct 1, 2016	1.70	903
Increase in comparable portfolio	0.08	64
– Increase in percent	4.7	7.1
Comparable portfolio, Oct 1, 2017	1.78	967
Purchases	0.09	-37
Total portfolio, Oct 1, 2017	1.87	930
New lease level	1.95	1,711
<b>Vacancy rate residential</b>		
	Percent	Percent
Real vacancy rate	1.9	0.5
Apartments being upgraded	27.1	4.9
Vacancy rate	29.0	5.4

## result

### rental income SEK 3,051 million

Rental income growth for comparable properties increased by SEK 124 million (92), or 5.1 percent (4.2).

Rental income totaled SEK 3,051 million, a decrease of 1.4 percent compared to the same period of 2016.

Lower rental income was attributable to the sales of properties.

Out of the 45,909 apartments owned at September 30, 21,527 rental contracts with a yearly rent of SEK 1,875 million were renewed or renegotiated during the period.

The new yearly rent is SEK 1,911 million, an increase of 1.9 percent.

The real vacancy rate decreased by 0.3 percentage points to 0.8 percent.

The vacancy rate for residential units was 6.0 percent, of which 86 percent was due to upgrades or planned sales of apartments.

### net operating income SEK 1,792 million

Property expenses totaled SEK 1,259 million (1,323). SEK 238 million was attributable to maintenance, corresponding to an average annual expense of SEK 99 per square meter.

The net operating income for comparable properties increased by 9.0 percent.

The net operating income margin was 58.7 percent (57.3).

Adjusted net operating income margin was 68.2 percent.

### increase in property value 7.3 percent

The increase in property value was SEK 6,397 million (7,874), or 7.3 percent, (10.8).

The growth in value is mainly due to lower required rates of return.

Higher net operating income and profitable acquisitions and sales contributed as well.

### net financial items SEK -806 million

Interest expenses were SEK 805 million (884).

The decrease is mainly due to the lower cost of borrowings.

Financial derivatives affected earnings by SEK 24 million (-488).

Other financial items amounted to SEK -25 million (-22).

### profit before tax SEK 7,197 million

Profit before tax was SEK 7,197 million (8,091).

The increase in the fair value of properties had positive impact on the profit.

### tax expenses SEK 1,123 million

Tax expenses totaled SEK 1,123 million (1,515).

SEK 1,121 million was deferred tax, mainly due to unrealized gains on properties.

The Group has no ongoing tax disputes.

## financing

### equity to assets ratio 46 percent

Equity increased by SEK 4,839 million to SEK 45,776 million during the period. Equity to assets ratio amounted to 46 percent.

### loan-to-value ratio 43 percent

Loans increased during the period by SEK 5,431 million to SEK 43,526 million.

The loan-to-value ratio is 43 percent and has remained unchanged since the end of last year.

The secured loans were SEK 21,816 million, compared to SEK 21,482 million at the end of 2016. Secured loan-to-value ratio was 21 percent, 3 percentage points lower since 2016. The secured loans were borrowed from 35 banks in seven countries.

In September, Akelius issued senior unsecured bonds to a nominal amount of GBP 300 million. Unsecured loans include six listed bonds, commercial papers and loans from related companies.

### capital tied up 5.3 years

Interest-bearing debt was tied up for an average of 5.3 years, compared to 5.0 years at the end of 2016.

Loans maturing within one year totaled SEK 3,771 million.

Outstanding commercial papers are covered with long-term back-up credit facilities.

The average loan-to-value ratio on short-term loans was 36 percent.

Short-term loans consist partly of borrowings from 19 banks and partly of capital market financing.

### interest rate hedge 5.0 years

SEK 18,373 million had a fixed interest rate term of longer than five years and SEK 6,942 million had a fixed interest rate term of less than one year.

The average interest rate was 2.58 percent.

On average, the underlying interest rate is secured for 5.0 years, compared to 4.5 years at the end of 2016.

### liquidity SEK 6,222 million

Available funds in the form of liquid assets and credit facilities totaled SEK 6,222 million.

The unleveraged share of the properties' fair value is SEK 75,300 million.

## property portfolio

### fair value SEK 97 billion

The fair value is SEK 97,116 million, which is equivalent to SEK 30,690 per square meter. The average capitalization rate for the entire portfolio was 3.64 percent, which is 0.18 percentage points lower than at the beginning of the year.

### property purchases SEK 9,554 million

Property purchases were SEK 9,554 million (3,849).

The average capitalization rate was 3.87 percent for purchased properties.

### property investments SEK 1,883 million

Investments in properties totaled SEK 1,883 million (2,030).

It corresponded to SEK 786 per square meter on an annual basis.

43 percent of the total investments were due to apartment upgrades.

### property sales SEK 7,039 million

Sales totaled SEK 6,661 million in Sweden and SEK 378 million in Germany.

In total, Akelius sold properties for SEK 7,039 million (8,715).

Sales prices were 8 percent higher than the fair value at the beginning of the year.

Net income from the sale of properties totaled SEK 358 million, including SEK 59 million in transaction costs.

Some properties sold in Sweden were reported as assets held for sale at the end of 2016 and valued at the sale price already in the beginning of the year.

Well-kept residential properties are attractive investments for many types of investors and provide a liquidity reserve.

## cash flow

Operating cash flow before the change in working capital increased by SEK 240 million to SEK 937 million, compared to the same period of 2016.

Cash flow from investments were SEK -5,187 million (3,537).

Cash required for the acquisition of properties is secured before the acquisition agreements are signed.

Profitable but non-mandatory upgrades can, if needed, be stopped within a three-month period.

Cash flow from financing activities was SEK 5,417 million (-4,363).

During the period, new ordinary shares were issued for SEK 10,057 million.

Hybrid loans were repurchased for SEK 2,188 million.

SEK 282 million were paid in dividends to the holders of preference shares and SEK 8,060 million were paid to the holders of common shares.

## parent company

The Parent Company's loss before tax was SEK 225 million (profit: 1,858).

SEK 2,000 million in profit from shares in subsidiaries was included in the profit before tax for 2016.

On April 21, 2017, an issue of common shares took place and dividends were paid in accordance with resolutions passed at the Annual General Meeting.

The parent company issued 134,810,000 common shares at a subscription price of SEK 74.60 per share, totaling SEK 10,057 million. On the same date, dividends of SEK 2.75 per share were paid to the holders of common shares, totaling SEK 8,060 million.

Hybrid loans were repurchased for SEK 2,188 million, including a premium of SEK 128 million.

In September, Akelius issued senior unsecured bonds to a nominal amount of GBP 300 million.

The bonds mature in August 2025 and have an annual coupon of 2.375 percent.

## third quarter

Profit for the quarter amounted to SEK 1,629 million (2,518).

Change in the fair value of properties impacted the profit with SEK 958 million (2,049).

During the third quarter, rental income amounted to SEK 1,016 million (1,040).

Property costs decreased to SEK 394 million (412).

Net financial items totaled SEK -272 million (-283) and include the change in the fair value of derivatives.

Other comprehensive income included SEK 307 million (-117) corresponding to changes of currency derivatives and exchange rate differences of external loans in foreign currency.

Translation differences of foreign group companies amounted to SEK -656 million (435).

Cash flow during the third quarter amounted to SEK 1,025 million (-11).

Cash flow generated from operations was SEK 322 million (478).

Net cash flow from investing activities amounted to SEK -3,061 million (3,942).

Financing activities had a positive effect on cash flow of SEK 3,764 million (-4,431).

Dividends of SEK 94 million (94) were paid to the holders of preference shares.

## other financial information

### preference shares

The total number of preference shares was 18,835,606, equivalent to SEK 6,020 million reported in equity.

Preference shares represent 0.61 percent of the total number of shares in Akelius Residential Property AB.

On September 29, 2017, the price paid per preference share was SEK 334.

A dividend of SEK 5 per preference share will be paid on the record dates pursuant to the Articles of Association:

November 3, 2017 and February 5, 2018, totaling SEK 188 million.

### rating

In 2017, Standard and Poor's confirmed the investment grade rating BBB- on Akelius Residential Property AB and its unsecured debt. The outlook was lifted from stable to positive.

### personnel

At the end of the period 832 people were employed in the Group, compared to 734 at the end of 2016.

### related party transactions

Net debt from related parties decreased by SEK 212 million.

The scope and focus of these operations did not change significantly during the period. All transactions were on market terms.

### events after the balance sheet date

Akelius Residential Property AB has issued senior unsecured bonds amounting to SEK 1,500 million.

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Pål Ahlsén,  
CEO, Managing Director

Stockholm, Sweden, October 23, 2017,  
Akelius Residential Property AB (publ)

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

## consolidated statement of comprehensive income

SEK million	2017 Jul-Sep 3 months	2016 Jul-Sep 3 months	2017 Jan-Sep 9 months	2016 Jan-Sep 9 months	2016 Jan-Dec 12 months
Rental income	1,016	1,040	3,051	3,095	4,109
Operating expenses	-312	-323	-1,021	-1,059	-1,418
Maintenance	-82	-89	-238	-264	-380
<b>Net operating income</b>	<b>622</b>	<b>628</b>	<b>1,792</b>	<b>1,772</b>	<b>2,311</b>
Central administration	-38	-30	-124	-92	-134
Other income and expenses	-7	9	-3	9	26
Net income from the disposal of investment properties*	346	679	358	763	827
Net income from the revaluation of investment properties	958	2,049	5,980	7,033	11,779
<b>Operating profit</b>	<b>1,881</b>	<b>3,335</b>	<b>8,003</b>	<b>9,485</b>	<b>14,809</b>
Interest income	-	-	1	2	4
Interest expenses	-282	-266	-805	-884	-1,138
Other financial income and expenses	-4	-6	-26	-24	-33
Change in fair value of derivative financial instruments	14	-11	24	-488	-322
<b>Profit before tax</b>	<b>1,609</b>	<b>3,052</b>	<b>7,197</b>	<b>8,091</b>	<b>13,320</b>
Tax	20	-534	-1,123	-1,515	-2,958
<b>Profit for the period/year</b>	<b>1,629</b>	<b>2,518</b>	<b>6,074</b>	<b>6,576</b>	<b>10,362</b>
Items that will be reclassified to profit or loss:					
- Translation differences	-656	435	-1,263	960	1,366
- Change in the hedging of currency risk	307	-117	763	-297	-659
- Tax attributable to the hedging of currency risk	-68	25	-168	65	145
<b>Comprehensive income for the period/year</b>	<b>1,212</b>	<b>2,861</b>	<b>5,406</b>	<b>7,304</b>	<b>11,214</b>
Profit attributable to:					
- owners of the Parent Company	1,623	2,469	6,009	6,450	10,187
- owner of the hybrid loans	-	34	42	91	125
- non-controlling interests	6	15	23	35	50
Total comprehensive income attributable to:					
- owners of the Parent Company	1,208	2,763	5,332	7,076	10,952
- owner of the hybrid loans	-	80	51	186	206
- non-controlling interests	4	18	23	42	56
Earnings per share before and after dilution, SEK	0.49	0.81	1.90	2.12	3.37

\* SEK 59 million refer to transaction costs for Jan-Sep 2017, SEK 78 million for Jan-Sep 2016 and SEK 109 million for Jan-Dec 2016.



## consolidated statement of financial position

SEK million	2017 Sep 30	2016 Sep 30	2016 Dec 31
<b>Assets</b>			
Intangible assets	56	41	49
Investment property	96,823	76,841	84,634
Owner-occupied property*	293	-	-
Tangible fixed assets	41	38	39
Deferred tax	7	12	6
Financial assets	11	10	9
<b>Total non-current assets</b>	<b>97,231</b>	<b>76,942</b>	<b>84,737</b>
Trade and other receivables	864	520	447
Derivative financial instruments	61	-	9
Cash and cash equivalents	1,100	140	137
Assets held for sale**	-	2,734	3,108
<b>Total current assets</b>	<b>2,025</b>	<b>3,394</b>	<b>3,701</b>
<b>Total assets</b>	<b>99,256</b>	<b>80,336</b>	<b>88,438</b>
<b>Equity and liabilities</b>			
Share capital	1,851	1,770	1,770
Share premium	13,708	14,463	12,168
Currency translation reserve	258	731	935
Retained earnings	29,753	17,906	23,872
<b>Total equity attributable to owners of the Parent Company</b>	<b>45,570</b>	<b>34,870</b>	<b>38,745</b>
Hybrid loan	-	2,023	2,009
Non-controlling interests	206	169	183
<b>Total equity</b>	<b>45,776</b>	<b>37,062</b>	<b>40,937</b>
Interest-bearing liabilities	39,755	29,061	29,932
Derivative financial instruments	900	1,895	1,350
Deferred tax	7,881	5,324	6,676
Other liabilities	106	61	72
<b>Total non-current liabilities</b>	<b>48,642</b>	<b>36,341</b>	<b>38,030</b>
Interest-bearing liabilities	3,771	5,328	8,163
Derivative financial instruments	151	74	98
Trade and other payables	916	1,280	932
Liabilities held for sale	-	251	278
<b>Total current liabilities</b>	<b>4,838</b>	<b>6,933</b>	<b>9,471</b>
<b>Total equity and liabilities</b>	<b>99,256</b>	<b>80,336</b>	<b>88,438</b>
<b>Borrowings</b>			
-unsecured	21,710	10,593	16,613
-secured	21,816	23,796	21,482
<b>Total</b>	<b>43,526</b>	<b>34,389</b>	<b>38,095</b>

\* At the end of September, one property was reclassified to owner-occupied property.

\*\* SEK 2,734 million was attributable to investment properties on September 30, 2016 and SEK 3,105 million on December 31, 2016.



## consolidated statement of cash flows

SEK million	2017 Jul-Sep 3 months	2016 Jul-Sep 3 months	2017 Jan-Sep 9 months	2016 Jan-Sep 9 months	2016 Jan-Dec 12 months
Net operating income	622	628	1,792	1,772	2,311
Central administration	-38	-29	-124	-91	-134
Other income and expenses	1	9	6	6	23
Reversal of depreciation and impairment losses	4	6	14	10	14
Interest paid	-290	-345	-728	-992	-1,226
Income tax paid	-3	-1	-23	-8	-67
<b>Cash flow before changes in working capital</b>	<b>296</b>	<b>268</b>	<b>937</b>	<b>697</b>	<b>921</b>
Change in current assets	1	30	-89	-68	-27
Change in current liabilities	25	180	-109	101	-30
<b>Cash flow from operating activities</b>	<b>322</b>	<b>478</b>	<b>739</b>	<b>730</b>	<b>864</b>
Investments in intangible assets	-3	-14	-14	-18	-28
Investment in properties	-692	-813	-1,883	-2,030	-2,989
Acquisition of investment properties	-5,708	-179	-9,554	-3,849	-6,094
Acquisition of net assets	-51	33	62	637	650
Proceeds from sales of investment properties	3,919	5,089	7,039	8,715	9,061
Proceeds from sale of net assets	-311	-214	-431	-309	-310
Purchase and sale of other assets	-215	40	-406	391	405
<b>Cash flow from investing activities</b>	<b>-3,061</b>	<b>3,942</b>	<b>-5,187</b>	<b>3,537</b>	<b>695</b>
New share issue	-	-	10,057	4,036	4,036
Shareholder contribution	-	-	1	8	8
Loans raised	8,430	1,358	16,877	8,692	19,862
Repayment of loans	-4,436	-5,681	-10,908	-11,203	-18,641
Repayment of hybrid loans	-	-	-2,188	-	-
Purchase and sale of derivative instruments	-136	-14	-80	-569	-1,377
Dividend	-94	-94	-8,342	-5,327	-5,546
<b>Cash flow from financing activities</b>	<b>3,764</b>	<b>-4,431</b>	<b>5,417</b>	<b>-4,363</b>	<b>-1,658</b>
<b>Cash flow for the period/year</b>	<b>1,025</b>	<b>-11</b>	<b>969</b>	<b>-96</b>	<b>-99</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>74</b>	<b>155</b>	<b>137</b>	<b>238</b>	<b>238</b>
Translation differences in cash and cash equivalents	1	-4	-6	-2	-2
<b>Cash and cash equivalents at end of period/year</b>	<b>1,100</b>	<b>140</b>	<b>1,100</b>	<b>140</b>	<b>137</b>

## consolidated statement of changes in equity

SEK million	Attributable to owners of the Parent Company					Total	Hybrid loans	Non-controlling interests	Total equity
	Share capital	Share premium	Currency translation reserve	Retained earnings					
<b>Opening balance Jan 1, 2016</b>	<b>1,741</b>	<b>10,456</b>	<b>170</b>	<b>16,811</b>	<b>29,178</b>	<b>1,370</b>	<b>119</b>	<b>30,667</b>	
Profit for the period	-	-	-	6,451	<b>6,451</b>	91	35	<b>6,577</b>	
Other comprehensive income	-	-	561	65	<b>626</b>	95	7	<b>728</b>	
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>561</b>	<b>6,516</b>	<b>7,077</b>	<b>186</b>	<b>42</b>	<b>7,305</b>	
Acquired minority	-	-	-	-	-	-	8	<b>8</b>	
Hybrid loan	-	-	-	-	-	558	-	<b>558</b>	
Dividend	-	-	-	-5,421	<b>-5,421</b>	-91	-	<b>-5,512</b>	
Share issue	29	4,007	-	-	<b>4,036</b>	-	-	<b>4,036</b>	
<b>Closing balance Sep 30, 2016</b>	<b>1,770</b>	<b>14,463</b>	<b>731</b>	<b>17,906</b>	<b>34,870</b>	<b>2,023</b>	<b>169</b>	<b>37,062</b>	
Profit for the period	-	-	-	3,736	<b>3,736</b>	34	15	<b>3,785</b>	
Other comprehensive income	-	-	204	-65	<b>139</b>	-14	-1	<b>124</b>	
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>204</b>	<b>3,671</b>	<b>3,875</b>	<b>20</b>	<b>14</b>	<b>3,909</b>	
Dividend	-	-2,295	-	2,295	-	-34	-	<b>-34</b>	
<b>Closing balance Dec 31, 2016</b>	<b>1,770</b>	<b>12,168</b>	<b>935</b>	<b>23,872</b>	<b>38,745</b>	<b>2,009</b>	<b>183</b>	<b>40,937</b>	
Profit for the period	-	-	-	6,009	<b>6,009</b>	42	23	<b>6,074</b>	
Other comprehensive income	-	-	-677	-	<b>-677</b>	9	-	<b>-668</b>	
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-677</b>	<b>6,009</b>	<b>5,332</b>	<b>51</b>	<b>23</b>	<b>5,406</b>	
Share issue	81	9,976	-	-	<b>10,057</b>	-	-	<b>10,057</b>	
Repurchase of hybrid loans	-	-	-	-	-	-2,188	-	<b>-2,188</b>	
Premium hybrid loans	-	-	-	-128	<b>-128</b>	128	-	-	
Dividend	-	-8,436	-	-	<b>-8,436</b>	-	-	<b>-8,436</b>	
<b>Closing balance Sep 30, 2017</b>	<b>1,851</b>	<b>13,708</b>	<b>258</b>	<b>29,753</b>	<b>45,570</b>	<b>-</b>	<b>206</b>	<b>45,776</b>	

## condensed statement of comprehensive income for the Parent Company

SEK million	2017 Jul-Sep 3 months	2016 Jul-Sep 3 months	2017 Jan-Sep 9 months	2016 Jan-Sep 9 months	2016 Jan-Dec 12 months
Central administration	-15	-23	-33	-32	-35
Profit from shares in subsidiaries	-	-	-	2,000	2,000
Financial income	351	255	976	906	1,312
Financial expenses	-390	-196	-1,305	-681	-878
Change in fair value of derivatives	3	-14	137	-335	-218
Appropriations	-	-	-	-	-1,065
<b>Profit before tax</b>	<b>-51</b>	<b>22</b>	<b>-225</b>	<b>1,858</b>	<b>1,116</b>
Tax	-9	-27	-43	155	192
<b>Profit for the period/year</b>	<b>-60</b>	<b>-5</b>	<b>-268</b>	<b>2,013</b>	<b>1,308</b>
<b>Comprehensive income</b>	<b>-60</b>	<b>-5</b>	<b>-268</b>	<b>2,013</b>	<b>1,308</b>

## condensed statement of financial position for the Parent Company

SEK million	2017 Sep 30	2016 Sep 30	2016 Dec 31
Intangible assets	2	3	3
Shares in subsidiaries	13,183	13,183	13,183
Receivables from Group companies	46,054	31,975	36,216
Deferred tax assets	479	485	522
Other assets	78	12	41
Cash and cash equivalents	985	2	-
<b>Total assets</b>	<b>60,781</b>	<b>45,660</b>	<b>49,965</b>
Total equity	15,389	14,741	14,036
Interest-bearing liabilities	25,717	12,501	18,301
Interest-bearing liabilities from Group companies	18,928	17,485	16,883
Derivative financial instruments	399	703	576
Other current liabilities	348	230	169
<b>Total equity and liabilities</b>	<b>60,781</b>	<b>45,660</b>	<b>49,965</b>

## interest-bearing liabilities

Duration, years	Interest rate hedge, SEK million	Interest rate hedge Average interest rate, percent	Share, percent	Capital tied up, SEK million	Share, percent
0-1	6,942	1.92	16	3,771	9
1-2	2,222	3.07	5	3,675	8
2-3	5,582	3.29	13	7,476	17
3-4	2,952	3.77	7	4,673	11
4-5	7,455	1.98	17	6,092	15
5-6	512	3.91	1	122	-
6-7	969	3.69	2	82	-
7-8	11,530	2.23	26	10,459	24
8-9	2,848	1.76	7	3,646	8
9-10	958	4.02	2	1,763	4
> 10	1,556	4.81	4	1,767	4
<b>Total</b>	<b>43,526</b>	<b>2.58</b>	<b>100</b>	<b>43,526</b>	<b>100</b>

## segment information

Jan-Sep 2017, SEK million	Sweden	Germany	Other	Total
Rental income	1,213	936	902	<b>3,051</b>
Operating expenses	-422	-188	-411	<b>-1,021</b>
Maintenance	-129	-59	-50	<b>-238</b>
<b>Net operating income</b>	<b>662</b>	<b>689</b>	<b>441</b>	<b>1,792</b>
Revaluation of investment properties	2,449	2,952	996	<b>6,397</b>
<b>Total property return</b>	<b>3,111</b>	<b>3,641</b>	<b>1,437</b>	<b>8,189</b>
<b>Total property return, percent</b>	<b>13.0</b>	<b>15.4</b>	<b>8.3</b>	<b>12.6</b>
<b>Net operating income margin, percent</b>	<b>54.6</b>	<b>73.6</b>	<b>48.9</b>	<b>58.7</b>
Property fair value	29,858	36,229	31,029	<b>97,116</b>

Jan-Sep 2016, SEK million	Sweden	Germany	Other	Total
Rental income	1,532	895	668	<b>3,095</b>
Operating expenses	-545	-171	-343	<b>-1,059</b>
Maintenance	-159	-60	-45	<b>-264</b>
<b>Net operating income</b>	<b>828</b>	<b>664</b>	<b>280</b>	<b>1,772</b>
Revaluation of investment properties	3,760	3,488	626	<b>7,874</b>
<b>Total property return</b>	<b>4,588</b>	<b>4,152</b>	<b>906</b>	<b>9,646</b>
<b>Total property return, percent</b>	<b>19.7</b>	<b>22.8</b>	<b>7.5</b>	<b>18.1</b>
<b>Net operating income margin, percent</b>	<b>54.0</b>	<b>74.2</b>	<b>41.9</b>	<b>57.3</b>
Property fair value	28,837	30,480	20,258	<b>79,575</b>

## alternative performance measures

Reconciliation for the purposes of the Guidelines published by the European Securities and Markets Authority (ESMA) is set out below in SEK million:

	2017 Sep 30	2016 Sep 30	2016 Dec 31
Net asset value to asset ratio and loan-to-value ratio			
Equity	45,776	37,062	40,937
Deferred taxes	7,874	5,312	6,670
Derivatives	990	1,969	1,439
<b>Net asset value</b>	<b>54,640</b>	<b>44,343</b>	<b>49,046</b>
Total assets	99,256	80,336	88,438
Cash and liquid assets	-1,100	-140	-137
Pledged cash assets	-51	-30	-16
<b>Total assets minus cash, pledged cash and liquid assets</b>	<b>98,105</b>	<b>80,166</b>	<b>88,285</b>
<b>Net asset value to assets ratio, percent</b>	<b>56</b>	<b>55</b>	<b>56</b>
Total interest-bearing liabilities	43,526	34,389	38,095
Cash and liquid assets	-1,100	-140	-137
Pledged cash assets	-51	-30	-16
<b>Net debt</b>	<b>42,375</b>	<b>34,219</b>	<b>37,942</b>
<b>Total assets minus cash, pledged cash and liquid assets</b>	<b>98,105</b>	<b>80,166</b>	<b>88,285</b>
<b>Loan-to-value ratio, percent</b>	<b>43</b>	<b>43</b>	<b>43</b>
Net debt	42,375	34,219	37,942
Less unsecured debt	-21,710	-10,593	-16,613
<b>Secured debt</b>	<b>20,665</b>	<b>23,626</b>	<b>21,329</b>
<b>Total assets minus cash, pledged cash and liquid assets</b>	<b>98,105</b>	<b>80,166</b>	<b>88,285</b>
<b>Loan-to-value ratio, secured loan, percent</b>	<b>21</b>	<b>29</b>	<b>24</b>

	2017 Jan-Sep	2016 Jan-Sep	Percent Growth
Rental income and net operating income			
Rental income	3,051	3,095	-1.4
Exchange differences	-	36	
Purchases and sales	-503	-707	
<b>Rental income for comparable properties</b>	<b>2,548</b>	<b>2,424</b>	<b>5.1</b>
Net operating income	1,792	1,772	1.1
Exchange differences	-	17	
Purchases and sales	-256	-380	
<b>Net operating income for comparable properties</b>	<b>1,536</b>	<b>1,409</b>	<b>9.0</b>
Realized value growth			
Proceeds from the sale of properties	7,039	8,715	
Costs of sale	-59	-78	
Acquisition costs	-2,736	-4,615	
Accumulated investments	-1,109	-1,266	
<b>Realized value growth</b>	<b>3,135</b>	<b>2,756</b>	

## key figures

	2017 Sep 30	2016 Dec 31	2015 Dec 31	2014 Dec 31	2013 Dec 31
<b>Equity</b>					
Equity, SEK million	45,776	40,937	30,667	22,583	15,169
Equity to assets ratio, percent	46	46	41	38	33
Return on equity, percent	13	37	29	9	24
Net asset value to assets ratio, percent	56	56	50	47	41
<b>Net operating income</b>					
Rental income, SEK million	3,051	4,109	3,988	3,323	2,787
Growth in rental income, percent	-1.4	3.0	20.0	19.2	9.9
Growth in rental income for comparable properties, percent	5.1	4.1	4.3	3.4	5.8
Net operating income, SEK million	1,792	2,311	2,175	1,882	1,579
Growth in net operating income, percent	1.1	6.3	15.6	19.2	12.1
Growth in net operating income for comparable properties, percent	9.0	8.0	4.0	7.1	6.7
Net operating income margin, percent	58.7	56.2	54.5	56.6	56.7
Adjusted net operating income margin, percent <sup>6</sup>	68.2	66.2	-	-	-
<b>Interest-bearing liabilities</b>					
Loan-to-value ratio, secured loans, percent	21	24	36	47	49
Loan-to-value ratio, percent	43	43	48	51	56
Unencumbrance ratio	1.77	1.18	1.00	9.24	2.44
Interest coverage ratio	6.0	4.5	3.0	1.7	1.5
Interest coverage ratio excluding realized value growth	2.1	1.9	1.6	1.5	1.2
Average interest rate, percent	2.58	2.62	3.44	3.94	4.75
Fixed interest term, year	5.0	4.5	4.3	4.2	5.0
Capital tied up, year	5.3	5.0	5.7	4.5	4.6
<b>Properties</b>					
Number of apartments	45,909	46,516	51,231	47,896	41,319
Rentable area, thousand sqm	3,164	3,236	3,587	3,472	2,992
Real vacancy rate, residential, percent	0.8	1.1	1.3	1.0	0.7
Vacancy rate, residential, percent	6.0	5.0	4.3	3.2	2.6
Fair value of properties opening balance, SEK million	87,739	72,764	57,736	44,104	35,437
Change in fair value, SEK million	6,397	12,715	8,026	1,412	1,582
Investments, SEK million	1,883	2,989	2,216	1,881	1,531
Purchases, SEK million	9,554	6,094	12,093	9,678	6,901
Sales, SEK million	-7,039	-9,061	-5,755	-1,084	-1,801
Exchange difference, SEK million	-1,418	2,238	-1,552	1,745	454
Fair value of properties closing balance, SEK million	97,116	87,739	72,764	57,736	44,104
Fair value, per sqm	30,690	27,116	20,284	16,629	14,736
Capitalization rate, percent	3.64	3.82	4.33	4.72	4.75
Change in capitalization rate <sup>1</sup> , percentage	-0.17	-0.49	-0.36	0.01	-0.01

## key figures

	2017 Sep 30	2016 Dec 31	2015 Dec 31	2014 Dec 31	2013 Dec 31
<b>Properties, Sweden</b>					
Average residential rent, SEK/sqm/year	1,275	1,246	1,184	1,156	1,114
Growth in average residential rent <sup>2</sup> , percent	1.6	2.6	2.6	3.7	5.8
Growth in rental income <sup>3</sup> , percent	3.7	1.9	3.0	3.5	5.5
Growth in net operating income <sup>3</sup> , percent	6.1	2.4	1.8	8.0	3.3
Fair value, SEK per sqm	26,359	23,163	17,148	14,899	14,115
Capitalization rate, percent	3.14	3.43	4.30	4.78	4.84
Number of apartments	13,758	17,381	23,520	24,407	23,867
Vacancy, percent	1.0	1.2	1.5	1.5	2.2
Real vacancy, percent	0.0	0.1	0.1	0.4	0.6
Fair value of properties opening balance, SEK million	32,357	31,727	29,571	26,797	23,457
Change in fair value, SEK million	2,449	6,744	2,948	836	828
Investments, SEK million	434	975	856	932	964
Purchases, SEK million	1,278	535	1,071	2,078	3,349
Sales, SEK million	-6,660	-7,624	-2,719	-1,072	-1,801
Fair value of properties closing balance, SEK million	29,858	32,357	31,727	29,571	26,797
<b>Properties, Germany</b>					
Average residential rent, EUR/sqm/month	8.88	8.56	8.13	7.77	7.71
Growth in average residential rent <sup>2</sup> , percent	4.4	5.0	5.1	5.4	5.6
Growth in rental income <sup>3</sup> , percent	2.8	6.3	6.0	3.1	6.8
Growth in net operating income <sup>3</sup> , percent	2.0	10.3	3.9	5.8	13.7
Fair value, SEK per sqm	27,463	24,708	18,986	16,752	15,398
Capitalization rate, percent	3.55	3.84	4.35	4.72	4.64
Number of apartments	20,180	19,932	20,307	19,423	15,769
Vacancy, percent	6.0	4.8	4.9	4.5	2.4
Real vacancy, percent	1.0	1.1	2.0	1.6	0.9
Fair value of properties opening balance, SEK million	32,176	24,892	21,172	15,549	11,980
Change in fair value, SEK million	2,952	5,120	3,732	393	729
Investments, SEK million	764	976	752	647	568
Purchases, SEK million	719	851	1,757	3,384	1,818
Sales, SEK million	-379	-914	-1,558	-	-
Exchange difference, SEK million	-3	1,251	-963	1,199	454
Fair value of properties closing balance, SEK million	36,229	32,176	24,892	21,172	15,549



## key figures

	2017 Sep 30	2016 Dec 31	2015 Dec 31	2014 Dec 31	2013 Dec 31
<b>Properties, Canada<sup>4</sup></b>					
Average residential rent, CAD/sqft/month	1.94	1.89	1.79	1.83	1.94
Growth in average residential rent <sup>2</sup> , percent	3.9	6.7	3.6	6.6	7.7
Growth in rental income <sup>3</sup> , percent	10.2	7.0	4.1	7.0	20.6
Growth in net operating income <sup>3</sup> , percent	34.8	29.0	25.1	-17.8	56.4
Fair value, SEK per sqm	28,402	26,242	21,424	21,808	20,710
Capitalization rate, percent	4.30	4.36	4.37	4.55	4.47
Number of apartments	5,104	4,513	3,999	2,823	1,683
Vacancy, percent	4.0	7.1	11.1	6.7	4.0
Real vacancy, percent	1.1	3.4	3.6	2.7	1.7
Fair value of properties opening balance, SEK million	7,055	4,859	3,432	1,758	1,074
Change in fair value, SEK million	588	310	606	145	53
Investments, SEK million	179	351	195	139	83
Purchases, SEK million	1,145	850	1,283	1,092	626
Sales, SEK million	-	-	-111	-4	-
Exchange difference, SEK million	-229	685	-546	302	-78
Fair value of properties closing balance, SEK million	8,738	7,055	4,859	3,432	1,758
<b>Properties, United States</b>					
Average residential rent, USD/sqft/month	2.74	2.51	2.26	-	-
Growth in average residential rent <sup>2</sup> , percent	3.6	4.2	-	-	-
Growth in rental income <sup>3</sup> , percent	11.2	-	-	-	-
Growth in net operating income <sup>3</sup> , percent	73.0	-	-	-	-
Fair value, SEK per sqm	54,505	56,725	48,769	-	-
Capitalization rate, percent	4.37	4.42	4.47	-	-
Number of apartments	3,047	2,309	1,534	-	-
Vacancy, percent	15.8	10.6	9.8	-	-
Real vacancy, percent	2.1	1.7	2.8	-	-
Fair value of properties opening balance, SEK million	9,362	5,451	-	-	-
Change in fair value, SEK million	190	390	24	-	-
Investments, SEK million	278	283	21	-	-
Purchases, SEK million	2,371	2,530	5,443	-	-
Sales, SEK million	-	-	-	-	-
Exchange difference, SEK million	-1,063	708	-37	-	-
Fair value of properties closing balance, SEK million	11,138	9,362	5,451	-	-

## key figures

	2017 Sep 30	2016 Dec 31	2015 Dec 31	2014 Dec 31	2013 Dec 31
<b>Properties, England<sup>5</sup></b>					
Average residential rent, GBP/sqft/month	2.64	2.55	2.07	1.74	1.55
Growth in average residential rent <sup>2</sup> , percent	2.9	5.9	11.5	11.3	0.1
Growth in rental income <sup>3</sup> , percent	14.3	7.5	15.1	5.9	29.0
Growth in net operating income <sup>3</sup> , percent	11.0	15.4	23.0	9.3	31.7
Fair value, SEK per sqm	82,969	79,157	67,660	53,606	36,430
Capitalization rate, percent	4.13	4.11	4.22	4.36	4.64
Number of apartments	1,712	1,224	1,404	1,153	870
Vacancy, percent	10.6	12.4	8.0	7.8	6.0
Real vacancy, percent	1.4	3.7	2.8	2.1	4.1
Fair value of properties opening balance, SEK million	4,524	4,840	3,395	1,791	1,580
Change in fair value, SEK million	81	141	730	233	86
Investments, SEK million	108	345	372	218	89
Purchases, SEK million	1,831	195	1,689	834	-
Sales, SEK million	-	-523	-1,367	-11	-
Exchange difference, SEK million	-136	-474	21	330	36
Fair value of properties closing balance, SEK million	6,408	4,524	4,840	3,395	1,791
<b>Properties, France</b>					
Average residential rent, EUR/sqm/month	22.92	20.99	22.50	21.31	-
Growth in average residential rent <sup>2</sup> , percent	12.2	1.7	15.7	-	-
Growth in rental income <sup>3</sup> , percent	-5.2	11.9	-	-	-
Growth in net operating income <sup>3</sup> , percent	-22.6	241.1	-	-	-
Fair value, SEK per sqm	64,455	61,332	62,640	60,732	-
Capitalization rate, percent	4.17	4.20	4.21	4.11	-
Number of apartments	1,077	941	467	90	-
Vacancy, percent	45.0	46.2	35.3	34.4	-
Real vacancy, percent	1.7	3.7	1.3	-	-
Fair value of properties opening balance, SEK million	1,848	995	166	-	-
Change in fair value, SEK million	69	10	-13	-14	-
Investments, SEK million	82	59	20	1	-
Purchases, SEK million	247	721	850	172	-
Sales, SEK million	-	-	-	-	-
Exchange difference, SEK million	-2	63	-28	7	-
Fair value of properties closing balance, SEK million	2,244	1,848	995	166	-

## key figures

	2017 Sep 30	2016 Dec 31	2015 Dec 31	2014 Dec 31	2013 Dec 31
<b>Properties, Denmark</b>					
Average residential rent, DKK/sqm/year	930	916	-	-	-
Growth in average residential rent <sup>2</sup> , percent	5.62	-	-	-	-
Growth in rental income <sup>3</sup> , percent	-	-	-	-	-
Growth in net operating income <sup>3</sup> , percent	-	-	-	-	-
Fair value, SEK per sqm	28,273	27,135	-	-	-
Capitalization rate, percent	3.25	3.42	-	-	-
Number of apartments	1,031	216	-	-	-
Vacancy, percent	5.4	1.9	-	-	-
Real vacancy, percent	0.5	-	-	-	-
Fair value of properties opening balance, SEK million	417	-	-	-	-
Change in fair value, SEK million	68	-	-	-	-
Investments, SEK million	38	-	-	-	-
Purchases, SEK million	1,963	412	-	-	-
Sales, SEK million	-	-	-	-	-
Exchange difference, SEK million	16	5	-	-	-
Fair value of properties closing balance, SEK million	2,502	417	-	-	-

1) For comparable properties. The property portfolio in England was acquired from fellow subsidiaries in March 2014. The tables show the development as if the properties had been owned since January 1, 2014.

2) Growth from the start of the period to the end of the period, for a comparable portfolio.

3) Growth for the period compared to the same period in the previous year, for a comparable portfolio.

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

5) The property portfolio in England was acquired from fellow subsidiaries in March 2014. The tables above show the development as if the properties had been owned since 2013.

6) Adjustment for revenue from operating expenses invoiced to the tenants in Canada, United States and Sweden amounted to SEK 421 million for Jan-Sep 2017 and SEK 619 million for Jan-Dec 2016.

## other 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, Akelius Residential Property AB, corporate identity number 556156-0383, have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2, Accounting for Legal Entities.

#### disclosures in accordance with IAS 34

Interim Financial Reporting are submitted both in the notes and in other sections of the interim report.

The accounting policies applied in the preparation of the interim report are consistent with those used in the preparation of the Group's annual financial statements for the year 2016.

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

#### estimates and assessments

Estimates and assessments are evaluated continuously based on empirical factors and other aspects, including the 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.

#### assets held for sale

Fair value measurement is based on the purchase price stated in the signed purchase agreement between buyers and sellers when agreements have been signed, minus the remaining cost to put the properties in the condition agreed.

The purchase price is considered to belong to Level 1 of the fair value hierarchy in IFRS 13.

#### Owner-occupied property

As of end of September, one property has been reclassified from investment property to owner-occupied property. The property belongs to a separate asset class and will be measured at fair value in accordance to the IAS 16 revaluation model.

#### 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 2016, 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 to the cash flow that would have been received if the contracts had been concluded at market prices on the closing date.

The difference in cash flow is discounted using an interest rate that takes into account counterparty's credit risk.

The present value obtained is reported in the balance sheet at fair value.

Changes in fair value for interest rate swaps are recognized in the income statement without the application of hedge accounting.

#### currency derivatives

As of April 1, 2016, Akelius has defined currency derivatives as hedging instruments and reported the change in fair value of currency derivatives in other comprehensive income.

#### valuation of properties

The fair value of all properties is 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.

#### revenue

As of 2017, revenue from operating expenses and other property taxes invoiced to the tenants are netted with expenses reported as operating expenses.

This applies in France, Germany and Denmark. Rental income and operating expenses for prior years have been restated accordingly.

## other information

### current interest and debt coverage capacity

Realized value growth is defined as sales revenue less acquisition value and investments. Profit before tax and revaluation including realized value growth is a good indicator of the ability to generate cash flow. Net operating income and realized value growth are reinvested into existing and new properties.

This leads to a growing operating surplus. The pro forma is based on the property portfolio's gross rent, real vacancy, estimated operating expenses and maintenance costs during a normal year, as well as central administrative expenses.

Interest expenses are based on net debt on the balance sheet date calculated at currency rate for the balance sheet day.

No tax has been calculated as it relates mainly to deferred tax, which does not affect cash flow. The pro forma is not a forecast for the coming twelve months as it contains no estimates of rental, vacancy, currency exchange, future property purchases and sales or interest rate changes.

### new accounting principles

The following standards, amendments to standards and interpretations have been issued but are not yet effective for annual periods beginning on January 1, 2017. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

#### 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.

The IASB is currently engaged in an active project aimed at making limited amendments to the classification and measurement requirements of IFRS 9 and adding new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 will be effective for annual reporting periods beginning on or after January 1, 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 will replace the current revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

IFRS 15 will be effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

At this time, the impact of the above publications is not expected to be material to the Group.

#### IFRS 16 – Leases

IFRS 16 establishes a new accounting model based on the right to use an asset.

Subject to EU endorsement, the standard will be effective for reporting periods beginning on or after January 1, 2019.

The impact on the financial statements has yet to be evaluated.

### risks and uncertainties

Operational risks are limited by concentrating the property portfolio to residential properties in metropolitan areas.

Strong residential rental markets in Sweden, Germany, Canada, England, France, the United States and Denmark reduce the risk of 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 and through the capital market mitigates the refinancing risk.

Overseas investments are hedged to reduce the impact of currency movements related to the Group's equity to assets ratio.

No material changes in the company's assessment of risks have occurred since the publication of the 2016 annual report.

## definitions

**Adjusted net operating income margin**  
Net operating income in relation to rental income excluding income from operating expenses included in the rent invoiced to the tenants, such as utility and property taxes. It highlights the ongoing earning capacity from property management related to rental services only.

**Annual property return**  
Gain from the revaluation of investment properties and net operating income on an annual basis in relation to the fair value of the properties at the beginning of the year. It illustrates the total return on the property portfolio.

**Capitalization rate**  
Rate of return used in assessing the terminal value of property in the fair value assessment. Defined as the expected return when net operating income and property prices remains constant.

**Capital tied up, year**  
Volume-weighted remaining term of interest-bearing liabilities and derivatives on the balance sheet date. It illustrates the company's refinancing risk.

**Change yearly in-place residential rent**  
Development of the rental value over the last 12 months, broken down into disposals, acquisitions and comparable portfolio. The rental value contains a market rent for vacant apartments.

**Comparable properties**  
Properties owned during the periods being compared. This means that properties acquired or sold during any of the periods being compared are excluded.

**Discount rate**  
Rate of return used in assessing the present value of future cash flow and terminal value in the fair value assessment of properties. Defined as the expected return on the property.

**EBITDA**  
Net operating income plus central administrative expenses, other income and expenses with add-back of depreciation and impairment charges and operating exchange rate differences.

It highlights current cash flow capacity from property management.

**Equity to assets ratio**  
Equity in relation to total assets. It highlights the company's financial stability.

**Income return**  
Net operating income on an annual basis in relation to the fair value of the properties at the beginning of the year. It measures the yield on the property portfolio.

**Interest rate hedge total loans, year**  
Volume-weighted remaining term of interest rates on interest-bearing liabilities and derivatives on the balance sheet date. It illustrates the company's financial risk.

**Interest coverage ratio**  
Net operating income plus central administrative expenses, other income and expenses, other financial income and expenses, realized value growth with add back of depreciation and impairment charges and operating exchange rate differences, in relation to net interest. It illustrates the company's sensitivity to interest rate changes.

**Interest coverage ratio, excluding realized value growth**  
Net operating income plus central administrative expenses, other income and expenses, other financial income and expenses with add back of depreciation and impairment charges, in relation to net interest. It illustrates the company's sensitivity to interest rate changes.

**Loan-to-value ratio, total loans**  
Net debt divided by total assets minus cash, pledged cash and liquid assets. It illustrates the company's financial risk.

**Loan-to-value ratio, secured loans**  
Net debt reduced by unsecured interest-bearing debt divided by total assets minus cash, pledged cash and liquid assets. It illustrates the company's financial risk.



## definitions

### Net asset value to assets ratio

Equity, deferred tax and derivatives in relation to total assets minus cash, pledged cash and liquid assets.

It provides an alternative measure of the company's financial stability.

### Net financial items

The net of interest income, interest expenses, other financial income and expenses and changes in the fair value of derivatives. It measures the net of financial operations.

### Net letting

The sum of agreed contracted annual rents for new lets for the period less terminated annual rents.

### Net debt

Interest-bearing debts minus cash, pledged cash and liquid assets. It illustrates the company's financial risk.

### Net operating income

Rental income less property costs. It highlights the ongoing earning capacity from property management.

### Net operating income margin

Net operating income in relation to rental income.

It highlights the ongoing earning capacity from property management.

### Other income and expenses

Items from secondary activities such as gains on disposals of fixed assets other than investment properties, income and expenses from temporary services rendered after the sale of properties.

### Property costs

This item includes direct property costs such as operating expenses, utility expenses, maintenance costs, leasehold fees and property taxes.

### Property portfolio

Investment property and investment property classified as assets held for sale.

### Realized value growth

Proceeds from the sale of investment properties minus acquisition costs, accumulated investments and costs of sale. It illustrates realized value growth of properties sold.

### 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 the month-end.

### Renewed and renegotiated rental contracts

All changes in rental levels for remaining tenants.

### Rental income

Rental value less vacancies, rent discounts.

### Return on equity

Comprehensive income divided by opening equity. Shows the return offered on the owners' invested capital.

### Unencumbrance ratio

Unencumbered assets less cash equivalents to senior unsecured debt less cash equivalents.

### Vacancy rate

The number of vacant apartments in relation to the total number of apartments.

Vacancy is measured on the first day after the month-end.

### Walkscore

Rating of how easy it is to complete daily errands without a car.

Locations are rated on a scale from 0 to 100, where 100 is the best. Walkscore is provided by Walkscore.com



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## Akelius in brief

### apartments for metropolitans

86 percent of the properties are in cities with more than one million inhabitants, such as Berlin, Hamburg, Munich, Cologne, Paris, London, Toronto, Montreal, New York, Boston, Washington, Stockholm and Copenhagen.

### better living

Akelius' mission is to provide current and future tenants with better living by continuously upgrading our buildings and our service.

### acquire via cherry picking

Akelius prefers to make smaller acquisitions of properties that are just right, by cherry-picking, rather than to make a smaller number of larger acquisitions of properties that are not quite right.

### strong capital structure, low refinancing risk

Akelius has agreements with thirty-five banks, listed preference shares and listed senior unsecured bonds.

Akelius is Sweden's largest listed property company and has seventeen thousand shareholders.

### first-class personnel

More than two hundred employees have graduated from the Residential Real Estate Management program at Akelius University.

### financial calendar

Year-end report 2017	Feb 5, 2018
Annual report 2017	Mar 16, 2018
Interim report Jan-Mar 2018	Apr 27, 2018