

# Year end report

## Akeliuss Residential Property AB (publ)

January to December 2014

- Rental income SEK 3,602 million (3,025), increased by 3.4 per cent (5.8) for comparable properties
- Operating surplus SEK 1,882 million (1,579), increased by 7.1 per cent (6.7) for comparable properties
- Change in property value SEK 1,412 million (1,569), or 3.2 per cent (4.4)
- Change in value of derivative instruments SEK -1,149 million (1,138)
- Net profit before tax SEK 852 million (2,897)
- Earnings per share SEK 0.15 (1.21)
- Investments in property holdings SEK 1,881 million (1,531)
- Purchases of properties SEK 9,678 million (6,901)
- Sales of properties SEK 1,084 million (1,801), 14 (10) per cent higher than fair value at the beginning of the year
- Issue of preference shares SEK 4,020 million and common shares SEK 5,003 million

### Summary

	2014 Oct-Dec	2013 Oct-Dec	2014 Jan-Dec	2013 Jan-Dec
Rental income, SEK million	983	784	3,602	3,025
Operating surplus, SEK million	424	344	1,882	1,579
Operating profit, SEK million	627	495	3,226	3,008
Profit before tax, SEK million	-39	408	852	2,897
Earnings per share before and after dilution, SEK	-0.11	0.02	0.15	1.21
Rent level increase for comparable properties, per cent	1.2	1.0	4.3	5.8
Real vacancy rate residential, per cent	1.0	0.7	1.0	0.7
Loan-to-value, per cent	52	56	52	56
Property fair value, SEK million	57,736	44,104	57,736	44,104
Number of apartments	47,896	41,319	47,896	41,319

## Enhanced organization

During the year we strengthened our organization. We recruited forty Construction Managers and ten new employees for our service center in Germany. The Board was enhanced by the addition of two new members, Staffan Jufors – with long experience as former CEO of Volvo Lastvagnar – and Michael Brusberg – former CEO of Jeppesen/Boeing Sweden.

In addition to the upgrade of 4,000 apartments, we have renovated some hundred of new apartments through the densification and conversion of existing properties.

In total this year we bought 7,800 apartments, the highest number in Berlin – 3,100 apartments. Single largest deal was Hugo Åberg in Malmö with 1,800 apartments. We were established in two new major cities; Paris and Montreal. In London we bought 1,200 apartments, including 900 apartments by fellow subsidiaries.

Throughout the year, we sold a total of 1,300 apartments. The selling price was SEK 1,083 million, 14 per cent above fair value at the beginning of the year.

At the end of the year 77 per cent of the portfolio was located in Berlin, Hamburg, London, Toronto, Montreal, Paris, Stockholm, Gothenburg and the Öresund Region.

The loan-to-value ratio decreased during the year from 56 per cent to 52 per cent, partly as a result of the issuance of preference shares.

Our average interest rates decreased from 4.8 per cent to 3.9 per cent. The interest coverage ratio thus rose sharply from 1.2 to 1.5.

Residential properties in major cities provide strong growth. For comparable properties net operating income increased with 7.1 per cent and rental income with 3.4 per cent.

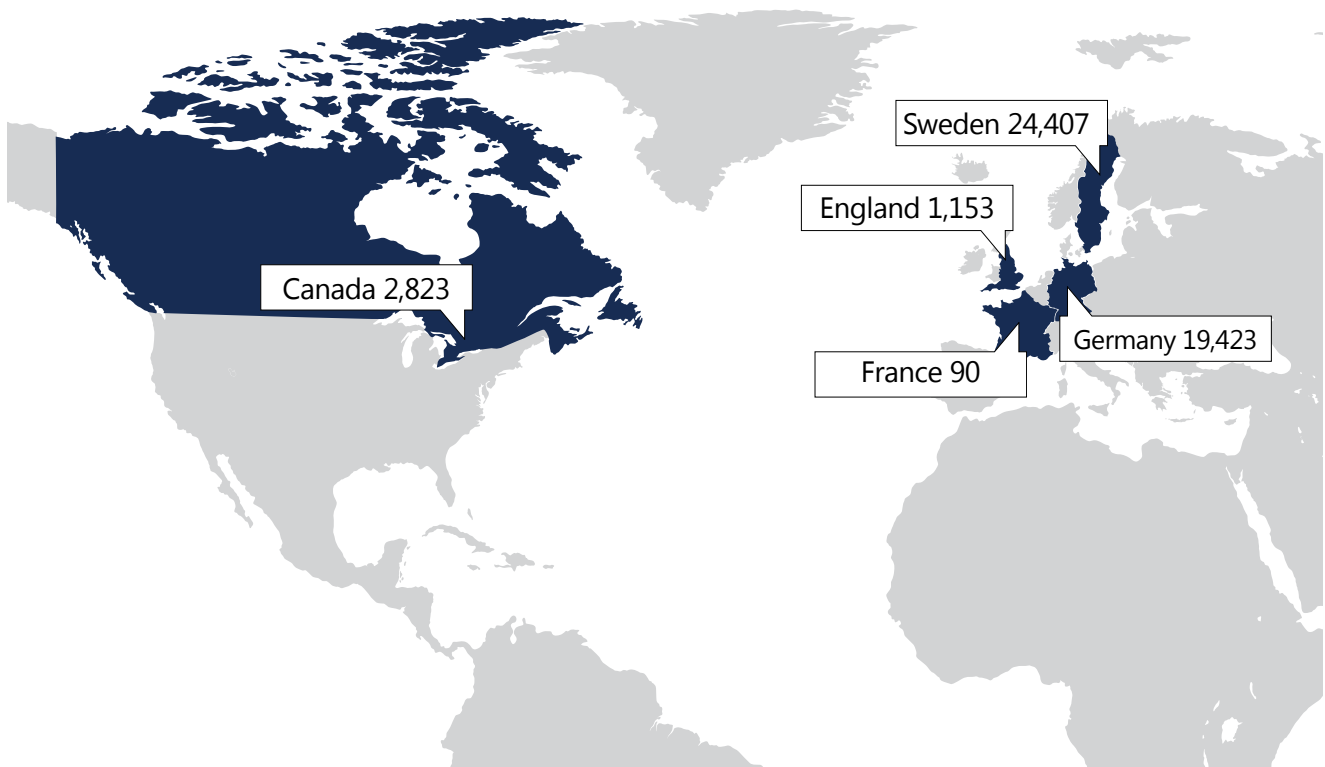
Pål Ahlsén,  
CEO, Managing Director



Sherbrooke West, Montreal, 44 apartments purchased during the fall 2014.

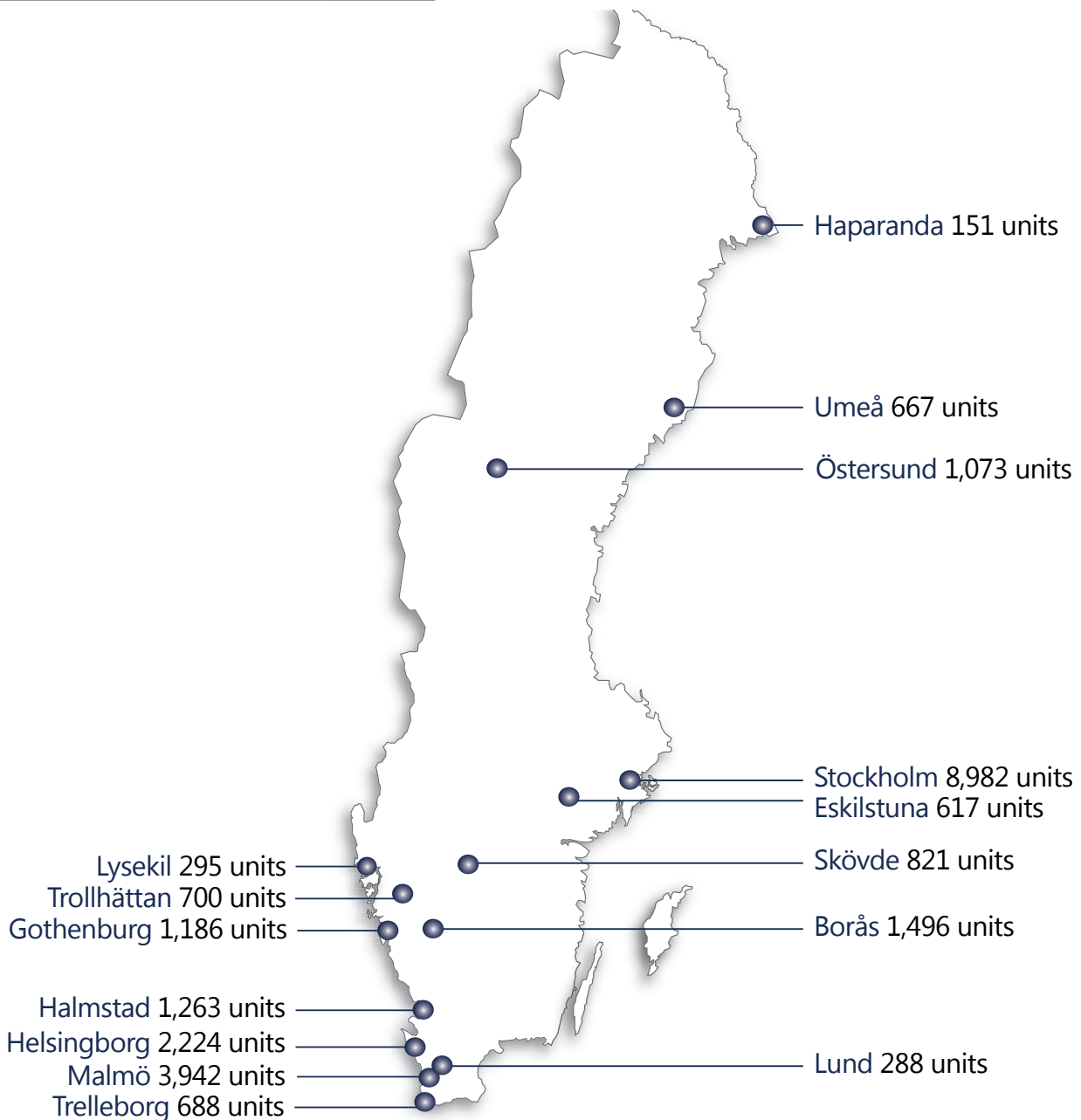
## Property portfolio 31 December 2014

	Residential units	Lettable space, thousand sqm			Fair value	
		Residential	Commercial	Total	SEK million	SEK/sqm
Sweden	24,407	1,686	299	1,985	29,571	14,899
Germany	19,423	1,192	72	1,264	21,171	16,752
Canada	2,823	157	1	157	3,432	21,808
England	1,153	63	0	63	3,395	53,606
France	90	3	0	3	166	60,732
<b>Total</b>	<b>47,896</b>	<b>3,100</b>	<b>372</b>	<b>3,472</b>	<b>57,736</b>	<b>16,629</b>



## Sweden

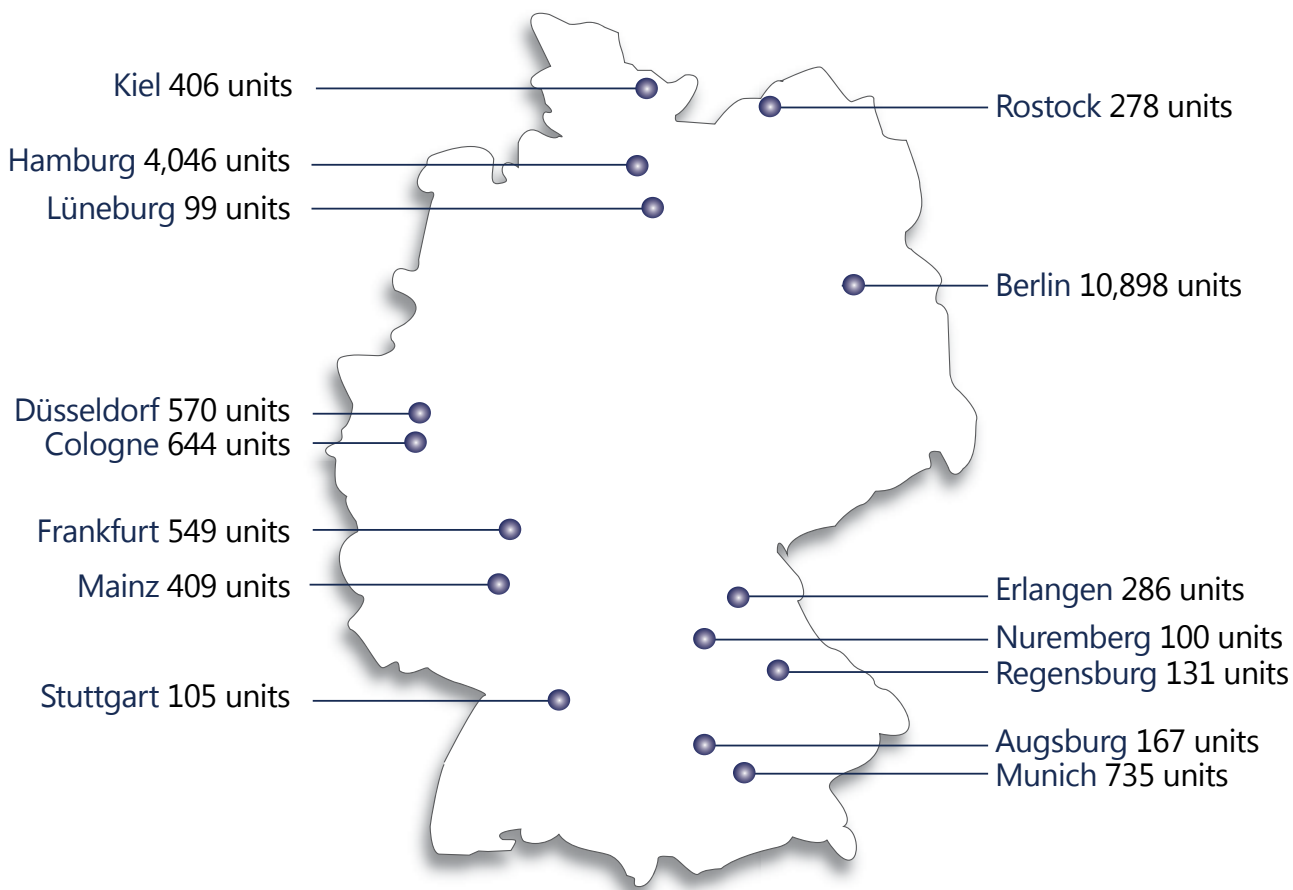
Total property portfolio		Average rent, SEK/sqm/year	
Residential units	24,407	<b>Total portfolio 1 January 2014</b>	<b>1,114</b>
Fair value, SEK million	29,571	Sales	4
- SEK per sqm	14,899	Comparable portfolio 1 January 2014	1,118
- required yield, per cent	4.78	<b>Increase in comparable portfolio</b>	<b>41</b> ←3.7%
Vacancy rate, residential, per cent	1.5	Comparable portfolio 1 January 2015	1,159
- due to upgrades, per cent	73	Purchases	-3
- real vacancy rate, per cent	0.4	<b>Total portfolio 1 January 2015</b>	<b>1,156</b>



## Germany

Total property portfolio	
Residential units	19,423
Fair value, SEK million	21,171
- SEK per sqm	16,752
- required yield, per cent	4.72
Vacancy rate, residential, per cent	4.5
- due to upgrades, per cent	66
- real vacancy rate, per cent	1.6

Average rent, EUR/sqm/month	
<b>Total portfolio 1 January 2014</b>	<b>7.71</b>
Sales	-
Comparable portfolio 1 January 2014	7.71
<b>Increase in comparable portfolio</b>	<b>0.42</b> ← 5.4%
Comparable portfolio 1 January 2015	8.13
Purchases	-0.36
<b>Total portfolio 1 January 2015</b>	<b>7.77</b>

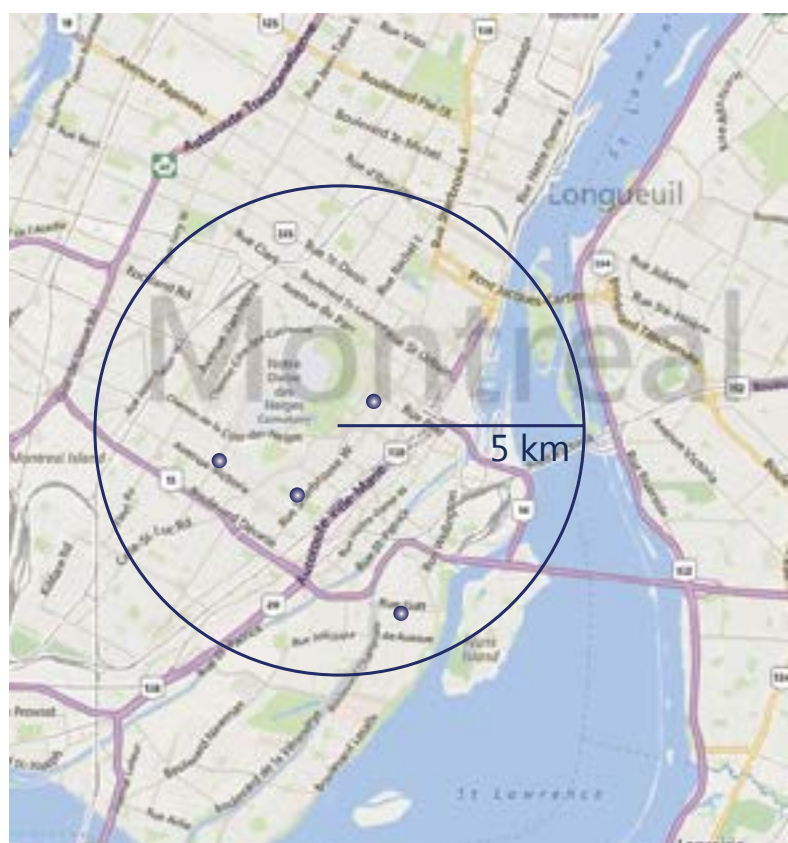
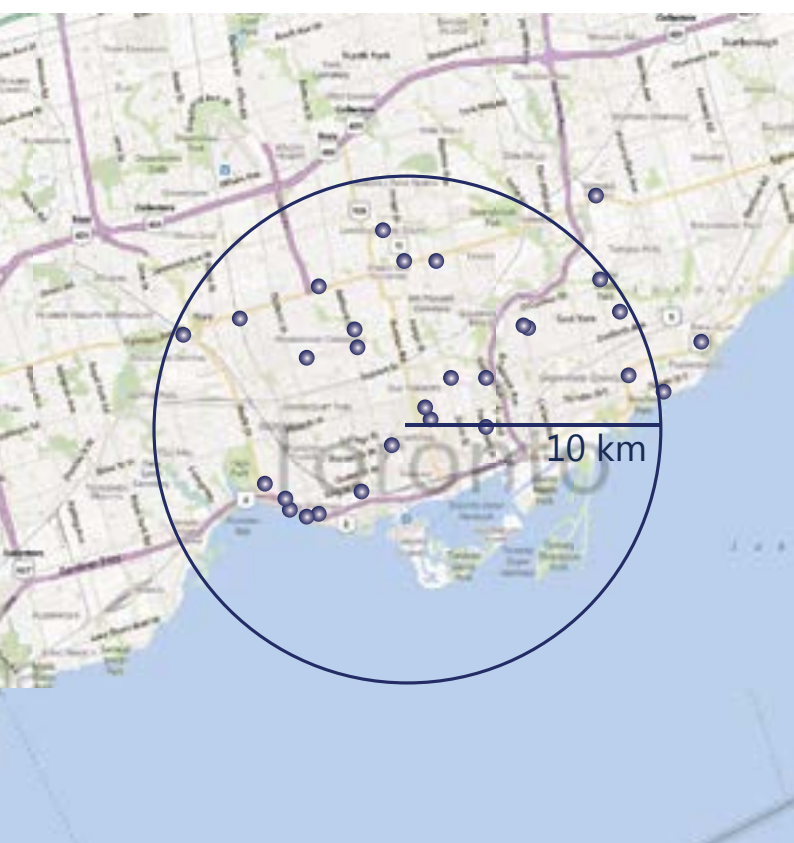


\*) Average rent for the total portfolio 1 January 2015 also includes 35 properties that were purchased on 1 January 2015. Total residential area amounted 66,299 square meters.



## Canada

Total property portfolio		Average rent, CAD/sqft/month	
Residential units	2,823	<b>Total portfolio 1 January 2014</b>	<b>1.95</b>
Fair value, SEK million	3,432	Sales	-
- SEK per sqm	21,808	Comparable portfolio 1 January 2014	1.95
- required yield, per cent	4.55	<b>Increase in comparable portfolio</b>	<b>0.13</b> ← 6.6%
Vacancy rate, residential, per cent	6.7	Comparable portfolio 1 January 2015	2.08
- due to upgrades, per cent	60	Purchases	-0.26
- real vacancy rate, per cent	2.7	<b>Total portfolio 1 January 2015</b>	<b>1.83</b>



Akelius Residential Property's properties in Toronto and Montreal are marked with blue dots.

## England

Total property portfolio		Average rent, GBP/sqft/month*	
Residential units	1,153	<b>Total portfolio 1 January 2014</b>	<b>1.55</b>
Fair value, SEK million	3,395	Sales	-
- SEK per sqm	53,606	Comparable portfolio 1 January 2014	1.55
- required yield, per cent	4.36	<b>Increase in comparable portfolio</b>	<b>0.18</b> ←11.3%
Vacancy rate, residential, per cent	7.8	Comparable portfolio 1 January 2015	1.72
- due to upgrades, per cent	73	Purchases	0.02
- real vacancy rate, per cent	2.1	<b>Total portfolio 1 January 2015</b>	<b>1.74</b>



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

\*) The main part of the property portfolio in England was bought from fellow subsidiaries in March 2014. The table above shows the development as if Akelius Residential Property had owned the properties since 1 January 2014.



## France

Total property portfolio	
Residential units	90
Fair value, SEK million	166
- SEK per sqm	60,732
- required yield, per cent	4.11
Vacancy rate, residential, per cent	34.4
- due to upgrades, per cent	100
- real vacancy rate, per cent	0.0

We bought our first property in France in September 2014.



28 rue Hermel, Paris, France



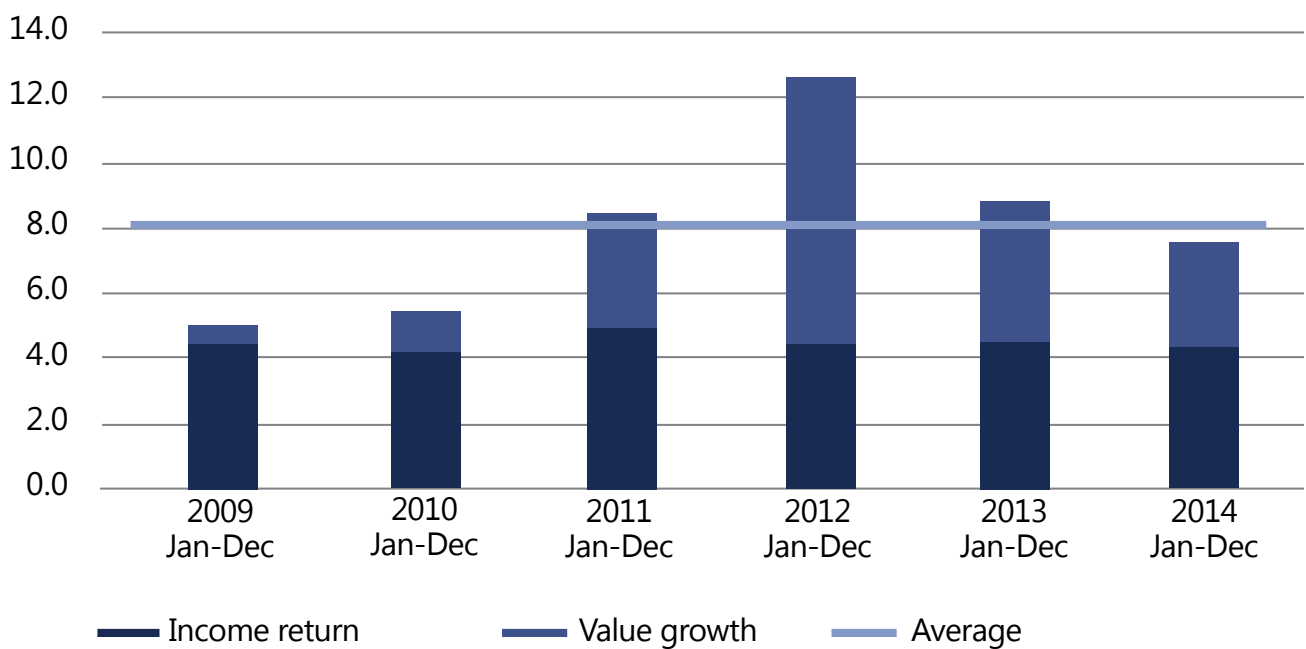
Akelius Residential Property's properties in Paris are marked with blue dots.



## Total property return January-December 2014

	SEK million	Growth Jan-Dec, per cent
<b>Fair value, 1 Jan 2014</b>	<b>44,104</b>	
Revaluations	1,412	3.2
Investments	1,881	4.3
Purchases	9,678	21.9
Sales	-1,084	-
Translation difference	1,745	4.0
<b>Fair value, 31 December 2014</b>	<b>57,736</b>	<b>30.9</b>
<b>Operating surplus</b>	<b>1,882</b>	
	SEK million	p.a., per cent
<b>Total property return</b>	<b>3,294</b>	<b>7.5</b>

Per cent



## Financial information January-December 2014

### Operating surplus SEK 1,882 million

Consolidated rental income for the year increased by SEK 577 million to SEK 3,602 million (3,025). Out of the total increase in revenue, SEK 495 million is attributable to the purchase of new properties and SEK 82 million is due to increased rents on comparable properties. Adjusted for changes in exchange rates, rental income for comparable properties increased by 3.4 per cent compared to the same period in 2013.

The vacancy rate for residential properties was 3.2 per cent, of which 69 per cent was due to apartment upgrades and planned apartment sales. The real vacancy rate was therefore 1.0 per cent, which is 0.3 percentage points higher compared to the end of 2013.

Property expenses amounted to SEK 1,720 million (1,446), of which SEK 314 million (303) was in respect of maintenance, corresponding to an average annual expense of SEK 97 per square meter. The operating surplus for comparable properties increased by 7.1 per cent. For the total portfolio, the operating surplus margin was 52.2 per cent (52.2).

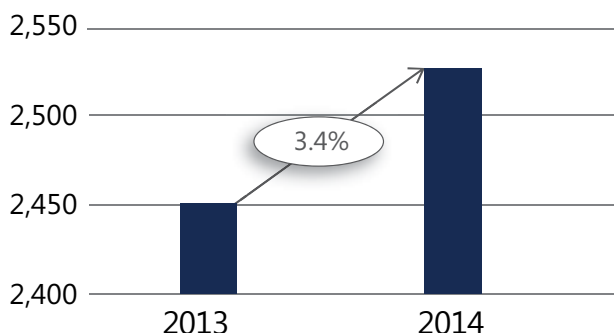
### Increase in value of properties 3.2 per cent

The increase in value of the properties was SEK 1,412 million (1,569) for the period, equivalent to 3.2 per cent (4.4). The increase in value is due to increased rental income. Properties were sold during the year for a total of SEK 1,084 million, which was 14 per cent above the fair value at the beginning of the year.

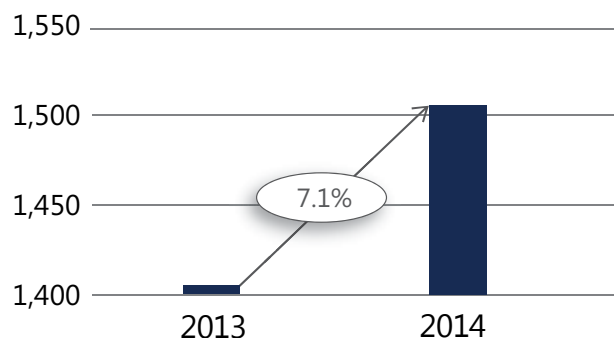
### Net financial items SEK -1,225 million

Income from financial items for the year was SEK 8 million (8) and financial expenses were SEK 1,231 million (1,257). The Group's interest expenses decreased by SEK 11 million compared to the same period last year. The average interest rate on total borrowings decreased by 0.81 percentage points to 3.94 per cent, which affected interest expenses positively. The interest coverage ratio was 1.5 (1.2).

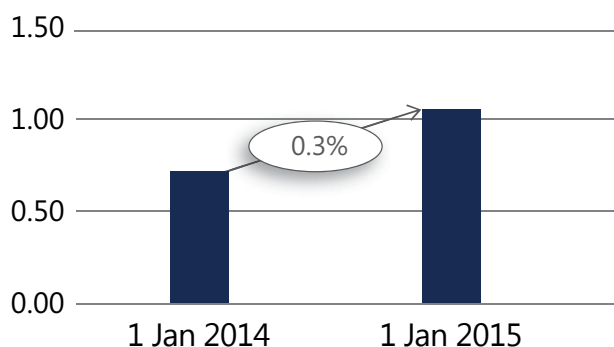
### Rental income, comparable properties SEK million



### Operating surplus, comparable properties SEK million



### Real vacancy percentage



## Change in fair value of derivatives SEK -1,149 million

Derivative financial instruments during the period declined in value by SEK -1,149 million (1,138), mainly due to the fall in market interest rates.

## Net profit before tax SEK 852 million

Net profit before tax was SEK 852 million (2,897), negatively impacted by a decrease in fair value of derivatives financial instruments of SEK -1,149 million (1,138).

## Tax

Total tax expense for the period amounted to SEK 350 million (677), of which SEK 343 million related to deferred tax from unrealized gains on properties. The total deferred taxes net liability balance was SEK 2,375 million (2,032) at the end of the year.

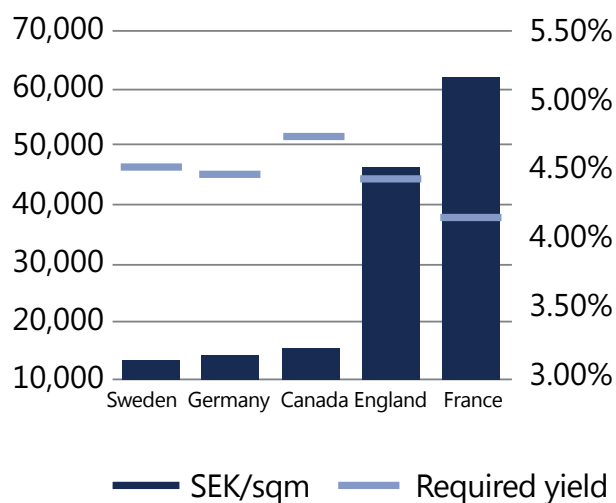
## Property purchases SEK 9,678 million

During the period, properties were purchased for SEK 9,678 million with an average required yield of 4.45 per cent. SEK 2,119 million relates to the purchase of properties in England from fellow subsidiaries. Additionally, new properties were bought in England for SEK 834 million. In Germany, properties were purchased for SEK 3,384 million at an average property price per square metre of SEK 13,477. In Canada, properties were bought for SEK 1,092 million at an average property price per square metre of SEK 14,962. During November, properties were bought in Sweden for SEK 2,078 million. In France two properties were purchased for SEK 172 million.

## Property investments SEK 1,881 million

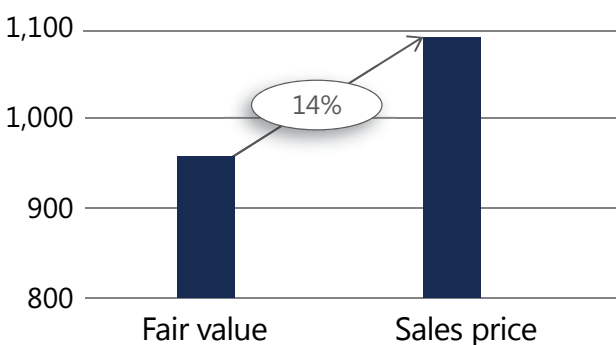
Investments in properties for the year totalled SEK 1,881 million (1,531), equivalent to an annual investment of SEK 582 per square metre. First Class investments totalled SEK 1,022 million and SEK 859 million was invested in the conversion of commercial premises and lofts to apartments, densification of existing properties and water and energy saving projects.

## Purchases



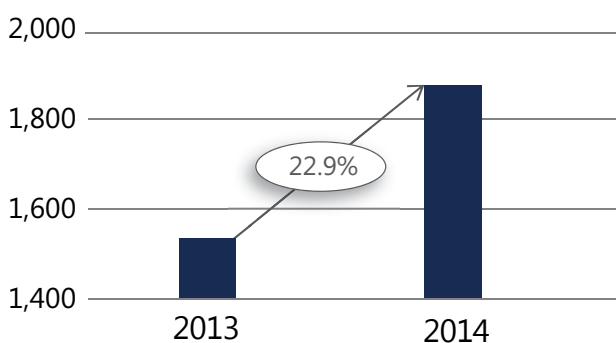
## Sales

SEK million



## Investments

SEK million





## Market valuation of properties

The estimated market value of the Group's property holdings at the end of the period was SEK 57,736 million, which is equivalent to an average of SEK 16,629 per square metre as compared to SEK 14,736 at the end of 2013. The higher value per square metre is primarily due to increase of value of existing properties and the purchase of properties in England that, on average, were valued at SEK 46,622 per square metre.

The fair value of all properties was assessed by internal valuations by closing day. The valuations are based on a cash flow model for each individual property, with separate assessments of future earning ability and required rates of return. The cash flow model is based on actual income and expenses adjusted for a normalized future cash flow. The average required yield for the whole portfolio was 4.72 per cent.

## Equity to assets ratio 38 per cent

At the end of the period, consolidated equity was SEK 22,583 million, equivalent to an equity ratio of 38 per cent. Under the period, Akelius Residential Property paid dividends of SEK 4,200 million, registered common share issues for SEK 5,003 million, issued preference shares for SEK 4,020 million and recognized a EUR 150 million hybrid bond loan in equity. Akelius Residential Property has also implemented a share split, entitling shareholder to receive 4,449 new shares for each share owned.

## Loan-to-value 52 per cent

The loan-to-value ratio decreased from 56 per cent to 52 per cent during 2014. The Group's borrowings increased during the period by SEK 4,816 million to a total of SEK 30,336 million. Secured loans increased by SEK 5,194 million to SEK 27,666 million at the end of the year, corresponding to a loan-to-value ratio of 47 per cent.

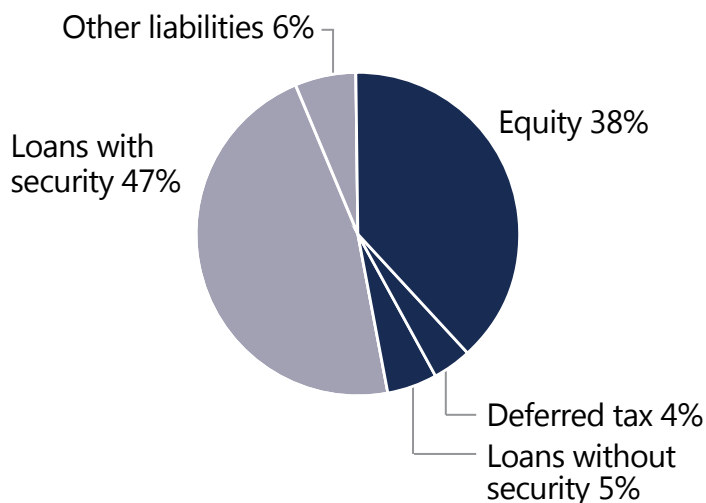
## Required yield per cent

<b>Opening</b>	<b>4.75</b>
Translation difference	0.00
Purchases	-0.03
Sales	-0.01
Comparable	0.01
<b>Closing</b>	<b>4.72</b>

## Required yield per country per cent

	Total
Sweden	4.78
Germany	4.72
Canada	4.55
England	4.36
France	4.11
<b>Total</b>	<b>4.72</b>

## Equity & Liabilities



The secured loans are borrowed from 28 banks in four countries, which leads to less dependence on the financial strength of each country and bank. Assets pledged as collateral for mortgages has increased from SEK 25,545 million at the end of 2013 to SEK 28,995 million, primarily related to the purchase of properties.

Unsecured loans have decreased during the period with SEK 378 million to SEK 2,670 million. Unsecured loans encompass two listed bond loans, deposits from the public and loans from related companies. Akelius' bond loans are listed on Nasdaq Stockholm and had a nominal value of SEK 1,198 million at the end of the period.

### Capital tied up 4.5 years

Total interest-bearing debt was on average tied up for 4.5 years, compared to 4.6 at the end of 2013. The loans that mature within one year amount to SEK 3,651 million. The refinancing risk is mitigated by a highly diversified funding and a low loan-to-value.

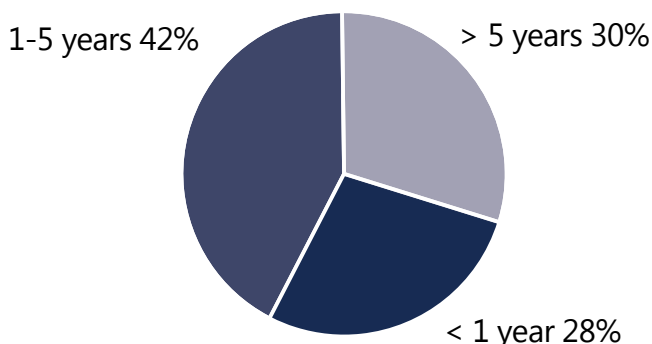
### Interest rate hedge 4.2 years

Of the SEK 30,336 million in total interest-bearing debt, SEK 8,581 million had a fixed interest rate term of less than one year and SEK 8,981 million had a fixed interest rate term of more than five years. The loans had an average interest rate of 3.94 per cent, which is 0.81 percentage points lower compared to the same period in 2013. The average interest rate hedge was 4.2 years as compared to 5.0 years at the end of 2013.

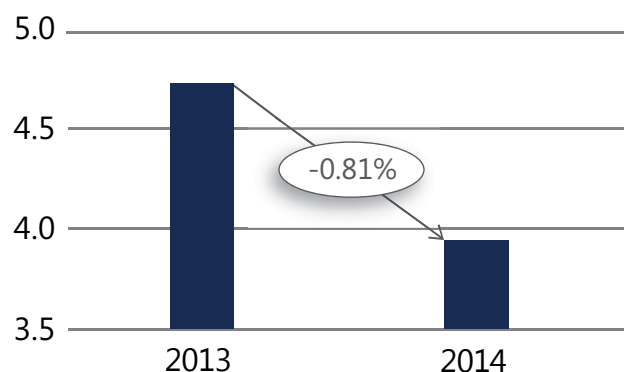
### Liquidity SEK 1,765 million

At the end of the period, available funds in the form of cash and secured but unutilized credit facilities totalled SEK 1,765 million, compared to SEK 1,597 million at the end of 2013. The unmortgaged share of the properties' fair value corresponded to SEK 30,061 million at the end of the period.

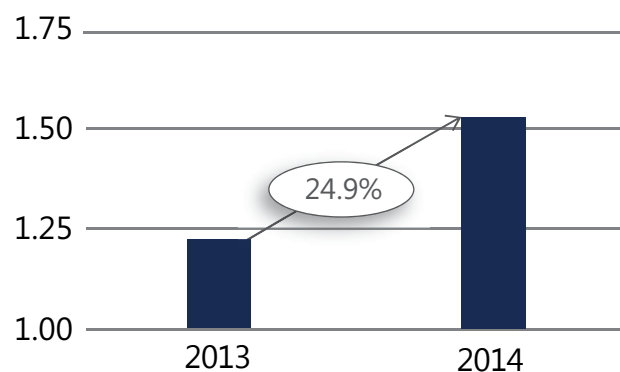
### Interest hedge, total loans



### Average interest rate per cent



### Interest coverage ratio, total loans times



## Registration of preference shares

During the second quarter, 3.4 million preference shares with an issue price of SEK 300 each were registered to a total amount of SEK 1,020 million and during the third quarter an additional SEK 9.4 million preference shares with an issue price of SEK 320, totalling SEK 3,000 million were registered. Each preference share provides an annual dividend of SEK 20, with quarterly payments of SEK 5. Akelius' Certified Adviser is Avanza Bank. Akelius' preference shares are listed on Nasdaq First North. As at December 31st 2014, the price paid per preference share was SEK 327.5. The dates for preference share dividends were determined by an extraordinary general meeting. The latest dividend took place on the 5th of February, 2015. On 5th of November 2014, Akelius paid a dividend of SEK 64 million to the owners of preference shares. A total amount of SEK 81 million were paid in 2014.

## Cash flow

Operating activities generated a cash flow of SEK 702 million (318). Net cash from investing activities was SEK -10,657 million (-6,570). Cash flow from acquisitions of properties is secured before signing acquisition agreements. Profitable and non-mandatory upgrades to First Class can, if needed, be stopped within a three-month period. Cash flow from financing activities was SEK 10,174 million (6,283).

## Parent company

The parent company's net financial income for the period amounted to SEK -8 million (-308) while profit before tax totalled SEK -624 million (383), which is attributable to negative changes in fair value of derivative financial instruments of SEK -440 million (253). During the period, Akelius Residential Property AB paid SEK 4,148 million in dividends, issued common shares of SEK 5,003 million and preference shares to a total of SEK 4,020 million and issued a new unsecured bond loan of SEK 350 million.

## Consolidated result for the fourth quarter

Net comprehensive income for the quarter amounted to SEK 268 million (198) and has been impacted by a negative change in fair value of derivative financial instruments of SEK -338 million (259). During the fourth quarter, rental income increased to SEK 983 million (784) and property costs increased to SEK 559 million (440), which resulted in an improvement of the operating surplus of SEK 424 million (344).

The value increase of the property portfolio was SEK 225 million (236), mainly related to an increase in rental income. Financial costs were SEK 330 million (351). The lower financial costs are attributable to a lower average interest rate.

Cash flow for the fourth quarter amounted to SEK 157 million (-52). Cash flow generated from operations was SEK 196 million (334), primarily related to higher cash flow generated from operations. Net cash flow from investing activities amounted to SEK -4,643 million (-1,348), which is essentially explained by the acquisition of investment properties. Financing activities had a positive effect on cash flow of SEK 4,604 million (962).



## Other information

### Risks and uncertainties

The operational risks are limited through the property portfolio being concentrated to residential properties in major cities. Strong residential rental markets in Sweden, Germany, France, Canada and England reduce the risk for long-term vacancies. In order to further reduce the risk, or variations in cash flow, interest rates are secured on long-term. Access to capital from a large number of banks, through the capital market and from private individuals mitigates the refinancing risk. Overseas investments are currency-hedged in a way that the Group's equity to assets ratio is not affected by exchange rate fluctuations.

### Accounting principles

The Akelius Residential Property Group's Year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting. The financial statements of the parent company have been prepared in accordance with the Swedish Annual Accounts Act and the accounting standard RFR 2, Accounting for Legal Entities. The Group applies the same accounting principles as in the last annual report, with the exception of IFRS 11 and IFRIC 21 Levies. As of 2014, Akelius Residential Property applies IFRIC 21 Levies and has reported in the interim report for January-December 2014 the total amount of the annual property tax liability. Additionally, a prepaid expense has been reported and is amortized on a straight-line basis over the financial year. IFRS 11 has not had any material impact on the Group. The figures in this interim report have been rounded up or down, while the calculations have been made without rounding up or down. As a result, the figures in certain tables and key figures may appear not to add up correctly.

Derivative instruments consist mainly of interest rate swaps. Estimates of the fair value of derivatives are based on Level 2 of the fair value hierarchy. Compared to 2013, no transfers have occurred between the different levels of the hierarchy, and no significant changes have been made regarding the valuation method.

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

### Estimates and assessments

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

### Personnel

At the end of the period, 454 persons were employed in the Group.

### Related party transactions

During the fourth quarter, the group raised SEK 102 million from the mother company Akelius Apartments Ltd. The transactions were subject to market terms.

### Events after balance sheet

In January 2015, 36 properties with 1,097 residential units were acquired in Germany. At the end of February, five properties with 169 residential units were bought in central Paris. In January, the company issued bonds for SEK 500 million. The bonds mature in March 2018.

Danderyd, Sweden, 27 February 2015  
Akelius Residential Property AB (publ)

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Pål Ahlsén,  
CEO, Managing director

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

## Consolidated statement of comprehensive income

SEK million

	2014 Oct-Dec 3 months	2013 Oct-Dec 3 months	2014 Jan-Dec 12 months	2013 Jan-Dec 12 months
Rental income	983	784	3,602	3,025
Operating costs	-421	-311	-1,406	-1,143
Maintenance	-138	-129	-314	-303
<b>Operating surplus</b>	<b>424</b>	<b>344</b>	<b>1,882</b>	<b>1,579</b>
Central administration	-28	-28	-54	-55
Other income and expenses	6	-58	-14	-85
Net gain on revaluation of investment properties	225	236	1,412	1,569
<b>Operating profit</b>	<b>627</b>	<b>495</b>	<b>3,226</b>	<b>3,008</b>
Interest income	2	5	7	8
Interest expenses	-310	-310	-1,191	-1,203
Other financial income and expenses	-19	-41	-39	-54
Change in fair value of derivative financial instruments	-338	259	-1,149	1,138
<b>Profit before tax</b>	<b>-39</b>	<b>408</b>	<b>852</b>	<b>2,897</b>
Tax	-232	-373	-350	-677
<b>Profit for the period / year</b>	<b>-270</b>	<b>35</b>	<b>503</b>	<b>2,220</b>
Translation difference	538	163	745	206
<b>Comprehensive income for the period / year</b>	<b>268</b>	<b>198</b>	<b>1,248</b>	<b>2,426</b>
Profit attributable to:				
- parent company shareholders	-238	34	503	2,216
- holdings with no controlling influence	-32	1	0	4
Total comprehensive income attributable to:				
- parent company shareholders	296	198	1,245	2,422
- holdings with no controlling influence	-28	1	3	4
Earnings per share before and after dilution, SEK	-0.11	0.02	0.15	1.21

## Consolidated statement of financial position

SEK million

	2014 31 Dec	2013 31 Dec
<b>Assets</b>		
Intangible fixed assets	14	-
Investment property	57,736	44,104
Tangible fixed assets	21	18
Derivative financial instruments	-	100
Deferred tax	9	663
Financial fixed assets	119	204
<b>Total non-current assets</b>	<b>57,899</b>	<b>45,089</b>
Trade and other receivables	612	544
Derivative financial instruments	0	0
Cash and cash equivalents	278	59
<b>Total current assets</b>	<b>890</b>	<b>603</b>
<b>Total assets</b>	<b>58,789</b>	<b>45,692</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>22,583</b>	<b>15,169</b>
Borrowings	26,519	22,398
Derivative financial instruments	2,466	1,496
Deferred tax	2,384	2,695
Other liabilities	33	25
<b>Total non-current liabilities</b>	<b>31,403</b>	<b>26,614</b>
Borrowings	3,816	3,123
Derivative financial instruments	53	24
Trade and other payables	935	762
<b>Total current liabilities</b>	<b>4,804</b>	<b>3,909</b>
<b>Total equity and liabilities</b>	<b>58,789</b>	<b>45,692</b>
Interest-bearing liabilities		
- without security	2,670	3,049
- with security	27,666	22,472
<b>Total</b>	<b>30,336</b>	<b>25,521</b>



## Consolidated statement of cash flows

SEK million

	2014 Oct-Dec 3 months	2013 Oct-Dec 3 months	2014 Jan-Dec 12 months	2013 Jan-Dec 12 months
Cash generated from operations	560	657	1,879	1,570
Interest paid	-364	-324	-1,173	-1,249
Income tax paid	-1	1	-4	-3
<b>Net cash generated from operating activities</b>	<b>196</b>	<b>334</b>	<b>702</b>	<b>318</b>
Purchase of intangible fixed assets	-11	-	-14	-
Investments in investment properties	-630	-524	-1,881	-1,531
Purchase of investment properties	-4,009	-2,597	-9,678	-6,901
Sales of investment properties	27	1,088	1,064	1,765
Increase/decrease in other fixed assets	-20	685	-149	97
<b>Net cash used in investing activities</b>	<b>-4,643</b>	<b>-1,348</b>	<b>-10,657</b>	<b>-6,570</b>
New share issue	2,975	2,120	8,960	2,120
Shareholder contribution	0	-	1,377	680
Borrowings	5,047	1,087	10,087	9,361
Repayment of loans	-264	-2,217	-6,043	-6,122
Purchase of derivative instruments	-36	-	-71	271
Group contribution	-	-27	-	-27
Dividend	-3,119	-	-4,136	-
<b>Net cash from financing activities</b>	<b>4,604</b>	<b>962</b>	<b>10,174</b>	<b>6,283</b>
<b>Cash flow for the period/year</b>	<b>157</b>	<b>-52</b>	<b>219</b>	<b>31</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>121</b>	<b>111</b>	<b>59</b>	<b>28</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>278</b>	<b>59</b>	<b>278</b>	<b>59</b>

## Consolidated statement of changes in equity

SEK million

	Share capital	Share premium	Other reserves	Retained earnings	Total	Non controlling influence	Total equity
<b>Equity 31 December 2012</b>	<b>400</b>	<b>-</b>	<b>-164</b>	<b>9,707</b>	<b>9,943</b>	<b>27</b>	<b>9,970</b>
Shareholder contribution	-	-	-	680	680	-	680
Share issue	183	1,937	-	-	2,120	-	2,120
Transfer share capital	680	-	-	-680	0	-	0
Shareholder contribution	-	-	-	-27	-27	-	-27
Profit for the year	-	-	-	2,216	2,216	4	2,220
Other comprehensive income	-	-	206	-	206	-	206
<b>Equity 31 December 2013</b>	<b>1,263</b>	<b>1,937</b>	<b>42</b>	<b>11,896</b>	<b>15,138</b>	<b>31</b>	<b>15,169</b>
Shareholder contribution	-	-	-	-7	-7	49	42
Redistribution	-	-1,867	-	1,867	-	-	-
Hybrid loan	-	-	-	-	-	1,365	1,365
Dividend	-	-	-	-4,148	-4,148	-52	-4,200
Share issue	475	-	-	8,486	8,960	-	8,960
Profit for the year	-	-	-	503	503	-	503
Other comprehensive income	-	-	741	-	741	4	745
<b>Equity 31 December 2014</b>	<b>1,738</b>	<b>70</b>	<b>782</b>	<b>18,598</b>	<b>21,187</b>	<b>1,396</b>	<b>22,583</b>

## Segment information Jan-Dec 2014

SEK million

	Sweden		Germany		Other		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Rental income	2,101	2,038	1,249	987	251	-	3,602	3,025
Operating costs	-842	-789	-438	-354	-126	-	-1,406	-1,143
Maintenance	-196	-231	-101	-72	-16	-	-314	-303
<b>Operating surplus</b>	<b>1,063</b>	<b>1,018</b>	<b>710</b>	<b>561</b>	<b>109</b>	<b>-</b>	<b>1,882</b>	<b>1,579</b>
Central administration	-	-	-	-	-	-	-54	-55
Other income and expenses	-	-	-	-	-	-	-14	-85
Net gain on revaluation of investment properties	838	815	391	729	183	25	1,412	1,569
<b>Operating profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,226</b>	<b>3,008</b>
Interest income	-	-	-	-	-	-	7	8
Interest expenses	-	-	-	-	-	-	-1,191	-1,203
Other financial income and expenses	-	-	-	-	-	-	-40	-54
Change in fair value of derivative financial instruments	-	-	-	-	-	-	-1,149	1,138
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>852</b>	<b>2,897</b>
Operating surplus	1,063	1,018	710	561	109	-	1,882	1,579
Change in fair value	838	815	391	729	183	25	1,412	1,569
<b>Total property return</b>	<b>1,901</b>	<b>1,833</b>	<b>1,101</b>	<b>1,290</b>	<b>292</b>	<b>25</b>	<b>3,294</b>	<b>3,148</b>
<b>Total property return, per cent</b>	<b>7,1</b>	<b>7.8</b>	<b>7,1</b>	<b>10.8</b>	<b>16,6</b>	<b>-</b>	<b>7.5</b>	<b>8.9</b>
<b>Property fair value</b>	<b>29,571</b>	<b>26,797</b>	<b>21,171</b>	<b>15,549</b>	<b>6,994</b>	<b>1,758</b>	<b>57,736</b>	<b>44,104</b>



## Borrowings

Duration Years	Fixed interest rates			Capital tied up	
	Amount in SEK million	Average interest rate, per cent	Share, per cent	Amount in SEK million	Share, per cent
0-1	8,581	2.60	28	3,816	13
1-2	2,138	3.99	7	7,224	24
2-3	3,881	3.95	13	7,964	26
3-4	3,221	3.80	11	3,769	12
4-5	3,534	4.77	12	1,087	4
5-6	1,170	5.39	4	1,340	4
6-7	3,308	5.32	11	8	0
7-8	1,343	4.78	4	1	0
8-9	78	3.34	0	315	1
9-10	664	4.77	2	0	0
10 ->	2,418	4.30	8	4,810	16
<b>Total</b>	<b>30,336</b>	<b>3.94</b>	<b>100</b>	<b>30,336</b>	<b>100</b>

## Statement of comprehensive income, parent company

SEK million	2014 Oct-Dec 3 months	2013 Oct-Dec 3 months	2014 Jan-Dec 12 months	2013 Jan-Dec 12 months
Rental income	0	12	0	51
Property costs	0	-3	0	-18
Maintenance	0	-3	0	-6
<b>Operating surplus</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>27</b>
Other income and expenses	-6	-26	-38	-57
Profit from sales of properties	-	76	-	76
Profit from shares in subsidiaries	-	498	-	498
Financial net	207	-43	-8	-308
Change in fair value of derivative financial instruments	-159	36	-440	253
<b>Profit before provisions</b>	<b>42</b>	<b>547</b>	<b>-486</b>	<b>489</b>
Appropriations	-138	-106	-138	-106
<b>Profit before tax</b>	<b>-96</b>	<b>441</b>	<b>-624</b>	<b>383</b>
Tax	74	95	137	94
<b>Profit for the period / year</b>	<b>-22</b>	<b>536</b>	<b>-487</b>	<b>477</b>
<b>Comprehensive income for the period / year</b>	<b>-22</b>	<b>536</b>	<b>-487</b>	<b>477</b>

## Statement of financial position, parent company

SEK million	2014 31 Dec	2013 31 Dec
<b>Assets</b>		
Intangible fixed assets	5	-
Deferred tax	377	-
Financial fixed assets	14,325	14,308
<b>Total fixed assets</b>	<b>14,706</b>	<b>14,308</b>
Trade and other receivables	7,911	82
Other current receivables	7	2
Prepaid cost and accrued income	58	6
Cash and cash equivalents	155	1
<b>Total current assets</b>	<b>8,131</b>	<b>91</b>
<b>Total assets</b>	<b>22,838</b>	<b>14,399</b>
<b>Equity</b>	<b>11,410</b>	<b>7,022</b>
Borrowings	5,618	2,648
Derivative financial instruments	671	231
<b>Total non-current liabilities</b>	<b>6,289</b>	<b>2,879</b>
Borrowings	4,901	4,470
Trade and other payables	238	28
<b>Total current liabilities</b>	<b>5,139</b>	<b>4,498</b>
<b>Total equity and liabilities</b>	<b>22,838</b>	<b>14,399</b>

## Key figures

	2014 31 Dec	2013 31 Dec	2012 31 Dec	2011 31 Dec	2010 31 Dec
<b>Equity</b>					
Equity, SEK million	22,583	15,169	9,970	8,567	8,211
Equity to assets ratio, per cent	38	33	27	26	28
Risk capital to assets ratio, per cent	47	46	39	41	46
Return on equity, per cent	9	24	27	4	8

## Interest-bearing liabilities

Loan-to-value, secured loans, per cent	47	49	53	50	48
Loan-to-value, total loans, per cent	52	56	59	60	61
Interest coverage ratio, secured loans	1.8	1.4	1.5	1.6	1.6
Interest coverage ratio, total loans	1.5	1.2	1.2	1.3	1.2

## Fixed interest rates

Average interest rate secured loans, per cent	3.80	4.42	4.63	4.94	5.28
Average interest rate total loans, per cent	3.94	4.75	4.85	5.26	5.63
Fixed interest term secured loans, year	4.4	5.3	5.7	5.8	5.8
Capital tied up secured loans, year	4.9	4.8	5.3	6.0	5.0
Fixed interest term total loans, year	4.2	5.0	5.4	5.6	5.7
Capital tied up total loans, year	4.5	4.6	5.0	5.7	5.2

## Properties

Number of apartments	47,896	41,319	35,443	35,151	31,502
Rentable area, thousand sqm	3,472	2,992	2,576	2,632	2,424
Growth in rental income*, per cent	3.4	5.8	4.4	3.8	-
Growth in operating surplus*, per cent	7.1	6.7	4.1	8.3	-
Real vacancy rate residential, per cent	1.0	0.7	0.7	0.7	0.6

## Fair value properties, SEK million

Opening balance	44,104	35,437	32,352	28,269	29,255
Exchange differences	1,745	454	-359	-44	-838
Change in fair value	1,412	1,569	2,671	1,025	356
Investments	1,881	1,531	1,493	1,138	917
Purchases	9,678	6,901	1,663	3,792	972
Sales	-1,084	-1,801	-2,383	-1,828	-2,392
Reclassification	-	13	-	-	-
Closing balance	57,736	44,104	35,437	32,352	28,269
Fair value, per sqm	16,629	14,736	13,755	12,292	11,662
Required yield, per cent	4.72	4.75	4.73	5.07	5.09
Change required yield*, per cent	0.01	-0.01	-0.28	0.01	-

\*) For comparable properties

Key figures	2014 31 Dec	2013 31 Dec	2012 31 Dec	2011 31 Dec	2010 31 Dec
<b>Properties Sweden</b>					
Average residential rent, SEK /sqm/year	1,156	1,114	1,074	1,026	967
Growth in average residential rent*, per cent	3.7	5.8	5.0	5.1	1.9
Growth in rental income*, per cent	3.5	5.5	3.8	-	-
Growth in operating surplus*, per cent	8.0	3.3	5.2	-	-
Fair value, SEK million	29,571	26,797	23,456	22,574	21,377
Fair value, SEK per sqm	14,899	14,115	13,809	12,055	11,435
Required yield, per cent	4.78	4.84	4.79	5.15	5.15
Number of apartments	24,407	23,867	21,707	23,354	22,926
<b>Properties Germany</b>					
Average residential rent, EUR /sqm/month	7.77	7.80	7.53	7.19	6.85
Growth in average residential rent*, per cent	5.4	5.6	5.6	7.0	4.0
Growth in rental income*, per cent	3.1	6.8	6.8	-	-
Growth in operating surplus*, per cent	5.8	13.7	1.0	-	-
Fair value, SEK million	21,171	15,549	11,981	9,778	6,892
Fair value, SEK per sqm	16,752	15,398	13,649	12,903	12,623
Required yield, per cent	4.72	4.64	4.64	4.87	4.91
Number of apartments	19,423	15,769	13,736	11,797	8,576

\*) For comparable properties

Key figures	2014 31 Dec	2013 31 Dec	2012 31 Dec	2011 31 Dec	2010 31 Dec
<b>Properties Canada**</b>					
Average residential rent, CAD /sqft/month	1.83	1.94	2.01	1.34	-
Growth in average residential rent*, per cent	6.6	7.7	11.2	-	-
Growth in rental income*, per cent	7.0	20.6	-	-	-
Growth in operating surplus*, per cent	-17.8	56.4	-	-	-
Fair value, SEK million	3,432	1,758	1,074	26	-
Fair value, SEK per sqm	21,808	20,710	22,026	19,833	-
Required yield, per cent	4.55	4.47	4.52	4.25	-
Number of apartments	2,823	1,683	1,046	17	-
<b>Properties England**</b>					
Average residential rent, GBP /sqft/month	1.74	1.55	1.54	1.04	-
Growth in average residential rent*, per cent	11.3	0.1	13.7	-	-
Growth in rental income*, per cent	5.9	29.0	-	-	-
Growth in operating surplus*, per cent	9.3	31.7	-	-	-
Fair value, SEK million	3,395	1,792	1,580	145	-
Fair value, SEK per sqm	53,606	36,430	32,730	22,872	-
Required yield, per cent	4.36	4.64	4.53	4.77	-
Number of apartments	1,153	870	870	97	-
<b>Properties France</b>					
Average residential rent, EUR /sqm/month	21.31	-	-	-	-
Growth in average residential rent*, per cent	-	-	-	-	-
Growth in rental income*, per cent	-	-	-	-	-
Growth in operating surplus*, per cent	-	-	-	-	-
Fair value, SEK million	166	-	-	-	-
Fair value, SEK per sqm	60,732	-	-	-	-
Required yield, per cent	4.11	-	-	-	-
Number of apartments	90	-	-	-	-

\*) For comparable properties.

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



## Definitions

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

# Akelius in brief

## Residential properties in metropolitan areas

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

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### France

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75008 Paris

## Upgrading to First Class

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

## Cherry Picking

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

## Financing from several sources

Akelius has agreements with twenty-eight banks, thirty-seven thousand private customers and listed senior unsecured bonds. Sixteen thousand shareholders makes us to the largest listed property company on Nasdaq First North.

## First class personnel

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

## Agenda

Annual Report 2014	19 March 2015
Interim report Jan-Mar 2015	5 May 2015
Interim report Jan-June 2015	10 August 2015
Interim report Jan-Sep 2015	26 October 2015