

interim report

January to June 2020

	2020 Jan-Jun	2019 Jan-Jun	2020 Apr-Jun	2019 Apr-Jun	2019 Jan-Dec
Rental income, EUR million	238	253	119	124	496
Like-for-like growth in rental income, percent	6.3	3.7	5.8	4.7	5.7
Net operating income, EUR million	128	131	66	66	255
Like-for-like growth in net operating income, percent	10.3	3.9	9.0	5.9	2.9
Net operating income margin, percent	53.7	51.7	55.2	52.9	51.5
Adjusted net operating income margin, percent	66.7	65.5	67.7	65.2	64.1
EBITDA, EUR million	110	116	55	59	227
Profit before tax, EUR million	53	263	28	65	464
Property fair value, EUR million	11,986	12,199	11,986	12,199	11,964
Change in property fair value, percent	0.5	2.0	0.1	0.5	3.4
Number of apartments	43,989	47,436	43,989	47,436	44,226
Real vacancy residential, percent	1.3	1.3	1.3	1.3	1.1
Loan-to-value, percent	37	40	37	40	40
Interest coverage ratio excluding realized value growth 12 months	2.4	1.8	2.4	1.8	2.0

Definitions on pages 32–34.

ten percent net operating income growth

The like-for-like net operating income growth was 10.3 percent.

It was 3.9 percent during the same period last year.

The main contributor to this is the higher rental income due to reduced vacancy.

The adjusted net operating margin increased from 64 percent in 2019 to 67 percent.

like-for like rental income grew six percent

The like-for-like rental income growth was 6.3 percent.

It was 3.7 percent during the same period last year.

loan-to-value 37 percent

During the last year, the leverage has decreased from 44 to 37 percent.

Property divestments to significant premiums explain most of the improvement.

interest coverage ratio 2.4

Reduced leverage together with growth in like-for-like income improved the interest coverage ratio to 2.4.

It was 1.8 one year ago.

vacancy 2.1 percentage points lower

Like-for-like vacancy decreased by 2.1 percentage points during the last year. Rent collection is currently two percentage points lower than usual due to Covid-19.

The current trend for both vacancy and rent payments is positive.

property values increased by 0.5 percent

The property value increased by EUR 55 million or 0.5 percent.

Covid-19 has reduced the number of property transactions, increasing the uncertainty around property valuations.

capitalization rate 3.3 percent

The capitalization rate was 3.7 percent at the beginning of the year.

There is now a lower capitalization rate in Berlin due to rent regulation.

Rental regulations eliminate vacancies and lead to steadily increasing cash flows.

The capitalization rate is also lower in Toronto.

More and more investors are noticing the city's strong population growth.

reduction of investments

Due to Covid-19 Akelius decided at the end of March to stop the majority of investments including apartment upgrades.

Lower investments and less vacancy result in improved cash flow and higher financial resilience.

Ralf Spann,
CEO and Managing Director

property portfolio June 30, 2020

fair value properties EUR 11,986 million

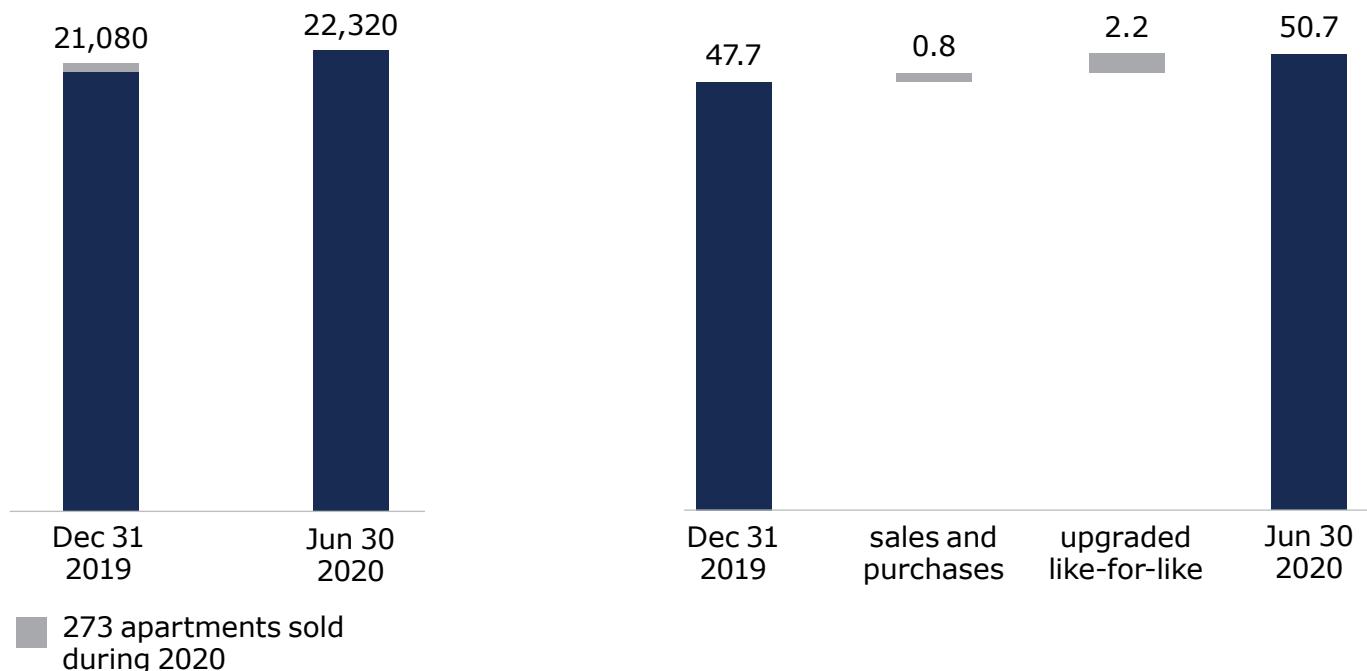


City	Residential units	Lettable space thousand sqm			Fair value		Capitalization rate, percent
		Residential	Commercial	Total	EUR million	EUR/sqm	
Berlin	14,036	880	71	951	3,061	3,218	2.02
London	2,228	88	16	104	896	8,596	4.12
Hamburg	3,609	198	12	210	842	4,021	3.67
Paris	1,552	48	5	53	420	7,910	4.06
Europe	21,425	1,214	104	1,318	5,219	3,960	2.87
Stockholm	5,924	424	34	458	1,674	3,657	2.68
Malmö	4,078	266	83	349	976	2,795	3.23
Copenhagen	1,031	82	6	88	330	3,740	2.96
Scandinavia	11,033	772	123	895	2,980	3,329	2.90
New York	1,736	117	4	121	972	7,997	4.31
Toronto	3,506	181	5	186	897	4,828	3.76
Montreal	3,862	258	7	265	847	3,205	4.30
Boston	1,028	65	2	67	572	8,563	4.25
Washington	1,240	93	4	97	468	4,845	4.65
North America	11,372	714	22	736	3,756	5,110	4.21
Other	159	9	-	9	31	3,391	3.74
Total/Average	43,989	2,709	249	2,958	11,986	4,053	3.33

changes in the property portfolio

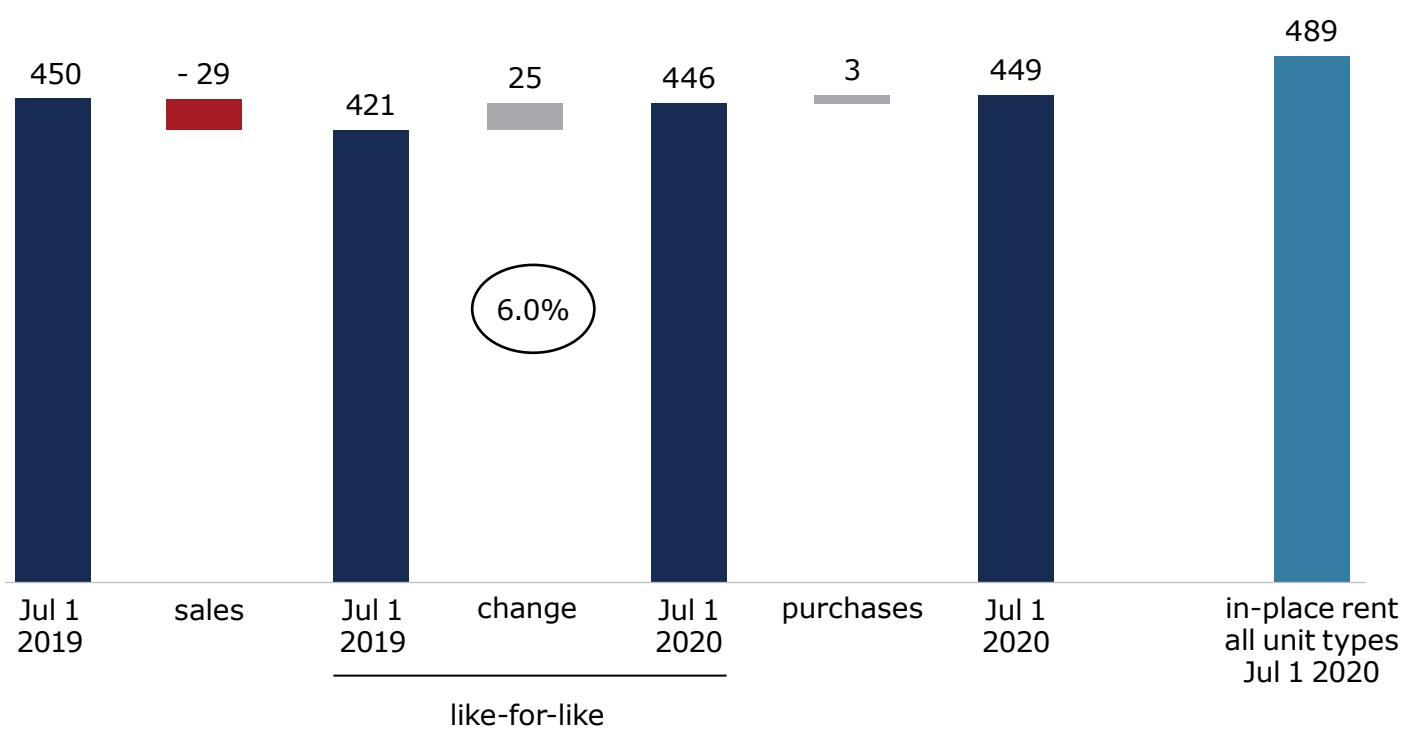
upgraded apartments 22,320

upgraded apartments 50.7 percent



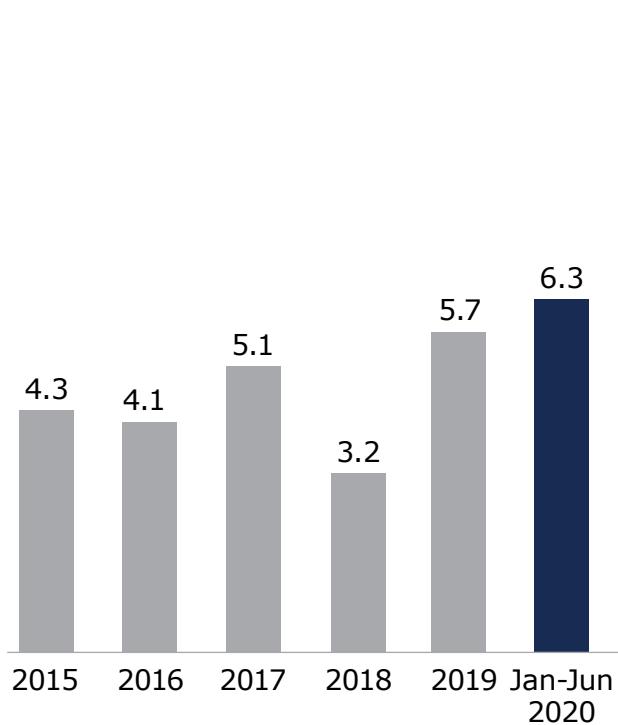
development residential in-place rent

EUR million

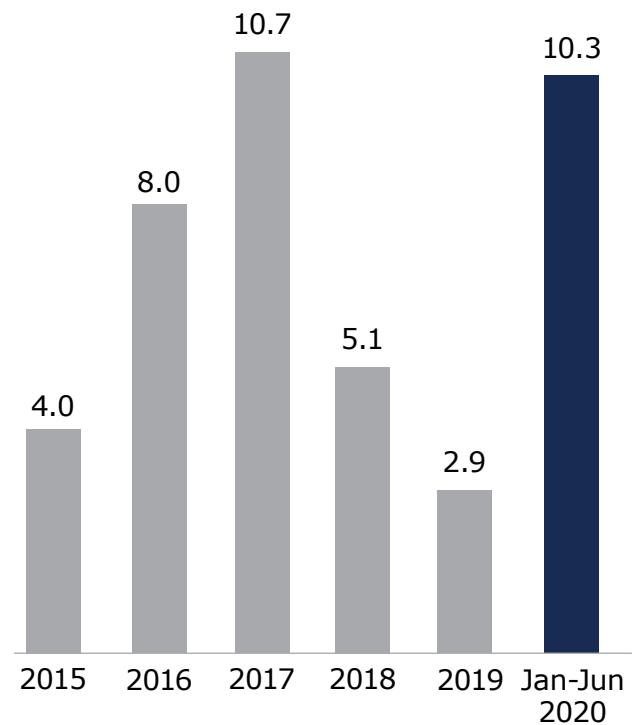


like-for-like growth

rental income 6.3 percent

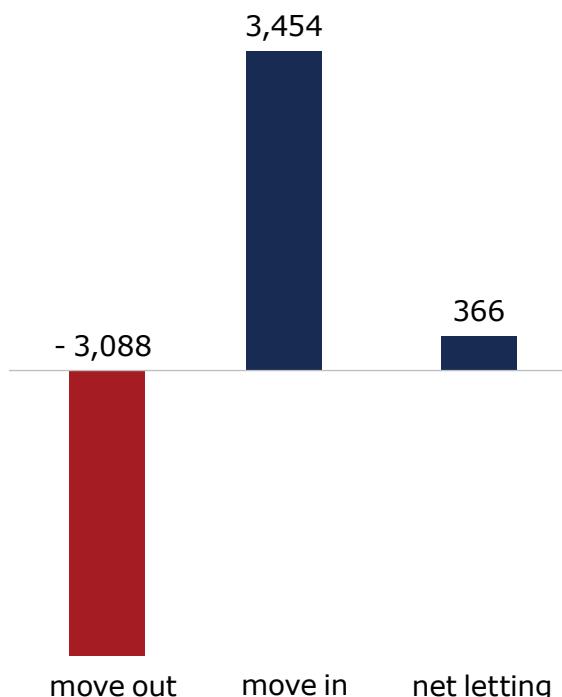


net operating income 10.3 percent

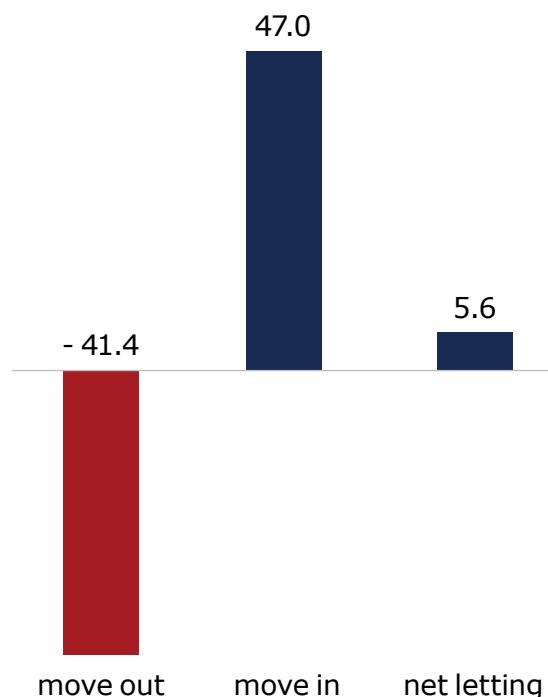


net letting January to June 2020

number of apartments 366

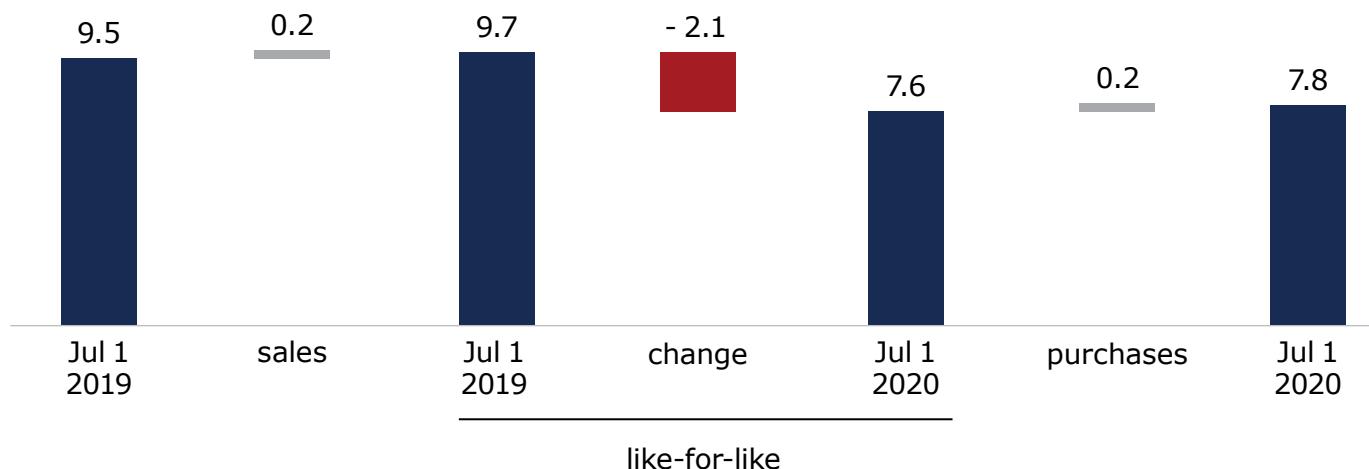


rental income EUR 5.6 million

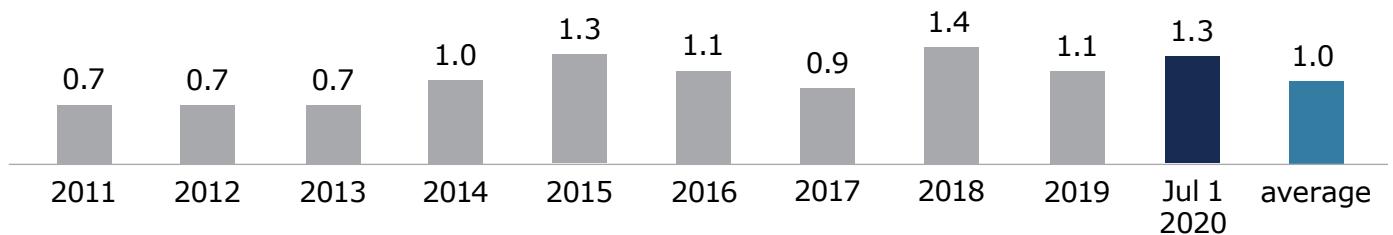


development vacancy

percent

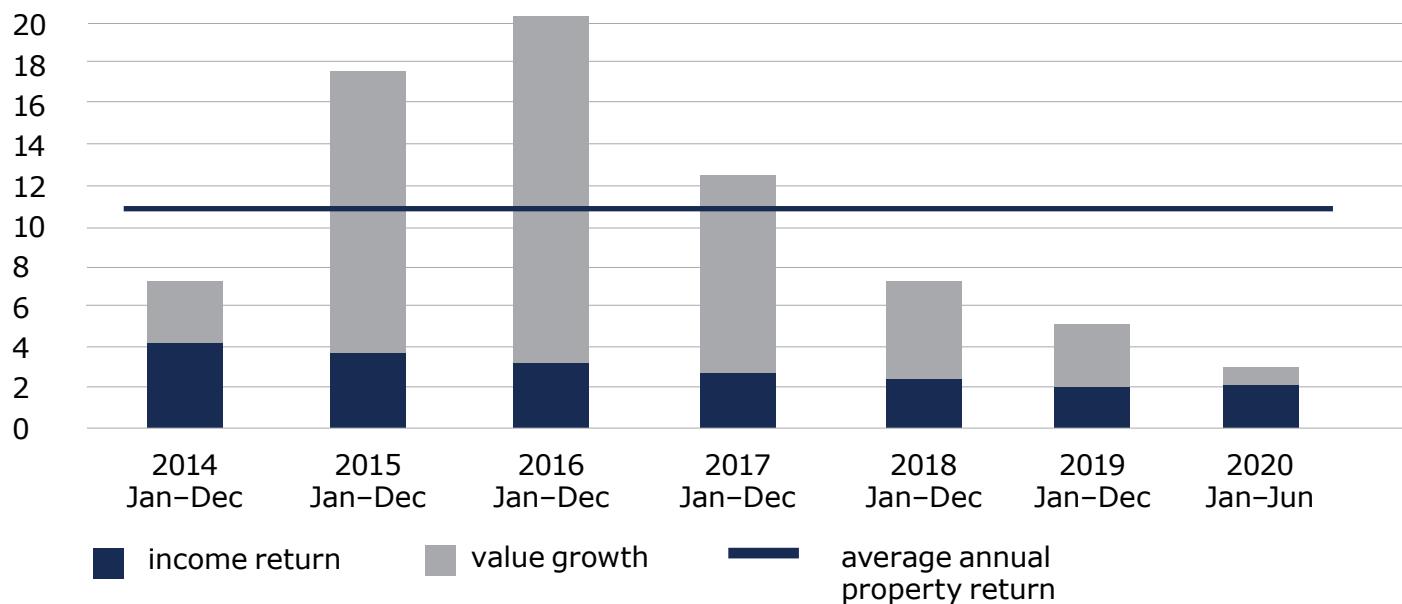


real vacancy 1.3 percent



annual property return 3.1 percent

percent



	EUR million	Growth Jan-Jun percent
Fair value, Jan 1, 2020	11,964	
Revaluations	55	0.5
Investments	202	1.7
Purchases	44	0.4
Sales	-123	-1.0
Exchange differences	-156	-1.3
Fair value, Jun 30, 2020	11,986	0.2
Net operating income	128	1.1
Total property return	183	Per annum: 3.1

capitalization rate 3.33 percent

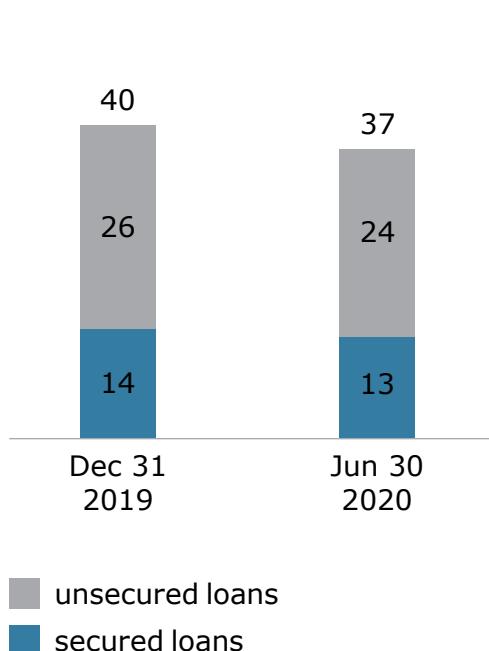
percent	Capitalization rate	Discount rate
Jan 1, 2020	3.67	5.66
Purchases	0.01	0.01
Sales	0.00	0.00
Like-for-like	-0.34	-0.36
Exchange difference	-0.01	-0.01
Jun 30, 2020	3.33	5.30

change in value EUR 55 million

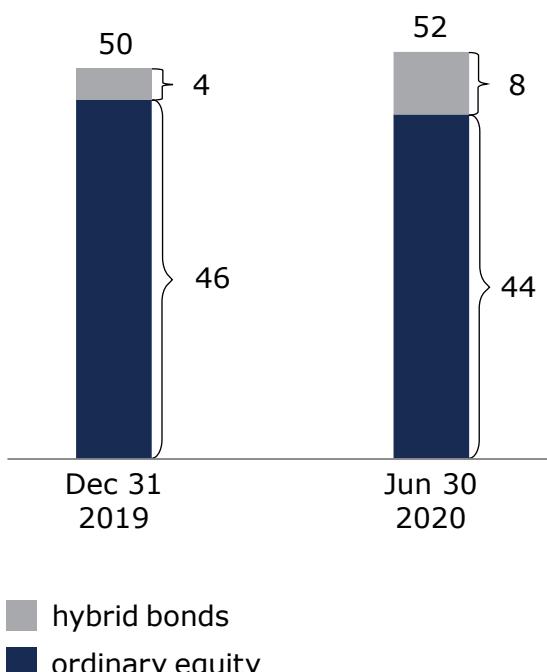
	EUR million	Return, percent
Cash flow	-2,464	-20.59
Required rate of return	2,517	21.03
Sales	2	0.02
Purchases	-	0.00
Total change in value	55	0.46

financing

loan-to-value ratio
37 percent

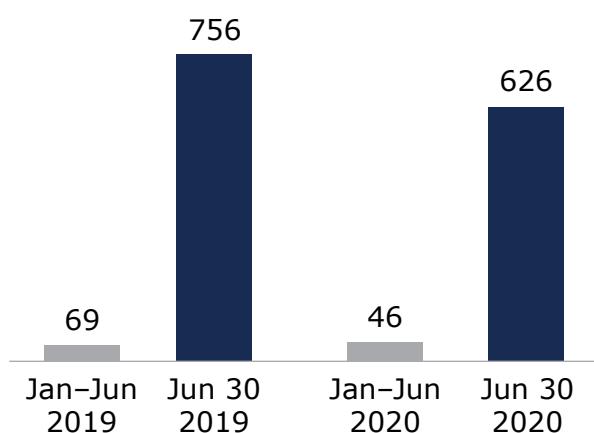


equity and hybrid capital ratio
52 percent



interest expenses and liquidity

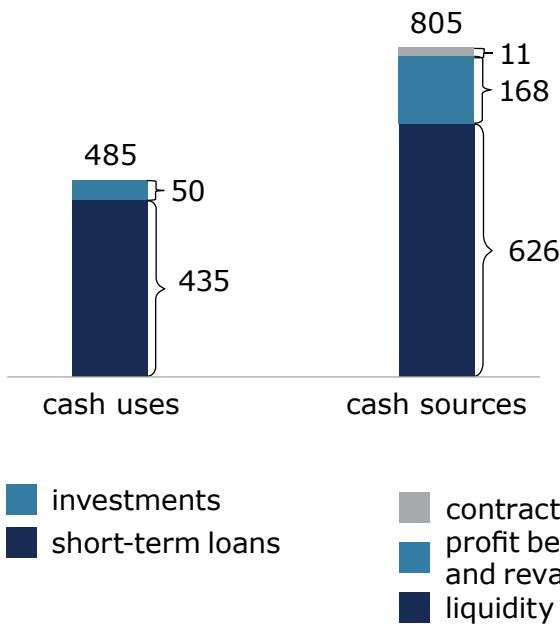
EUR million



interest expenses
liquidity

cash uses and sources

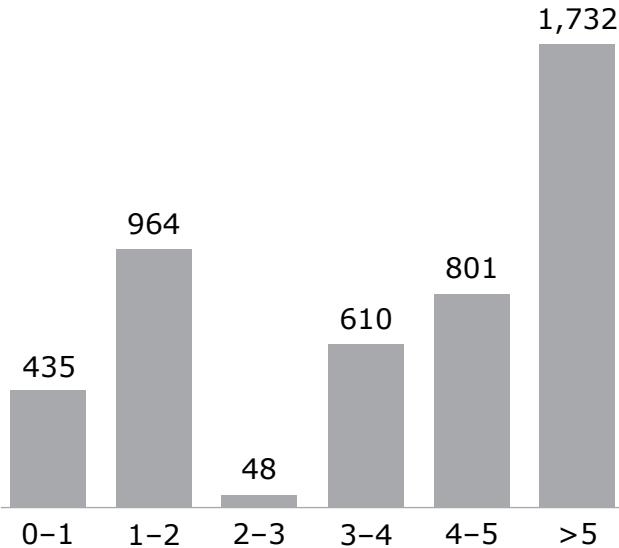
EUR million,
12 months forward



financing

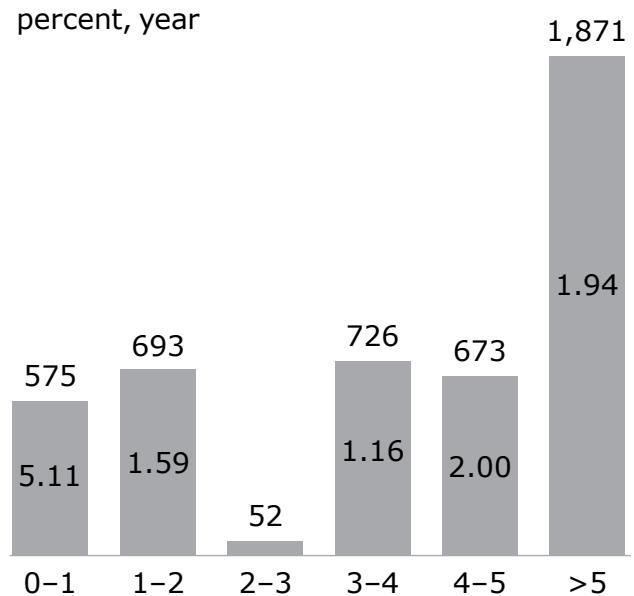
debt maturities

EUR million,
year

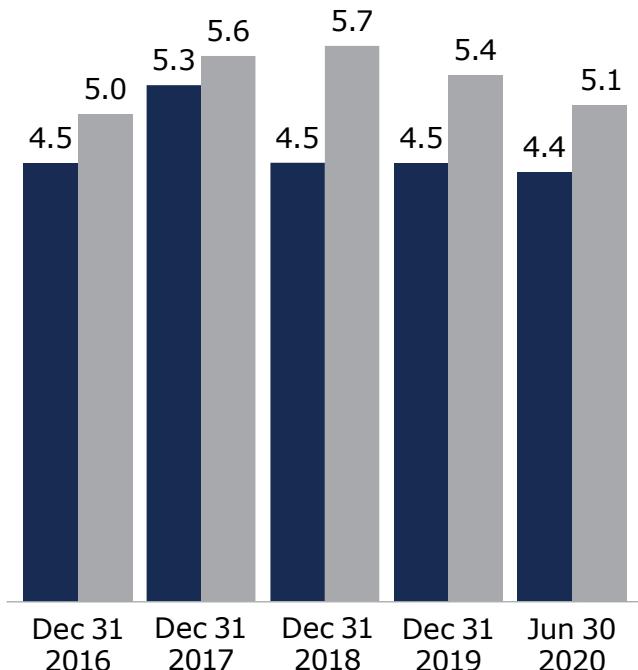


interest rate hedges, interest rate

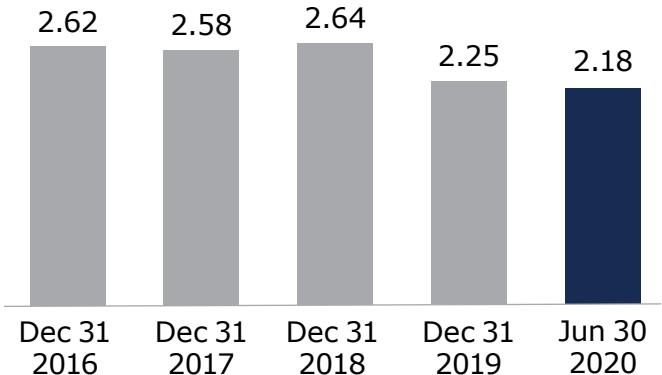
EUR million,
percent, year



fixed interest terms 4.4 years
debt maturities 5.1 years



interest rate 2.18 percent

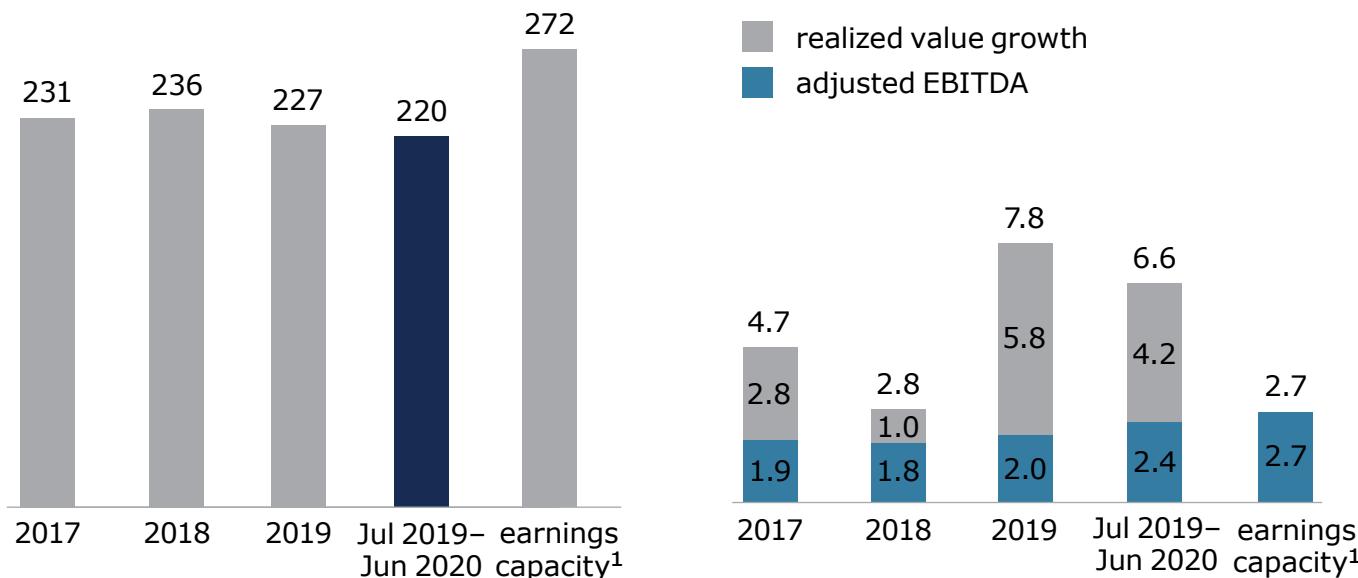


■ debt maturities
■ fixed interest term

financing

EBITDA EUR 220 million

interest coverage ratio 6.6



current interest and debt coverage capacity

EUR million	Jul 2019– Jun 2020	Earnings capacity as at Jun 30, 2020 ¹
Rental income	480	525 ²
Operating expenses	-200	-193
Maintenance	-28	-26
Net operating income	252	306
Central administrative expenses	-32	-34
Other income and expenses	-	-
EBITDA	220	272
Other financial income and expenses	-	-5
Adjusted EBITDA	220	267
Net interest expenses	-93	-99
Interest coverage ratio excluding realized value growth	2.4	2.7
Realized value growth	395	-
Interest coverage ratio	6.6	-
Net debt as per Jun 30, 2020	4,559	4,559
Net debt/EBITDA	20.7	16.7
Net debt/EBITDA including realized value growth	7.4	-

1) The earnings capacity is based on the property portfolio as at Jun 30, 2020.

It includes the property portfolio's gross rent minus real vacancy, estimated operating expenses, maintenance costs and central administration during a normal year.

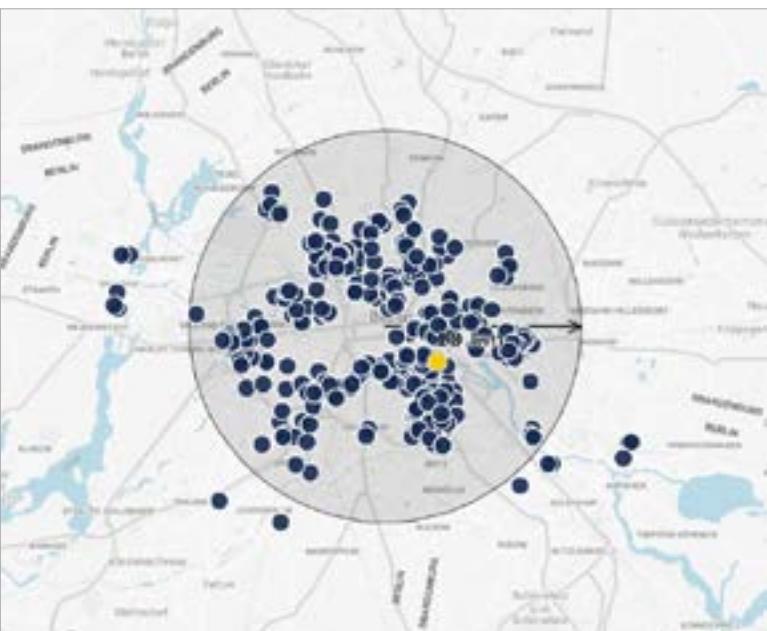
2) Includes EUR 456 million in residential rental value as of Jul 1, 2020,

EUR 38 million in rental income for commercial properties and parking,

EUR -10 million in real vacancy for apartments and EUR 41 million in other income.

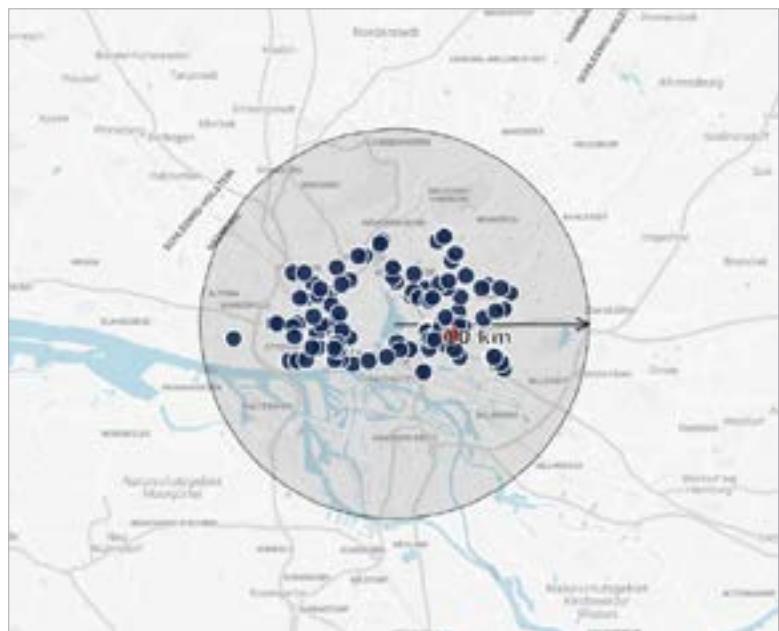
Residential rental value of EUR 456 million minus vacancy and plus prepaid operating expenses is equivalent to EUR 449 million in residential in-place rent.

Berlin



- like-for-like properties
- acquired properties 2020
- sold properties or signed sales 2020

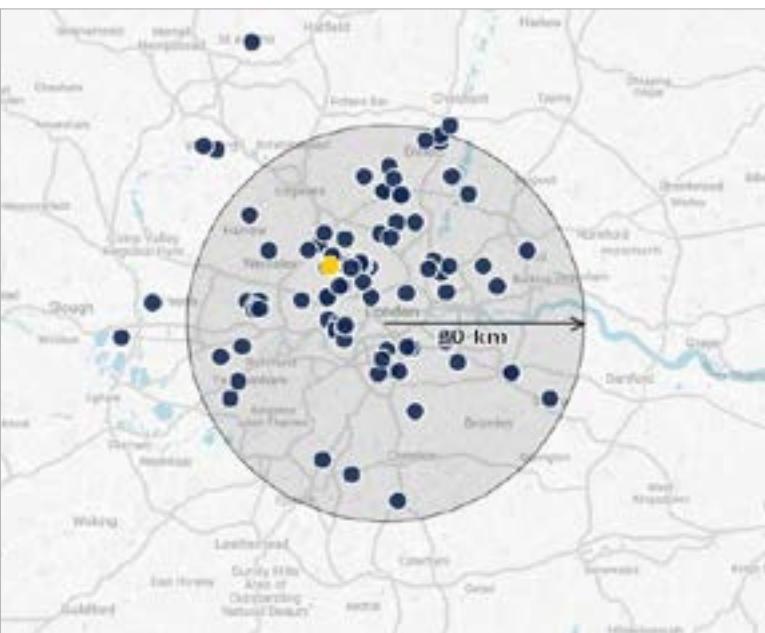
Hamburg



	Berlin	Hamburg
Property portfolio		
Fair value, EUR million	3,061	842
Proportion of property fair value, percent	26	7
Capitalization rate, percent	2.02	3.67
Proportion upgraded apartments, percent	42	56
Average apartment size, sqm	63	55
Walk score	91	91
Average rent residential	EUR/apt/month	EUR/apt/month
Total portfolio Jul 1 2019	566	635
Sales and ended objects*	1	13
Like-for-like Jul 1 2019	567	648
Like-for-like increase	8	24
– Increase in percent	1.5	3.8
Like-for-like Jul 1 2020	575	672
Purchases and new constructions	0	-1
Total portfolio Jul 1 2020	575	671
New lease level	717	810
Vacancy rate residential	percent	percent
Real vacancy rate	0.7	0.4
Apartments being upgraded	2.2	3.1
Vacancy rate	2.9	3.5

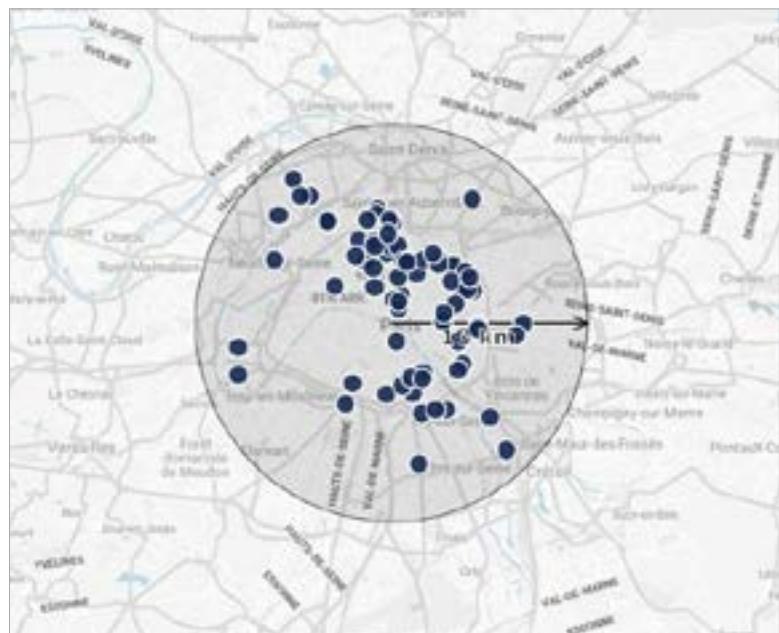
*) A consequence of, for instance, a split of an apartment, where one apartment object is ended and two new ones are created.

London



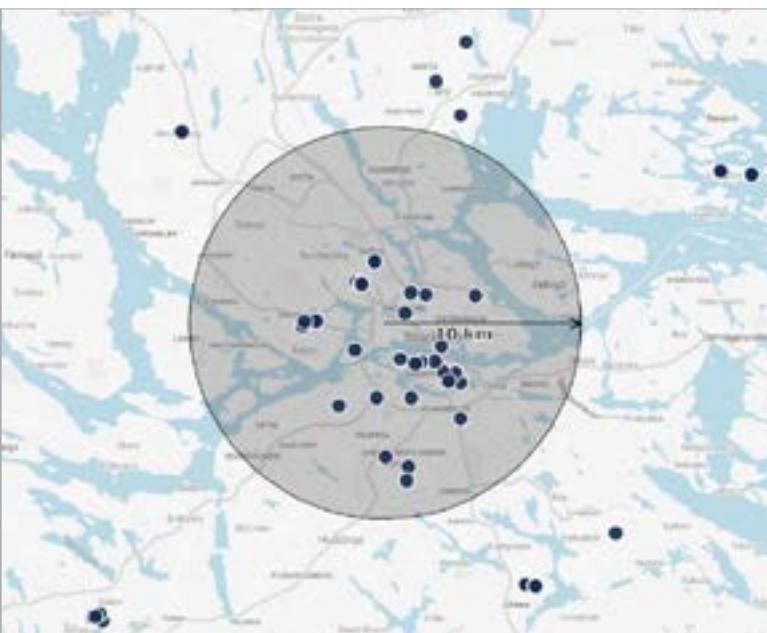
- like-for-like properties
- sold properties or signed sales 2020

Paris



	London	Paris
Property portfolio		
Fair value, EUR million	896	420
Proportion of property fair value, percent	7	4
Capitalization rate, percent	4.12	4.06
Proportion upgraded apartments, percent	65	32
Average apartment size, sqm	39	31
Walk score	85	97
Average rent residential	EUR/apt/month	EUR/apt/month
Total portfolio Jul 1 2019	1,360	749
Sales and ended objects	-	0
Like-for-like Jul 1 2019	1,360	749
Like-for-like increase	59	37
– Increase in percent	4.3	4.9
Like-for-like Jul 1 2020	1,419	786
Purchases and new constructions	-	5
Total portfolio Jul 1 2020	1,419	791
New lease level	1,526	1,000
Vacancy rate residential	percent	percent
Real vacancy rate	1.8	2.4
Apartments being upgraded	12.7	33.8
Vacancy rate	14.4	36.2

Stockholm



- like-for-like properties

Malmö



Property portfolio

	Stockholm	Malmö
Fair value, EUR million	1,674	976
Proportion of property fair value, percent	14	8
Capitalization rate, percent	2.68	3.23
Proportion upgraded apartments, percent	56	59
Average apartment size, sqm	72	65
Walk score	72	91

Average rent residential

	EUR/apt/month	EUR/apt/month
Total portfolio Jul 1 2019	762	719
Sales and ended objects	0	-
Like-for-like Jul 1 2019	762	719
Like-for-like increase	21	24
– Increase in percent	2.8	3.3
Like-for-like Jul 1 2020	783	743
Purchases and new constructions	0	0
Total portfolio Jul 1 2020	783	743
New lease level	865	775

Vacancy rate residential

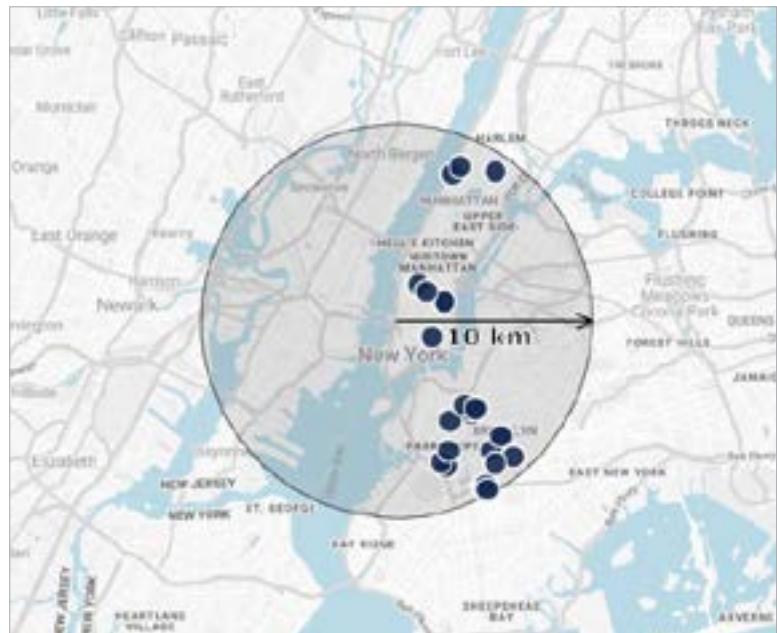
	percent	percent
Real vacancy rate	0.0	0.0
Apartments being upgraded	1.0	0.5
Vacancy rate	1.0	0.5

Copenhagen



- like-for-like properties

New York



- like-for-like properties

Copenhagen

New York

Property portfolio

	Copenhagen	New York
Fair value, EUR million	330	972
Proportion of property fair value, percent	3	8
Capitalization rate, percent	2.96	4.31
Proportion upgraded apartments, percent	40	39
Average apartment size, sqm	80	67
Walk score	95	97

Average rent residential

	EUR/apt/month	EUR/apt/month
Total portfolio Jul 1 2019	931	1,932
Sales and ended objects	-	-
Like-for-like Jul 1 2019	931	1,932
Like-for-like increase	36	40
- Increase in percent	3.8	2.1
Like-for-like Jul 1 2020	967	1,972
Purchases and new constructions	-	-
Total portfolio Jul 1 2020	967	1,972
New lease level	1,391	2,995

Vacancy rate residential

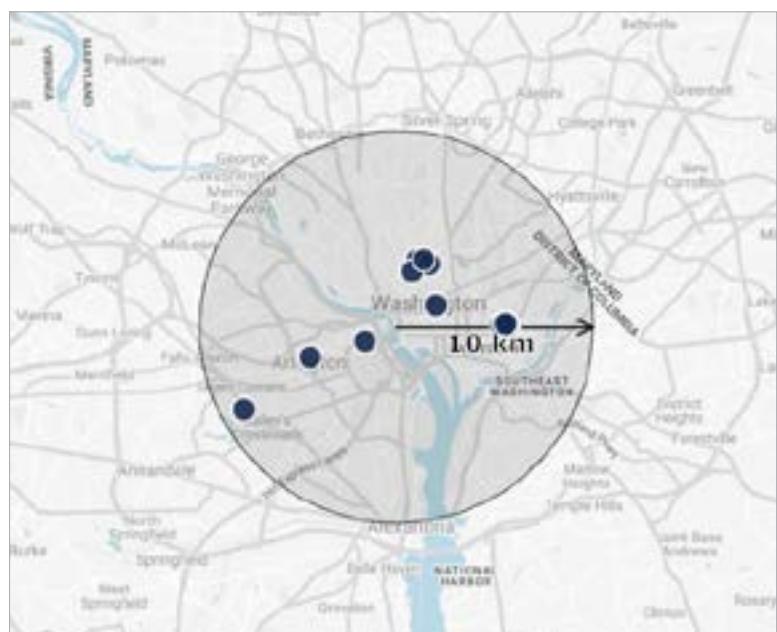
	percent	percent
Real vacancy rate	0.3	5.6
Apartments being upgraded	1.2	14.0
Vacancy rate	1.5	19.6

Boston



● like-for-like properties ● acquired properties 2020

Washington D.C.



Boston Washington D.C.

Property portfolio

Fair value, EUR million	572	468
Proportion of property fair value, percent	5	4
Capitalization rate, percent	4.25	4.65
Proportion upgraded apartments, percent	72	64
Average apartment size, sqm	63	74
Walk score	92	89

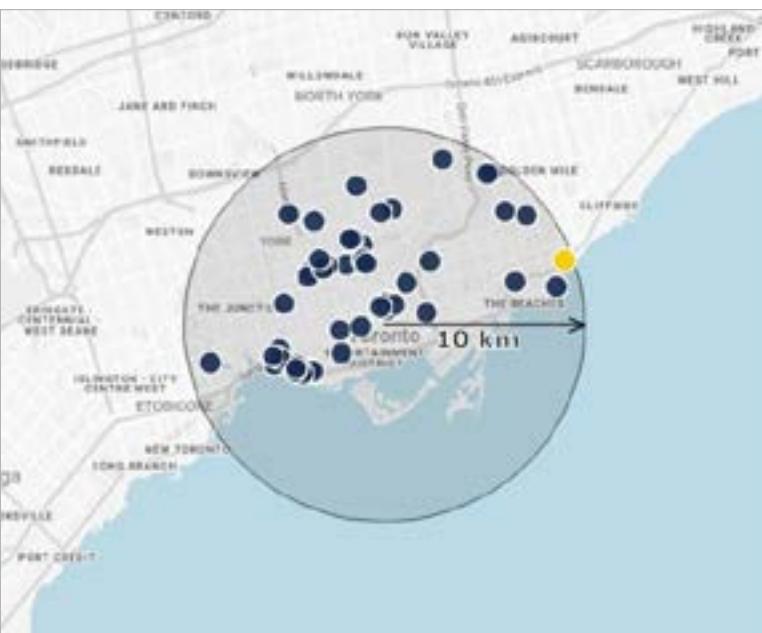
Average rent residential

	EUR/apt/month	EUR/apt/month
Total portfolio Jul 1 2019	2,329	1,837
Sales and ended objects	-	-
Like-for-like Jul 1 2019	2,329	1,837
Like-for-like increase	58	66
– Increase in percent	2.5	3.6
Like-for-like Jul 1 2020	2,387	1,903
Purchases and new constructions	-35	-27
Total portfolio Jul 1 2020	2,352	1,876
New lease level	2,551	1,952

Vacancy rate residential

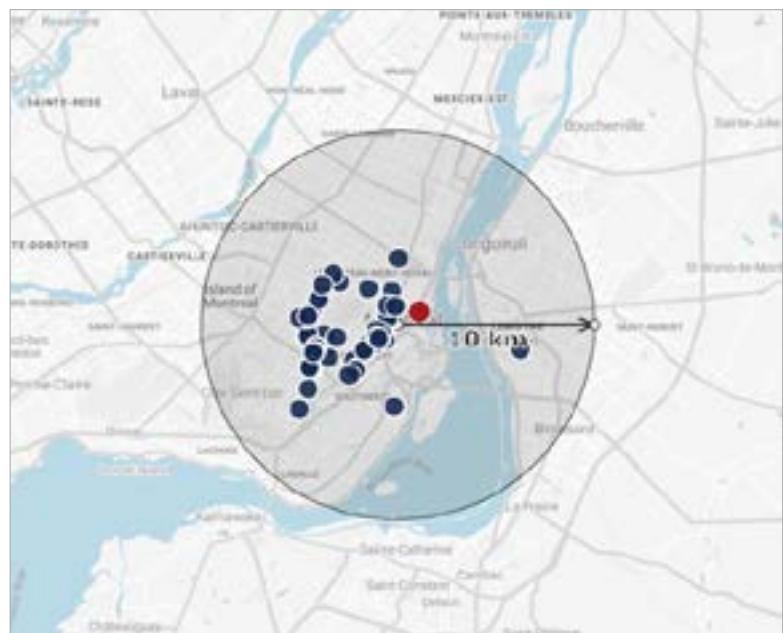
	percent	percent
Real vacancy rate	6.3	1.3
Apartments being upgraded	9.5	23.6
Vacancy rate	15.9	24.9

Toronto



- like-for-like properties
- acquired properties 2020
- sold properties or signed sales 2020

Montreal



- like-for-like properties
- acquired properties 2020
- sold properties or signed sales 2020

	Toronto	Montreal
Property portfolio		
Fair value, EUR million	897	847
Proportion of property fair value, percent	7	7
Capitalization rate, percent	3.76	4.30
Proportion upgraded apartments, percent	49	61
Average apartment size, sqm	52	67
Walk score	77	83
Average rent residential	EUR/apt/month	EUR/apt/month
Total portfolio Jul 1 2019	847	814
Sales and ended objects	1	-
Like-for-like Jul 1 2019	848	814
Like-for-like increase	55	33
- Increase in percent	6.5	4.0
Like-for-like Jul 1 2020	903	847
Purchases and new constructions	-	0
Total portfolio Jul 1 2020	903	847
New lease level	1,176	945
Vacancy rate residential	percent	percent
Real vacancy rate	2.7	2.1
Apartments being upgraded	6.6	17.3
Vacancy rate	9.3	19.3

result

rental income EUR 238 million

Rental income was EUR 238 million (253), a decrease of 6.1 percent compared to the same period in 2019.

The decrease is due to property sales which have reduced the property portfolio in comparison to the same period in 2019.

Like-for-like growth in rental income was EUR 13 million (7) or 6.3 percent (3.7).

During the period, 14,041 rental contracts (16,217) with an annual rent of EUR 156 million (206) were renewed or renegotiated.

The new yearly rent is EUR 159 million (209), an increase of 2.2 percent (1.7).

The vacancy rate for residential units decreased by 1.7 percentage points to 7.8 percent (9.5) compared to the same period in 2019.

This is mainly due to fewer apartments being upgraded.

84 percent (86) of vacancy was due to upgrades or planned sales of apartments.

The real vacancy rate increased by 0.2 percentage points during 2020 to 1.3 percent (1.3).

net operating income EUR 128 million

Net operating income was EUR 128 million (131).

Property expenses totaled EUR 110 million (122).

EUR 13 million (15) was attributable to maintenance, corresponding to EUR 9 (9) per square meter and year.

Like-for-like growth in net operating income was 10.3 percent (3.9).

Increase in like-for-like rental income drove the like-for-like growth in net operating income.

Net operating income margin was 53.7 percent (51.7).

Adjusted net operating income margin was 66.7 percent (65.5).

EBITDA EUR 110 million

EBITDA was EUR 110 million (116), a decrease of 4.8 percent compared to the same period in 2019.

The change is mainly explained by a reduced property portfolio.

This is partly offset by higher rental income in like-for-like portfolio and reduced operating expenses and maintenance in comparison to rental income.

net financial items EUR -106 million

Interest expenses were EUR -46 million (-69) and interest income was EUR 0 million (1).

The decrease in interest expenses is due to lower interest rates and a decreased average loan volume in 2020 compared with 2019.

Interest expenses for the hybrid bonds were EUR -14 million (-10).

Revaluations of financial derivatives affected earnings by EUR -43 million (-20).

Other financial income and expenses amounted to EUR -3 million (0).

profit before tax EUR 53 million

Profit before tax was EUR 53 million (263). The increase in the fair value of properties had a positive impact on the profit, although to a significantly lower degree than for the same period in 2019.

tax expenses EUR 17 million

Tax expenses totalled EUR 17 million (30). EUR 11 million (18) was deferred tax, mainly due to unrealized gains on properties.

Akelius has no ongoing tax disputes.

property portfolio

fair value EUR 11,986 million

The fair value was EUR 11,986 million (12,199), which is equivalent to an average of EUR 4,053 (3,850) per square meter.

The average capitalization rate for the entire portfolio was 3.33 percent (3.66), compared to 3.67 percent at year-end 2019. The decrease is mainly due to the lower capitalization rate in Berlin.

See table on page 7.

increase in property value 0.5 percent

The increase in property value was EUR 55 million (254), or 0.5 percent (2.0). See table on page 7.

A new rent regulation in Berlin limits rent levels for five years.

Despite this, there has been no significant change in value of Akelius property portfolio in Berlin.

The property valuations in Berlin assume a lower rental income over a period, which is offset by a lower capitalization rate.

Akelius has not noticed significantly lower property prices at the end of the period due to Covid-19.

property investments EUR 202 million

Investments in properties amounted to EUR 202 million (216).

On an annual basis, this corresponds to EUR 142 (131) per square meter.

23 percent (36) of the total investments were due to apartment upgrades.

Akelius currently limits investments in buildings.

Apartments are mainly rented out without extensive upgrading.

Due to Covid-19 and new rent regulations, investments will decrease for the full year 2020 compared with 2019.

property purchases EUR 44 million

Property purchases amounted to EUR 44 million (94) during the period. Properties purchased were located in Germany, Canada and USA.

The average capitalization rate for purchased properties was 4.68 percent (3.97).

property sales EUR 123 million

In total, Akelius sold properties for EUR 123 million (743).

Sales of properties amounted to EUR 101 million in Germany, EUR 20 million in Sweden and EUR 2 million in England.

EUR 20 million is related to the sale of a property to a tenant-owner association in Sweden signed in 2018.

Akelius has no longer control over the tenant-owner association but still owns apartments worth EUR 7 million reported as financial assets.

Income from the sale of properties totalled EUR 2 million (42) excluding EUR 2 million (7) in transaction costs.

assets and liabilities held for sale

Akelius has signed agreements for the sale of properties in Germany.

The sales will be finalized during the year. EUR 36 million (440) relates to investment properties and EUR 4 million (64) to deferred taxes.

The sale of one property in Canada, classified as asset held for sale in 2019 for EUR 6 million, was cancelled during the second quarter this year.

financing

equity and hybrid capital ratio 52 percent

Equity decreased by EUR 168 million to EUR 5,358 million (5,548) during 2020. It is mainly due to dividends and changes in the group's currency translation reserve.

The equity and hybrid capital ratio amounted to 52 percent (49).

The improvement is a result of Akelius Residential Property AB issuing a hybrid bond of EUR 500 million during the first quarter.

loan-to-value ratio 37 percent

Loans excluding the hybrid bonds decreased by EUR 267 million during the period, to EUR 4,590 million (4,951).

The loan-to-value ratio decreased by 3 percentage points since last year to 37 percent (40).

Secured loans were EUR 1,583 million (1,899) compared to EUR 1,658 million at the end of 2019.

Secured loan-to-value ratio was 13 percent (15), 1 percentage point lower than at the year-end 2019.

The secured debt was borrowed from 23 banks (31) in five countries.

Unsecured debt includes 11 bonds (9) and loans from large investors and related companies.

debt maturities 5.1 years

Loans have an average maturity of 5.1 years (5.7), compared to 5.4 at the end of 2019.

EUR 435 million (307) mature within one year.

The average loan-to-value ratio on short-term loans was 36 percent (37).

Short-term loans consist of borrowings from 11 banks (16) and capital market financing.

interest rate hedge 4.4 years

EUR 1,871 million (2,295) had a fixed interest rate term of more than five years and EUR 575 million (384) had a fixed interest rate term of less than one year.

The average interest rate was 2.18 percent (2.58).

The decrease in interest rate is due to lower market rates across all markets.

On average, the underlying interest rate is secured for 4.4 years (4.6), compared to 4.5 years at the end of 2019.

liquidity EUR 626 million

Available funds in the form of cash equivalents and unutilized credit facilities totalled EUR 626 million (756).

Unutilized credit facilities amounted to EUR 584 million (731) with an average maturity of 1.39 years.

Only facilities intended to be kept are extended at least one year prior to maturity. The unutilized bilateral credit agreements are provided by 7 banks (9).

The fair value of the unencumbered properties was EUR 5,912 million (5,526).

other financial information

cash flow

Operating cash flow before change in working capital was EUR 57 million (47).

Cash flow from investing activities was EUR -218 million (572).

Cash required for the acquisition of properties is secured before the agreements are signed. Profitable but non-mandatory upgrades can be stopped within a three-month period.

Cash flow from financing activities was EUR 170 million (-603).

parent company

Dividend of EUR 0.03 per class A ordinary share were paid on May 8, 2020, totalling EUR 96 million.

Additional dividends of EUR 0.025 per class D ordinary share were or will be paid on the record dates pursuant to the Articles of Association: May 5, 2020, August 5, 2020, November 5, 2020 and February 5, 2021, totalling EUR 22 million.

The Parent Company's profit before tax was EUR -27 million (19).

Financial income mainly includes interest income, currency exchange effects related to currency derivatives, bonds and other financial instrument in foreign currency.

D-shares

The total number of ordinary shares of class D was 220,000,000, equivalent to EUR 340 million reported in equity.

D-shares represent 6.45 percent of the total number of shares in Akelius Residential Property AB.

On June 30, 2020, the price paid per D-share was EUR 1.616.

rating

In 2020, Standard and Poor's confirmed the investment grade rating BBB with a stable outlook for Akelius Residential Property AB and its senior unsecured debt.

The rating for Akelius Residential Property AB's hybrid bonds are BB+.

second quarter

Profit before tax amounted to EUR 28 million (65).

Net income for the change in fair value of properties impacted the profit with EUR 12 million (55).

Rental income was EUR 119 million (124). Property expenses totalled EUR 53 million (58). Net operating income was EUR 66 million (66). Net financial items totalled EUR -37 million (-49).

Cash flow amounted to EUR -30 million (-3). Cash flow generated from operations was EUR 78 million (44).

Net cash from investing activities amounted to EUR -67 million (724).

Financing activities had a negative effect on cash flow of EUR -41 million (-771).

staff

1,486 people (1,403) were employed as at June 30 compared to 1,456 at the end of 2019.

related party transactions

Net debt from related parties increased by EUR 16 million (-24).

significant events after the end of the reporting period

There are no significant events after the end of the reporting period.

consolidated statement of comprehensive income

EUR million	2020 Jan-Jun 6 months	2019 Jan-Jun 6 months	2020 Apr-Jun 3 months	2019 Apr-Jun 3 months	2019 Jan-Dec 12 months
Rental income	238	253	119	124	496
Operating expenses	-97	-107	-46	-50	-210
Maintenance	-13	-15	-7	-8	-31
Net operating income	128	131	66	66	255
Central administrative expenses	-17	-15	-10	-7	-29
Other income and expenses	-1	-	-1	-	1
EBITDA	110	116	55	59	227
Depreciation and operational foreign exchange differences	-4	-	-2	-	-5
Realized revaluation of investment properties ¹	-	35	-	35	176
Unrealized revaluation of investment properties ¹	53	210	12	20	227
Operating profit	159	361	65	114	625
Interest income	-	1	-	-	1
Interest expenses	-46	-69	-22	-30	-116
Interest expenses hybrid bonds	-14	-10	-8	-5	-19
Other financial income and expenses	-3	-	1	-2	1
Change in fair value of derivatives	-43	-20	-8	-12	-28
Profit before tax	53	263	28	65	464
Current tax	-6	-12	-5	-12	-29
Deferred tax	-11	-18	-4	28	-50
Profit for the period	36	233	19	81	385
Other comprehensive income					
Items that will be reclassified to profit or loss					
Currency translation difference	-139	2	82	-89	124
Change in the hedging of currency risk	57	-20	-50	39	-98
Tax attributable to the hedging of currency risk	1	-2	14	-2	4
Revaluation reserve ²	-	1	-	-	1
Tax attributable to the revaluation reserve	-	-	-	-	-
Total other comprehensive income	-81	-19	46	-52	31
Comprehensive income for the period	-45	214	65	29	416
Profit attributable to					
-owners of the Parent Company	36	231	19	81	379
-non-controlling interests	-	2	-	-	6
Total comprehensive income attributable to					
-owners of the Parent Company	-45	212	65	29	410
-non-controlling interests	-	2	-	-	6
Earnings per share before and after dilution, EUR	0.01	0.07	0.01	0.02	0.11

1) Net income from the revaluation and disposal for Jan-Jun 2020 include change in fair value of properties of EUR 55 million (254), minus transaction cost of EUR 2 million (7), minus revaluation reserve for owner-occupied properties of EUR 0 million (1).

2) The revaluation reserve consists of owner-occupied properties.

consolidated statement of financial position

EUR million	2020 Jun 30	2019 Jun 30	2019 Dec 31
Assets			
Intangible assets	23	14	19
Investment properties	11,875	11,707	11,760
Owner-occupied properties	75	52	73
Lease agreement, right-of-use-assets ¹	16	15	16
Tangible fixed assets	5	6	6
Derivatives	1	-	1
Deferred tax assets	2	1	2
Financial assets	5	5	4
Total non-current assets	12,002	11,800	11,881
Trade and other receivables ²	120	98	116
Derivatives	8	-	2
Cash and cash equivalents	31	15	19
Assets held for sale ³	36	440	131
Total current assets	195	553	268
Total assets	12,197	12,353	12,149
Total equity attributable to the Parent Company's shareholders	5,278	5,468	5,441
Non-controlling interests	80	80	85
Total equity	5,358	5,548	5,526
Loans	4,155	4,644	4,267
Hybrid bonds ⁴	999	499	499
Lease liabilities	13	13	13
Derivatives	88	58	60
Deferred tax liabilities	945	852	935
Provisions	-	1	2
Other liabilities	17	17	17
Total non-current liabilities	6,217	6,084	5,793
Loans	435	307	590
Lease liabilities	2	2	3
Derivatives	2	5	4
Provisions	3	-	-
Trade and other payables	176	343	220
Liabilities held for sale ⁵	4	64	13
Total current liabilities	622	721	830
Total equity and liabilities	12,197	12,353	12,149
Interest-bearing liabilities			
- unsecured loans	3,007	3,052	3,199
- secured loans	1,583	1,899	1,658
Subtotal	4,590	4,951	4,857
- hybrid bonds	999	499	499
Total	5,589	5,450	5,356

1) EUR 10 million for leased offices and EUR 6 million for site leasehold agreements.

2) EUR 7 million is attributable to the holdings of condominiums in Sweden.

3) EUR 36 million is attributable to investment properties in Germany, sale price is EUR 36 million.

4) New hybrid bond was issued in Q1 2020.

5) EUR 4 million is attributable to deferred tax in Germany.

consolidated statement of changes in equity

Attributable to the Parent Company's
shareholders

EUR million	Share capital	Share premium	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at Dec 31, 2018	211	1,460	-209	3,830	5,292	78	5,370
EUR conversion*	-24	-145	24	145	-	-	-
Adjusted balance at Jan 1, 2019	187	1,315	-185	3,975	5,292	78	5,370
Other comprehensive income for the period	-	-	-20	232	212	2	214
Dividend	-	-	-	-36	-36	-	-36
Balance at Jun 30, 2019	187	1,315	-205	4,171	5,468	80	5,548
Other comprehensive income for the period	-	-	50	148	198	4	202
Acquired minority	-	-	-	-	-	1	1
Redeemed dividend	-	-	-	4	4	-	4
Share issue	13	372	-	-7	378	-	378
Redeemed shares	-1	-585	-	-21	-607	-	-607
Balance at Dec 31, 2019	199	1,102	-155	4,295	5,441	85	5,526
Profit for the period	-	-	-	36	36	-	36
Other comprehensive income	-	-	-81	-	-81	-	-81
Total other comprehensive income for the period	-	-	-81	36	-45	-	-45
Divestment of minority	-	-	-	-	-	-5	-5
Dividend	-	-	-	-118	-118	-	-118
Balance at Jun 30, 2020	199	1,102	-236	4,213	5,278	80	5,358

*) The Parent Company, Akelius Residential Property AB, changed functional currency from Swedish kronor to Euro as of 2019.

consolidated statement of cash flows

	2020 Jan-Jun 6 months	2019 Jan-Jun 6 months	2020 Apr-Jun 3 months	2019 Apr-Jun 3 months	2019 Jan-Dec 12 months
EUR million					
Net operating income	128	131	66	66	255
Central administrative expenses	-17	-15	-10	-7	-29
Other income and expenses	-	-	-	-	1
Interest paid	-52	-67	-13	-18	-132
Income tax paid	-2	-2	2	-2	-23
Cash flow before changes in working capital	57	47	45	39	72
Change in current assets	-4	-16	27	7	-47
Change in current liabilities	7	-3	6	-2	24
Cash flow from operating activities	60	28	78	44	49
Investments in intangible assets	-6	-4	-3	-2	-10
Investments in investment properties	-202	-216	-85	-126	-468
Acquisition of investment properties	-44	-94	-26	-20	-181
Acquisition of net assets	-	-	-	-	5
Proceeds from the sale of investment properties ¹	123	743	27	742	1,616
Proceeds from the sale of net assets ²	-14	-49	-8	-49	-49
Purchase and sale of other assets ³	-75	192	28	179	78
Cash flow from investing activities	-218	572	-67	724	991
Share issue	-	-	-	-	378
Repurchase of preference shares	-	-	-	-	-607
Acquisition of minority shares	-5	-	-2	-	1
Loans raised	1,083	889	190	236	1,686
Repayment of loans	-813	-1,467	-73	-999	-2,406
Purchase and sale of derivatives	9	-6	-53	2	-44
Amortization leasing	-2	-1	-1	-1	-2
Dividend A-shares	-96	-	-96	-	-
Dividend D-shares	-6	-	-6	-	-
Dividend preference shares	-	-18	-	-9	-40
Cash flow from financing activities	170	-603	-41	-771	-1,034
Cash flow for the period	12	-3	-30	-3	6
Cash and cash equivalents at the beginning of the period	19	13	61	17	13
Translation differences in cash and cash equivalents	-	5	-	1	-
Cash and cash equivalents at the end of the period	31	15	31	15	19

1) Apr-Jun includes EUR 20 million relate to a realized sale to a tenant-owner association.

2) Apr-Jun includes EUR -7 million relate to the amount still not received as Akelius still owns the apartments in the tenant-owner association.

3) Jan-Jun 2020 includes EUR -84 million in prepayment received for signed property sale in Germany 2019, received prepayment of EUR 24 million for property sale in Germany, EUR -11 million in prepayment received from the tenant-owner association prior to 2020 and EUR -18 million in transaction costs for sold properties.

loans

Duration, years	Interest rate hedge, EUR million	Interest rate hedge Average interest rate, percent	Share, percent	Debt maturities, EUR million	Share, percent
0–1	575	5.11	13	435	9
1–2	693	1.59	15	964	22
2–3	52	2.40	1	48	1
3–4	726	1.16	16	610	13
4–5	673	2.00	15	801	18
5–6	774	2.36	17	755	16
6–7	433	1.63	9	298	6
7–8	380	0.94	8	277	6
8–9	97	2.29	2	98	2
9–10	33	2.24	1	-	-
> 10	154	2.92	3	304	7
Total	4,590	2.18	100	4,590	100

financial instrument

Carrying value and fair value of outstanding derivatives and interest-bearing liabilities excluding leasing are shown in the tables below.

Derivatives are valued continuously at fair value through profit or loss.

Financial instruments that are not measured at fair value through profit and loss are measured at amortized cost using the effective interest rate method.

The fair values of hybrid bonds are based on level 1 and the fair values of derivatives and other loans are based on level 2 in the fair value hierarchy.

Compared to 2019, no transfers have been made between different levels in the fair value hierarchy for derivatives and borrowings and no significant changes have been made to valuation techniques.

derivatives recorded at fair value

EUR million	2020 Jun 30	2019 Dec 31
Assets	9	3
Liabilities	90	64

carrying value and fair value of interest-bearing liabilities

EUR million	2020 Jun 30	2020 Jun 30	2019 Dec 31	2019 Dec 31
	Carrying value	Fair value	Carrying value	Fair value
Loans	4,590	4,403	4,857	4,949
Hybrid bonds	999	961	499	532
Total	5,589	5,364	5,356	5,481

segment information

Jan-Jun 2020, EUR million	Europe	Scandinavia	North America	Total
Rental income	104	58	76	238
Operating expenses	-39	-21	-37	-97
Maintenance	-5	-4	-4	-13
Net operating income	60	33	35	128
Revaluation of investment properties	17	1	37	55
Total property return	77	34	72	183
Total property return, percent	2.9	2.3	4.0	3.1
Net operating income margin, percent	57.4	56.3	46.6	53.7
Property fair value	5,250	2,980	3,756	11,986

Jan-Jun 2019, EUR million	Europe	Scandinavia	North America	Total
Rental income	117	64	72	253
Operating expenses	-46	-24	-37	-107
Maintenance	-6	-5	-4	-15
Net operating income	65	35	31	131
Revaluation of investment properties	148	41	65	254
Total property return	213	76	96	385
Total property return, percent	7.5	4.6	6.0	6.3
Net operating income margin, percent	55.8	53.7	43.2	51.7
Property fair value	5,816	2,875	3,508	12,199

key figures

	2020 Jun 30	2019 Dec 31	2018 Dec 31	2017 Dec 31	2016 Dec 31
Equity					
Equity, EUR million	5,358	5,526	5,370	4,901	4,279
Equity ratio, percent	44	45	43	46	46
Equity and hybrid capital ratio, percent	52	50	47	46	46
Return on equity, percent	-1	8	9	19	37
Net asset value, EUR million	6,386	6,533	6,284	5,840	5,127
Net operating income					
Rental income, EUR million	238	496	482	469	472
Growth in rental income, percent	-6.1	2.7	2.8	-0.6	1.8
Like-for-like growth in rental income, percent	6.3	5.7	3.2	5.1	4.1
Net operating income, EUR million	128	255	259	251	244
Growth in net operating income, percent	-2.5	-1.3	3.3	4.4	6.3
Like-for-like growth in net operating income, percent	10.3	2.9	5.1	10.7	8.0
Net operating income margin, percent	53.7	51.5	53.6	53.4	51.7
Adjusted net operating income margin, percent ¹	66.7	64.1	69.3	68.0	66.2
Financing					
Loan-to-value ratio, secured loans, percent	13	14	19	18	24
Loan-to-value ratio, percent	37	40	44	44	43
Unencumbered asset ratio	2.07	1.87	1.74	1.63	1.18
Interest coverage ratio 12 months	6.6	7.8	2.8	4.7	4.5
Interest coverage ratio excluding realized value growth 12 months	2.4	2.0	1.8	1.9	1.9
Average interest rate, percent	2.18	2.25	2.64	2.58	2.62
Fixed interest term, years	4.4	4.5	4.5	5.3	4.5
Debt maturities, years	5.1	5.4	5.7	5.6	5.0
Properties					
Number of apartments	43,989	44,226	50,407	47,177	46,516
Rentable area, thousand sqm	2,958	2,968	3,422	3,228	3,236
Real vacancy rate, residential, percent	1.3	1.1	1.4	0.9	1.1
Vacancy rate, residential, percent	7.8	8.6	9.6	6.6	5.0
Turnover of tenants, percent	15	15	15	14	14
Fair value, EUR per sqm	4,053	4,031	3,617	3,292	2,834
Capitalization rate, percent	3.33	3.67	3.67	3.60	3.82
Change in capitalization rate ² , percentage points	-0.34	0.00	0.02	-0.22	-0.49
Fair value of properties opening balance, EUR million	11,964	12,379	10,624	9,171	7,965
Change in fair value, EUR million	55	423	553	886	1,343
Investments, EUR million	202	468	349	288	316
Purchases, EUR million	44	181	1,286	1,297	643
Sales, EUR million	-123	-1,616	-300	-737	-957
Exchange differences, EUR million	-156	129	-133	-281	-139
Fair value of properties closing balance, EUR million	11,986	11,964	12,379	10,624	9,171

1) Adjustment for revenue from operating expenses invoiced to the tenants in Germany, France, Canada, United States and Sweden amounted to EUR 46 million (53) for Jan–Jun 2020.

2) Like-for-like capitalization rate.

condensed statement of comprehensive income for the Parent Company

EUR million	2020 Jan-Jun 6 months	2019 Jan-Jun 6 months	2020 Apr-Jun 3 months	2019 Apr-Jun 3 months	2019 Jan-Dec 12 months
Central administrative expenses	-3	-4	-2	-1	-5
Financial income	93	115	-9	56	266
Financial expenses	-70	-92	-34	-45	-178
Change in the fair value of derivatives	-47	-	-24	15	-26
Appropriations	-	-	-	-	14
Profit before tax	-27	19	-69	25	71
Tax	-1	-6	13	-9	4
Profit for the period	-28	13	-56	16	75

condensed statement of financial position for the Parent Company

EUR million	2020 Jun 30	2019 Jun 30	2019 Dec 31
Shares in subsidiaries	2,629	2,655	2,629
Receivables from Group companies	4,259	3,918	4,207
Derivatives	9	-	3
Prepaid expenses and accrued income from Group companies	76	79	4
Deferred tax assets	44	37	44
Other assets	53	29	37
Cash and cash equivalents	15	9	-
Total assets	7,085	6,727	6,924
Total equity	1,186	1,481	1,332
Interest-bearing liabilities	4,185	3,799	3,880
Interest-bearing liabilities from Group companies	1,539	1,313	1,612
Derivatives	98	42	57
Other current liabilities	71	76	43
Other current liabilities from Group companies	6	16	-
Total equity and liabilities	7,085	6,727	6,924

alternative performance measures

Reconciliation for the purposes of the Guidelines published by the European Securities and Markets Authority is set out below.

	2020 Jun 30	2019 Jun 30	2019 Dec 31
EUR million			
Equity	5,358	5,548	5,526
Deferred tax	943	851	933
Deferred taxes reported as liability for sale	4	64	13
Derivatives	81	63	61
Net asset value	6,386	6,526	6,533
Total interest-bearing liabilities	5,589	5,450	5,356
Hybrid bonds	-999	-499	-499
Cash and cash equivalents	-31	-15	-19
Pledged cash assets	-	-3	-
Net debt	4,559	4,933	4,838
Total assets	12,197	12,353	12,149
Cash and cash equivalents	-31	-15	-19
Pledged cash assets	-	-3	-
Net asset	12,166	12,335	12,130
Loan-to-value ratio, percent	37	40	40
Net debt	4,559	4,933	4,838
Less senior unsecured debt	-3,007	-3,052	-3,199
Secured debt minus pledged cash, cash and cash equivalents	1,552	1,881	1,639
Net asset	12,166	12,335	12,130
Loan-to-value ratio, secured loan, percent	13	15	14
Equity	5,358	5,548	5,526
Hybrid bonds	999	499	499
Equity and hybrid bonds	6,357	6,047	6,025
Total asset	12,197	12,353	12,149
Equity ratio, percent	44	45	45
Equity and hybrid capital ratio, percent	52	49	50

alternative performance measures, continued

	2020 Jun 30	2019 Jun 30
EUR million		
Intangible assets	23	14
Unencumbered properties	5,912	5,526
Lease agreement, right-of-use-assets	16	15
Tangible fixed assets	5	6
Deferred tax	2	1
Financial assets	5	5
Trade and other receivables	120	98
Derivatives	9	-
Unencumbered assets	6,092	5,665
Unsecured loans	3,007	3,052
Subordinated debt	-28	-12
Cash and cash equivalents	-31	-15
Net unsecured senior debt	2,948	3,025
Unencumbered asset ratio	2.07	1.87

	2020 Jan-Jun	2019 Jan-Jun	Percent growth
EUR million			
Rental income	238	253	-6.1
Purchases and sales	-4	-28	
Service revenue	-17	-21	
Like-for-like rental income	217	204	6.3
Net operating income	128	131	-2.5
Purchases and sales	-2	-17	
Like-for-like net operating income	126	114	10.3

	2020 Jan-Jun	2019 Jan-Jun
EUR million		
Proceeds from the sale of properties	123	743
Costs of sale	-2	-7
Acquisition costs	-56	-288
Accumulated investments	-11	-116
Realized value growth	54	332

other information

basis of presentation

The Akelius Residential Property Group's Interim report has been prepared in accordance with IAS 34, Interim Financial Reporting and the Swedish Annual Accounts Act.

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 figures in this interim report have been rounded, 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.

accounting principles

New and amended IFRS standards that came into effect after January 1, 2020 have not had any material impact on the Group's financial reports.

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.

To reduce risk or variations in cash flow further, 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.

There have been no material changes in the company's assessment of risks since the publication of the 2019 annual report.

Covid-19

In addition to these, risks associated to Covid-19 have occurred. For information regarding our view and its impact see page 2 and 17-18.

Ralf Spann,
CEO, Managing Director

Stockholm, Sweden, August 3, 2020,
Akelius Residential Property AB (publ)

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

definitions

adjusted EBITDA

EBITDA plus other financial income and expenses.

It highlights current cash flow capacity from property management excluding financial income and expenses.

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

The rate of return used in assessing the terminal value of property in the fair value assessment.

cash sources

Cash sources include liquidity, contracted sales and profit before tax and revaluation.

cash uses

Cash uses include investments, contracted purchases and short-term loans.

debt maturities, years

Volume-weighted remaining term of interest-bearing liabilities and derivatives on the balance sheet date.

It illustrates the company's refinancing risk.

debt coverage capacity

Profit before tax and revaluation, including *realized value growth*.

Net operating income and *realized value growth* are reinvested into existing and new properties.

This leads to a growing operating surplus.

The earnings capacity is based on the

property portfolio at balance sheet date and the portfolio's gross rent, real vacancy, estimated operating expenses and maintenance costs during a normal year, as well as central administrative expenses.

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.

EBITDA

Net operating income and 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 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*.

in-place rent

Contracted rent excluding rental discounts and temporary charges.

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.

definitions, continued

interest coverage ratio

Adjusted EBITDA plus *realized value growth* for the latest rolling 12-month period in relation to *net interest expenses* for the latest rolling 12-month period. It illustrates the company's sensitivity to interest rate changes.

liquid financial assets

Debt securities and equity securities traded on a regulated market and with an investment grade rating. It is used to calculate liquidity.

like-for-like properties

Properties owned during the compared periods. This means that properties that were acquired or sold during any of the compared periods are excluded. It facilitates the analysis and the comparison between different periods, when properties that do not figure in all the periods are excluded.

loan-to-value ratio

Net debt divided by *net assets*. This key figure shows financial risk.

loan-to-value ratio, secured loans

Net debt reduced by unsecured interest-bearing debt divided by *net assets*. This key figure shows financial risk.

net asset

Total assets minus pledged cash, cash and cash equivalents. It is used to illustrate the company's net assets.

net asset value

Equity, deferred tax and derivatives. It is used to highlight the company's long-term capital that is not interest-bearing.

net debt

Interest-bearing liabilities less subordinated debt, cash and cash equivalents. It is used to facilitate analysis of the company's real indebtedness.

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 lettings for the period less terminated annual rents. Demonstrates the effect of the vacancy development illustrated in annual rent.

net interest expenses

Total interest expenses less interest on subordinated debt, one-off financing charges and interest on cash, cash equivalents and *liquid financial assets*. It is used to facilitate analysis of the company's interest results.

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. It summarizes income and expenses from business operations ancillary to the main business operations.

property costs

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

definitions, continued

property portfolio

Investment property, owner-occupied properties, 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. This item demonstrates the actual result of sales measured from the acquisition to sale.

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. This rate facilitates the analysis of long term vacancy for the company.

renewed and renegotiated rental contracts

All changes in rental levels for remaining tenants. This item highlights changes in contracts with existing customers.

rental income

Rental value less vacancies and rent discounts.

rental value

12 months rent for apartments, including a market rent for vacant apartments.

return on equity

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

unencumbered asset ratio

Unencumbered assets divided by unsecured debt minus subordinated debt and cash equivalents. It is used to assess unencumbered assets in relation to unsecured senior interest-bearing liabilities.

vacancy rate

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

The vacancy rate is measured on the first day after the month-end.

value growth

Changes in the value of investments properties excluding investment and change in currencies. It demonstrates the changes in value of properties cleared for currency effects and capital spent.

walk score

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.

Walk score is provided by Walkscore.com and grade the locations of the properties.

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Akelius in brief

apartments for metropolitans

All apartments are in metropolitan cities, such as Berlin, Hamburg, Paris, London, Toronto, Montreal, New York, Boston, Washington D.C., Stockholm and Copenhagen.

better living

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

acquire via cherry-picking

Akelius prefers to make many smaller acquisitions of properties that are exactly right, by cherry-picking, rather than making a few large acquisitions of properties that are not quite right.

strong capital structure, low refinancing risk

Akelius has agreements with 28 banks, listed senior unsecured bonds and listed common shares of class D. Akelius is one of Europe's largest listed residential companies and has ten thousand shareholders.

first-class personnel

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

financial calendar

interim report Jan–Sep 2020	October 26, 2020
year-end report 2020	February 8, 2021
annual report 2020	March 12, 2021