

# Akelius Residential Property AB (publ)

## interim report

January to June 2021

	2021 Jan–Jun	2020 Jan–Jun	2021 Apr–Jun	2020 Apr–Jun	2020 Jan–Dec
Property fair value, EUR million	12,960	11,986	12,960	11,986	12,139
Number of apartments	45,029	43,989	45,029	43,989	44,443
Residential rentable area, thousand sqm	2,807	2,709	2,807	2,709	2,752
Real vacancy rate, residential, percent	1.0	1.3	1.0	1.3	1.7
Vacancy rate, residential, percent	6.3	7.8	6.3	7.8	7.5
Rent potential, percent	48	35	48	35	24
Rental income, EUR million	250	238	125	119	471
Like-for-like growth in rental income, percent	0.2	6.3	0.6	5.8	3.6
Net operating income, EUR million	136	130	69	66	259
Net operating income margin, percent	54.5	54.7	55.1	55.4	54.9
Like-for-like growth in net operating income, percent	-1.3	10.3	-1.9	9.0	8.4
EBITDA, EUR million	121	110	61	55	221
Profit before tax, EUR million	375	53	222	28	72
Loan-to-value, percent	40	37	40	37	39
Cash sources to cash uses, percent	482	166	482	166	456
Interest coverage ratio	2.8	6.6	2.8	6.6	3.3
Interest coverage ratio, excluding realized value growth	2.5	2.4	2.5	2.4	2.5
Credit rating, Standard & Poor's	BBB	BBB	BBB	BBB	BBB
Credit rating, Fitch Ratings	BBB	-	BBB	-	-
Net asset value, EUR million	6,640	6,386	6,640	6,386	6,324

Definitions on pages 39–41.



81 Isabella Street, Toronto

## real vacancy one percent

### vacancy down by 1.2 percentage points

During the second quarter the vacancy decreased 0.6 percentage points to 6.3 percent.

So far during 2021 the vacancy has dropped 1.2 percentage points.

The major contributor to the progress is finalized extensive upgrading projects. Akelius expects vacancy to continue to decrease materially.

The real vacancy improved with 0.7 percentage points to 1.0 percent. The average real vacancy the last decade has been 1.1 percent.

### rental income growth 5.2 percent

Acquisitions and a positive one-off effect from the Berlin rent regulation were the main factors behind the rental growth.

COVID-19 has negatively affected rental income.

Akelius has temporarily given rent concessions particularly in the United States and in London.

Another effect is lower or postponed rent increases through indexation in regard to the COVID-19 situation.

Akelius believes that the COVID-19 effects will be lower from the third quarter.



## property fair value increased 2.6 percent

During the first six months 2021, mainly Berlin, Hamburg, and Stockholm affected the value growth positively. New York and London contributed negatively.

COVID-19 has affected Akelius' cities differently and it is clear that diversification decreases risk.

## net acquisitions EUR 144 million

Akelius has during the period acquired properties for EUR 170 million in Montreal, Toronto, and Washington D.C.

The initial yield was on average 3.9 percent and the required yield was 4.1 percent.

Properties in Germany were divested for EUR 26 million.

Akelius has so far in 2021 signed 40 condominium sales in Germany. On average the sale prices exceeded the fair value with 60 percent.

## profit before tax EUR 375 million

Strong development of EBITDA and positive value changes of properties and financial instruments increased the profit before tax to EUR 375 million, compared with EUR 53 million for the same period 2020.

## average interest rate 1.68 percent

Akelius' improved financial situation coupled with good market conditions are the main factors behind the lower funding costs.

So far in 2021, the average interest rate has decreased from 1.95 to 1.68 percent and the average duration of the loans has increased to 6 years.

## loan-to-value 40 percent, liquidity EUR 1,084 million

Strong liquidity and prudent leverage enable Akelius to act from a strong position.

## staff reduced by 239

Staff has decreased from 1,486 to 1,247 in the last 12 months.

The change is in line with the ambition to focus on properties with strong cash flow and low need of extensive upgrading.

Ralf Spann,  
CEO and Managing Director

# property portfolio June 30, 2021

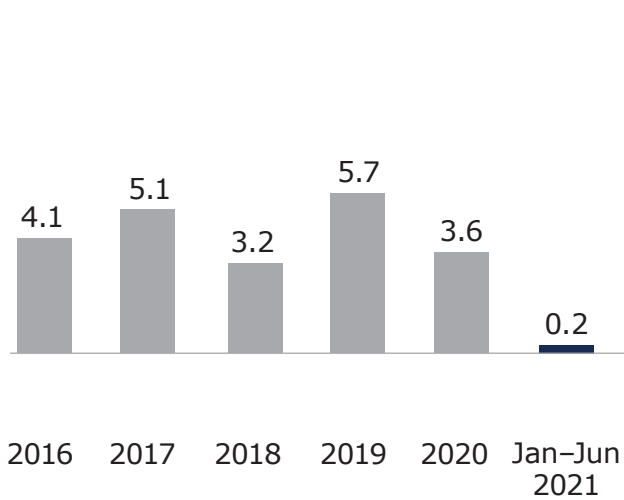
fair value properties EUR 12,960 million



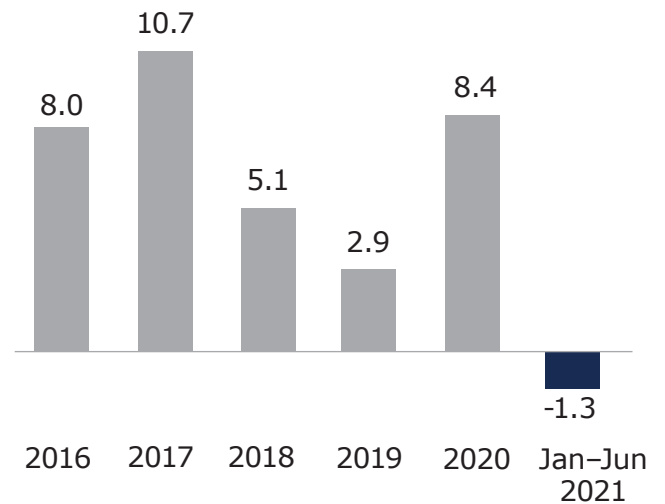
City	Number of apartments	Rentable area, thousand sqm	Fair value EUR million	Fair value EUR/sqm	Vacancy rate, residential, percent	Capitalization rate, percent	
Berlin	14,052	936	3,263	3,487	2.1	2.84	
London	2,068	104	959	9,222	12.0	4.13	
Hamburg	3,592	207	930	4,494	4.4	3.36	
Paris	1,564	53	437	8,268	30.6	4.03	
<b>Europe</b>	<b>21,276</b>	<b>1,300</b>	<b>5,589</b>	<b>4,300</b>	<b>43</b>	<b>5.6</b>	<b>3.26</b>
Stockholm	5,934	458	1,841	4,022	1.3	2.63	
Malmö	4,092	350	1,092	3,124	0.2	3.10	
Copenhagen	1,031	88	344	3,900	3.0	2.98	
<b>Scandinavia</b>	<b>11,057</b>	<b>896</b>	<b>3,277</b>	<b>3,660</b>	<b>25</b>	<b>1.0</b>	<b>2.84</b>
Toronto	3,770	203	1,024	5,054	6.8	3.50	
Montreal	4,016	275	970	3,522	15.8	4.30	
New York	1,736	122	860	7,040	11.4	4.27	
Washington D.C.	2,145	179	680	3,792	12.4	4.69	
Boston	1,029	67	560	8,364	17.3	4.25	
<b>North America</b>	<b>12,696</b>	<b>846</b>	<b>4,094</b>	<b>4,837</b>	<b>32</b>	<b>12.1</b>	<b>4.17</b>
<b>Total/Average</b>	<b>45,029</b>	<b>3,042</b>	<b>12,960</b>	<b>4,261</b>	<b>100</b>	<b>6.3</b>	<b>3.45</b>

## like-for-like growth

rental income 0.2 percent

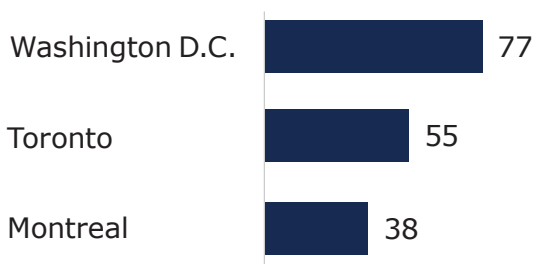


net operating income -1.3 percent

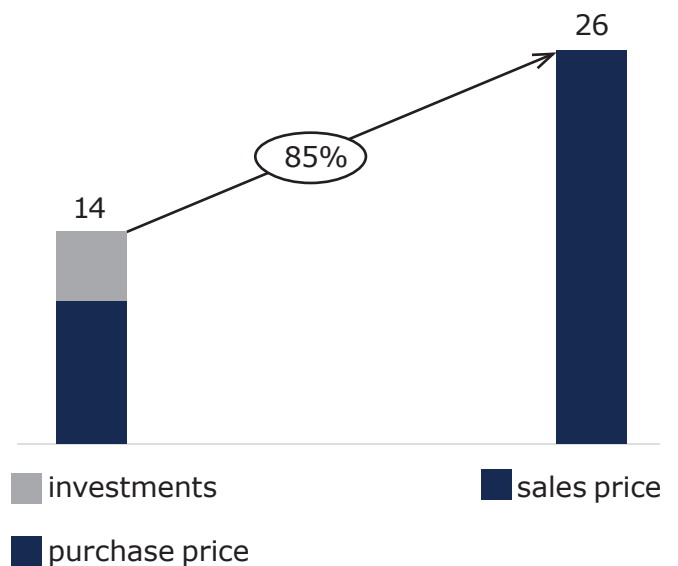


## changes in the property portfolio

property purchases  
EUR 170 million

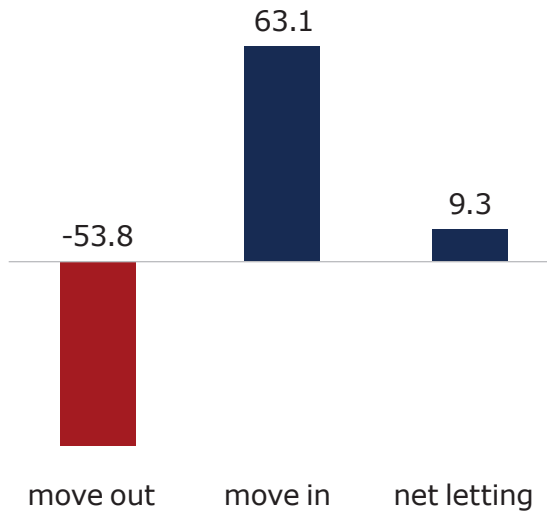


property sales EUR 26 million



## net letting and upgraded apartments

net letting EUR 9.3 million  
January to June 2021

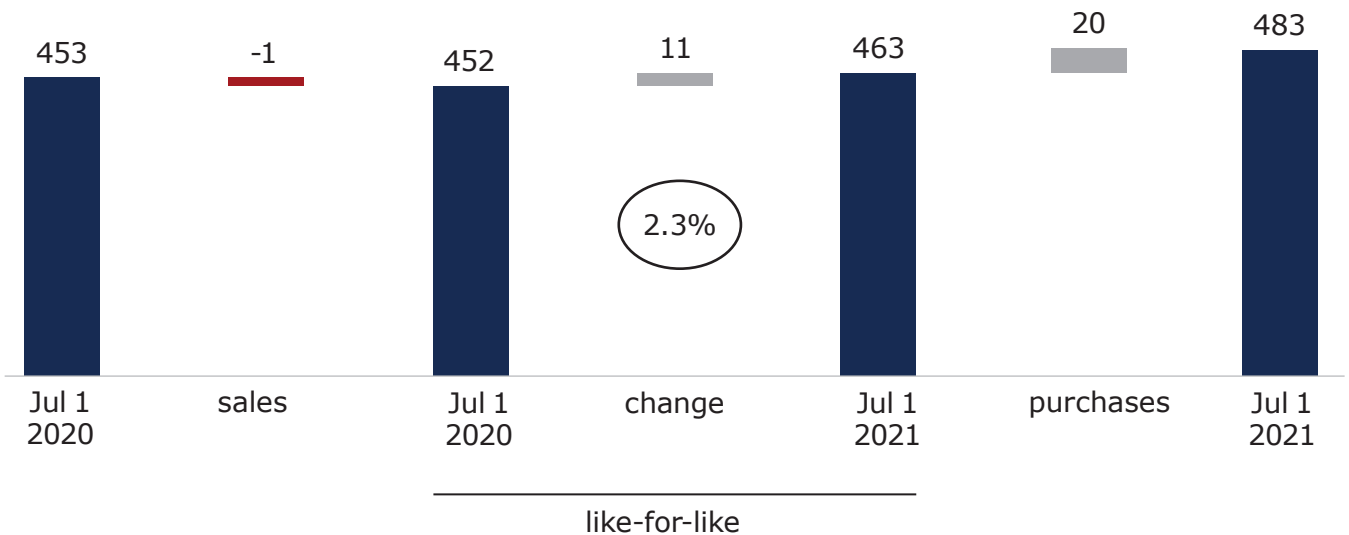


upgraded apartments  
54.6 percent



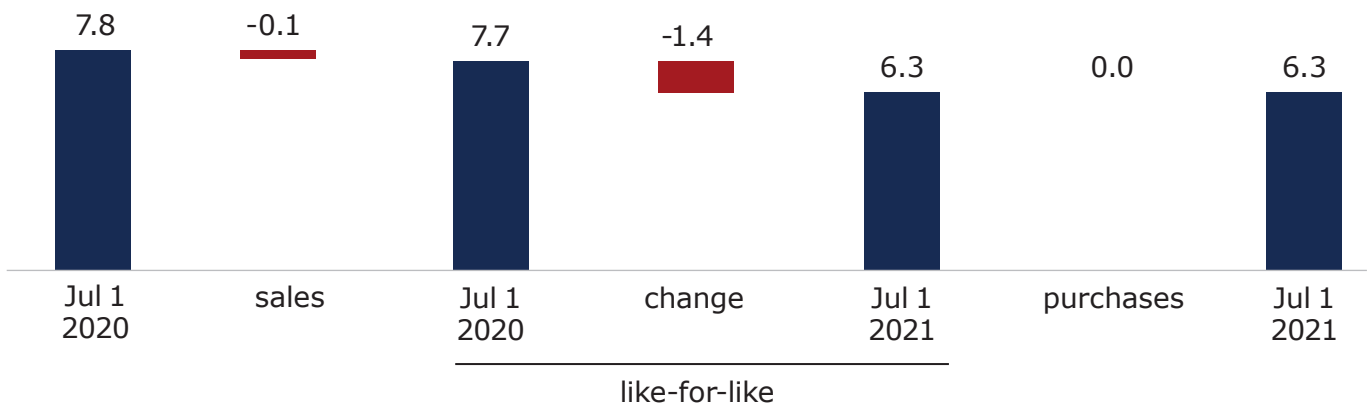
## development residential in-place rent

EUR million

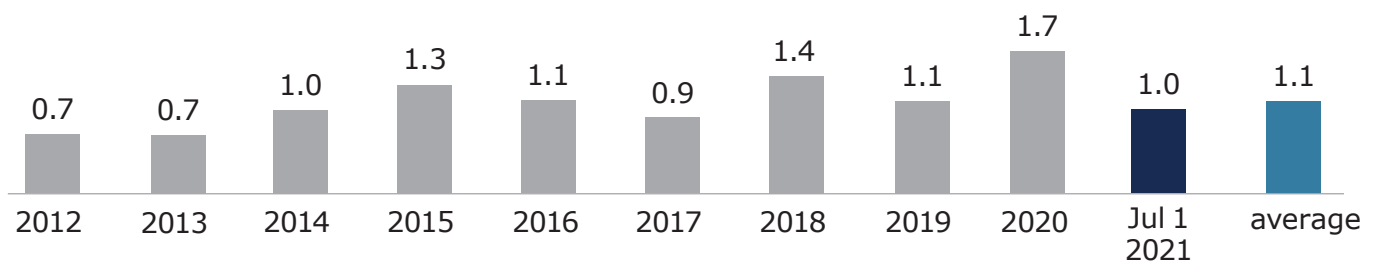


## development vacancy rate, residential

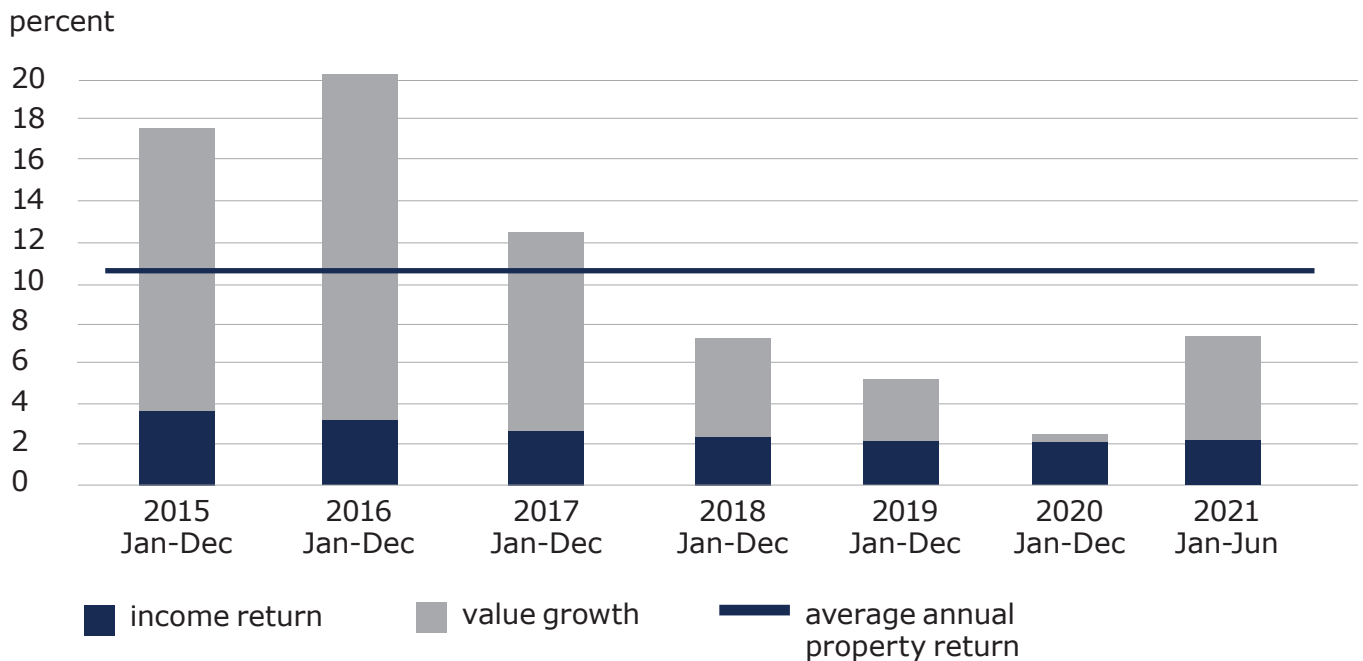
percent



## real vacancy rate, residential, 1.0 percent



## property return 7.6 percent



	EUR million	Growth Jan-Jun percent
<b>Fair value, Jan 1, 2021</b>	<b>12,139</b>	
Revaluations	319	2.6
Investments	160	1.3
Purchases	170	1.4
Sales	-26	0.2
Exchange differences	198	1.6
<b>Fair value, Jun 30, 2021</b>	<b>12,960</b>	<b>6.8</b>
Net operating income	136	1.1
Transaction cost	-1	0.0
<b>Total property return</b>	<b>454</b>	<b>Per annum: 7.6</b>

## capitalization rate 3.45 percent

percent	Capitalization rate	Discount rate
Jan 1, 2021	3.28	5.26
Purchases	0.01	0.01
Sales	0.00	0.00
Like-for-like	0.14	0.14
Exchange difference	0.02	0.02
<b>Jun 30, 2021</b>	<b>3.45</b>	<b>5.43</b>

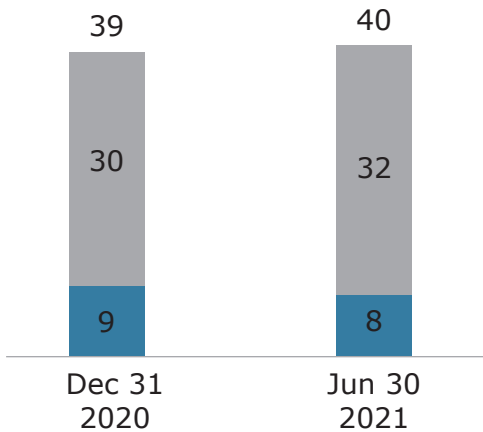
## change in value EUR 319 million

	EUR million	Return, percent
Cash flow	1,078	8.88
Required rate of return	-760	-6.26
Sales	2	0.02
Purchases	-1	-0.01
<b>Total change in value</b>	<b>319</b>	<b>2.63</b>



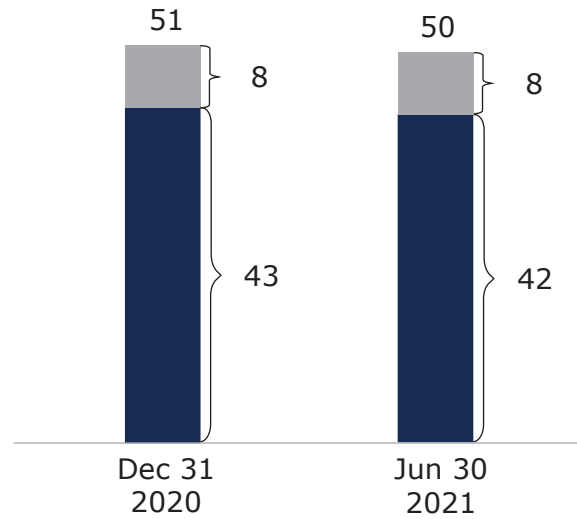
# financing

loan-to-value ratio  
40 percent



■ unsecured loans  
■ secured loans

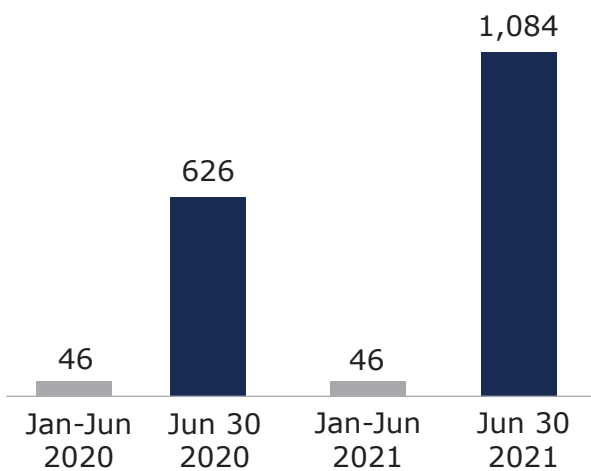
equity and hybrid capital ratio  
50 percent



■ hybrid bonds  
■ ordinary equity

interest expenses and liquidity

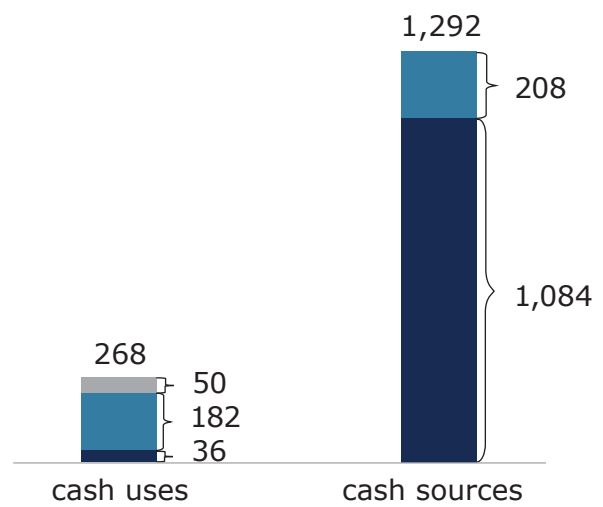
EUR million



■ interest expenses  
■ liquidity

cash uses and sources

EUR million,  
12 months forward

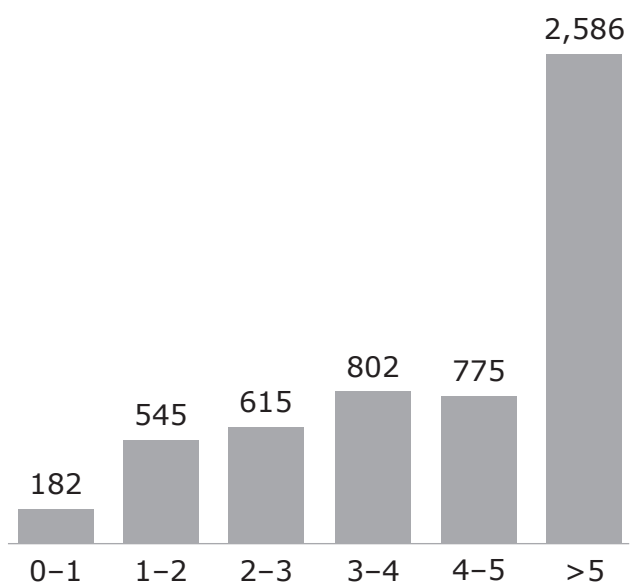


■ investments  
■ short-term loans  
■ contracted purchases  
■ profit before tax and revaluation  
■ liquidity

# financing

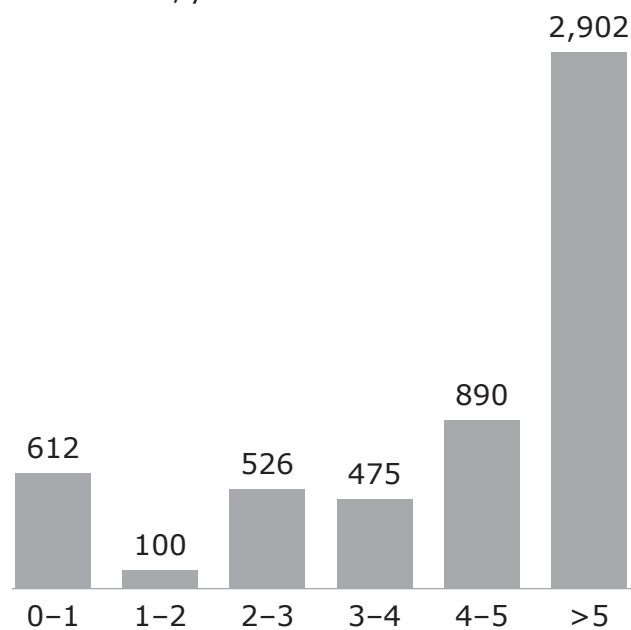
## debt maturities

EUR million, year

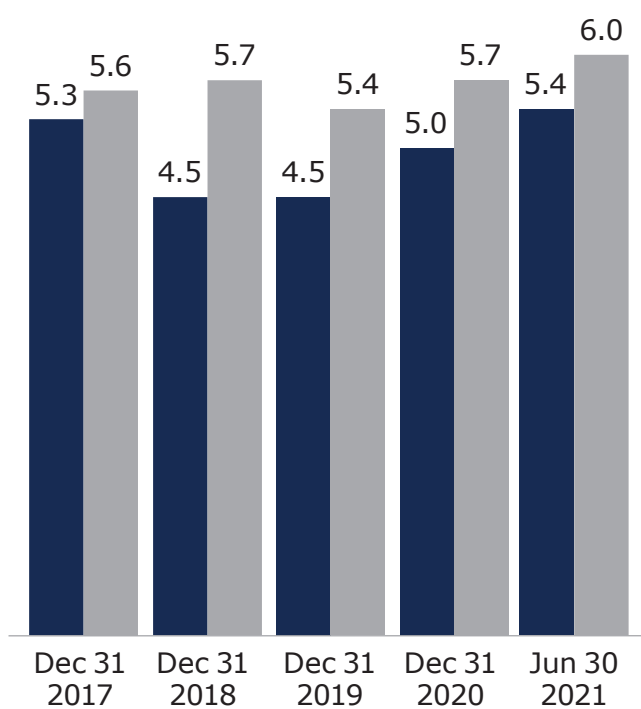


## interest rate hedges

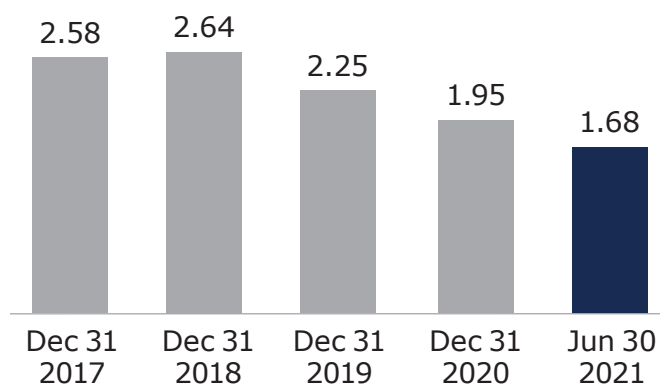
EUR million, year



fixed interest terms 5.4 years  
debt maturities 6.0 years



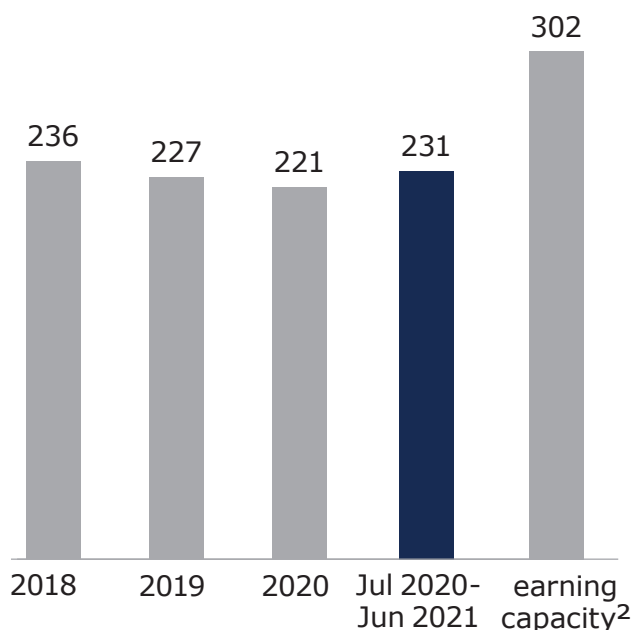
interest rate 1.68 percent



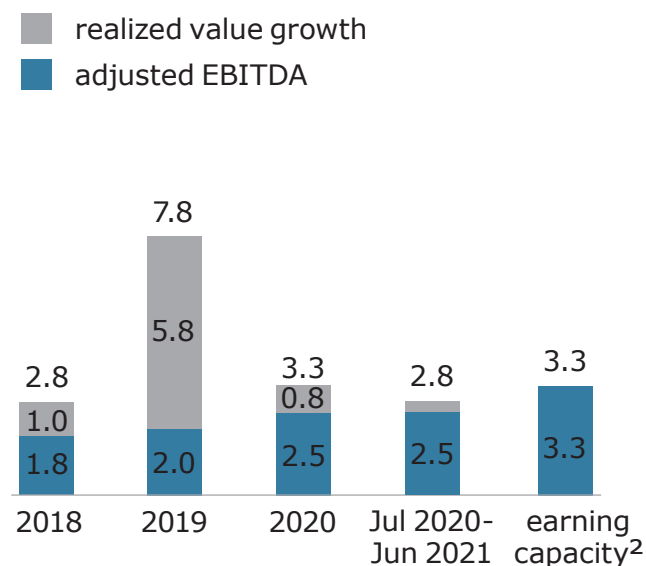
■ debt maturities  
■ fixed interest term

## financing

EBITDA EUR 231 million



interest coverage ratio 2.8



## current interest and debt coverage capacity

EUR million	Jul 2020-Jun 2021	Earning capacity as at Jun 30, 2021 <sup>2</sup>
Rental income	483	554 <sup>3</sup>
Operating expenses	-187	-189
Maintenance	-32	-33
<b>Net operating income</b>	<b>264</b>	<b>332</b>
Central administrative expenses	-33	-31
Other income and expenses	-	1
<b>EBITDA</b>	<b>231</b>	<b>302</b>
Other financial income and expenses	-13 <sup>1</sup>	-5
<b>Adjusted EBITDA</b>	<b>218</b>	<b>297</b>
Net interest expenses	-86	-89
<b>Interest coverage ratio excluding realized value growth</b>	<b>2.5</b>	<b>3.3</b>
Realized value growth	22	-
<b>Interest coverage ratio</b>	<b>2.8</b>	<b>-</b>
Net debt as at Jun 30, 2021	5,279	5,279
Net debt/EBITDA	22.9	17.5
Net debt/EBITDA including realized value growth	20.9	-

1) EUR 10 million is a one-off cost to redeem a bond.

2) the earnings capacity is based on the property portfolio as at Jun 30, 2021.

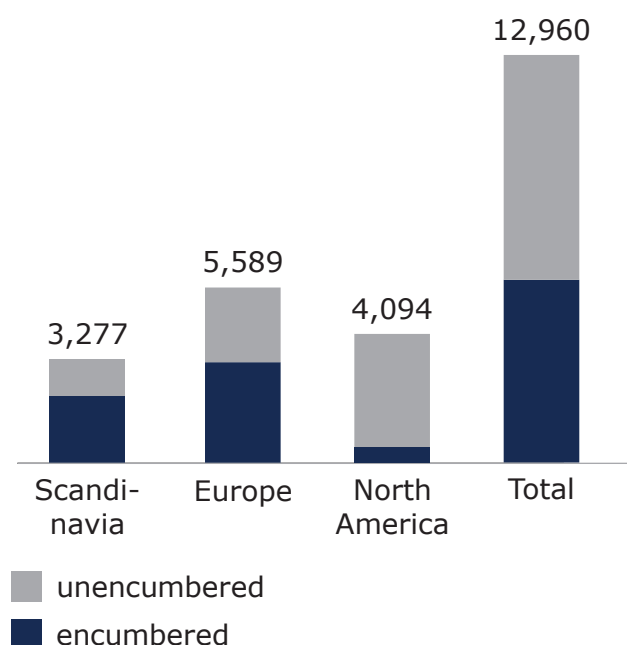
It includes the property portfolio's gross rent minus real vacancy, estimated operating expenses, maintenance costs and central administration during a normal year.

3) includes EUR 482 million in residential rental value as at Jul 1, 2021, EUR 39 million in rental income for commercial properties and parking, EUR -7 million in real vacancy for apartments and EUR 40 million in other income. Residential rental value of EUR 482 million minus vacancy and plus debiting of operating expenses is equivalent to EUR 483 million in residential in-place rent.

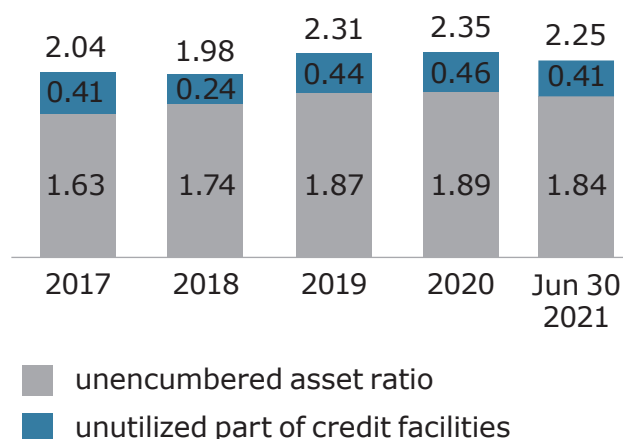
## financing

### encumbered properties

EUR million



### adjusted unencumbered asset ratio



### carrying value and fair value of interest-bearing liabilities

EUR million	2021 Jun 30 Carrying value	2021 Jun 30 Fair value	2020 Dec 31 Carrying value	2020 Dec 31 Fair value
Loans	5,505	5,606	5,043	5,178
Hybrid bonds	999	1,032	999	1,038
<b>Total</b>	<b>6,504</b>	<b>6,639</b>	<b>6,042</b>	<b>6,216</b>

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

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

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

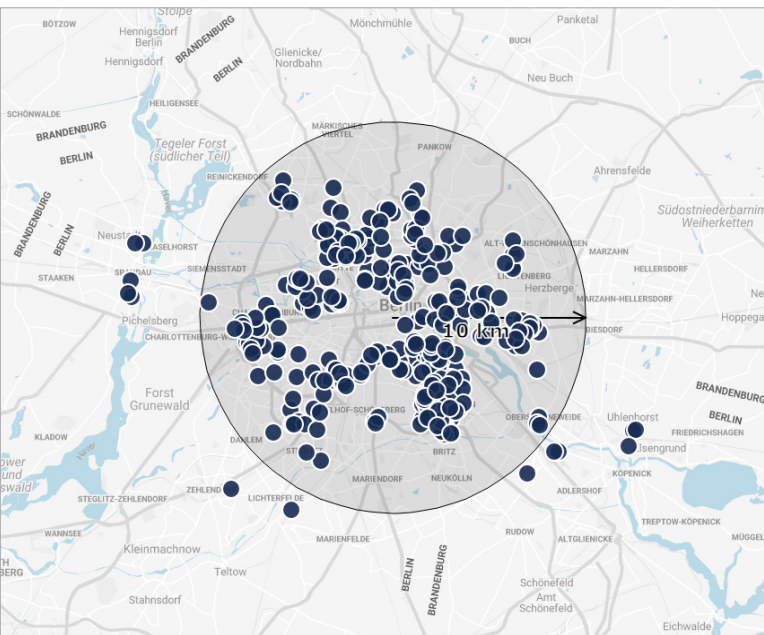
The fair values of bonds are based on level 1, and the fair values of derivatives and other interest-bearing liabilities are based on level 2 in the fair value hierarchy.

Compared to 2020, no transfers have been made between different levels in the fair value hierarchy for derivatives and borrowings and no significant change has been made to valuation techniques.

### derivatives recorded at fair value

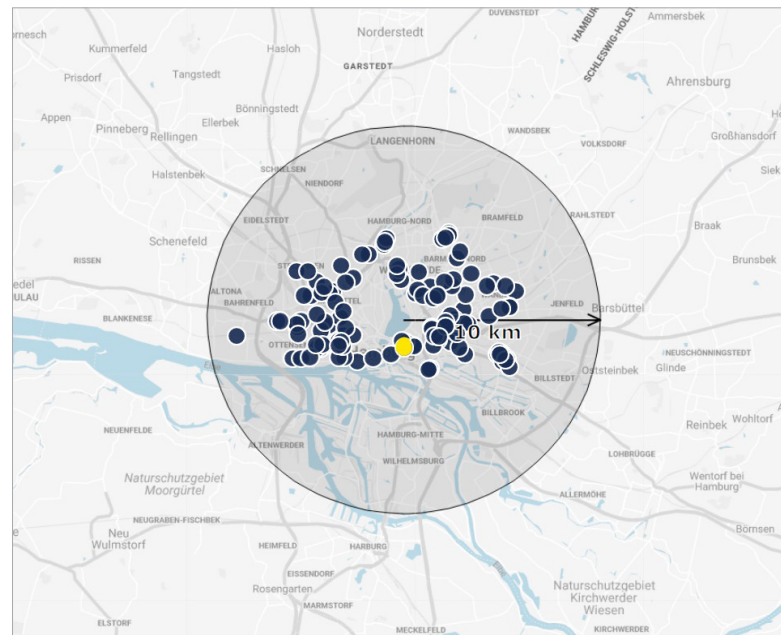
EUR million	2021 Jun 30	2020 Dec 31
Assets	8	14
Liabilities	54	96

## Berlin



● like-for-like properties    ● sold properties 2021

## Hamburg



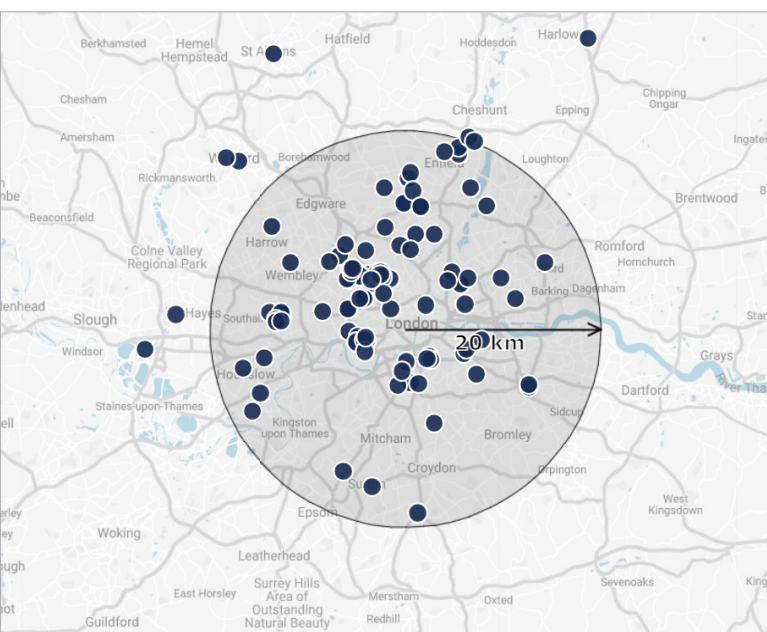
Berlin

Hamburg

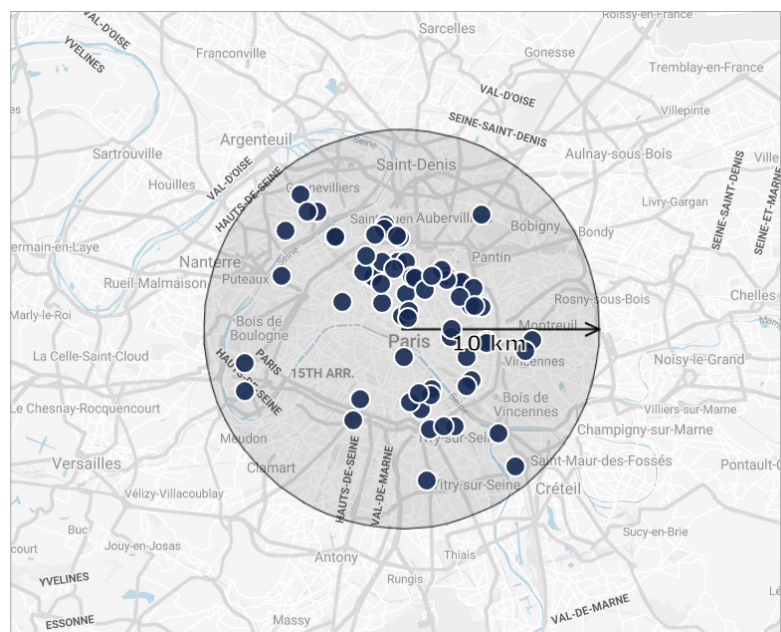
	Berlin	Hamburg
<b>Property portfolio</b>		
Fair value, EUR million	3,263	930
Capitalization rate, percent	2.84	3.36
Proportion upgraded apartments, percent	43	57
Residential rentable area, thousand sqm	881	196
Commercial rentable area, thousand sqm	55	11
Average apartment size, sqm	63	55
Walk score	91	91
<b>Average rent residential</b>	EUR/sqm/month	EUR/sqm/month
Total portfolio Jul 1, 2020	9.41	12.22
Exchange difference	-	-
Adjusted total portfolio Jul 1, 2020	9.41	12.22
Sales and ended units	0.01	-0.01
Like-for-like Jul 1, 2020	9.42	12.21
Like-for-like change	0.02	0.15
– Change in percent	0.2	1.3
Like-for-like Jul 1, 2021	9.44	12.36
Purchases and new constructions	0.02	0.03
Total portfolio Jul 1, 2021	9.46	12.39
New lease level	12.41	15.31
<b>Vacancy rate residential</b>	percent	percent
Real vacancy rate	0.6	0.7
Apartments being upgraded	1.5	3.7
Vacancy rate	2.1	4.4



## London



## Paris



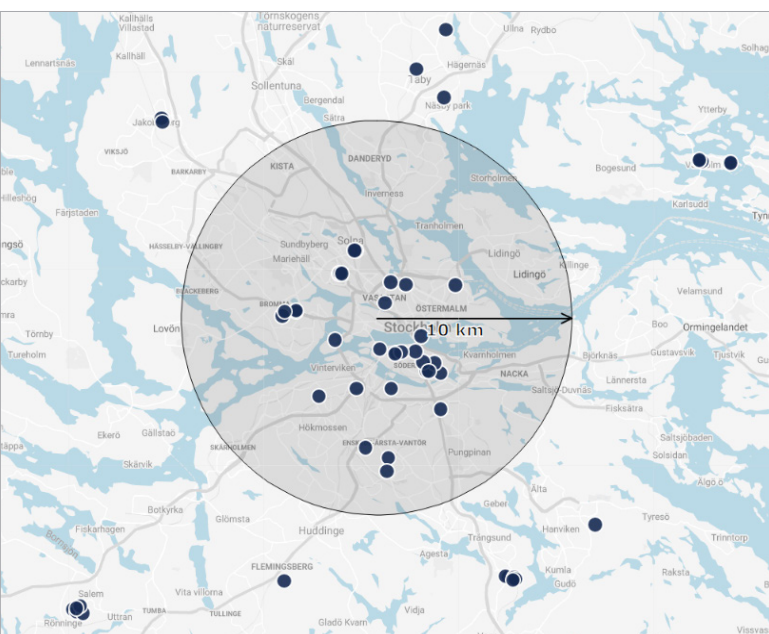
● like-for-like properties

### London

### Paris

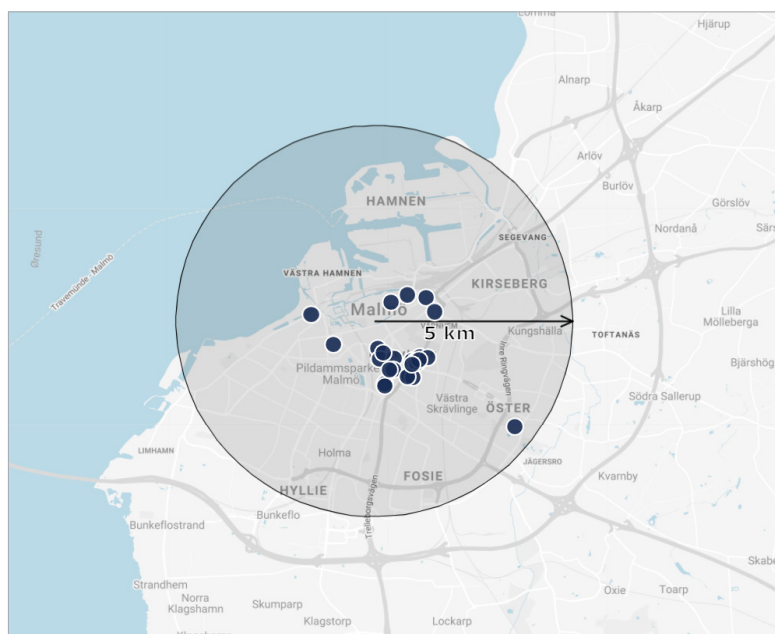
	London	Paris
<b>Property portfolio</b>		
Fair value, EUR million	959	437
Capitalization rate, percent	4.13	4.03
Proportion upgraded apartments, percent	75	40
Residential rentable area, thousand sqm	85	48
Commercial rentable area, thousand sqm	19	5
Average apartment size, sqm	41	31
Walk score	86	97
<b>Average rent residential</b>	EUR/sqm/month	EUR/sqm/month
Total portfolio Jul 1, 2020	34.42	26.45
Exchange difference	1.75	-
Adjusted total portfolio Jul 1, 2020	36.17	26.45
Sales and ended units	-	-
Like-for-like Jul 1, 2020	36.17	26.45
Like-for-like change	-1.82	0.61
– Change in percent	-5.0	2.3
Like-for-like Jul 1, 2021	34.35	27.06
Purchases and new constructions	-	0.08
Total portfolio Jul 1, 2021	34.35	27.14
New lease level	35.36	34.77
<b>Vacancy rate residential</b>	percent	percent
Real vacancy rate	1.6	2.8
Apartments being upgraded	10.4	27.8
Vacancy rate	12.0	30.6

## Stockholm



● like-for-like properties

## Malmö



### Stockholm

### Malmö

#### Property portfolio

Fair value, EUR million	1,841	1,092
Capitalization rate, percent	2.63	3.10
Proportion upgraded apartments, percent	57	59
Residential rentable area, thousand sqm	424	267
Commercial rentable area, thousand sqm	34	83
Average apartment size, sqm	71	65
Walk score	71	91

#### Average rent residential

EUR/sqm/month

EUR/sqm/month

Total portfolio Jul 1, 2020	10.96	11.38
Exchange difference	0.35	0.36
Adjusted total portfolio Jul 1, 2020	11.31	11.74
Sales and ended units	-	-
Like-for-like Jul 1, 2020	11.31	11.74
Like-for-like change	0.22	0.15
– Change in percent	2.0	1.2
Like-for-like Jul 1, 2021	11.53	11.89
Purchases and new constructions	0.01	0.01
Total portfolio Jul 1, 2021	11.54	11.90
New lease level	12.97	12.80

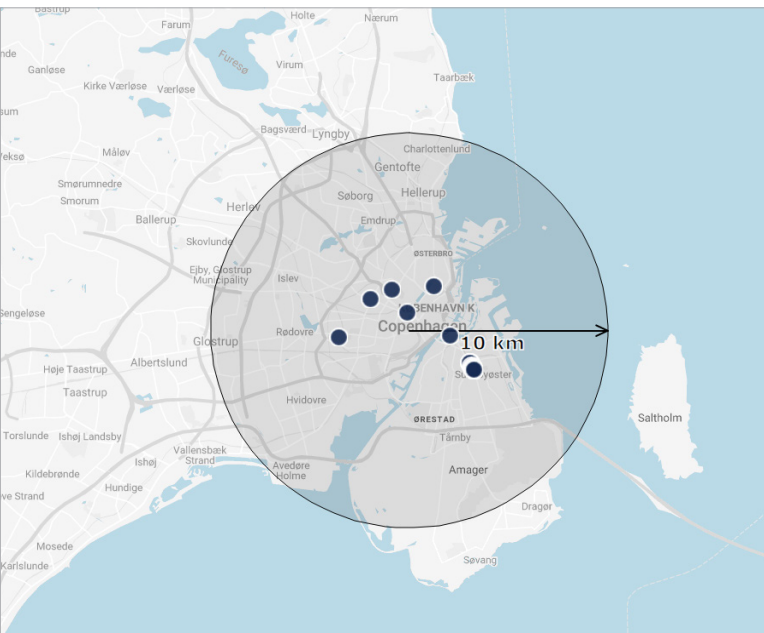
#### Vacancy rate residential

percent

percent

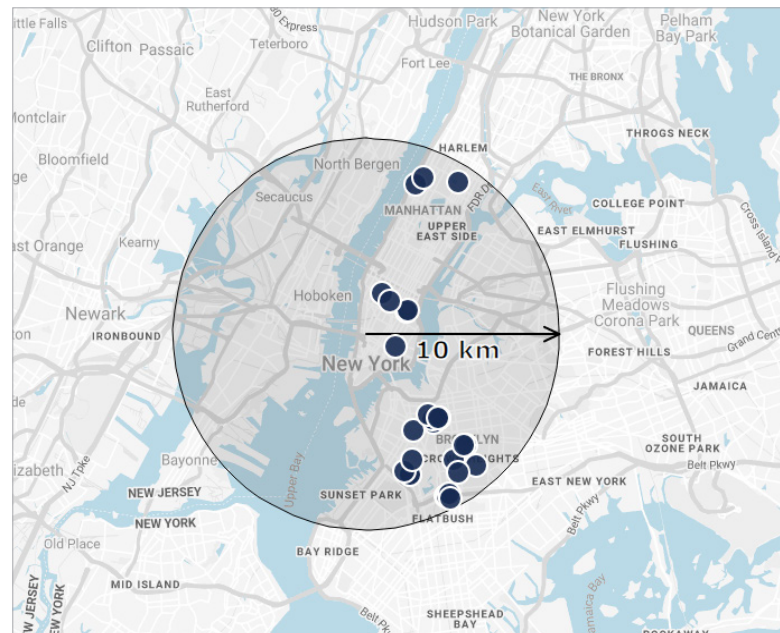
Real vacancy rate	0.0	0.0
Apartments being upgraded	1.3	0.2
Vacancy rate	1.3	0.2

## Copenhagen



● like-for-like properties

## New York



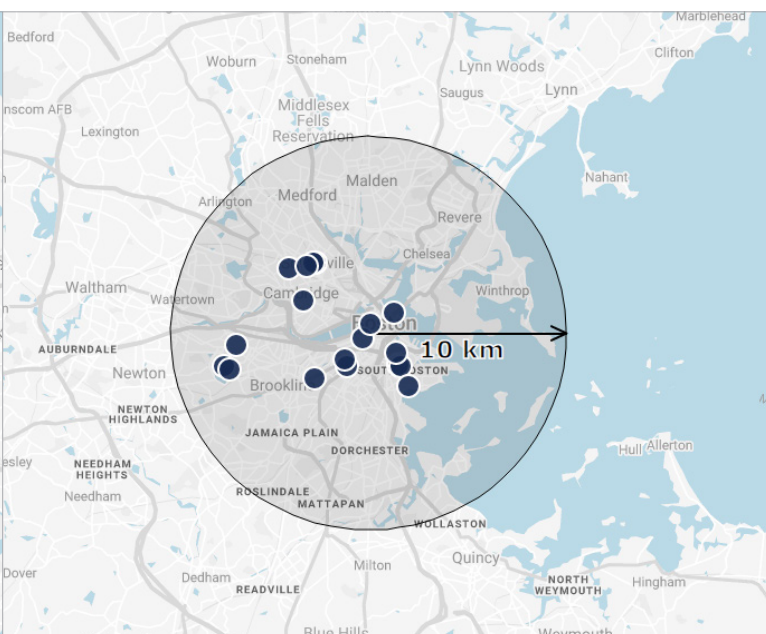
### Copenhagen

### New York

	Copenhagen	New York
<b>Property portfolio</b>		
Fair value, EUR million	344	860
Capitalization rate, percent	2.98	4.27
Proportion upgraded apartments, percent	42	48
Residential rentable area, thousand sqm	82	118
Commercial rentable area, thousand sqm	6	4
Average apartment size, sqm	80	68
Walk score	95	96
<b>Average rent residential</b>	EUR/sqm/month	EUR/sqm/month
Total portfolio Jul 1, 2020	12.10	28.86
Exchange difference	0.03	-1.66
Adjusted total portfolio Jul 1, 2020	12.13	27.20
Sales and ended units	-	0.01
Like-for-like Jul 1, 2020	12.13	27.21
Like-for-like change	-0.26	-0.25
– Change in percent	-2.2	-0.9
Like-for-like Jul 1, 2021	11.87	26.96
Purchases and new constructions	-	0.03
Total portfolio Jul 1, 2021	11.87	26.99
New lease level	17.23	38.81
<b>Vacancy rate residential</b>	percent	percent
Real vacancy rate	0.4	1.2
Apartments being upgraded	2.6	10.2
Vacancy rate	3.0	11.4

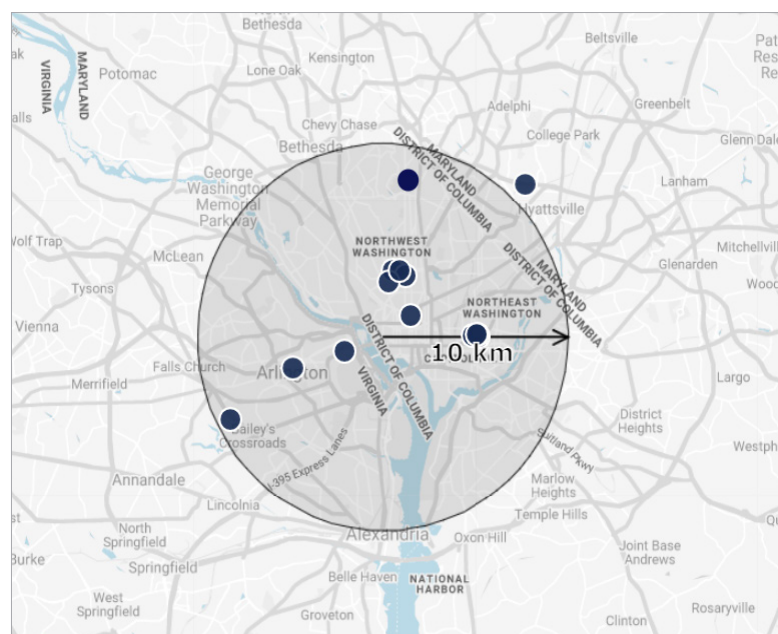


## Boston



● like-for-like properties

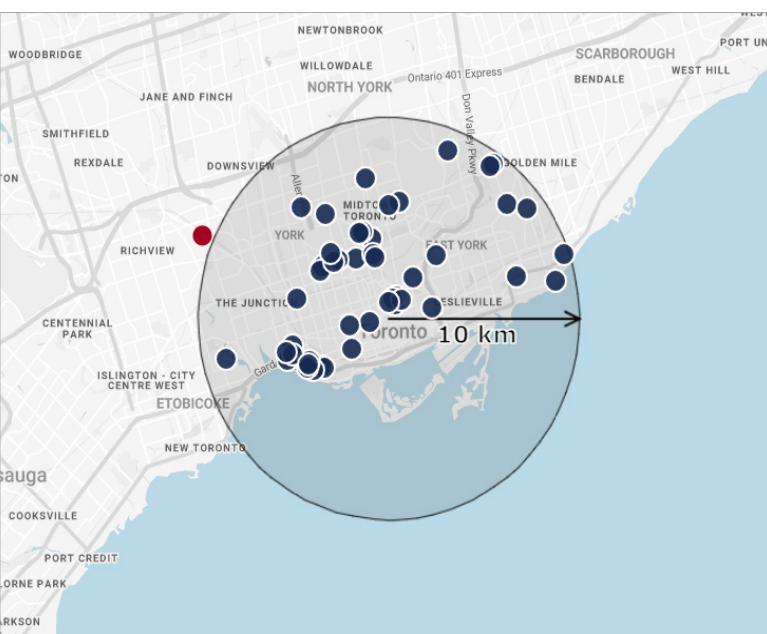
## Washington D.C.



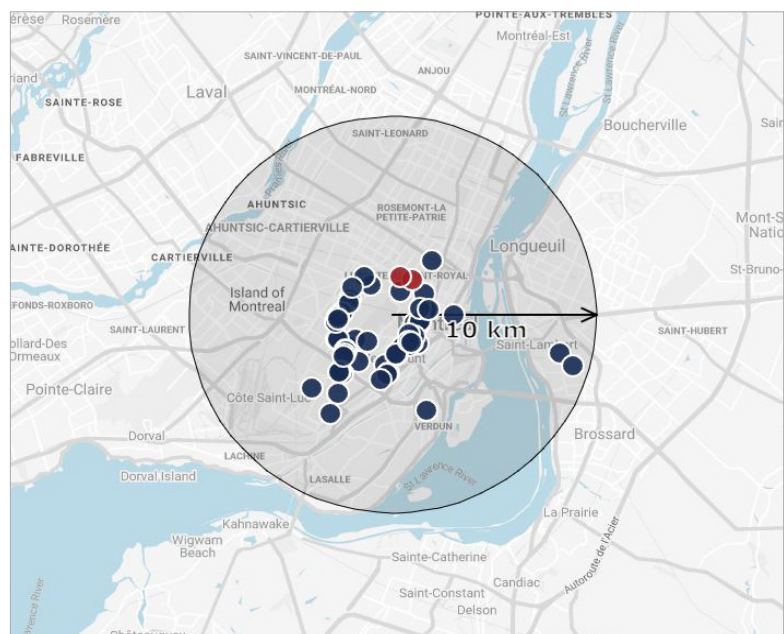
Boston      Washington D.C.

	Boston	Washington D.C.
<b>Property portfolio</b>		
Fair value, EUR million	560	680
Capitalization rate, percent	4.25	4.69
Proportion upgraded apartments, percent	79	78
Residential rentable area, thousand sqm	65	175
Commercial rentable area, thousand sqm	2	4
Average apartment size, sqm	63	82
Walk score	90	90
<b>Average rent residential</b>		
	EUR/sqm/month	EUR/sqm/month
Total portfolio Jul 1, 2020	37.07	24.22
Exchange difference	-2.13	-1.40
Adjusted total portfolio Jul 1, 2020	34.94	22.82
Sales and ended units	-	-
Like-for-like Jul 1, 2020	34.94	22.82
Like-for-like change	-0.07	0.54
– Change in percent	-0.2	2.4
Like-for-like Jul 1, 2021	34.87	23.36
Purchases and new constructions	-	-3.39
Total portfolio Jul 1, 2021	34.87	19.97
New lease level	36.10	22.80
<b>Vacancy rate residential</b>		
	percent	percent
Real vacancy rate	4.6	3.3
Apartments being upgraded	12.7	9.1
Vacancy rate	17.3	12.4

## Toronto



## Montreal



● like-for-like properties    ● acquired properties 2021

### Toronto

### Montreal

#### Property portfolio

Fair value, EUR million	1,024	970
Capitalization rate, percent	3.50	4.30
Proportion upgraded apartments, percent	58	57
Residential rentable area, thousand sqm	198	268
Commercial rentable area, thousand sqm	5	7
Average apartment size, sqm	52	67
Walk score	77	83

#### Average rent residential

EUR/sqm/month

EUR/sqm/month

Total portfolio Jul 1, 2020	17.43	12.47
Exchange difference	0.62	0.44
Adjusted total portfolio Jul 1, 2020	18.05	12.91
Sales and ended units	-	0.00
Like-for-like Jul 1, 2020	18.05	12.91
Like-for-like change	0.09	0.54
– Change in percent	0.5	4.2
Like-for-like Jul 1, 2021	18.14	13.45
Purchases and new constructions	-0.45	0.14
Total portfolio Jul 1, 2021	17.69	13.59
New lease level	23.77	15.79

#### Vacancy rate residential

percent

percent

Real vacancy rate	1.9	1.8
Apartments being upgraded	4.9	14.0
Vacancy rate	6.8	15.8



## result

### rental income EUR 250 million

Rental income was EUR 250 million (238), an increase of 5.2 percent compared to the same period in 2020.

EUR 7 million is related to acquisitions.

EUR 4 million relates to income from the correction of the Berlin rent cap for 2020.

Germany's highest court overturned the Berlin rent cap in April.

Like-for-like growth in rental income was EUR 1 million (13) or 0.2 percent (6.3).

The like-for-like rental income was affected by discounts and lower lease levels, offered to avoid vacancies primarily in the United States and in London due to COVID-19 effects.

During the period, 7,436 rental contracts (14,041) with an annual rent of EUR 130 million (156) were renewed or renegotiated.

The new yearly rent is EUR 131 million (159), an increase of 0.9 percent (2.2).

The vacancy rate for residential units decreased by 1.5 percentage points to 6.3 percent (7.8) compared to end of June 2020.

This is mainly due to fewer apartments being upgraded.

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

The real vacancy rate decreased by 0.7 percentage points during 2021 to 1.0 percent (1.3).

### net operating income EUR 136 million

Net operating income was EUR 136 million (130).

Property expenses totaled EUR 114 million (108).

EUR 17 million (13) was attributable to maintenance, corresponding to EUR 11 (9) per square meter per year.

Like-for-like growth in net operating income was -1.3 percent (10.3).

Net operating income margin was 54.5 percent (54.7).

Adjusted net operating income margin was 68.6 percent (67.9).

### EBITDA EUR 121 million

EBITDA was EUR 121 million (110), an increase of 9.8 percent compared to the same period in 2020.

The change is mainly due to increased rental income,

which is due to acquisitions and one-time effects of the abolished rent cap in Berlin.

The table of development of EBITDA can be found on page 36.

### net financial items EUR -58 million

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

Interest expenses for the hybrid bonds were EUR -15 million (-14).

Revaluations of financial derivatives affected earnings by EUR 15 million (-43).

Other financial income and expenses amounted to EUR -13 million (-3).

An early redemption of a bond generated a premium cost of EUR 10 million reported as an other financial expense.

### profit before tax EUR 375 million

Profit before tax was EUR 375 million (53).

The increase in the fair value of properties and derivatives had a positive impact on the profit of EUR 330 million.

### tax expenses EUR 100 million

Tax expenses totaled EUR 100 million (17).

EUR 97 million (11) was deferred tax, mainly due to unrealized gain on change in value of properties.

## property portfolio

### fair value EUR 12,960 million

The fair value was EUR 12,960 million (11,986), which is equivalent to an average of EUR 4,261 (4,053) per square meter.

The average capitalization rate was 3.45 percent (3.33), compared to 3.28 percent at year-end 2020. The increase is mainly due to higher capitalization rates in Berlin.

Due to the abolition of the rent cap in Berlin, rental income and capitalization rate have been adjusted upwards significantly with respect to Berlin.

Fair value has not been significantly adjusted for Berlin, pending on a visible market reaction. Refer to table on page 8.

### increase in property value 2.6 percent

The increase in property value was EUR 319 million (55), or 2.6 percent (0.5). Refer to table on page 8.

### property investments EUR 160 million

Investments in properties amounted to EUR 160 million (202).

On an annual basis, this corresponds to EUR 107 (142) per square meter.

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

In line with the new strategy, Akelius completes planned projects and limits the start-up of new comprehensive projects.

### property purchases EUR 170 million

Property purchases amounted to EUR 170 million (44) during the period. The purchased properties are located in Montreal, Toronto, and Washington D.C.

The capitalization rate for the purchased property was 4.14 percent (4.68).

### property sales EUR 26 million

In total, Akelius sold properties for EUR 26 million (123).

Sales took place in Germany.

## financing

### equity and hybrid capital ratio 50 percent

Equity increased by EUR 246 million to EUR 5,620 million (5,358) during the period. The increase is mainly due to the properties fair value development and changes in the Group's currency translation reserve.

The equity and hybrid capital ratio amounted to 50 percent (52).

### loan-to-value ratio 40 percent

Loans excluding the hybrid bonds increased by EUR 462 million during the period, to EUR 5,505 million (4,590).

The loan-to-value ratio increased by 1 percentage point since the end of 2020 to 40 percent (37).

Secured loans were EUR 1,289 million (1,583), compared to EUR 1,357 million at the end of 2020.

Secured loan-to-value ratio was 8 percent (13), 1 percentage point lower than at the end of previous year.

The secured debt was borrowed from 19 banks (23) in five countries.

Unsecured debt includes 13 bonds (11) and loans from large investors and related companies.

### debt maturities 6.0 years

Loans have an average maturity of 6.0 years (5.1), compared to 5.7 at the end of 2020.

EUR 182 million (435) mature within one year.

### interest rate hedge 5.4 years

EUR 2,902 million (1,871) had a fixed interest rate term of more than five years and EUR 612 million (575) had a fixed interest rate term of less than one year.

On average, the underlying interest rate is secured for 5.4 years (4.4), compared to 5.0 years at the end of 2020.

### average interest rate 1.68 percent

During the period the average interest rate decreased from 1.95 to 1.68 percent (2.18). Debt with high interest rate has been replaced by debt with lower interest rate.

### liquidity EUR 1,084 million

Available funds in the form of cash, liquid financial assets, and unutilized credit facilities totaled EUR 1,084 million (626).

Unutilized credit facilities amounted to EUR 849 million (584) with an average maturity of 1.7 years (1.4). Facilities intended to be kept are extended at least one year prior maturity.

The unutilized bilateral credit agreements are provided by 7 banks (7).

The fair value of the unencumbered properties was EUR 7,148 million (5,912). An increase due to the shift from secured to more unsecured funding.

### adjusted unencumbered asset ratio 2.25

The unencumbered asset ratio was 1.84 compared to 1.89 at the end of 2020.

The adjusted unencumbered asset ratio amounted to 2.25 and includes pledge properties where the counterparty has no claim.

## other financial information

### cash flow

Operating cash flow before change in working capital was EUR 60 million (57).

Cash flow from investing activities was EUR -292 million (-218).

Cash required for the acquisition of properties is secured before the agreements are signed. On average, upgrades can be stopped within a three-month period.

Cash flow from financing activities was EUR 230 million (170).

### parent company

Dividend of EUR 0.0375 per class A ordinary share was paid on May 12, 2021 totaling EUR 120 million.

Dividends of EUR 0.025 per class D ordinary share were or will be paid five banking days from the record dates pursuant to the Articles of Association: May 5, 2021, August 5, 2021, November 5, 2021 and February 5, 2022, totaling EUR 22 million.

The profit before tax was EUR 42 million (-27).

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

Financial costs mainly include interest expenses, change in derivatives, and financial exchange differences.

### D-shares

The number of ordinary shares of class D was 220,000,000, equivalent to EUR 357 million reported in equity.

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

On June 30, 2021, the closing price per D-share was EUR 1.63.

### credit rating

In 2021, Standard and Poor's confirmed the investment grade rating BBB with a stable outlook for Akelius' and its senior unsecured debt.

The rating for Akelius' hybrid bonds is BB+.

In 2021, Fitch Ratings assigned Akelius a long-term issuer default rating of BBB. Akelius' senior unsecured bonds received the sector specific one-notch uplift to BBB+. Akelius' hybrid bonds are graded BBB-.

### second quarter

Profit before tax amounted to EUR 222 million (28).

Net income for the change in fair value of properties impacted the profit with EUR 204 million (12).

Rental income was EUR 125 million (119).

Property expenses totaled EUR 56 million (53).

Net operating income was EUR 69 million (66).

Net financial items totaled EUR -40 million (-37).

Cash flow amounted to EUR 208 million (-30).

Cash flow generated from operations was EUR 35 million (78).

Net cash from investing activities amounted to EUR -166 million (-67).

Financing activities had a positive effect on cash flow of EUR 339 million (-41).

### staff

1,247 people (1,486) were employed as at June 30, compared to 1,300 at the end of 2020.

### related party transactions

Net debt from related parties increased by EUR 11 million (-16).

The circle of related parties has not changed significantly since the annual report 2020.

### significant events after the reporting period

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

## consolidated income statement

EUR million	2021 Jan–Jun 6 months	2020 Jan–Jun 6 months	2021 Apr–Jun 3 months	2020 Apr–Jun 3 months	2020 Jan–Dec 12 months
Rental income	250	238	125	119	471
Operating expenses	-97	-95	-48	-46	-184
Maintenance	-17	-13	-8	-7	-28
<b>Net operating income</b>	<b>136</b>	<b>130</b>	<b>69</b>	<b>66</b>	<b>259</b>
Central administrative expenses	-15	-19	-8	-10	-37
Other income and expenses	-	-1	-	-1	-1
<b>EBITDA</b>	<b>121</b>	<b>110</b>	<b>61</b>	<b>55</b>	<b>221</b>
Depreciation and operational foreign exchange differences	-4	-4	-3	-2	-10
Realized revaluation of investment properties*	1	-	1	-	6
Unrealized revaluation of investment properties*	315	53	203	12	24
Restructuring expenses	-	-	-	-	-14
<b>Operating profit</b>	<b>433</b>	<b>159</b>	<b>262</b>	<b>65</b>	<b>227</b>
Interest income	1	-	-	-	1
Interest expenses	-46	-46	-23	-22	-88
Interest expenses hybrid bonds	-15	-14	-8	-8	-29
Other financial income and expenses	-13	-3	-1	1	-4
Change in fair value of derivatives	15	-43	-8	-8	-35
<b>Profit before tax</b>	<b>375</b>	<b>53</b>	<b>222</b>	<b>28</b>	<b>72</b>
Current tax	-3	-6	-1	-5	-13
Deferred tax	-97	-11	-60	-4	57
<b>Profit for the period</b>	<b>275</b>	<b>36</b>	<b>161</b>	<b>19</b>	<b>116</b>
<b>Profit attributable to</b>					
–owners of the Parent Company	267	36	154	19	112
–non-controlling interests	8	-	7	-	4
Earnings per share before and after dilution, EUR	0.08	0.01	0.05	0.01	0.03

\*) net income from the revaluation and disposal for Jan-Jun 2021 includes change in fair value of properties of EUR 319 million (55) minus transaction cost of EUR 1 million (2), and minus revaluation reserve for owner-occupied properties of EUR 3 million (-)



## consolidated statement of comprehensive income

EUR million	2021 Jan–Jun 6 months	2020 Jan–Jun 6 months	2021 Apr–Jun 3 months	2020 Apr–Jun 3 months	2020 Jan–Dec 12 months
<b>Profit for the period</b>	<b>275</b>	<b>36</b>	<b>161</b>	<b>19</b>	<b>116</b>
<b>Items that may be reclassified to profit or loss</b>					
Translation differences	186	-139	8	82	-218
Hedge of net investments	-68	57	-8	-50	50
Revaluation reserve*	3	-	3	-	1
Tax on items that may be reclassified	-8	1	3	14	24
<b>Other comprehensive income for the period</b>	<b>113</b>	<b>-81</b>	<b>6</b>	<b>46</b>	<b>-143</b>
<b>Total comprehensive income for the period</b>	<b>388</b>	<b>-45</b>	<b>167</b>	<b>65</b>	<b>-27</b>
<b>Total comprehensive income attributable to</b>					
–owners of the Parent Company	380	-45	160	65	-31
–non-controlling interests	8	-	7	-	4

\*) the revaluation reserve consists of owner-occupied properties

# condensed consolidated statement of financial position

EUR million	2021 Jun 30	2020 Jun 30	2020 Dec 31
<b>Assets</b>			
Intangible assets	25	23	23
Investment properties	12,886	11,875	12,021
Owner-occupied properties	74	75	100
Right-of-use-assets*	11	16	14
Tangible fixed assets	5	5	5
Derivatives	5	1	4
Deferred tax assets	2	2	4
Financial assets	6	5	5
<b>Total non-current assets</b>	<b>13,014</b>	<b>12,002</b>	<b>12,176</b>
Receivables and other assets	96	120	109
Derivatives	3	8	10
Cash and cash equivalents	225	31	250
Assets held for sale	-	36	18
<b>Total current assets</b>	<b>324</b>	<b>195</b>	<b>387</b>
<b>Total assets</b>	<b>13,338</b>	<b>12,197</b>	<b>12,563</b>
Equity attributable to the Parent Company's shareholders	5,530	5,278	5,292
Non-controlling interests	90	80	82
<b>Total equity</b>	<b>5,620</b>	<b>5,358</b>	<b>5,374</b>
Unsecured loans	4,053	2,687	3,533
Secured loans	1,270	1,468	1,277
Hybrid bonds	999	999	999
Lease liabilities	10	13	12
Derivatives	44	88	75
Deferred tax liabilities	976	945	869
Provisions	1	-	1
Other liabilities	17	17	16
<b>Total non-current liabilities</b>	<b>7,370</b>	<b>6,217</b>	<b>6,782</b>
Unsecured loans	163	320	153
Secured loans	19	115	80
Lease liabilities	2	2	2
Derivatives	10	2	21
Provisions	7	3	8
Other liabilities	147	176	140
Liabilities held for sale	-	4	3
<b>Total current liabilities</b>	<b>348</b>	<b>622</b>	<b>407</b>
<b>Total equity and liabilities</b>	<b>13,338</b>	<b>12,197</b>	<b>12,563</b>

\*) EUR 6 million (10) for leased offices and EUR 5 million (6) for site leasehold agreements

## 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
<b>Balance at Dec 31, 2019</b>	<b>199</b>	<b>1,102</b>	<b>-155</b>	<b>4,295</b>	<b>5,441</b>	<b>85</b>	<b>5,526</b>
Total comprehensive income for the period	-	-	-81	36	-45	-	-45
Dividend	-	-	-	-118	-118	-	-118
Divestment of minority	-	-	-	-	-	-5	-5
<b>Balance at Jun 30, 2020</b>	<b>199</b>	<b>1,102</b>	<b>-236</b>	<b>4,213</b>	<b>5,278</b>	<b>80</b>	<b>5,358</b>
Total comprehensive income for the period	-	-	-62	76	14	4	18
Other transactions with minority	-	-	-	-	-	-2	-2
<b>Balance at Dec 31, 2020</b>	<b>199</b>	<b>1,102</b>	<b>-298</b>	<b>4,289</b>	<b>5,292</b>	<b>82</b>	<b>5,374</b>
Profit for the period	-	-	-	267	267	8	275
Other comprehensive income	-	-	111	2	113	-	113
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>269</b>	<b>380</b>	<b>8</b>	<b>388</b>
Dividend	-	-	-	-142	-142	-	-142
<b>Balance at Jun 30, 2021</b>	<b>199</b>	<b>1,102</b>	<b>-187</b>	<b>4,416</b>	<b>5,530</b>	<b>90</b>	<b>5,620</b>

## consolidated statement of cash flows

EUR million	2021 Jan–Jun 6 months	2020 Jan–Jun 6 months	2021 Apr–Jun 3 months	2020 Apr–Jun 3 months	2020 Jan–Dec 12 months
Net operating income	136	130	69	66	259
Central administrative expenses	-15	-19	-8	-10	-37
Restructuring expenses	-	-	-	-	-14
Other income and expenses	-	-	-	-	-
Interest paid	-60	-52	-21	-13	-114
Income tax paid	-1	-2	-1	2	-6
<b>Cash flow before changes in working capital</b>	<b>60</b>	<b>57</b>	<b>39</b>	<b>45</b>	<b>88</b>
Change in current assets	-12	-4	2	27	14
Change in current liabilities	-11	7	-6	6	10
<b>Cash flow from operating activities</b>	<b>37</b>	<b>60</b>	<b>35</b>	<b>78</b>	<b>112</b>
Investments in intangible assets	-4	-6	-2	-3	-11
Investments in properties	-160	-202	-84	-85	-381
Acquisition of properties <sup>1</sup>	-171	-43	-155	-25	-169
Acquisition of other assets	-1	-18	57	1	-36
Sale of properties <sup>2</sup>	26	44	16	38	84
Sale of other assets <sup>3</sup>	18	7	2	7	10
<b>Cash flow from investing activities</b>	<b>-292</b>	<b>-218</b>	<b>-166</b>	<b>-67</b>	<b>-503</b>
Transaction with minority	-	-5	-	-2	-5
Loans raised	1,276	1,083	693	190	2,320
Repayment of loans	-839	-813	-201	-73	-1,586
Settlement of derivatives	-75	9	-28	-53	9
Amortization leasing	-1	-2	-	-1	-3
Dividend A-shares	-120	-96	-120	-96	-96
Dividend D-shares	-11	-6	-5	-6	-17
<b>Cash flow from financing activities</b>	<b>230</b>	<b>170</b>	<b>339</b>	<b>-41</b>	<b>622</b>
<b>Cash flow for the period</b>	<b>-25</b>	<b>12</b>	<b>208</b>	<b>-30</b>	<b>231</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>250</b>	<b>19</b>	<b>17</b>	<b>61</b>	<b>19</b>
Translation differences in cash and cash equivalents	-	-	-	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>225</b>	<b>31</b>	<b>225</b>	<b>31</b>	<b>250</b>

Jan–Jun 2021

1) EUR -170 million for acquisitions in North America and EUR -1 million for prepayments for future acquisitions

2) EUR 26 million related to sales in Germany

3) EUR 14 million for the sale of bonds and EUR 4 million for the sale of condominiums in Sweden

## segment information

Jan–Jun 2021, EUR million	Rental income	Operat- ing expens- es	Mainte- nance	<b>Net operat- ing income</b>	Realized and unrealized reval- uation	<b>Total propert- y return</b>	<b>Total propert- y return, per- cent</b>	<b>Net operat- ing margin, percent</b>	<b>Propert- y fair value</b>
Berlin	70	-22	-3	45	172	217	14.6	63.4	3,263
London	16	-5	-1	10	-11	-1	-0.3	62.6	959
Hamburg	18	-6	-1	11	84	95	23.5	62.9	930
Paris	6	-4	-	2	1	3	1.4	31.0	437
<b>Europe</b>	<b>110</b>	<b>-37</b>	<b>-5</b>	<b>68</b>	<b>246</b>	<b>314</b>	<b>12.2</b>	<b>61.4</b>	<b>5,589</b>
Stockholm	32	-12	-2	18	71	89	10.3	55.3	1,841
Malmö	24	-9	-3	12	34	46	9.3	53.9	1,092
Copenhagen	6	-2	-	4	8	12	7.1	59.5	344
<b>Scandinavia</b>	<b>62</b>	<b>-23</b>	<b>-5</b>	<b>34</b>	<b>113</b>	<b>147</b>	<b>9.6</b>	<b>55.2</b>	<b>3,277</b>
Toronto	19	-9	-2	8	3	11	2.6	45.1	1,024
Montreal	18	-8	-1	9	4	13	3.0	49.6	970
New York	16	-9	-2	5	-50	-45	-10.1	32.3	860
Washington D.C.	16	-8	-1	7	-	7	2.6	43.9	680
Boston	9	-3	-1	5	2	7	2.5	49.7	560
<b>North America</b>	<b>78</b>	<b>-37</b>	<b>-7</b>	<b>34</b>	<b>-41</b>	<b>-7</b>	<b>-0.4</b>	<b>43.8</b>	<b>4,094</b>
<b>Total</b>	<b>250</b>	<b>-97</b>	<b>-17</b>	<b>136</b>	<b>318</b>	<b>454</b>	<b>7.6</b>	<b>54.5</b>	<b>12,960</b>

## segment information, continued

Jan–Jun 2020, EUR million	Rental income	Operat- ing expens- es	Mainte- nance	<b>Net operat- ing income</b>	Realized and unrealized reval- uation	<b>Total proper- ty return</b>	<b>Total proper- ty return, percent</b>	<b>Net operat- ing income margin, percent</b>	<b>Propert- y fair value</b>
Berlin	63	-22	-3	38	1	39	2.5	59.4	3,061
London	17	-5	-1	11	-7	4	0.8	66.5	896
Hamburg	18	-6	-1	11	17	28	7.0	61.3	842
Paris	5	-4	-	1	5	6	3.2	18.4	420
Other	1	-1	-	-	-	-	-0.1	9.7	31
<b>Europe</b>	<b>104</b>	<b>-38</b>	<b>-5</b>	<b>61</b>	<b>16</b>	<b>77</b>	<b>2.9</b>	<b>58.4</b>	<b>5,250</b>
Stockholm	30	-11	-2	17	3	20	2.5	56.7	1,674
Malmö	22	-8	-2	12	-5	7	1.5	55.7	976
Copenhagen	6	-2	-	4	2	6	3.3	58.7	330
<b>Scandinavia</b>	<b>58</b>	<b>-21</b>	<b>-4</b>	<b>33</b>	<b>-</b>	<b>33</b>	<b>2.2</b>	<b>56.5</b>	<b>2,980</b>
Toronto	18	-9	-1	8	7	15	3.5	47.1	897
Montreal	17	-8	-1	8	25	33	8.2	48.6	847
New York	18	-9	-1	8	2	10	2.1	43.8	972
Washington D.C.	11	-5	-1	5	1	6	2.8	47.2	468
Boston	12	-5	-	7	2	9	3.2	55.7	572
<b>North America</b>	<b>76</b>	<b>-36</b>	<b>-4</b>	<b>36</b>	<b>37</b>	<b>73</b>	<b>4.1</b>	<b>48.0</b>	<b>3,756</b>
<b>Total</b>	<b>238</b>	<b>-95</b>	<b>-13</b>	<b>130</b>	<b>53</b>	<b>183</b>	<b>3.1</b>	<b>54.7</b>	<b>11,986</b>



## key figures

	2021 Jun 30	2020 Dec 31	2019 Dec 31	2018 Dec 31	2017 Dec 31
<b>Equity</b>					
Equity, EUR million	5,620	5,374	5,526	5,370	4,901
Equity ratio, percent	42	43	45	43	46
Equity and hybrid capital ratio, percent	50	51	50	47	46
Return on equity, percent	7	-	8	9	19
Net asset value, EUR million	6,640	6,324	6,533	6,284	5,840
<b>Net operating income</b>					
Rental income, EUR million	250	471	496	482	469
Growth in rental income, percent	5.2	-5.0	2.7	2.8	-0.6
Like-for-like growth in rental income, percent	0.2	3.6	5.7	3.2	5.1
Net operating income, EUR million	136	259	260	260	252
Growth in net operating income, percent	4.7	-0.5	-1.3	3.3	4.4
Like-for-like growth in net operating income, percent	-1.3	8.4	2.9	5.1	10.7
Net operating income margin, percent	54.5	54.9	52.4	53.9	53.6
Adjusted net operating income margin, percent*	68.6	68.2	65.2	69.7	61.4
<b>Financing</b>					
Loan-to-value ratio, secured loans, percent	8	9	14	19	18
Loan-to-value ratio, percent	40	39	40	44	44
Unencumbered asset ratio	1.84	1.89	1.87	1.74	1.63
Interest coverage ratio 12 months	2.8	3.3	7.8	2.8	4.7
Interest coverage ratio excluding realized value growth 12 months	2.5	2.5	2.0	1.8	1.9
Average interest rate, percent	1.68	1.95	2.25	2.64	2.58
Fixed interest term, years	5.4	5.0	4.5	4.5	5.3
Debt maturities, years	6.0	5.7	5.4	5.7	5.6
<b>Properties</b>					
Number of apartments	45,029	44,443	44,226	50,407	47,177
Rentable area, thousand sqm	3,042	2,986	2,968	3,422	3,228
Rent potential, percent	48	24	55	56	50
Real vacancy rate, residential, percent	1.0	1.7	1.1	1.4	0.9
Vacancy rate, residential, percent	6.3	7.5	8.6	9.6	6.6
Turnover of tenants, percent	18	16	15	15	14
Fair value, EUR per sqm	4,261	4,066	4,031	3,617	3,292
In-place rent, all unit types, EUR million	523	473	485	516	484
Capitalization rate, percent	3.45	3.28	3.67	3.67	3.60
Like-for-like change in capitalization rate, percentage points	0.14	-0.38	0.00	0.02	-0.22
Opening balance fair value, EUR million	12,139	11,964	12,379	10,624	9,171
Change in fair value, EUR million	319	34	423	553	886
Investments, EUR million	160	381	468	349	288
Purchases, EUR million	170	172	181	1,286	1,297
Sales, EUR million	-26	-185	-1,616	-300	-737
Exchange differences, EUR million	198	-227	129	-133	-281
Closing balance fair value, EUR million	12,960	12,139	11,964	12,379	10,624

\*) adjustment for revenue from operating expenses invoiced to the tenants in Germany, France, Canada, United States and Sweden amounted to EUR 51 million (46) for Jan–Jun 2021

## condensed income statement for the Parent Company

EUR million	2021 Jan–Jun 6 months	2020 Jan–Jun 6 months	2021 Apr–Jun 3 months	2020 Apr–Jun 3 months	2020 Jan–Dec 12 months
Central administrative expenses	-5	-3	-3	-2	-9
Restructuring expenses	-	-	-	-	-1
<b>Operating profit</b>	<b>-5</b>	<b>-3</b>	<b>-3</b>	<b>-2</b>	<b>-10</b>
Financial income	106	93	16	-9	205
Financial expenses	-76	-70	-32	-34	-244
Change in the fair value of derivatives	17	-47	-10	-24	-39
<b>Profit before appropriations</b>	<b>42</b>	<b>-27</b>	<b>-29</b>	<b>-69</b>	<b>-88</b>
Appropriations	-	-	-	-	29
<b>Profit before tax</b>	<b>42</b>	<b>-27</b>	<b>-29</b>	<b>-69</b>	<b>-59</b>
Tax	-8	-1	8	13	22
<b>Profit for the period</b>	<b>34</b>	<b>-28</b>	<b>-21</b>	<b>-56</b>	<b>-37</b>

The Parent Company has no items in other comprehensive income.

## condensed balance sheet for the Parent Company

EUR million	2021 Jun 30	2020 Jun 30	2020 Dec 31
Shares in Group companies	2,665	2,629	2,665
Receivables from Group companies	4,738	4,222	4,369
Other receivables	5	6	5
Derivatives	5	1	4
Deferred income tax assets	58	44	66
<b>Total non-current assets</b>	<b>7,471</b>	<b>6,902</b>	<b>7,109</b>
Receivables from Group companies	71	37	57
Derivatives	3	8	10
Prepaid expenses and accrued income from Group companies	32	76	-
Other assets	29	47	53
Cash and cash equivalents	209	15	211
<b>Total current assets</b>	<b>344</b>	<b>183</b>	<b>331</b>
<b>Total assets</b>	<b>7,815</b>	<b>7,085</b>	<b>7,440</b>
Restricted equity	202	202	202
Non-restricted equity	874	984	981
<b>Total equity</b>	<b>1,076</b>	<b>1,186</b>	<b>1,183</b>
Interest-bearing liabilities	2,962	3,888	3,533
Interest-bearing liabilities from Group companies	3,033	942	1,970
Derivatives	43	81	70
<b>Total non-current liabilities</b>	<b>6,038</b>	<b>4,911</b>	<b>5,573</b>
Interest-bearing liabilities	146	297	148
Interest-bearing liabilities from Group companies	481	597	460
Derivatives	10	18	21
Other current liabilities	56	70	53
Other current liabilities from Group companies	8	6	2
<b>Total current liabilities</b>	<b>701</b>	<b>988</b>	<b>684</b>
<b>Total equity and liabilities</b>	<b>7,815</b>	<b>7,085</b>	<b>7,440</b>

## alternative performance measures

Calculation of alternative key figures using guidelines published by the European Securities and Markets Authority.

### net asset value and loan-to-value ratio

EUR million	2021 Jun 30	2020 Jun 30	2020 Dec 31
Equity	5,620	5,358	5,374
Deferred tax	974	943	865
Deferred taxes reported as liability for sale	-	4	3
Derivatives	46	81	82
<b>Net asset value</b>	<b>6,640</b>	<b>6,386</b>	<b>6,324</b>
Total interest-bearing liabilities	6,504	5,589	6,042
Hybrid bonds	-999	-999	-999
Cash and cash equivalents	-225	-31	-250
Pledged cash assets	-1	-	-1
<b>Net debt</b>	<b>5,279</b>	<b>4,559</b>	<b>4,792</b>
Total assets	13,338	12,197	12,563
Cash and cash equivalents	-225	-31	-250
Pledged cash assets	-1	-	-1
<b>Net asset</b>	<b>13,112</b>	<b>12,166</b>	<b>12,312</b>
<b>Loan-to-value ratio, percent</b>	<b>40</b>	<b>37</b>	<b>39</b>
Net debt	5,279	4,559	4,792
Less senior unsecured debt	-4,216	-3,007	-3,686
<b>Secured debt minus pledged cash, cash and cash equivalents</b>	<b>1,063</b>	<b>1,552</b>	<b>1,106</b>
<b>Net asset</b>	<b>13,112</b>	<b>12,166</b>	<b>12,312</b>
<b>Loan-to-value ratio, secured loan, percent</b>	<b>8</b>	<b>13</b>	<b>9</b>

### average interest rate

EUR million	2021 Jun 30	2020 Jun 30	2020 Dec 31
Interest-bearing liabilities excluding hybrid bonds	5,505	4,590	5,043
Interest cost based on interest at June 30	93	100	98
<b>Average interest rate</b>	<b>1.68</b>	<b>2.18</b>	<b>1.95</b>

## alternative performance measures, continued

### unencumbered asset ratio

EUR million	2021 Jun 30	2020 Jun 30	2020 Dec 31
Intangible assets	25	23	23
Unencumbered properties	7,148	5,912	6,324
Right-of-use-assets	11	16	14
Tangible fixed assets	5	5	5
Deferred tax	2	2	4
Financial assets	6	5	5
Receivables and other assets	96	120	109
Derivatives	8	9	14
<b>Unencumbered assets</b>	<b>7,301</b>	<b>6,092</b>	<b>6,498</b>
Unsecured loans	4,216	3,007	3,686
Subordinated debt	-17	-28	-6
Cash and cash equivalents	-225	-31	-250
<b>Net unsecured senior debt</b>	<b>3,974</b>	<b>2,948</b>	<b>3,430</b>
<b>Unencumbered asset ratio</b>	<b>1.84</b>	<b>2.07</b>	<b>1.89</b>
Unutilized part of credit facilities	0.41	0.46	0.46
<b>Adjusted unencumbered asset ratio</b>	<b>2.25</b>	<b>2.53</b>	<b>2.35</b>

### equity

EUR million	2021 Jun 30	2020 Jun 30	2020 Dec 31
Comprehensive income for the year	387	-45	-27
Opening balance equity	5,374	5,526	5,526
<b>Return on equity</b>	<b>7</b>	<b>-1</b>	<b>-</b>
Equity	5,620	5,358	5,374
Hybrid bonds	999	999	999
<b>Equity and hybrid bonds</b>	<b>6,619</b>	<b>6,357</b>	<b>6,373</b>
<b>Total asset</b>	<b>13,338</b>	<b>12,197</b>	<b>12,563</b>
<b>Equity ratio, percent</b>	<b>42</b>	<b>44</b>	<b>43</b>
<b>Equity and hybrid capital ratio, percent</b>	<b>50</b>	<b>52</b>	<b>51</b>

### liquidity

EUR million	2021 Jun 30	2020 Jun 30	2020 Dec 31
Cash and cash equivalents	225	31	250
Unutilized credit facilities	849	584	844
Liquid financial assets	10	11	23
<b>Liquidity</b>	<b>1,084</b>	<b>626</b>	<b>1,117</b>



## alternative performance measures, continued

### rental income and net operating income growth for like-for-like properties

EUR million	2021 Jan–Jun	2020 Jan–Jun	Growth percent
Rental income	250	238	5.2
Purchases and sales	-9	-3	
Service revenue	-18	-17	
Berlin rent regulation correction	-4	1	
Exchange differences	-	-1	
<b>Like-for-like rental income</b>	<b>219</b>	<b>218</b>	<b>0.2</b>
Net operating income	136	130	4.7
Purchases and sales	-5	-2	
Berlin rent regulation correction	-4	1	
<b>Like-for-like net operating income</b>	<b>127</b>	<b>129</b>	<b>-1.3</b>

### adjusted net operating income

EUR million	2021 Jan–Jun	Adjustment for other services	Adjusted 2021 Jan–Jun
Rental income	250	-51	199
Operating expenses	-97	51	-46
Maintenance	-17		-17
<b>Net operating income</b>	<b>136</b>	<b>-</b>	<b>136</b>
<b>Net operating income margin, percent</b>	<b>54.5</b>		<b>68.6</b>

### realized value growth

EUR million	2021 Jun 30	2020 Jun 30	2020 Dec 31
Proceeds from the sale of properties	26	123	185
Costs of sale	-1	-2	-4
Acquisition costs	-9	-56	-93
Accumulated investments	-5	-11	-23
<b>Realized value growth</b>	<b>11</b>	<b>54</b>	<b>65</b>

## alternative performance measures, continued

### development of EBITDA

EUR million	Jun 2020– Jun 2021
<b>EBITDA</b>	<b>110</b>
Like-for-like rental income	1
Like-for-like operating expenses and maintenance	-3
<b>Like-for-like net operating income</b>	<b>-2</b>
Purchase and sales rental income	7
Purchase and sales operating expenses and maintenance	-3
<b>Purchase and sales net operating income</b>	<b>4</b>
Berlin rent regulation correction	4
Central administrative expenses	4
Other income and expenses	1
<b>EBITDA</b>	<b>121</b>

## other information

### basis of presentation

The Akelius Residential Property Group's year-end 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 year-end report.

The figures in this year-end report have been rounded, while the calculations have been made without rounding.

As a result, certain tables and key figures may appear not to add up correctly.

### accounting principles

Accounting principles can be found in Akelius annual report 2020.

Under IAS 37 Provision, Contingent liabilities and Contingent assets are provisions recognized

- when the Group has a present legal or constructive obligation because of past events
- it is probable that an outflow of resources will be required to settle the obligation
- and the amount can be estimated reliably.

The amount expected to be required to settle the obligation is recognized as provision.

Provision must be reviewed at each balance sheet date and adjusted so that it reflects the current best estimate.

If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision shall be reversed.

The Group has changed the presentation of the Group's consolidated statement of cash flow from 2021.

Transactions related to acquisition of properties and sale of properties are presented on one row each instead of on several rows in the cash flow related to investing activities.

The presentation of the Group's consolidated statement of financial position has changed from 2021.

Loans are presented on two rows, unsecured and secured loans.

Akelius did not classify properties in Sweden, Germany, and Denmark as held for sale in the second quarter, 2021, since management is not committed to a plan to sell and the plan might be significantly changed or withdrawn.

### **new and amended IFRS standards adopted by the EU applied as at January 1, 2021**

New and amended IFRS standards that came into effect after January 1, 2021 have not had any material impact on the Group's financial reports.

### **Interest Rate Benchmark Reform, amendments to IFRS 7, IFRS 9 and IAS 39**

Amendments are effective for annual reporting periods beginning on or after 1 January 2021.

The amendments address the accounting issues that arise when financial instruments that reference an IBOR interest rate transition to an alternative benchmark rate.

Akelius has reviewed effects on

- hedge accounting
- financial instrument including the reference to IBOR

The new reform has not had any impact on the Group's financial position, results, or cash flows.

## other information, continued

### risks and uncertainties

The Group is impacted by various types of risks.

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 many 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 ratio.

The Group is also impacted by external risks, for example new rent regulations and pandemics.

These risk areas can impact the business negatively both in the long and short term.

There have been no material changes in the company's assessment of risks since the publication of the annual report 2020.

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Ralf Spann,  
CEO, Managing Director

Stockholm, Aug 2, 2021,  
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 is used to show results excluding interest expenses and changes in the value of assets and liabilities.

### adjusted net operating income margin

*Net operating income* margin 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.

### adjusted unencumbered asset ratio

Adjusted unencumbered asset ratio, includes properties pledged under unutilized credit facilities.

### annual property return

*Net operating income* plus unrealized and realized changes in the value of properties 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*.

### average interest rate

Average interest rate on the total interest-bearing liabilities, excluding hybrid bonds, at period end.

This key figure shows financial risk.

### 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 coverage capacity

*Net debt* in relation to *EBITDA*.

*Net debt* in relation to *EBITDA* including realized change in value.

It shows how many years it takes for the company to pay off its debts with current earnings.

### debt maturities, years

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

It illustrates the company's refinancing risk.

### 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.

### earnings capacity

The earnings capacity is based on the *property portfolio* at the 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.

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

No tax has been calculated as it relates mainly to deferred tax that does not affect the cash flow.

The earnings capacity is not a forecast for the coming twelve months.

It contains no estimates of rent, *vacancy*, currency exchange, future property purchases and sales or interest rate changes.

### EBITDA

*Net operating income* plus central administrative expenses, and other income and expenses.

Facilitates the analysis of current operating profit.

### 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*.



## definitions, continued

### **in-place rent**

Contracted rent excluding rental discounts and temporary charges.

### **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.

### **interest rate hedge**

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

It illustrates the company's sensitivity to interest rate changes.

### **liquid financial assets**

Holdings in listed debt securities and equity securities with an investment grade rating. Included in the calculation of *liquidity*.

### **liquidity**

The liquidity reserve consists of cash and cash equivalents, unutilized credit facilities and *liquid financial assets* that can be liquidized within three working days.

### **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 excluding leasing less subordinated debt, cash and cash equivalents, and pledge cash assets.

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.

Summarizes financial income and expenses and is used to explain the financial items' contribution to profit or loss.

### **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 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 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.

## definitions, continued

### **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 and property taxes.

### **property portfolio**

Investment properties, owner-occupied properties, and investment properties 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 period 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.

### **rent potential**

The new lease level per area of the last 12 months divided by the rent per area per the last day of the period for all occupied apartments.

### **rental value**

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

### **return on equity**

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

### **sales and ended units**

Sales or split of an apartment where one apartment object is ended and two new ones are created.

### **unencumbered asset ratio**

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

### **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 period 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 from 0 to 100 for how easy it is to carry out daily errands without a car, where 100 is the best. Walk score is provided by Walkscore.com and is disclosed to rate the location 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 helps families and individuals by providing a *better living*.

## 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 25 banks, listed senior unsecured bonds and listed common shares of class D.

Akelius is one of Europe's largest listed residential companies and has twelve thousand shareholders.

## first-class personnel

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

## financial calendar

interim report Jan–Sep 2021	October 25, 2021
year-end report 2021	February 7, 2022
annual report 2021	March 11, 2022