Akelius Residential Property AB (publ)

annual report and sustainability report 2022

view from property 800 Richmond Street, Toronto

table of contents

The audited statutory annual report, which consists of directors' report and financial statements, include pages 92 to 205.
Sustainability topics and issues are integrated in Akelius' day-to-day activities.
Information about the company's sustainability performance and GRI Content Index, see pages 222–239.
Tables and graphs are based on internal data if no source is provided.
In the event of a conflict in interpretation or differences between this report and the Swedish version, the Swedish version shall have priority.

461 Massachusetts Avenue, Boston

a prime segment with a walk score of 97
17 residential units, 401 sqm
acquired in 2015

Akelius at a glance

	2022	2021
Property fair value, EUR million	6,173	6,020
Number of apartments	19,545	17,770
Residential rentable area, thousand sqm	1,190	1,068
Real vacancy residential, percent	2.0	2.6
Vacancy residential, percent	8.1	12.5
Rent potential, percent	22	25

Rental income, EUR million	303	212
Like-for-like growth in rental income, percent	11.9	1.5
Net operating income, EUR million	148	99
Net operating income margin, percent	48.9	46.8
Like-for-like growth in net operating income, percent	18.9	-2.1
EBITDA, EUR million	127	82

Cash sources to cash uses, percent	1,915	5,361
Interest coverage ratio	8.8	63.2
Interest coverage ratio, excluding realized value growth	9.6	2.8
Credit rating, Standard & Poor's	BBB	BBB
Credit rating, Fitch Ratings	BBB	BBB
Net asset value, EUR million	4,433	7,087

Electricity, like-for-like, GWh	35.2	35.8
Energy intensity, like-for-like, kWh per sqm	220.6	227.9
Emissions intensity, market-based, like-for-like, kg CO_2e per sqm	34.8	36.6
Direct employee gender diversity, portion female, percent	43	38
Sick leave, percent	1.9	1.5

US

Canada

Europe

City	Number of apartments	Rentable area, thousand sqm	Fair value			Vacancy rate, residential, percent	Capitaliza-tion rate, percent
			EUR million	EUR/sqm	Proportion, percent		
London	2,223	104	939	9,046	15	5.2	4.17
Paris	1,565	52	467	8,909	8	24.8	3.77
Europe	**3,788**	**156**	**1,406**	**9,000**	**23**	**13.3**	**4.03**
Washington D.C.	3,064	246	968	3,922	16	11.7	4.53
New York	1,745	123	696	5,684	11	2.9	4.34
Boston	1,253	81	667	8,195	11	12.2	4.18
Austin	861	66	203	3,083	3	4.3	4.00
US	**6,923**	**516**	**2,534**	**4,906**	**41**	**8.7**	**4.35**
Montreal	4,215	292	1,028	3,521	17	8.9	4.36
Toronto	4,283	243	1,163	4,791	19	2.3	3.88
Ottawa	120	12	21	1,804	0	0.0	4.15
Quebec City	216	15	21	1,364	0	0.0	4.75
Canada	**8,834**	**562**	**2,233**	**3,977**	**36**	**5.40**	**4.13**
Total/Average	**19,545**	**1,234**	**6,173**	**5,001**	**100**	**8.1**	**4.20**

view of New York

higher rents, higher capitalization rates

Inflation increased during 2022,
Central banks increased their policy rates.

Akelius is positively affected by the strong markets for rental apartments.
Akelius is negatively affected by higher costs and increased capitalization rates on properties.

Income growth is usually lasting and key to long-term success.
Capitalization rates' changes due to the interest rate tend to be reversed throughout the business cycle.

like-for-like rental income growth 11.9 percent

Akelius is finalizing construction projects and continues to reduce investment vacancy.
Strong underlying markets in the areas where Akelius operates,
supported the strong like-for-like rental growth.
Both yielded to a reduction of the like-for-like vacancy by thirty percent during 2022, from 12.2 to 8.6 percent.
Acquisitions and sales have both contributed to the total vacancy reduction from
12.5 percent to 8.1 percent during the year.

like-for-like net operating income growth 18.9 percent

Akelius' focus on increasing cash flow has paid and still pays off.
Akelius estimates that the strong growth in net operating income will continue in 2023.

Akelius' rents on aggregated level are below market level.
The market fundamentals for growth are strong and Akelius is reducing construction related vacancy.

Ralf Spann,
CEO and Managing Director

negative property value growth 9.8 percent

The negative value growth was
EUR 592 million, or 9.8 percent.
Increasing interest rate levels affect valuations negatively,
while growing rent levels affect valuations positively.
The value growth might become negative in the short-term.
Higher rental growth will lead to higher property values over time.

acquisitions EUR 457 million

During 2022, Akelius entered the market in Quebec City and Ottawa by acquiring 216 and 120 apartments respectively.
Other acquisitions were made in Toronto, Montreal, Washington D.C., and Boston.
In total, Akelius increased its property portfolio with 1,775 apartments to 19,545 apartments during 2022.
The average capitalization rate for acquired properties was 4.16 percent.
Akelius has acquired properties in growing locations, with no need for major maintenance, no vacancy, and higher cash flow.

new development potential of 2,500 apartments

Akelius has the opportunity to grow the portfolio by twelve percent,
realizing development potential in its existing portfolio.
Currently the market for new construction may be challenging,
but in the long-term it provides Akelius the opportunity to add extra value.

Eighty percent of the potential is in Toronto and Montreal.
Toronto and Montreal population is expected to grow by 25 and 10 percent respectively, in the coming ten years.

long-term financing keeps Akelius safe

Increased inflation, higher interest rates, and higher market uncertainty have considerably increased the cost for new long-term financing.
As a result, Akelius' economic value of existing long-term funding has increased.
Due to accounting principles,
such unrealized value change is not reported in the profit or loss statement.
The same market effects have a negative impact on the value of Akelius' bond investments.
This negative effect is neutralized by the positive value change of the debt portfolio.

Akelius benefits from having long-term debt with fixed interest rate for an average of 5.1 years.
Akelius has no need to raise more debt, and expects lower interest cost in the short to medium term due to a decreasing debt level.

continued focusing on sustainability

Thanks to the successfully executed measures in sustainability during the past years,
Akelius improved its external sustainability rating twice during 2022.
Akelius' sustainability risk is now considered low.

Akelius continues to further improve its external sustainability ratings with completed improvement measures.

In 2022, Akelius implemented a new sustainability assessment and auditing criteria for its suppliers.

During the last twelve months,
gender pay rate for managers improved from 138 to 120,
indicating equal opportunities within the company.

Besides energy saving projects like solar panels, Akelius contributes to biodiversity.
Akelius' properties have green roofs with a combined area of 1,504 square meters and is planning additional four green roofs for the coming year.

largest owner in Castellum AB

During 2022, 12.8 percent in Castellum AB was bought, for EUR 441 million.
Castellum AB is a leading commercial property company, primarily in Sweden.

Akelius supports Castellum's ambition to strengthen its credit metrics and the markets view of the governance.
This work will be beneficial for Akelius and other shareholders in Castellum AB.

Akelius' business model

stable increase in rental income

Akelius focuses on residential properties with the ability to generate a stable increase in rental income.
Rental income growth is the most important value driver in real estate.

Continuously increasing revenues lead to growing net operating income.
Together with constant low vacancy, these are the most important drivers for high profitability and low risk in real estate.

provide a *better living*

An increasing number of people want to live in walkable locations,
in energy efficient and attractive apartments.

Akelius targets this group of tenants by offering a *better living*.

The *better living* concept includes desirable locations, good condition of premises, quality of services, and sustainable solutions for energy, water, waste, and materials.

population growth limits risk

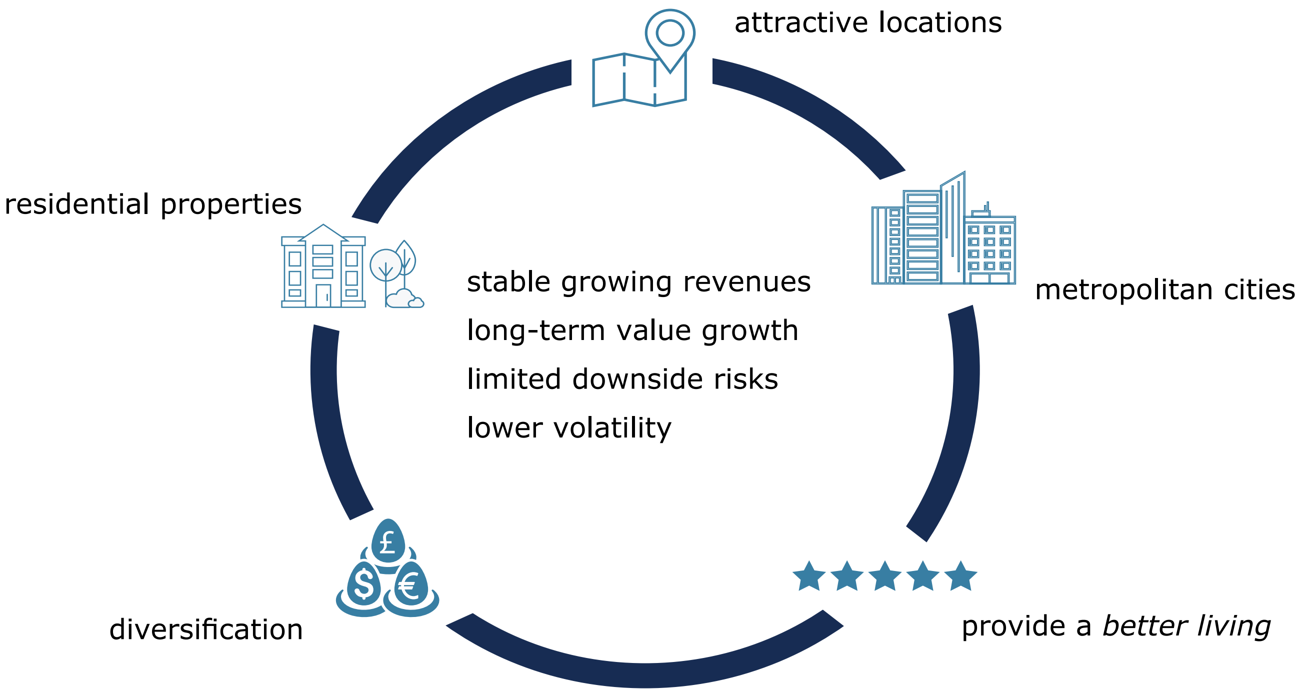
Akelius focuses on residential properties in attractive growing metropolitan cities.
The long-term trend of people moving from rural to urban areas leads to high growth, especially in the most attractive cities.

The growing demand for apartments leads to lower downside risk and potential for higher rent.

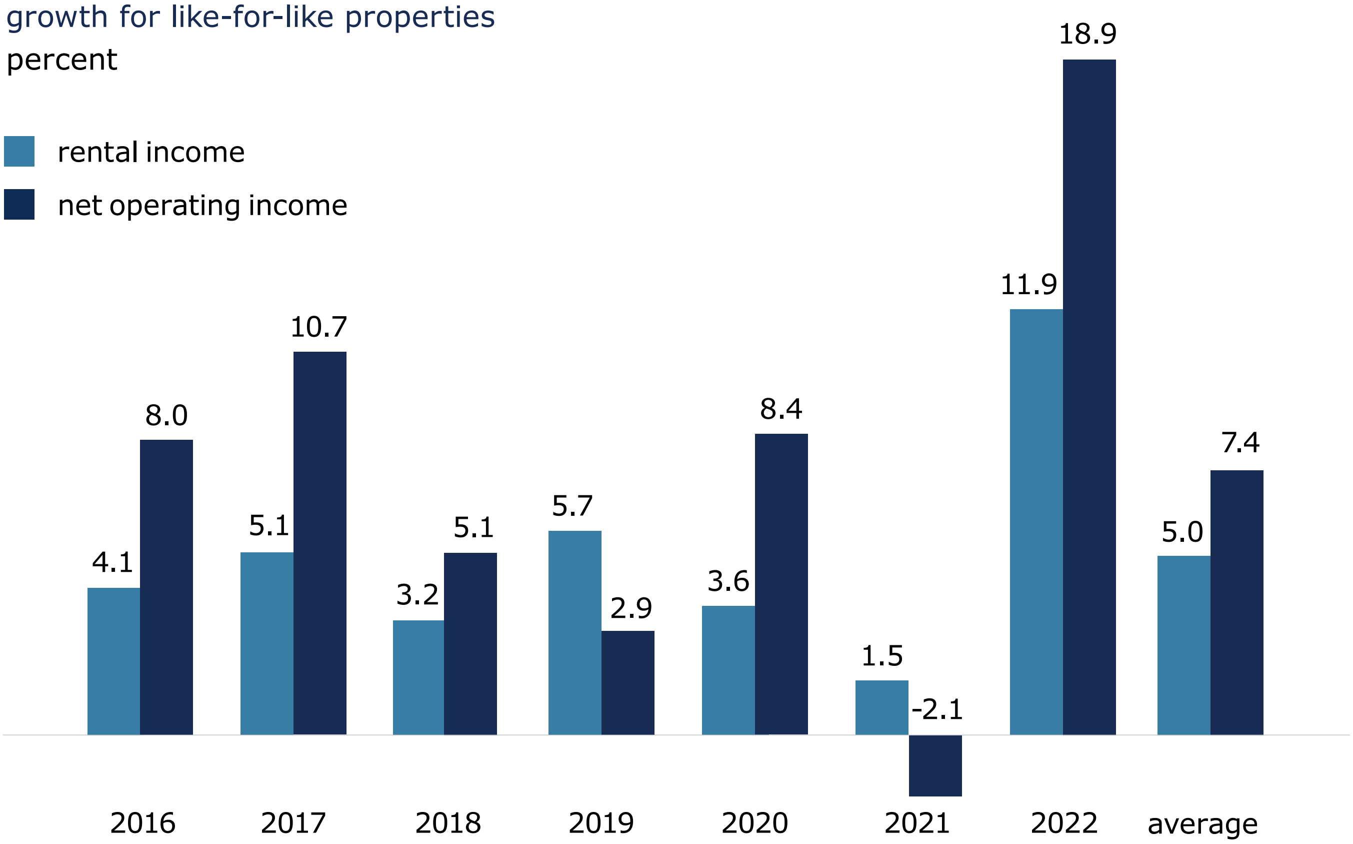
lower volatility, more opportunities

Akelius operates in ten metropolitan cities in four countries.
The aim is to combine effective property management with diversification.
Diversification leads to lower risk since most changes are local.
A negative event in one market is usually mitigated by positive events in other markets.

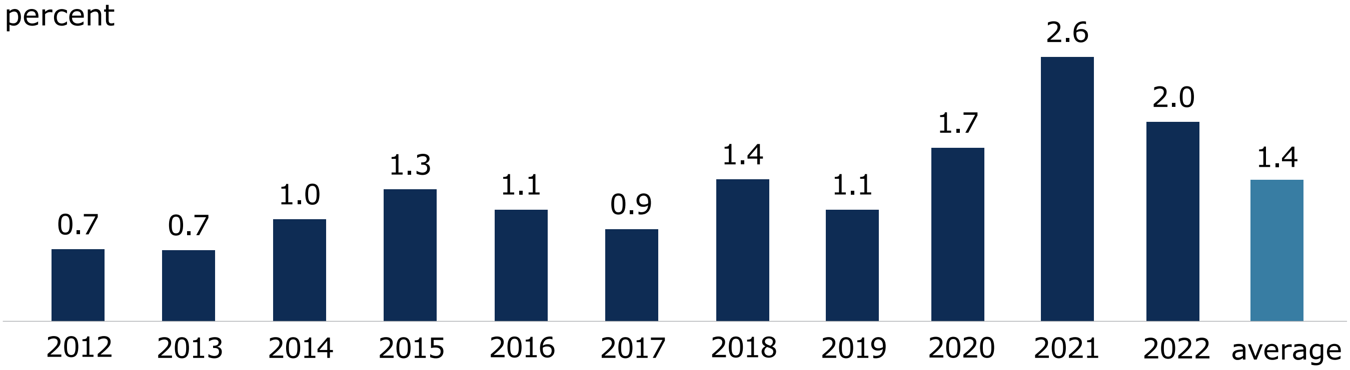
It is a competitive advantage to be established in many large markets.
Liquidity in the property market is higher, the access to business opportunities is larger, and there are many different capital sources to choose from.



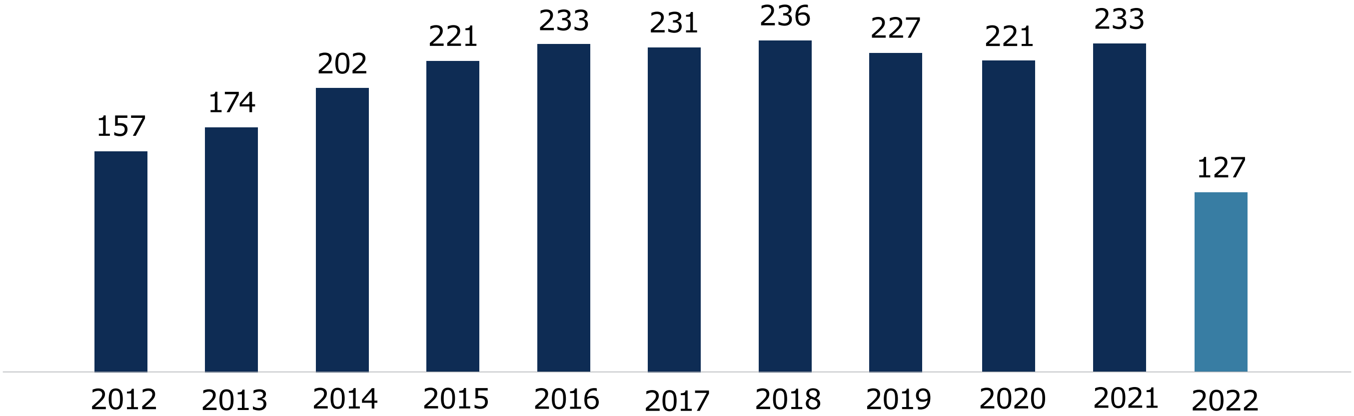
growth for like-for-like properties
percent



real vacancy
percent



EBITDA EUR 127 million



aims for long-term growth

The aim is to grow the net asset value while limiting risk over long periods of time. Profits are usually retained in the company to support organic growth and to maintain a strong financial situation.

As a long-term investor in real estate, Akelius understands the importance of focusing on continuing trends. Urbanization, digitalization, and sustainability are such trends.

Investments in education and development, is also essential to long-term success.

8.1 percent average annual property return

The total return on the properties is the sum of net operating income and value growth.

Akelius' average total return on the properties has been 8.1 percent on annum for the last nine years.

The total return in 2021 was affected by COVID-19 and the sale of all the company's properties in Germany and Scandinavia. The total return in 2022 was affected by higher interest rates that put pressure on property values.

The income return increased from 2.2 percent in 2021 to 2.5 percent 2022. The value growth was -9.8 percent, compared to 14.2 percent in 2021. The total return decrease to -7.4 percent in 2022 was thereby a result of lower value growth.

Profitability is one of the key factors for recovery and the ability to absorb the effects of a crisis. A high underlying total return therefore reduces the risk for Akelius and its investors.

Value growth is almost as effective as net operating income for growth in net asset value and for reducing leverage when needed.

Akelius owns attractive residential properties in ten liquid property markets. The accumulated unrealized value growth on properties can thereby be converted into cash if the need arises.

rental growth leads to higher property values

The property value is the sum of future cash flows discounted to present value. Growth in revenues therefore leads to higher property values.

Population growth is one of the most important factors for increasing revenues in the residential real estate sector and for a long-term increase in property values.

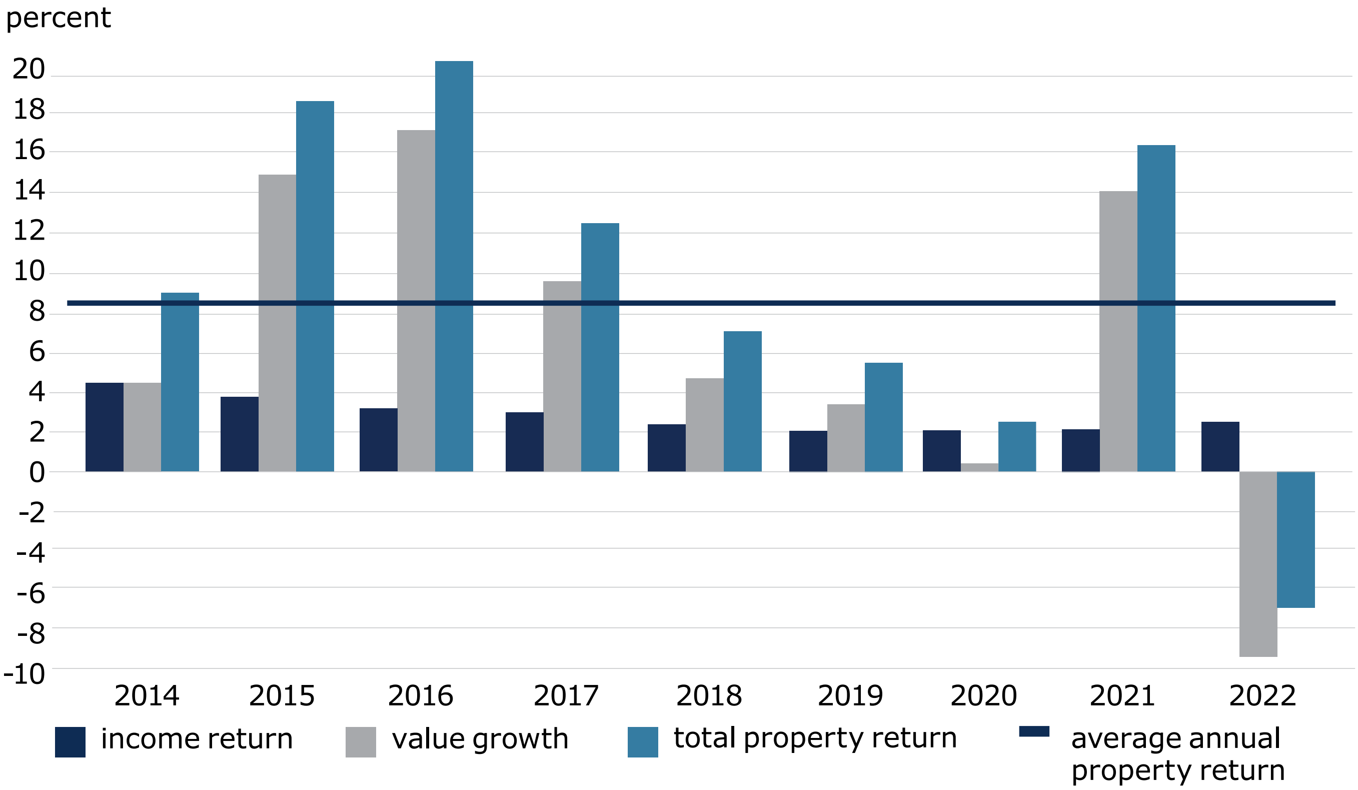
The effect of population growth is often underestimated. Small improvements each year add up to material progress that benefits long-term investors.

discount rates affect property values

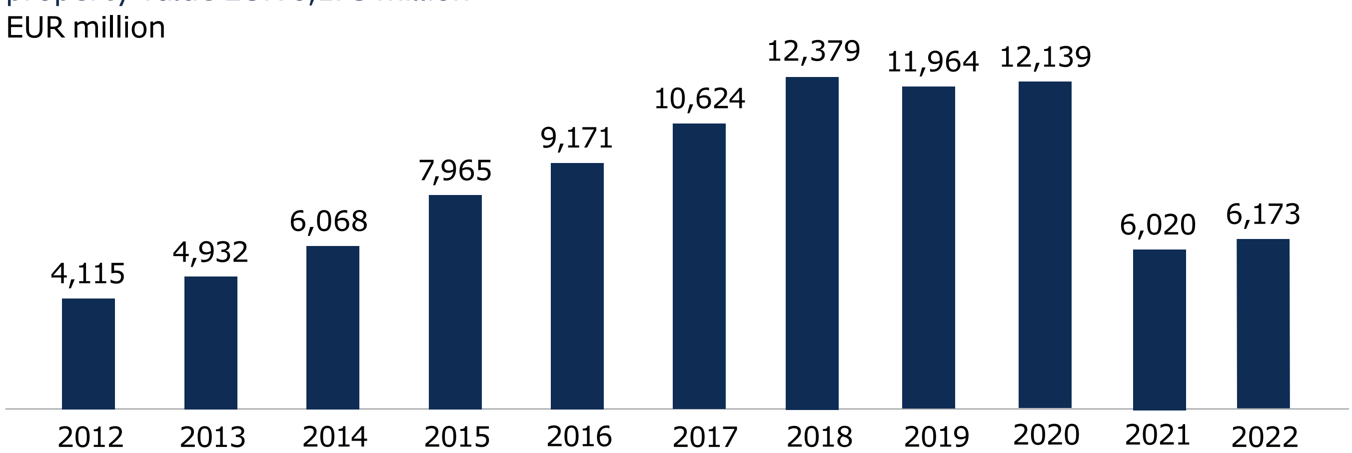
In 2022, the trend of lower interest rates was replaced by increasing interest rates across Akelius’ markets. This has led to lower property values through higher discount rates on future cash flows. With time, interest rate trends go up and down, corresponding to the conditions in the financial markets. If the property risk decreases due to the development of a city, a neighborhood, or a property as such, the discount rate used to value the property gets a downward pressure. This development normally occurs independently of the movements in the financial markets and is therefore more permanent.

Akelius invests in properties, neighborhoods, and cities with a positive development. The idea is to benefit from lower risk over time and to capitalize on higher property values due to lower risk premiums.

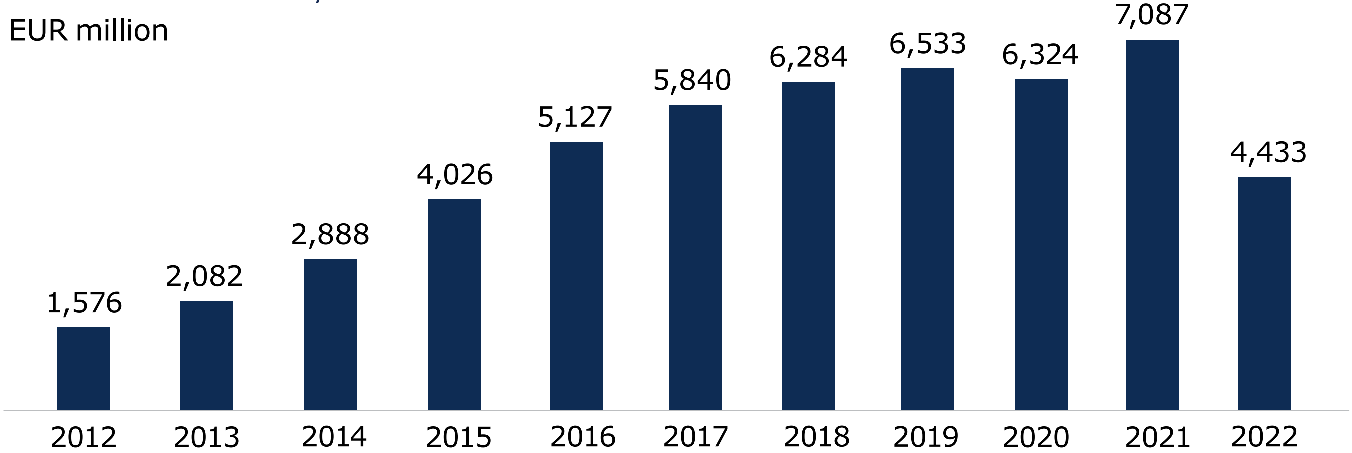
average annual property return 8.1 percent



property value EUR 6,173 million



net asset value EUR 4,433 million



skyline of Paris

99 percent residential properties

secure income

A large pool of residential leases produce a more safe and predictable income.
Akelius' properties are in attractive locations and the apartments are therefore sought after.

A large volume of rental agreements, combined with stable tenants, limits the risk of material rent losses.
COVID-19 did not materially affect rent losses which proves the resilience to negative events.

lower vacancy

Vacancies and rent levels fluctuate less for a large portfolio of multifamily dwellings.

Regardless of the work situation, people need somewhere to live.
The demand for residential space varies less with the business sentiment.

The population structure changes slowly, which reduces the vacancy risk even in times of weak economic growth.

During a recession, commercial property owners often need to provide larger incentives to new tenants.
The risk in the residential property business is therefore much lower.

minor turnover costs

Residential properties only need minor upgrades when tenants move out.
Commercial properties require larger investments for each new tenant.

stands the test of time

High quality residential buildings are as attractive today as when they were built.
Hence, the need to demolish and replace them is low compared to other types of properties.
In general, tenants still want the same type of floor plans today as they did decades ago.

liquid assets

Residential properties in metropolitan cities are a more liquid asset class than commercial properties.
There are many different buyers of residential properties, from the tenants themselves to small private investors and large international funds.

If needed at all, usually only a fraction of the properties needs to be sold for liquidity reasons.
The possibility to divest properties vary between the cities.
By holding residential properties in multiple metropolitan cities, it is very likely that sales can be conducted throughout the business cycle.

diversification reduces risk

Akelius believes that holding residential assets in ten to fifteen cities optimizes diversification in relation to operational efficiency.

City diversification reduces the city specific risk.
At the end of 2022, Akelius owned properties in ten cities.

diversification is the key

Even low-risk assets, like residential properties, experience volatility in income and value.
A part of the volatility comes from city specific events.
Brexit is an example of a recent event that only affected one specific city.
COVID-19 has affected all cities, but to various degrees.
Events like pandemics are hard to predict.
Holding assets in multiple cities reduces the city specific risk.

One of the most obvious long-term risks is the risk for changes in supply and demand for apartments.
Supply and demand changes will not occur at the same time and to the same extent in all cities.
Some cities will likely perform better and others perform worse than expected.

In the real estate industry, conditions sometimes change due to new decisions from politicians.
These changes are usually local.

With diversification, the all-in-all performance is closer to the expectations.

32 percent of apartments below market rent

63 percent of Akelius' apartments are subject to some form of rent control.
Rent control aims to protect tenants from swift rent increases.
The control limits the rent that would result from a free market.

In weak areas, the regulated rent is close to the free market.
In central locations of large metropolitan cities, the regulated rent may be far below the free market.

In some of Akelius' markets, only the current tenant is protected by rent regulations.
This means that Akelius can charge market rent at tenant turnover.
Therefore, many apartments also in regulated markets have rents at market level.

Of Akelius 19,545 apartments, two thirds are at market rent.
Ten percent of the apartments are thirty percent below market rent.

market rents versus regulated rents

Income from apartments at market rent is more volatile than income from regulated apartments with limited downside risk in rents.

Akelius reduces the negative impacts on market rents by diversifying and by investing in cities and neighborhoods where the demand for apartments grows over time.
This likely results in higher and less volatile income over time.
Regulated apartments with rents far from market level tend to have lower tenant turnover and lower rent level volatility.

Properties with low regulated rents have low income return and low risk premiums, resulting in low, but stable income, also in strong markets.
Low income return leads to weaker ability to cure negative events.
However, if rents have limited downside risk the risk for negative events is lower.

11 rue du Faubourg Saint Denis, Paris
property surroundings

residential rent system per metropolitan city

Europe

City	Number of apartments	Rent system	Contract length	Rent increase for existing contract	Rent increase at turnover without upgrading	Rent increase at turnover with upgrading
London	28	control	open-ended[1]	legal index	yes	yes
	2,195	free market	1 year	free	yes	yes
Paris	1,565	control	6 years	index	yes[2]	yes

1) upon giving notice to the landlord, tenant can move out within one to three months
2) increase to a higher, regulated rent, if current rent is below rent cap

Canada

City	Number of apartments	Rent system	Contract length	Rent increase for existing contract	Rent increase at turnover without upgrading	Rent increase at turnover with upgrading
Toronto	4,283	control	open-ended[1]	index	yes	yes
Montreal	4,215	control	open-ended[1]	index	yes	yes
Ottawa	120	control	open-ended[1]	index	yes	yes
Quebec City	216	control	open-ended[1]	index	yes	yes

US

City	Number of apartments	Rent system	Contract length	Rent increase for existing contract	Rent increase at turnover without upgrading	Rent increase at turnover with upgrading
New York	35	control	open-ended[1]	index	limited	yes, up to possible market rent
	1,032	stabilized	open-ended[1]	index	no	limited
	678	free market	1 year	free	yes	yes
Boston	36	control	1 year	index	limited	limited
	1,217	free market	1 year	free	yes	yes
Washington D.C.	873	control	open-ended[1]	index + 2 percent	yes[2]	yes[2]
	2,191	free market	free	free	yes	yes
Austin	861	free market	3 months or more	free	yes	yes

1) upon giving notice to the landlord, tenant can move out within one to three months
2) increase to a higher, regulated rent, if current rent is below rent cap

Parliament of Ottawa

all apartments are in growing metropolitan cities

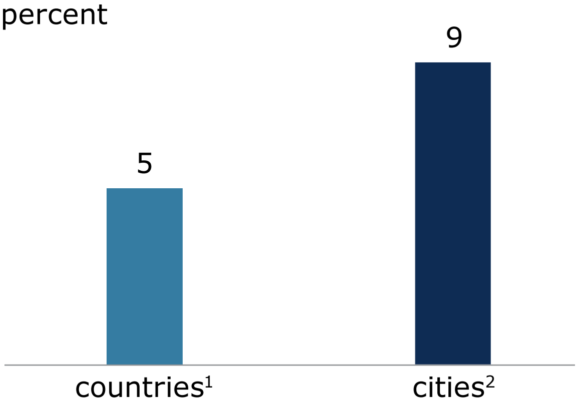
low vacancy

Metropolitan cities grow faster in terms of population and wealth.

During the upcoming decade, the average population is expected to grow almost twice as fast in Akelius' average metropolitan city, compared to the respective country as a whole.
In other words, an expected growth of nine percent in Akelius' metropolitan cities, compared to five percent overall country growth in countries where Akelius operates.

The main reason is that the economy of a metropolitan city is diversified and has greater job and education opportunities.
Metropolitan cities attract people by offering a wide range of culture and entertainment options.
These factors reduce the risk of vacancy.
Low vacancy is one key to success in the real estate business.

population growth, upcoming decade
percent



stable rental income

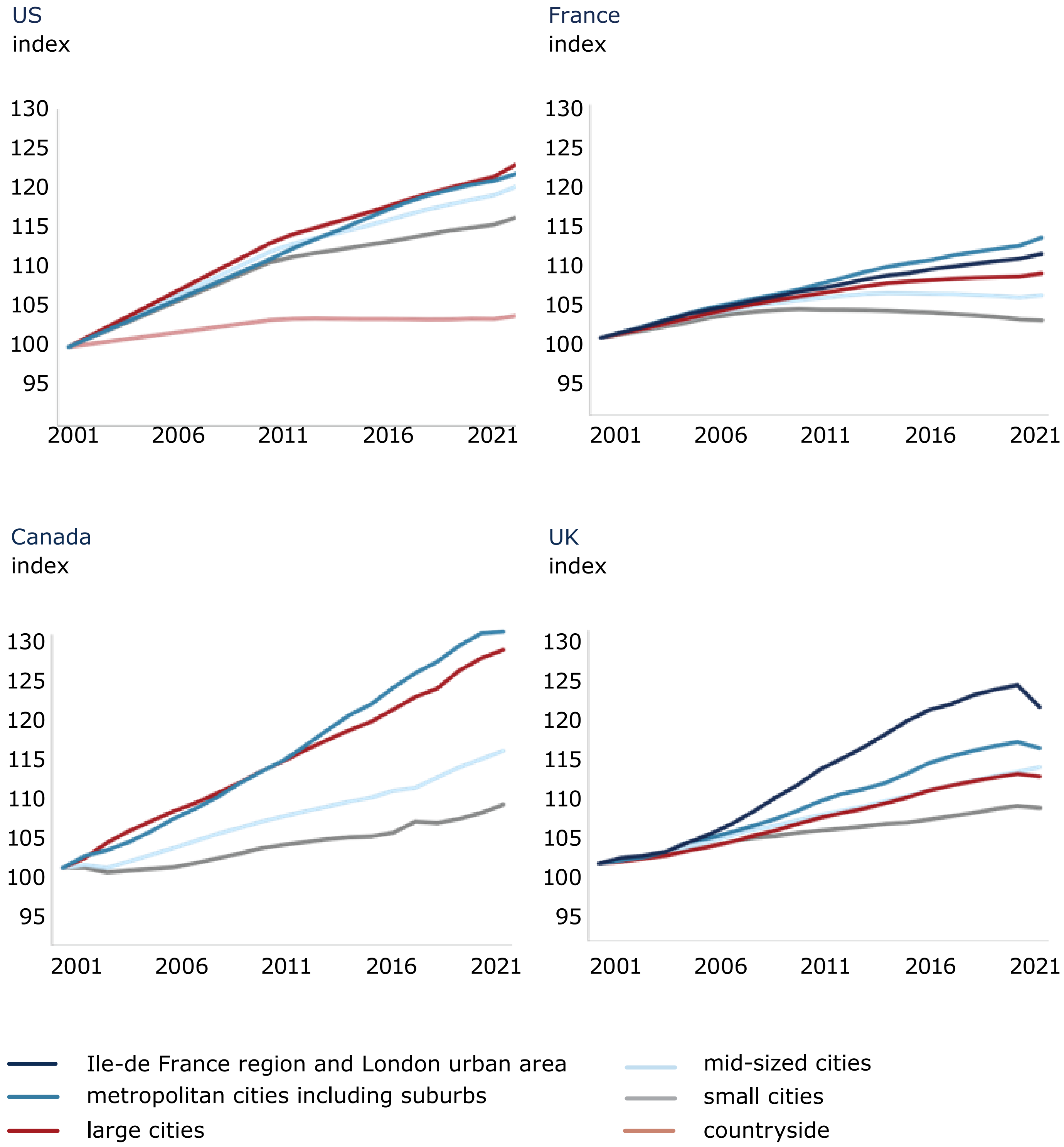
In a normal year, the growing demand for urban housing is driven by the preference of, inter alia, young professionals for dense, diverse, and interesting cities.
Akelius owns properties only in attractive metropolitan cities.

These cities have a high standard of living and opportunities that attract an increasing number of people.

Paris, London, New York, Washington D.C., Boston, Austin, Toronto, Montreal, Quebec City, and Ottawa combine the cultural, intellectual, political and economic centers of their respective countries.
These well-established metropolitan cities offer a more stable source of rental income.

1) UK, France, US, and Canada
2) London, Paris, Austin, Boston, New York, Washington D.C., Montreal, Ottawa, Quebec City, and Toronto

population growth depending on city size



source: US Census Bureau, Institut national de la statistique et des études économiques, Office for National Statistics UK, Statistics Canada

Akelius sets the city thresholds individually for each country.

provide a *better living*

Akelius targets individuals and families that prefer

- a desirable location
- quality of premises
- quality of service

Akelius *better living* concept includes

- clean and tidy premises
- security and privacy
- fast service

- green areas
- art, light design, and low noise level
- conservation of architectural and historical values

- sustainable solutions for energy, water, waste, and materials

all properties are in attractive A and B locations

Akelius targets attractive buildings.

The property's attractiveness to prospective tenants is based on a combination of the property's architecture and location.

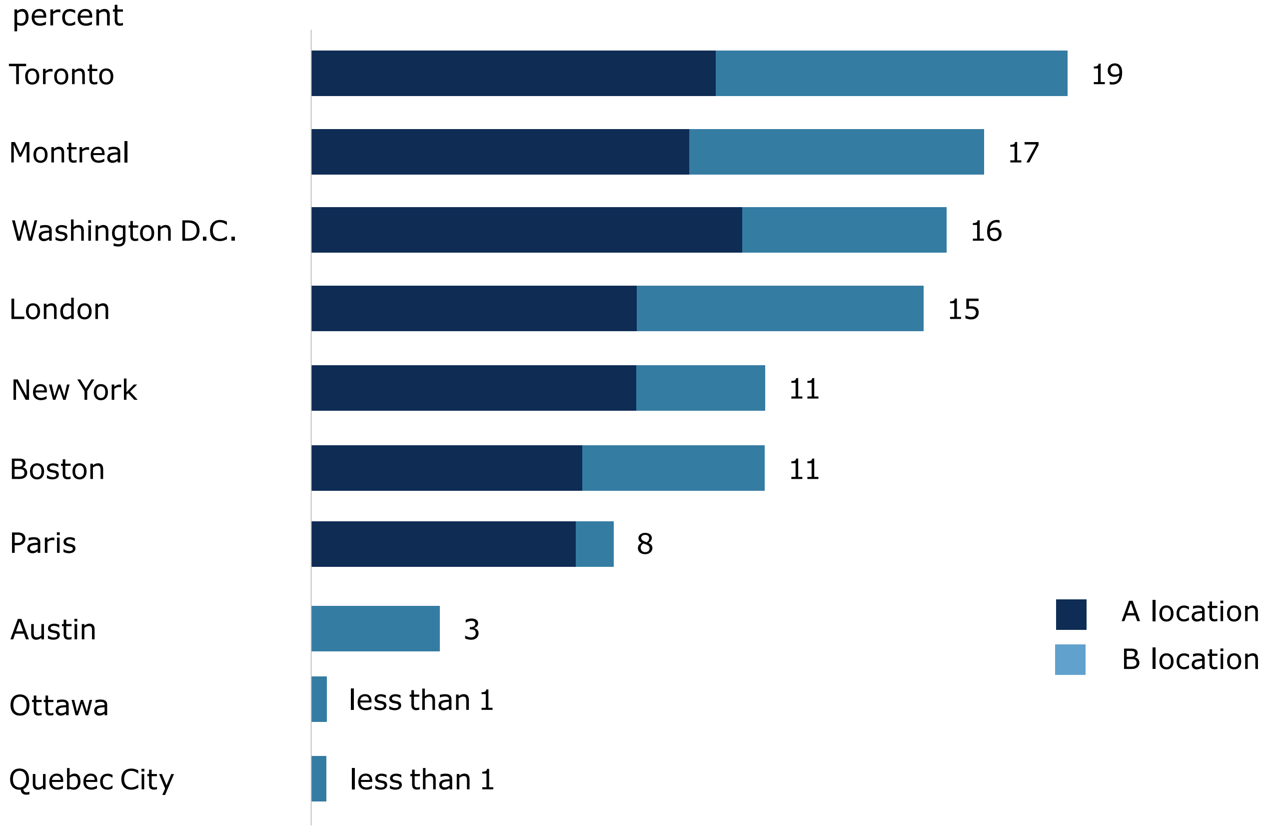
Akelius only holds properties in locations known as premium, medium, or affordable. These are properties in A and B locations according to Akelius' internal classification. Akelius refrains from investing in C locations, areas where apartments become vacant first.

Akelius also avoid the luxury segment, with lower rent potential and limited demand which are more closely linked to the business cycle.

Attractive buildings in good and improving areas provide, not only a limited down-side risk but also good rental potential and liquidity.
These properties attract investors and creditors even when the economy is weak, making the investment more safe.

share of property fair value in different locations

percent



safe and tidy properties

Akelius concept *better living* includes keeping the properties safe and tidy.

A total of 13,055 apartments have been upgraded,
which corresponds to 66.8 percent of the total number of apartments.
The utmost part of the remaining apartments already meets Akelius' policy of clean, safe, and functional.

As the end of 2022, six percent of the vacancy was related to ongoing upgrades. Only a few more apartments, today occupied, may need to be upgraded before a new tenant can move in.

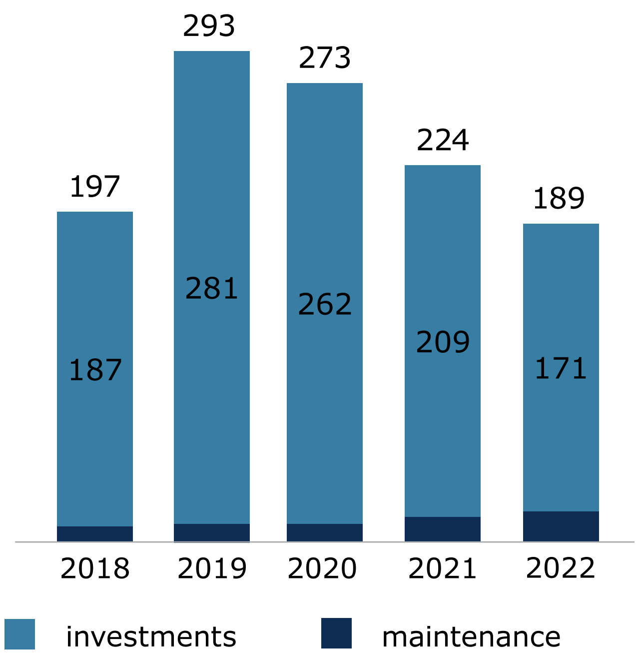
inviting common areas with art and light design

Residents and guests appreciate a beautiful entrance where light and design are put into focus.

Akelius has internal lighting planners who adapt the solutions of light design to suit each property.

Materials, components, and design should be functional, practical, and simple.

EUR 189 per square meter
investments and maintenance



restores and upgrades

Akelius restores and upgrades existing properties with a long-term perspective. Akelius aims to continuously improve the quality of the properties for tenants, offering a *better living*.

historical and architectural values are preserved

Akelius portfolio consists of numerous buildings with historical and architectural values.

While renovating, Akelius preserves and restores historical details.
This keeps the original touch of the properties and respects the properties' significant architectural characteristics.

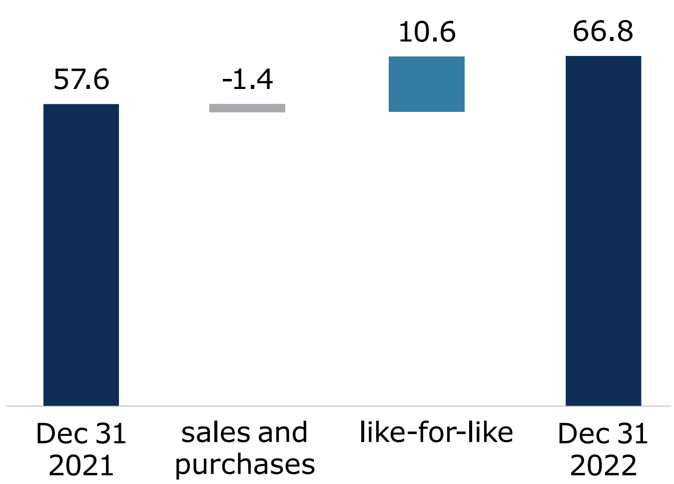
green areas

Sustainable solutions are implemented throughout the Akelius' value chain.

As flexible working conditions increase in popularity,
access to green areas has become more important.

Akelius has improved courtyards.
Tenants appreciate the access to green areas and the *better living* solutions.

upgraded apartments 66.8 percent



sustainability is part of all decisions

Sustainability and economic growth are equally important for Akelius.

Akelius' main priorities as identified by the materiality assessment are

- reducing environmental and carbon footprint
- promoting a safe environment for its employees and tenants
- using ethical business practices
- improving digitization and cybersecurity

CEO, Ralf Spann, CFO, Leiv Synnes, and Head of Sustainability, Kristel Eismann, meet every month to analyze and monitor the sustainability efforts at Akelius.

Igor Rogulj is the representative from the Board of Directors regarding sustainability decisions.

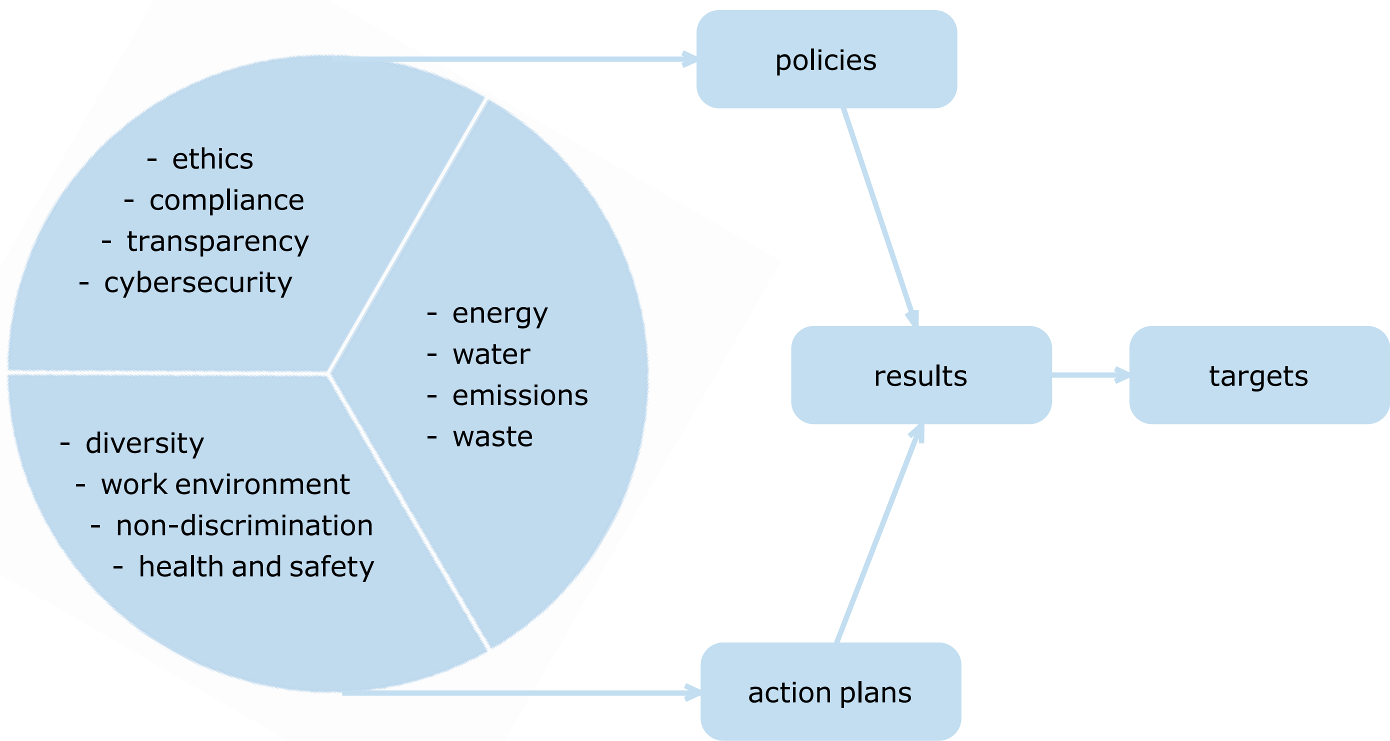
Akelius is a signatory of United Nations Global Compact since May 2021.

In 2022, Akelius participated in the Sustainable Development Goals Ambition. This program helped Akelius to integrate the Sustainable Development Goals into core business management.

The sustainability management of the company is based on four layers

- policies
- targets
- action plans
- results

Policies serve as a framework for how to conduct business.
Akelius works against targets to constantly improve.
Action plans set the roadmap to achieve results.
Results quantify the improvements and help to meet the targets.



Akelius' improved sustainability ratings decrease risk

External rating agencies assess companies' performance in sustainability.
Akelius values the external opinion on the sustainability work the company engages in. It gives external stakeholders a type of security that the company fulfills its commitments regarding its sustainability targets.

Akelius especially monitors two sustainability performance ratings, Sustainalytics and S&P Global.

During 2022, Akelius received improved external ratings from both rating agencies.

Sustainalytics has assigned Akelius a low risk ESG rating with an improved score, from 19.3 to 16.4, compared to 2021.

According to S&P Global, Akelius is positioned above industry average with an improvement in rating by 8 points compared to 2021, from 32 points to 40 points.

Akelius continues with its sustainability efforts, which in turn further improves the external rating on Akelius' sustainability work.

common area in Leander Park, Austin

employees in the lobby of the Toronto office

Akelius builds a greener future

Akelius has set a clear roadmap to become one of the most sustainable companies and net zero by 2050.
Net zero refers to conditions where greenhouse gas emitted by the company is balanced by greenhouse gas removal.

This is achieved by reducing emissions as close to zero as possible.

Akelius also aims to improve its performance across all three sustainability pillars.

annual targets

- all Akelius' offices certified by green building certification
- all buildings are environment, health, and safety inspected annually

- all active staff trained on sustainability policy and targets annually
- all active staff trained annually on the Code of Conduct, anti-corruption, and data protection
- annual internal security audit on the company systems
- all suppliers acknowledge the supplier Code of Conduct

- keep gender ratio between forty and sixty percent
- all active staff trained on non-discrimination annually
- two percent or less annual sick leave rate
- zero fatality cases per year
- zero injury rate
- zero lost day rate
- three education days per employee per year

roadmap to net zero

2022

- execute a climate change risk assessment by the end of 2022 and revise every three years
- reduce ten percent of all buildings' environment, health, and safety incidents of non-compliance cases by the end of 2022 based on 2021

2023

- do at least one life-cycle assessment project per city
- have a life-cycle assessment to all the Akelius components in the master components list
- create life-cycle assessed construction material list
- have all suppliers pre-qualified according to sustainability requirements by the end of 2023
- have all suppliers assessed according to sustainability requirements by the end of 2023
- audit the performance of all suppliers' with annual spend over EUR 50,000 every three years
- provide feasibility study on electric vehicle charging stations for every parking lot by the end of 2023

2025

- fifteen percent reduction of energy intensity
- one hundred percent renewable electricity
- ten percent reduction of water intensity
- forty percent reduction of carbon emissions scope 1 and 2 intensity
- fifteen percent increase of the proportion of waste recycled from properties

2030

- twenty percent of portfolio's floor area certified by LEED, BREEAM, WELL, or other independent recognized organization

2050

- align with net zero initiative on reduction of carbon emission scope 1, 2, and 3

Dwell Vienna Metro, Washington D.C.

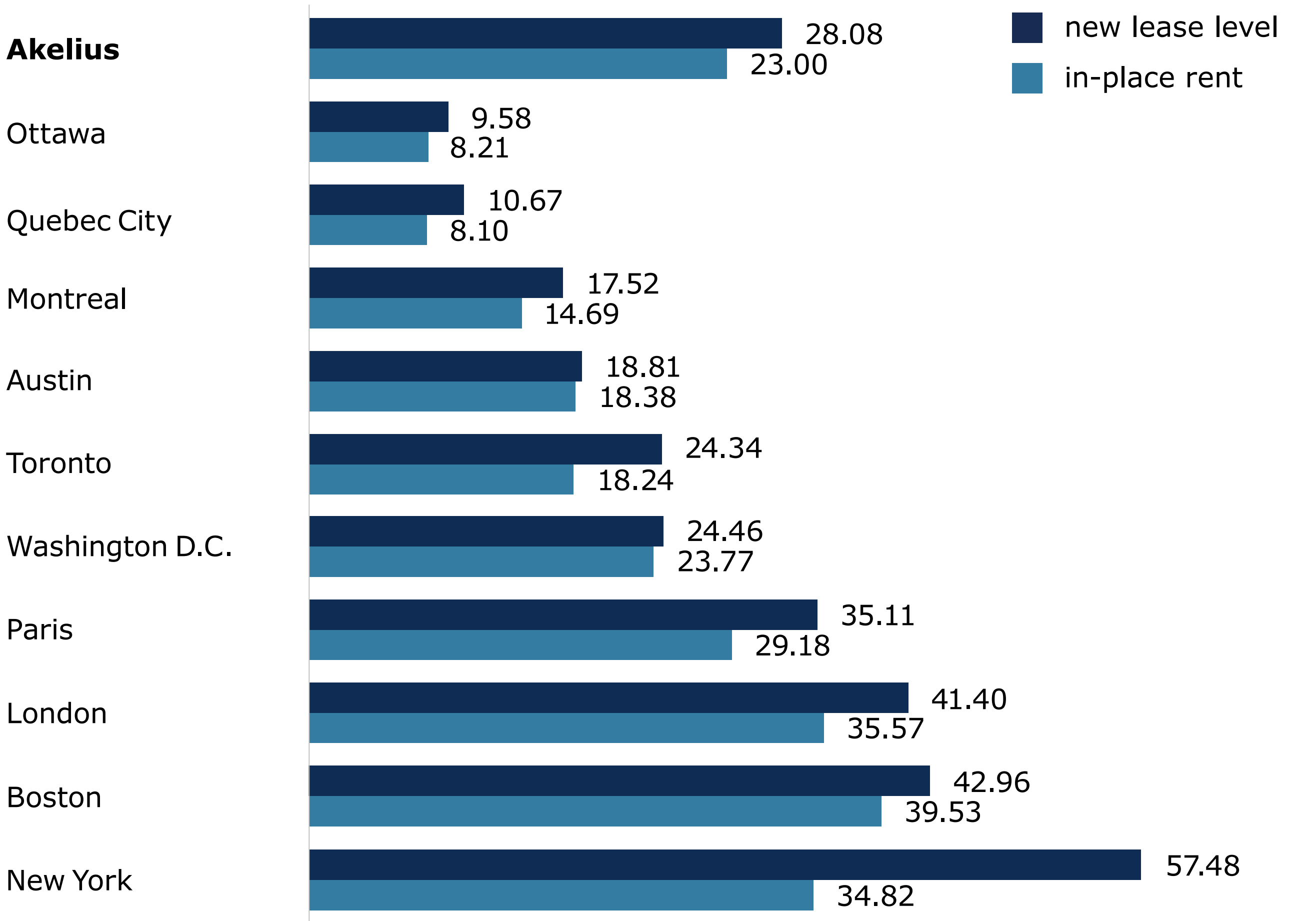
property portfolio

Investments are spread across four countries and ten metropolitan cities. The new lease level is 22 percent higher than the current lease level on average.

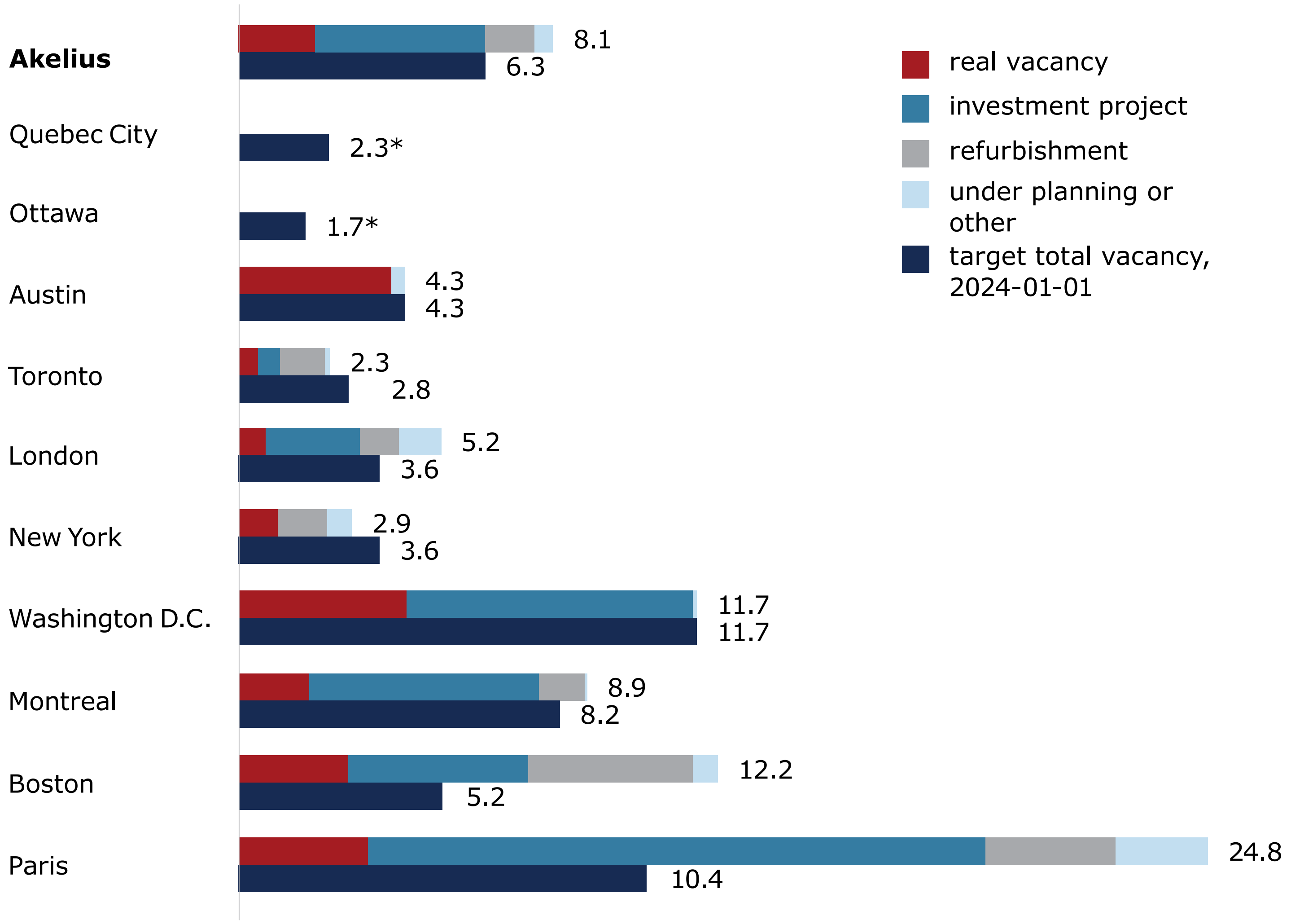
This indicates a likelihood for higher rent levels over time and a protection against lower rent due to market deterioration.

in-place rent and new lease level

EUR per square meter per month



current vacancy and target vacancy at 2024-01-01
percent



*) vacancy rates in Ottawa and Quebec City are expected to increase due to apartment upgrades

118 Roncesvalles Avenue, Toronto

property valuation

strong market knowledge

Each city is unique,
requiring individual considerations.
The transaction teams are based locally in each city, close to the market.

Akelius conducts internal property valuations quarterly on all properties.
In this process, Akelius reviews, inter alia, the price per square meter, gross rent multiplier, and capitalization rate per property.

Akelius frequently submits indicative bids on property acquisitions,
which constitute an additional source of knowledge.

During 2022, Akelius received invitations to buy for a total of EUR 27,430 million,
and made 34 indicative bids for a total of EUR 2,383 million.

The realized prices of the property sales also provide valuable information about capitalization rates and prices per square meter.

valuation at fair value

The reported value of the properties is based on internal valuations.
The valuation is made according to IFRS 13 level 3.

The fair value of the properties is the sum of the discounted cash flows during the calculation period plus the residual value.

estimated cash flow

Future rental levels for residential properties are based on actual rents,
adjusted for potential rental growth,
calculated based on investments and inflation.

Rent levels for commercial properties are estimated based on the indexed rent levels.
Vacancies are reassessed based on the current vacancy situation for each individual property and adjusted to the market vacancy level,
considering the property’s characteristics.

Operating expenses, property administration, and running maintenance are calculated according to current market conditions and adjusted for inflation.
Utility costs, realty tax, and leasehold fees are based on actual charges.
Specific planned future upgrades are included in the projections for each property.

capitalization and discount rates

The capitalization rate is assessed using the property transactions completed in the market, invitations to buy and sell,
and by looking at comparable properties.

The capitalization rate is determined by adding the real interest rate and risk premium.
The risk premium covers market risk and property related risk, based on the building's location and the prevailing housing supply and demand.

The discount rate used is the capitalization rate plus the assumed inflation.
On December 31, 2022, the average capitalization rate was 4.20 percent,
and the discount rate was 6.20 percent.

See sensitivity analysis on page 131.

external valuation

During 2022, external valuation was used for all properties in the Austin, Boston, New York, Washington D.C., and Toronto due to uncertainties in the market.
External valuations in all Akelius cities was performed by Cushman & Wakefield, Colliers, Allsop, and CBRE.
191 properties out of 380 owned at year-end were externally valuated,
corresponding to 50 percent of the number of properties and 71 percent of the fair value.

The external valuation was EUR 20 million (155) or 0.46 percent (4.85) below Akelius internal valuation.
The external value is compared to the internal value at the same valuation date.

capitalization and discount rate

percent

	Canada	UK	US	France	**Average**
Capitalization rate					
Opening	3.81	4.06	4.16	3.74	**3.99**
Purchases	0.00	0.00	0.00	0.00	**0.00**
Sales	-0.01	0.00	0.00	0.00	**0.00**
Like-for-like	0.32	0.11	0.19	0.03	**0.21**
Translation	0.00	0.00	0.00	0.00	**0.00**
Closing	4.13	4.17	4.35	3.77	**4.20**
Discount rate					
Opening	5.81	6.06	6.16	5.73	**5.99**
Purchases	0.00	0.00	0.00	0.00	**0.00**
Sales	-0.01	0.00	0.00	0.00	**0.00**
Like-for-like	0.32	0.11	0.19	0.03	**0.21**
Translation	0.00	0.00	0.00	0.00	**0.00**
Closing	6.12	6.17	6.35	5.77	**6.20**

24 Wedderburn Road, Camden, London

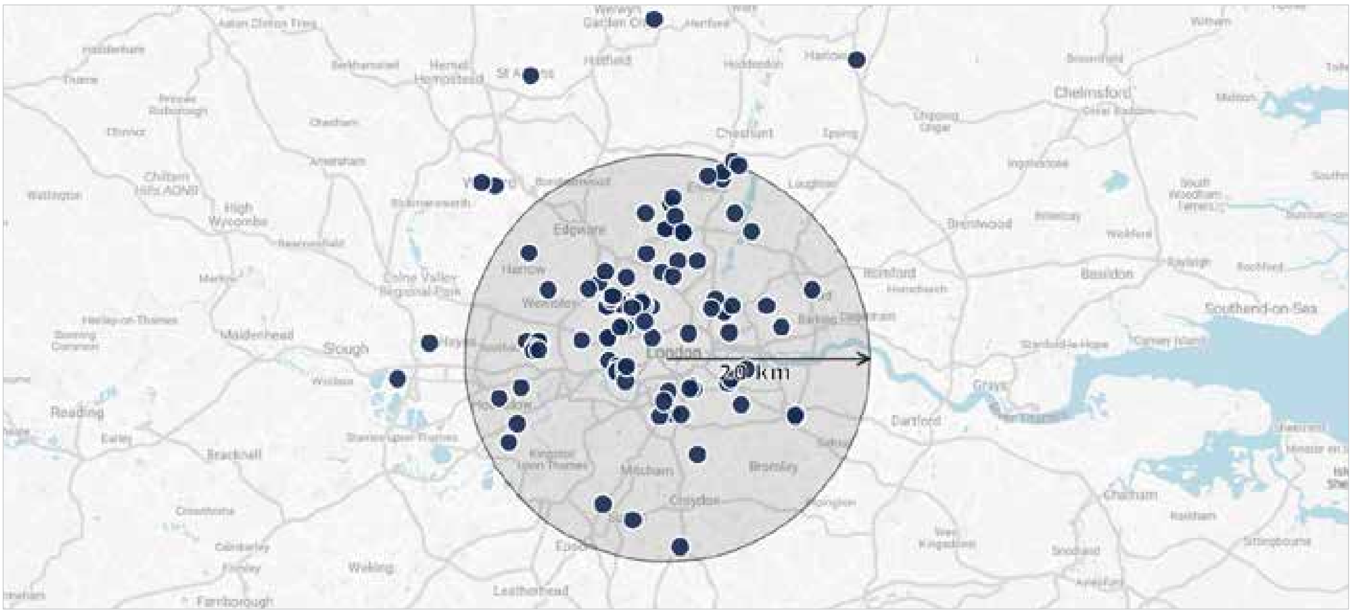
George West House, Clapham, London

a premium segment with a walk score of 95
1 commercial unit, 2,714 sqm
acquired in 2018

the property is currently being converted into 61 apartments

London

walk score 86/100



● like-for-like properties

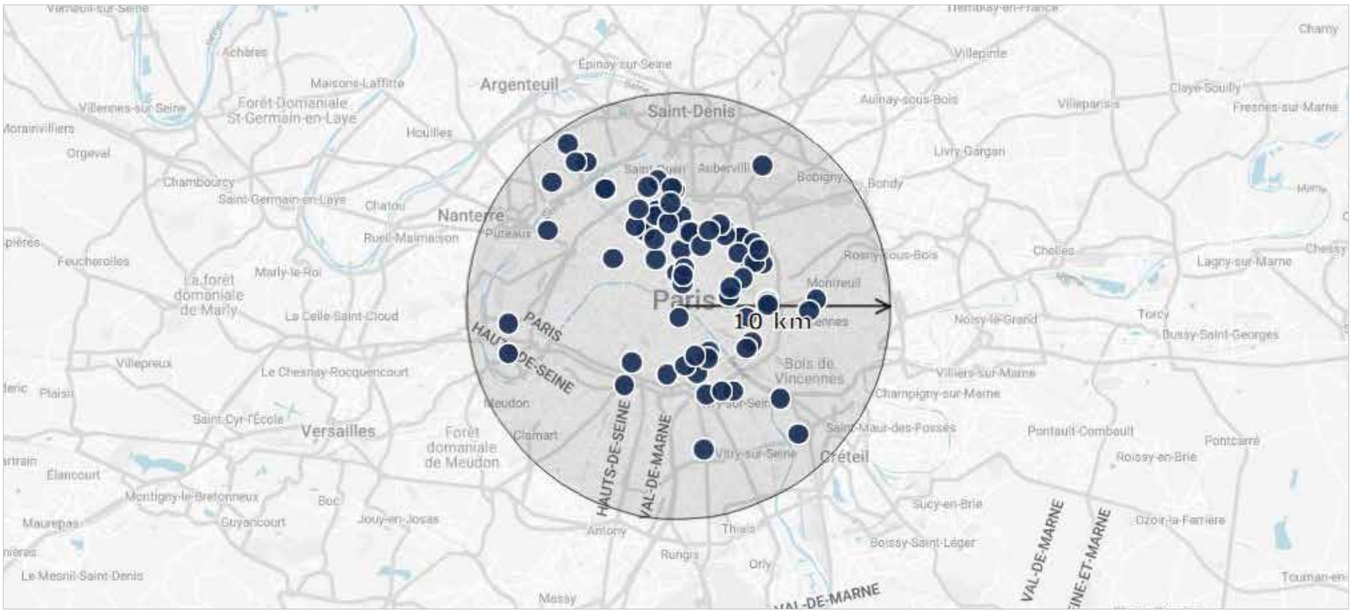
	2022	2021	2020	2019
Property portfolio				
Number of apartments	2,223	2,064	2,232	2,242
Average apartment size, sqm	39	41	39	39
Proportion upgraded apartments, percent	75	77	68	63
Opening balance, EUR million	985	912	951	878
Change in fair value, EUR million	-30	-21	-20	-20
Investments, EUR million	36	30	34	44
Purchases, EUR million	-	-	-	5
Sales, EUR million	-	-	-2	-1
Translation difference, EUR million	-52	64	-51	45
Closing balance, EUR million	939	985	912	951
Share of fair value, percent	15	16	8	8
Capitalization rate, percent	4.17	4.06	4.12	4.13
Average rent, EUR/sqm/month				
Total portfolio Jan 1	35.08	34.13	36.38	32.98
Exchange difference	-1.84	2.39	-1.95	2.12
Adjusted total portfolio Jan 1	33.24	36.52	34.43	35.10
Sales and ended units	0.00	-	-	-
Like-for-like Jan 1	33.24	36.52	34.43	35.10
Like-for-like change	2.33	-1.44	-0.30	1.28
- Change in percent	7.0	-3.9	-0.9	3.6
Like-for-like Dec 31	35.57	35.08	34.13	36.38
Purchases and new construction	-	-	-	-
Total portfolio Dec 31	35.57	35.08	34.13	36.38
New lease level	41.40	36.79	35.82	39.26
Vacancy rate residential, percent				
Real vacancy rate	0.7	0.9	3.7	1.7
Apartments being upgraded	4.5	7.3	12.4	14.3
Vacancy rate	5.2	8.2	16.1	16.0

6 place Félix Eboué, 12th arrondissement, Paris

a premium segment with a walk score of 98
68 residential units, 1,495 sqm
3 commercial units, 232 sqm
acquired in 2015

Paris

walk score 97/100



● like-for-like properties

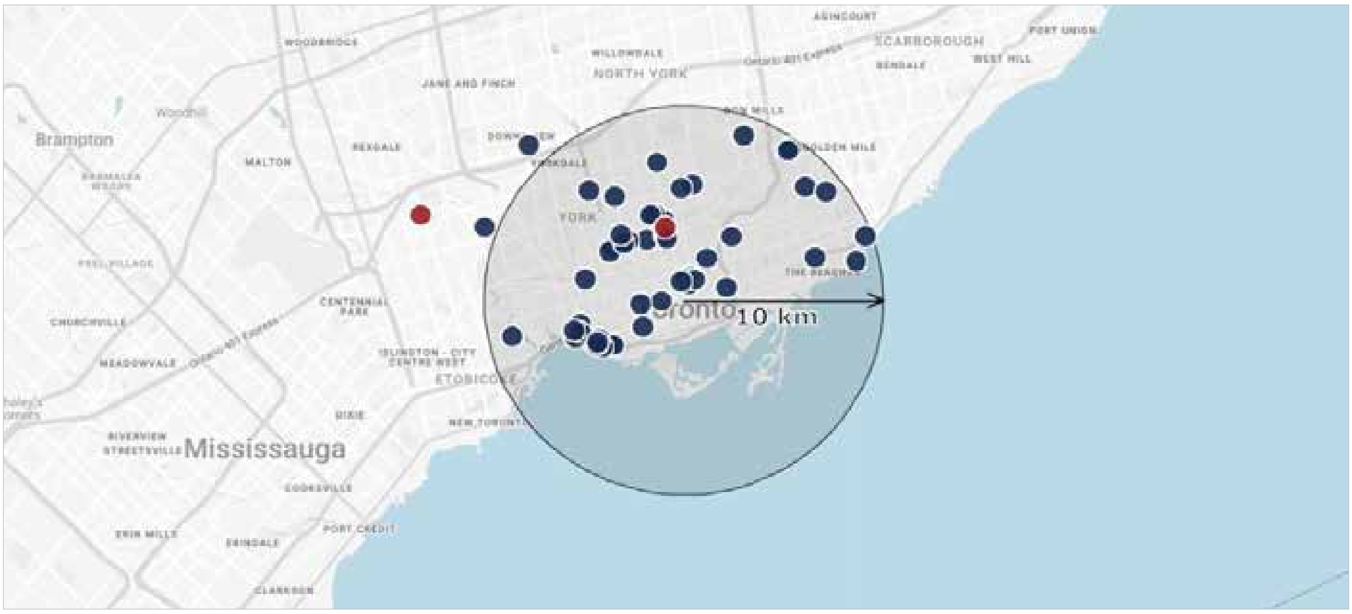
	2022	2021	2020	2019
Property portfolio				
Number of apartments	1,565	1,557	1,555	1,550
Average apartment size, sqm	30	30	31	31
Proportion upgraded apartments, percent	59	45	34	28
Opening balance, EUR million	448	429	402	380
Change in fair value, EUR million	1	5	6	1
Investments, EUR million	18	15	21	21
Purchases, EUR million	-	-	-	-
Sales, EUR million	-	-1	-	-
Translation difference, EUR million	-	-	-	-
Closing balance, EUR million	467	448	429	402
Share of fair value, percent	8	8	4	3
Capitalization rate, percent	3.77	3.74	4.03	4.06
Average rent, EUR/sqm/month				
Total portfolio Jan 1	27.61	27.10	25.61	22.79
Exchange difference	-	-	-	-
Adjusted total portfolio Jan 1	27.61	27.10	25.61	22.79
Sales and ended units	-	-	0.01	-
Like-for-like Jan 1	27.61	27.10	25.62	22.80
Like-for-like change	1.45	0.38	1.43	2.76
- Change in percent	5.2	1.4	5.6	12.1
Like-for-like Dec 31	29.06	27.48	27.05	25.56
Purchases and new construction	0.12	0.13	0.05	0.05
Total portfolio Dec 31	29.18	27.61	27.10	25.61
New lease level	35.11	33.33	37.71	40.64
Vacancy rate residential, percent				
Real vacancy rate	3.3	2.3	2.1	2.3
Apartments being upgraded	21.5	26.5	32.0	36.3
Vacancy rate	24.8	28.8	34.1	38.6

56 Maitland Street, Old Toronto, Toronto

a premium segment with a walk score of 98
92 residential units, 2,516 sqm
acquired in 2013

Toronto

walk score 76/100



● acquired properties ● like-for-like properties

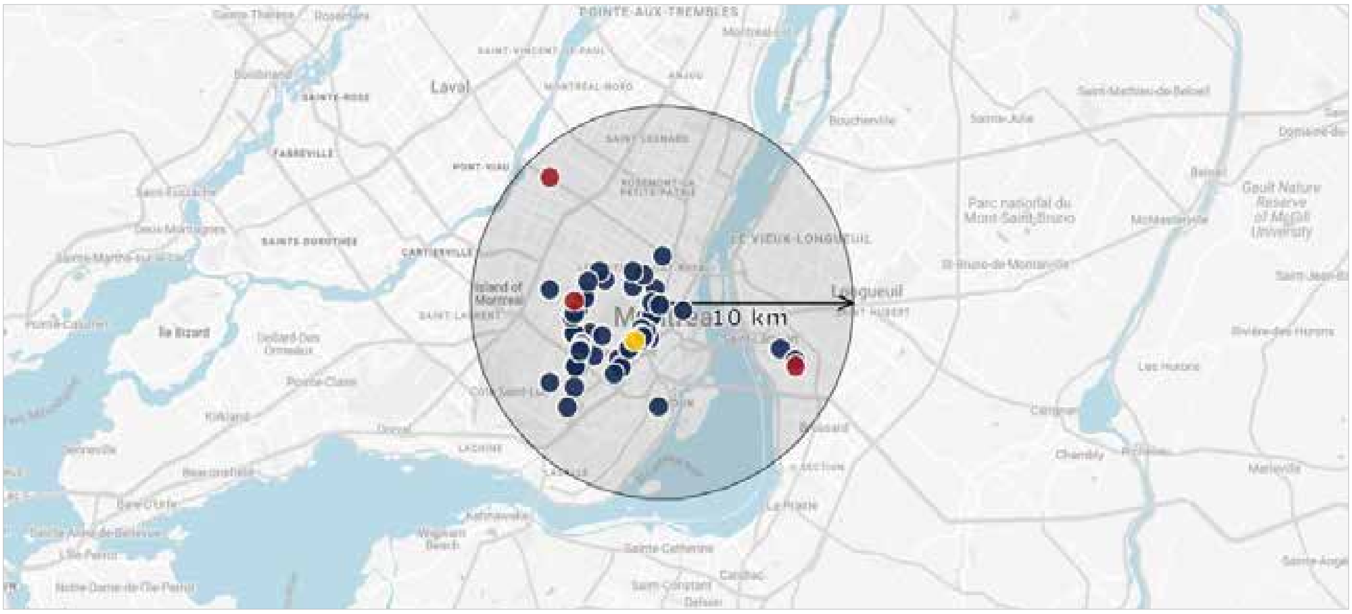
	2022	2021	2020	2019
Property portfolio				
Number of apartments	4,283	3,871	3,506	3,506
Average apartment size, sqm	56	53	52	52
Proportion upgraded apartments, percent	61	59	53	46
Opening balance, EUR million	1,092	898	908	837
Change in fair value, EUR million	-71	9	7	94
Investments, EUR million	21	25	44	34
Purchases, EUR million	122	81	-	4
Sales, EUR million	-	-	-	-119
Translation difference, EUR million	-1	79	-61	58
Closing balance, EUR million	1,163	1,092	898	908
Share of fair value, percent	19	18	7	8
Capitalization rate, percent	3.88	3.48	3.53	4.14
Average rent, EUR/sqm/month				
Total portfolio Jan 1	18.07	17.01	17.78	14.73
Exchange difference	-0.06	1.47	-1.18	1.00
Adjusted total portfolio Jan 1	18.01	18.48	16.60	15.73
Sales and ended units	-	-	-	0.78
Like-for-like Jan 1	18.01	18.48	16.60	16.51
Like-for-like change	0.89	0.29	0.41	1.32
- Change in percent	5.0	1.6	2.5	8.0
Like-for-like Dec 31	18.90	18.77	17.01	17.83
Purchases and new construction	-0.66	-0.70	-	-0.05
Total portfolio Dec 31	18.24	18.07	17.01	17.78
New lease level	24.34	23.46	23.55	26.32
Vacancy rate residential, percent				
Real vacancy rate	0.5	1.5	2.8	1.5
Apartments being upgraded	1.8	4.7	5.9	8.2
Vacancy rate	2.3	6.2	8.7	9.7

590 Outremont, Outremont, Montreal

a premium segment with a walk score of 98
49 residential units, 2,600 sqm
acquired in 2017

Montreal

walk score 83/100



● acquired properties ● sold property ● like-for-like properties

	2022	2021	2020	2019
Property portfolio				
Number of apartments	4,215	4,038	3,894	3,860
Average apartment size, sqm	68	67	67	67
Proportion upgraded apartments, percent	58	57	57	47
Opening balance, EUR million	1,049	857	828	650
Change in fair value, EUR million	-101	21	30	59
Investments, EUR million	39	45	34	41
Purchases, EUR million	56	47	22	30
Sales, EUR million	-11	-	-	-
Translation difference, EUR million	-4	79	-57	47
Closing balance, EUR million	1,028	1,049	857	828
Share of fair value, percent	17	17	7	7
Capitalization rate, percent	4.36	4.12	4.30	4.29
Average rent, EUR/sqm/month				
Total portfolio Jan 1	14.10	12.31	12.73	11.62
Exchange difference	-0.05	1.06	-0.84	0.79
Adjusted total portfolio Jan 1	14.05	13.37	11.89	12.41
Sales and ended units	-	-	-	-
Like-for-like Jan 1	14.05	13.37	11.89	12.41
Like-for-like change	0.80	0.52	0.45	0.46
- Change in percent	5.7	3.9	3.8	3.7
Like-for-like Dec 31	14.85	13.89	12.34	12.87
Purchases and new construction	-0.16	0.21	-0.03	-0.14
Total portfolio Dec 31	14.69	14.10	12.31	12.73
New lease level	17.52	16.35	14.84	14.82
Vacancy rate residential, percent				
Real vacancy rate	1.8	3.7	2.7	1.3
Apartments being upgraded	7.1	12.6	15.2	18.3
Vacancy rate	8.9	16.3	17.9	19.6

Gatineau-Plateau portfolio, Ottawa

a middle segment with a walk score of 10
120 residential units, 11,371 sqm
acquired in 2022

Ottawa

walk score 10/100

● acquired property

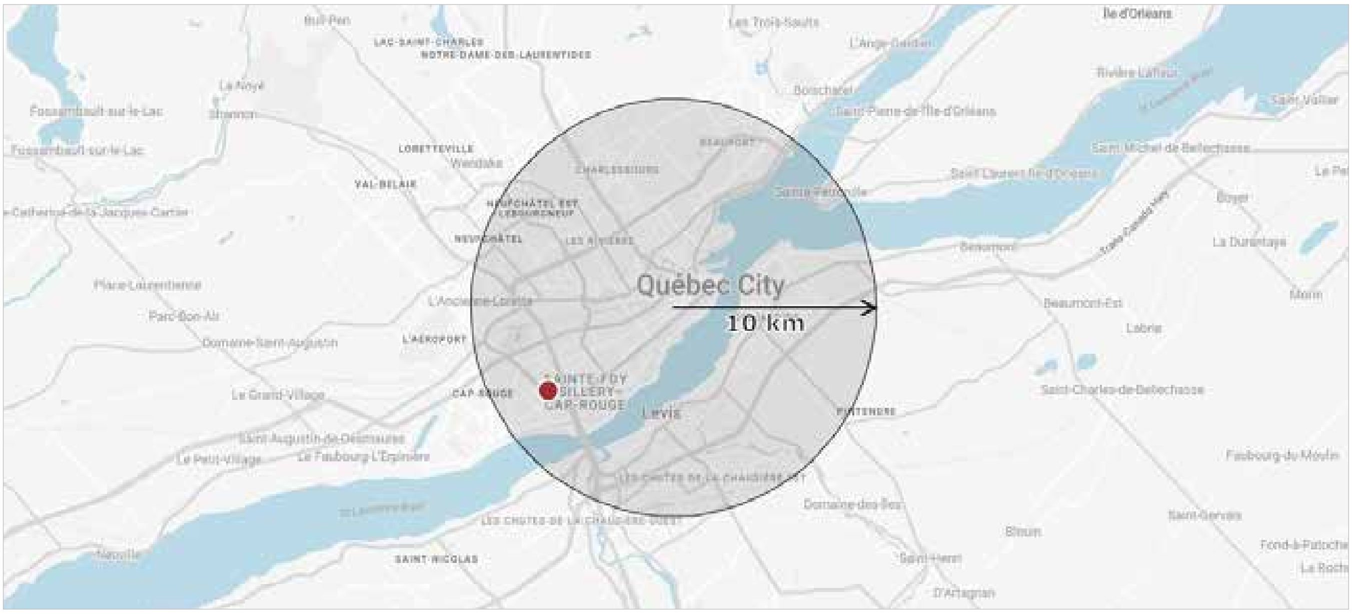
	2022	2021	2020	2019
Property portfolio				
Number of apartments	120	-	-	-
Average apartment size, sqm	95	-	-	-
Proportion upgraded apartments, percent	100	-	-	-
Opening balance, EUR million	-	-	-	-
Change in fair value, EUR million	-	-	-	-
Investments, EUR million	-	-	-	-
Purchases, EUR million	22	-	-	-
Sales, EUR million	-	-	-	-
Translation difference, EUR million	-1	-	-	-
Closing balance, EUR million	21	-	-	-
Share of fair value, percent	0	-	-	-
Capitalization rate, percent	4.15	-	-	-
Average rent, EUR/sqm/month				
Total portfolio Jan 1	-	-	-	-
Exchange difference	-	-	-	-
Adjusted total portfolio Jan 1	-	-	-	-
Sales and ended units	-	-	-	-
Like-for-like Jan 1	-	-	-	-
Like-for-like change	-	-	-	-
- Change in percent	-	-	-	-
Like-for-like Dec 31	-	-	-	-
Purchases and new construction	8.21	-	-	-
Total portfolio Dec 31	8.21	-	-	-
New lease level	9.58	-	-	-
Vacancy rate residential, percent				
Real vacancy rate	0.0	-	-	-
Apartments being upgraded	0.0	-	-	-
Vacancy rate	0.0	-	-	-

Place de la Monnerie, Quebec City

a entry segment with a walk score of 75
216 residential units, 15,269 sqm
acquired in 2022

Quebec City

walk score 75/100



● acquired property

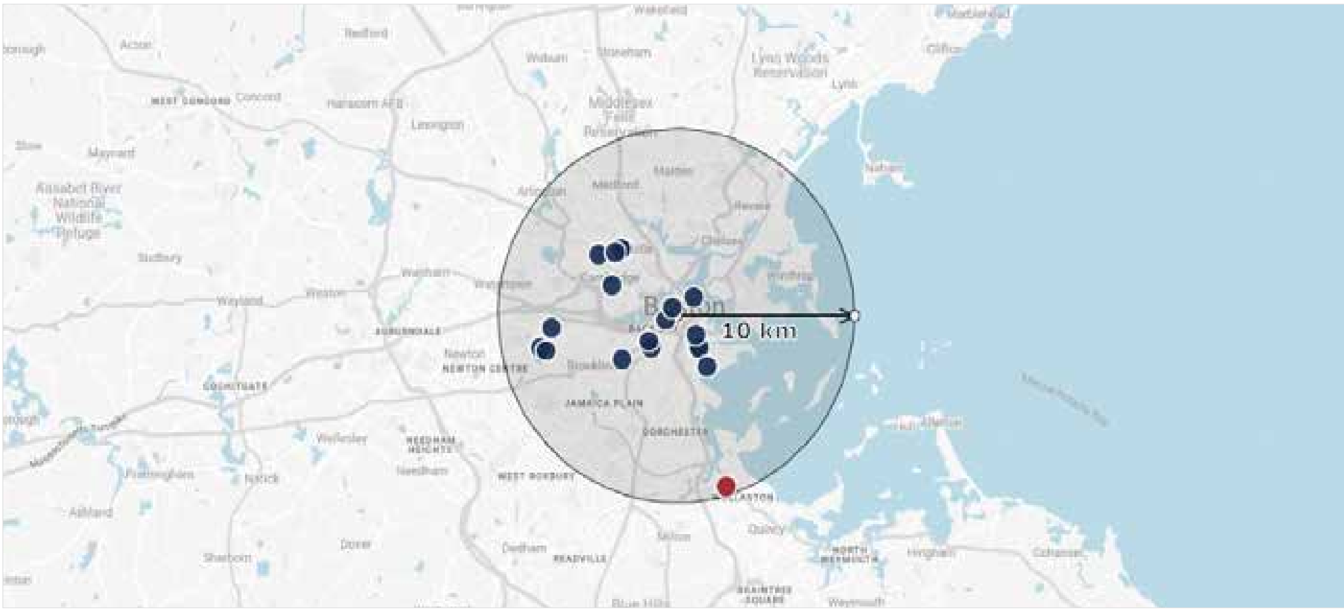
	2022	2021	2020	2019
Property portfolio				
Number of apartments	216	-	-	-
Average apartment size, sqm	71	-	-	-
Proportion upgraded apartments, percent	0	-	-	-
Opening balance, EUR million	-	-	-	-
Change in fair value, EUR million	-	-	-	-
Investments, EUR million	-	-	-	-
Purchases, EUR million	22	-	-	-
Sales, EUR million	-	-	-	-
Translation difference, EUR million	-1	-	-	-
Closing balance, EUR million	21	-	-	-
Share of fair value, percent	0	-	-	-
Capitalization rate, percent	4.75	-	-	-
Average rent, EUR/sqm/month				
Total portfolio Jan 1	-	-	-	-
Exchange difference	-	-	-	-
Adjusted total portfolio Jan 1	-	-	-	-
Sales and ended units	-	-	-	-
Like-for-like Jan 1	-	-	-	-
Like-for-like change	-	-	-	-
- Change in percent	-	-	-	-
Like-for-like Dec 31	-	-	-	-
Purchases and new construction	8.10	-	-	-
Total portfolio Dec 31	8.10	-	-	-
New lease level	10.67	-	-	-
Vacancy rate residential, percent				
Real vacancy rate	0.0	-	-	-
Apartments being upgraded	0.0	-	-	-
Vacancy rate	0.0	-	-	-

Forest Court, Cambridge, Boston

a prime segment with a walk score of 96
123 residential units, 7,638 sqm
acquired in 2016

Boston

walk score 89/100



● acquired properties ● like-for-like properties

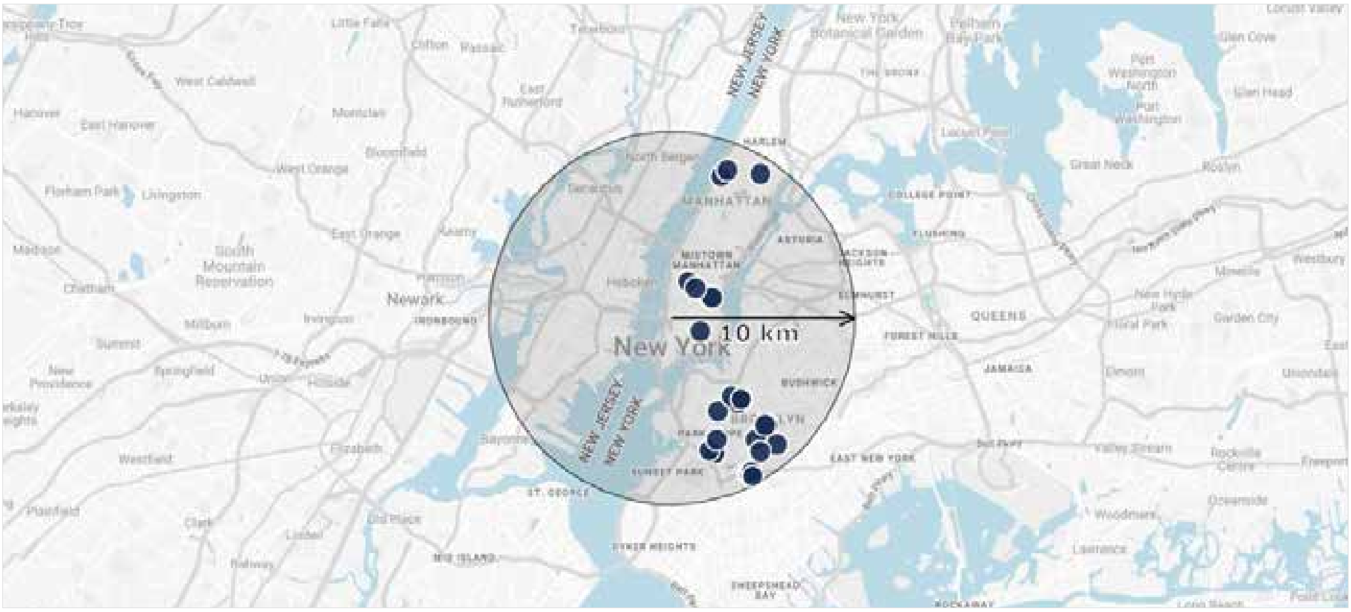
	2022	2021	2020	2019
Property portfolio				
Number of apartments	1,253	1,029	1,029	974
Average apartment size, sqm	63	63	63	64
Proportion upgraded apartments, percent	86	82	77	73
Opening balance, EUR million	607	526	541	480
Change in fair value, EUR million	-91	4	-4	15
Investments, EUR million	28	32	18	21
Purchases, EUR million	83	-	20	17
Sales, EUR million	-	-	-	-
Translation difference, EUR million	40	45	-49	8
Closing balance, EUR million	667	607	526	541
Share of fair value, percent	11	10	4	5
Capitalization rate, percent	4.18	4.17	4.24	4.24
Average rent, EUR/sqm/month				
Total portfolio Jan 1	37.75	33.44	35.89	33.78
Exchange difference	2.33	2.79	-3.03	0.66
Adjusted total portfolio Jan 1	40.08	36.23	32.86	34.44
Sales and ended units	-	-	-	-
Like-for-like Jan 1	40.08	36.23	32.86	34.44
Like-for-like change	1.91	1.52	0.14	1.45
- Change in percent	4.8	4.2	0.4	4.2
Like-for-like Dec 31	41.99	37.75	33.00	35.89
Purchases and new construction	-2.46	-	0.44	-
Total portfolio Dec 31	39.53	37.75	33.44	35.89
New lease level	42.96	40.46	35.16	38.64
Vacancy rate residential, percent				
Real vacancy rate	2.8	3.9	10.7	5.0
Apartments being upgraded	9.4	11.7	9.0	13.5
Vacancy rate	12.2	15.6	19.7	18.5

Mohawk Apartments, Brooklyn, New York

a premium segment with a walk score of 96
90 residential units, 9,004 sqm
acquired in 2016

New York

walk score 95/100



● like-for-like properties

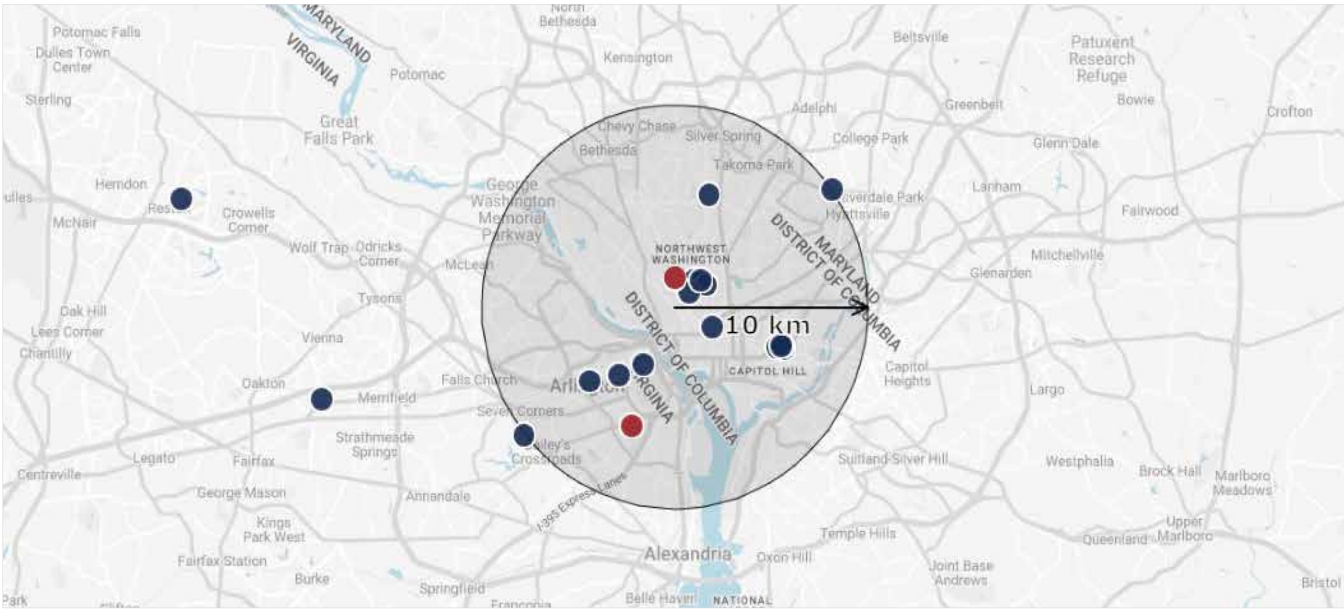
	2022	2021	2020	2019
Property portfolio				
Number of apartments	1,745	1,740	1,736	1,719
Average apartment size, sqm	68	68	68	68
Proportion upgraded apartments, percent	58	50	42	37
Opening balance, EUR million	763	863	943	924
Change in fair value, EUR million	-149	-211	-46	-58
Investments, EUR million	33	43	46	59
Purchases, EUR million	-	-	-	-
Sales, EUR million	-	-	-	-
Translation difference, EUR million	49	68	-80	18
Closing balance, EUR million	696	763	863	943
Share of fair value, percent	11	13	7	8
Capitalization rate, percent	4.34	4.33	4.30	4.31
Average rent, EUR/sqm/month				
Total portfolio Jan 1	28.95	25.96	29.11	26.79
Exchange difference	1.79	2.17	-2.46	0.53
Adjusted total portfolio Jan 1	30.74	28.13	26.65	27.32
Sales and ended units	-	0.01	0.00	0.03
Like-for-like Jan 1	30.74	28.14	26.65	27.34
Like-for-like change	4.08	0.80	-0.76	1.77
- Change in percent	13.3	2.8	-2.9	6.5
Like-for-like Dec 31	34.82	28.94	25.89	29.11
Purchases and new construction	-	0.01	0.07	0.00
Total portfolio Dec 31	34.82	28.95	25.96	29.11
New lease level	57.48	42.26	39.09	50.30
Vacancy rate residential, percent				
Real vacancy rate	1.0	1.1	3.0	2.6
Apartments being upgraded	1.9	9.1	13.0	14.0
Vacancy rate	2.9	10.2	16.0	16.6

The Century, Columbia Heights, Washington D.C.

a premium segment with a walk score of 82
90 residential units, 5,607 sqm
acquired in 2016

Washington D.C.

walk score 83/100



● acquired properties ● like-for-like properties

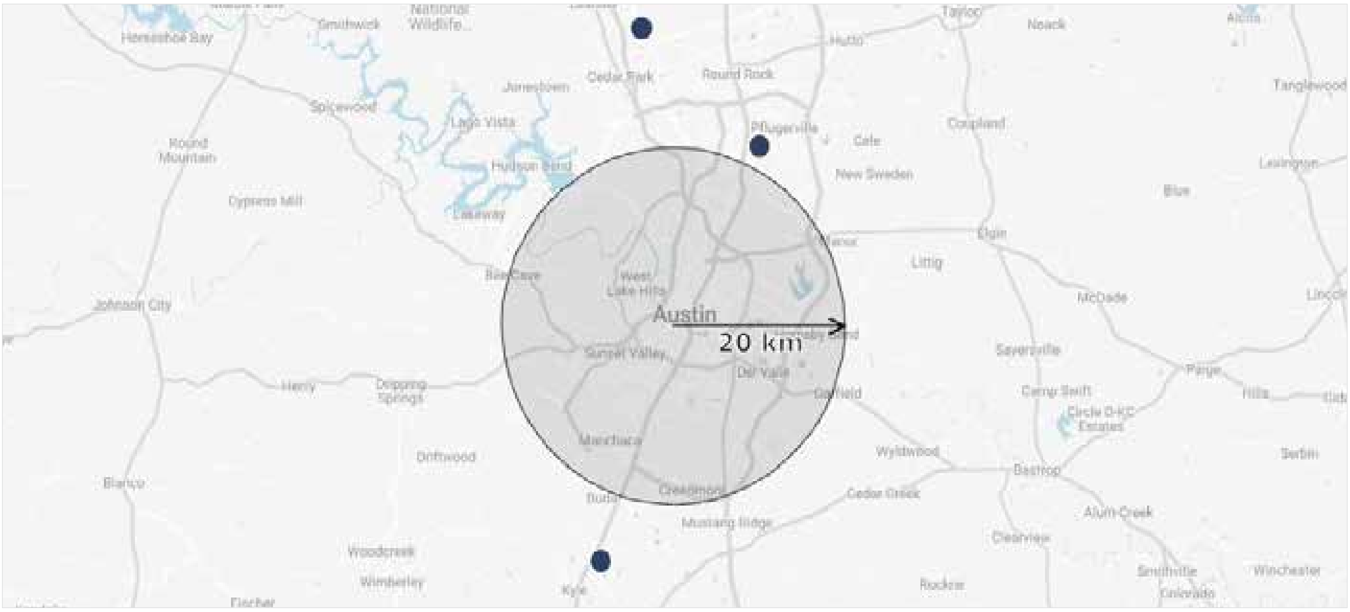
	2022	2021	2020	2019
Property portfolio				
Number of apartments	3,064	2,610	1,799	1,238
Average apartment size, sqm	79	81	78	75
Proportion upgraded apartments, percent	77	64	53	60
Opening balance, EUR million	885	570	444	337
Change in fair value, EUR million	-151	1	3	7
Investments, EUR million	29	22	41	31
Purchases, EUR million	152	239	124	63
Sales, EUR million	-	-	-	-
Translation difference, EUR million	53	53	-42	6
Closing balance, EUR million	968	885	570	444
Share of fair value, percent	16	15	5	4
Capitalization rate, percent	4.53	4.03	4.71	4.65
Average rent, EUR/sqm/month				
Total portfolio Jan 1	21.18	20.65	23.73	21.63
Exchange difference	1.31	1.72	-2.00	0.42
Adjusted total portfolio Jan 1	22.49	22.37	21.73	22.05
Sales and ended units	-	-	-	-
Like-for-like Jan 1	22.49	22.37	21.73	22.05
Like-for-like change	0.80	0.39	0.66	1.86
- Change in percent	3.6	1.7	3.0	8.4
Like-for-like Dec 31	23.29	22.76	22.39	23.91
Purchases and new construction	0.48	-1.58	-1.74	-0.18
Total portfolio Dec 31	23.77	21.18	20.65	23.73
New lease level	24.46	22.68	22.98	25.42
Vacancy rate residential, percent				
Real vacancy rate	4.3	3.9	7.9	2.2
Apartments being upgraded	7.4	9.1	10.7	23.4
Vacancy rate	11.7	13.0	18.6	25.6

Wells Park, Pflugerville, Austin

an medium segment with a walk score of 15
264 residential units, 21,433 sqm
acquired in 2021

Austin

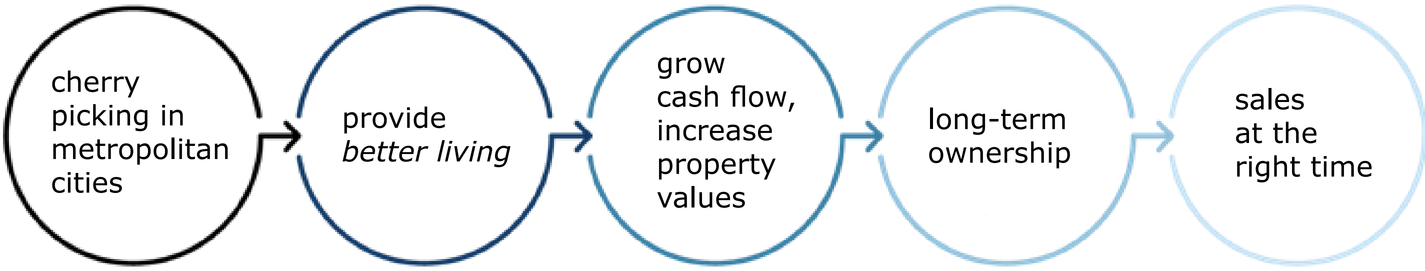
walk score 7/100



● like-for-like properties

	2022	2021	2020	2019
Property portfolio				
Number of apartments	861	861	-	-
Average apartment size, sqm	76	76	-	-
Proportion upgraded apartments, percent	100	1	-	-
Opening balance, EUR million	191	-	-	-
Change in fair value, EUR million	-	-	-	-
Investments, EUR million	1	-	-	-
Purchases, EUR million	-	192	-	-
Sales, EUR million	-	-	-	-
Translation difference, EUR million	11	-1	-	-
Closing balance, EUR million	203	191	-	-
Share of fair value, percent	3	3	-	-
Capitalization rate, percent	4.00	4.00	-	-
Average rent, EUR/sqm/month				
Total portfolio Jan 1	15.50	-	-	-
Exchange difference	0.96	-	-	-
Adjusted total portfolio Jan 1	16.46	-	-	-
Sales and ended units	-	-	-	-
Like-for-like Jan 1	16.46	-	-	-
Like-for-like change	1.92	-	-	-
- Change in percent	11.7	-	-	-
Like-for-like Dec 31	18.38	-	-	-
Purchases and new construction	-	15.50	-	-
Total portfolio Dec 31	18.38	15.50	-	-
New lease level	18.81	17.00	-	-
Vacancy rate residential, percent				
Real vacancy rate	3.9	3.7	-	-
Apartments being upgraded	0.4	0.0	-	-
Vacancy rate	4.3	3.7	-	-

transactions



28 years of experience

Akelius has 28 years of experience in property management,
whereof 17 years internationally.
Each region has an experienced transaction and valuation team, including a transaction and valuation manager with local market expertise for each city.
Together with the city manager and the regional manager,
the local team prepares realistic assumptions for each property.

Akelius carries out purchases and sales in the same proven manner in all countries.

Akelius is active in the property market and has accumulated experience from the number of transactions every year.

impact of external factors

2022 has been a year of financial uncertainty.
Inflation and rising interest rates are results of COVID-19 and the war in Ukraine.
This has lead to increased volatility in capital markets that effect the real estate industry.

Further impact due to increases in general prices is expected,
particularly on the electricity market, property market, and on construction materials.

Investment decisions on development projects, acquisitions, and divestments are impacted by those external factors.

2022 transactions

Transaction	Canada	UK	US	France	**Total**
Invitation to buy, EUR million	8,518	2,340	16,125	447	**27,430**
Indicative bids, EUR million	1,143	505	735	-	**2,383**
- number of apartments	3,892	1,351	10,660	-	**15,903**
- number of indicative bids	20	7	7	-	**34**
Completed acquisitions*, EUR million	222	-	235	-	**457**
- number of apartments	988	-	678	-	**1,666**
- number of transactions	7	-	3	-	**10**

*) includes transaction costs

property acquisitions EUR 457 million

Akelius focuses on residential multifamily properties in attractive locations of growing metropolitan cities.

The metropolitan cities where Akelius invests have a strong population and economic growth, a housing shortage, rising rents as well as a strong market for business investments and venture capital.

The metropolitan cities are located in countries with stable democratic systems, well established rule of law, pro-business policies, low crime rates, and low to moderate natural catastrophe risks.

Compared to commercial real estate, residential properties are not as sensitive to economic fluctuations.
They are more stable and less risky.
People always need a place to live, regardless of the booms and busts of the economy.

cherry-picked properties

Akelius considers all offers carefully and prefers to cherry-pick individual properties.

Akelius picks properties according to the ten-year rule.
A secure and increasing return over ten years is more important than short-term profits.

1,666 apartments acquired

Property acquisitions amounted to EUR 457 million during 2022 for a total of 123,157 square meters.
The average capitalization rate for acquired properties was 4.16 percent.

Akelius enters Ottawa and Quebec City

During 2022, Akelius entered two new metropolitan cities in Canada.

In May, Akelius acquired its first property in Ottawa, including 120 apartments and 159 parking units.
Purchase price was EUR 22 million.
The population growth in Ottawa is 32 percent faster than the Canadian average.
The annual population growth is forecasted at almost two percent until 2035.

In October, Akelius acquired its first property in Quebec City.
Purchase price was EUR 22 million for 216 apartments.
Quebec City has an expected population growth of nine percent during the next decade and has a strong and diversified economy.
Quebec City offers good return and low risk for long-term investors.
It is a city with a soul,
the kind of city that Akelius targets.

2022 acquisitions

City	Number of apartments	Total area in sqm	Capitalization rate, percent	Acquisition price, EUR million
Washington D.C.	454	30,369	4.25	152
Boston	224	14,670	4.25	83
Montreal	240	18,733	4.22	56
Toronto	412	32,745	3.71	122
Ottawa	120	11,371	4.10	22
Quebec City	216	15,269	4.75	22
Summa	**1,666**	**123,157**	**4.16**	**457**

considering sustainability when acquiring properties

The requirements regarding sustainability and climate change play a bigger role than ever. Akelius has therefore made its criteria for acquisitions even more thorough.

Akelius is conducting an environmental and climate change risk assessments on existing cities and before considering entering a new city.
This is important when aiming for long-term ownership.

Investments are assessed on metrics such as

- green building certificate or ability to achieve it
- energy performance certification
- energy intensity of the building
- water intensity of the building
- potential for solar panel systems
- potential for green roofs
- physical climate hazards
- potential risks and opportunities from climate change
- closeness to public transport

Aiming towards a green portfolio is of priority for Akelius.

Additionally from 2023, energy managers in every city will pinpoint necessary improvement measures to bring the asset to the level of Akelius' ambitions.

Quebec City

property sale EUR 11 million

Akelius does not only cherry-pick properties, but carefully considers exit scenarios.
In recent years, Akelius have left some of its established markets to concentrate on properties in metropolitan cities with more favorable growth prospects.

In 2021, the Scandinavian and German property portfolios were sold to a total value of EUR 9.1 billion.
At the time, the demand for residential properties was very high in both Germany and Scandinavia.
Akelius decided to divest with the aim to lower the financial risk and to facilitate continued investments in markets that were considered more attractive.

During 2022, the property market changed due to increased inflation and higher interest rates.
The increased market uncertainties and Akelius strong financial situation have led to low need and lower possibilities for profitable divestments.

Akelius makes careful analyses when deciding to divest properties.

During the year, Akelius sold one property in Montreal for EUR 11 million.

Akelius has followed the development of the markets and the world in general during the year.
The company has prioritized to maintain and expand carefully selected property holdings within the current portfolio.

liquid assets

Well-maintained residential properties in major cities are sought after by many types of investors.

Akelius' properties continue to provide good liquidity.

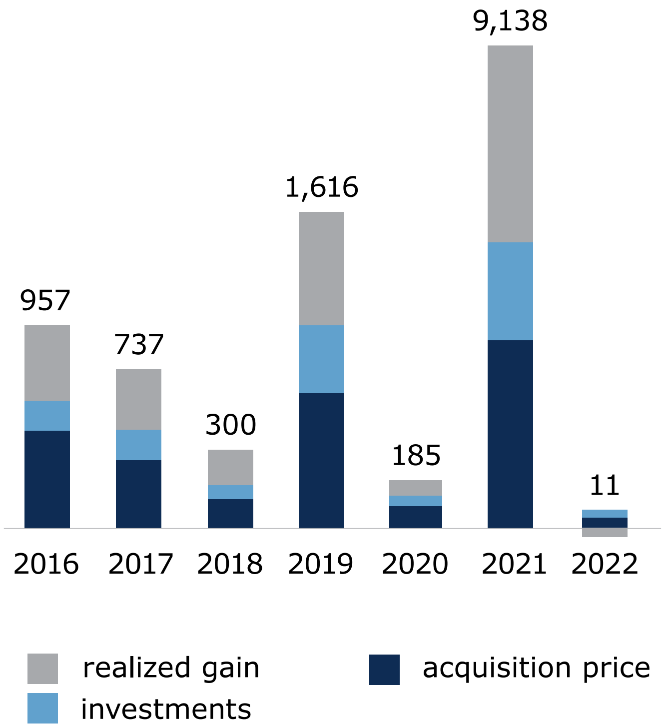
The realized growth in value is revenue from sales minus acquisition price and investments.

Realized value growth is an indication of quality in acquisitions, property management, and divestments.

Over the past seven years, sales amounted to a total of EUR 12,944 million.
During this period, Akelius has had a realized value growth of EUR 6,367 million.

This is proof of how well Akelius' business model works, and how well Akelius manages its properties in relation to market conditions.

divestments
EUR million



environment

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION

contribution to environment

Akelius acknowledges the important role it has to play in the transition to a climate neutral society.

According to United Nations Environmental Program, building construction operations accounted for over 34 percent of the global energy use and nearly 37 percent of energy-related carbon dioxide emissions in 2021.

Akelius seeks to decrease energy and water consumption, recycle waste, and lower carbon emissions.

Akelius aims to receive environmental certifications for its current portfolio and future acquisitions.

focus areas

energy and water

Akelius commits to

- lower water intensity by ten percent by the end of 2025, based on 2018
- lower electricity intensity by fifteen percent by the end of 2025, based on 2018

environmental certifications

Akelius commits to

- have twenty percent of portfolio's floor area certified by LEED, BREEAM, WELL, or other independent recognized organization by the end of 2030

decarbonize the company

Akelius commits to

- forty percent reduction of carbon emissions scope 1 and 2 intensity by the end of 2025, based on 2018
- have one hundred percent electricity from renewable sources by the end of 2025
- align with net zero initiative on reduction of carbon emission scope 1, 2 and 3 by 2050

waste management

Akelius commits to

- have fifteen percent increase of the proportion of waste recycled from properties by the end of 2025, based on 2022
- improve energy recovery

53.6 percent

of electricity from renewable resources, like-for-like

3 LEED

certified properties

6.8 percent

reduction in water consumption, absolute portfolio during 2022

solar panels on the roof of the property West Square in Boston

the future is green at Akelius

Akelius previously acquired properties in need of maintenance and upgrade.
During the years Akelius has renovated and made the buildings more efficient and sustainable.

Akelius has set an ambitious target to become net zero by 2050.

To achieve net zero, Akelius has planned to conduct many upgrades and renovation projects that include incidental energy efficiency enhancements.
Akelius has fifty energy and water related projects ongoing or in preconstruction phase as at the end of 2022.

In addition, Akelius contributes to keep and enhance biodiversity in the cities.

replace all oil heating systems

Akelius has replaced almost all oil heating systems.
There are only a few left within the portfolio.
Akelius already has a plan for replacing the remaining oil heating systems with more energy efficient ones.

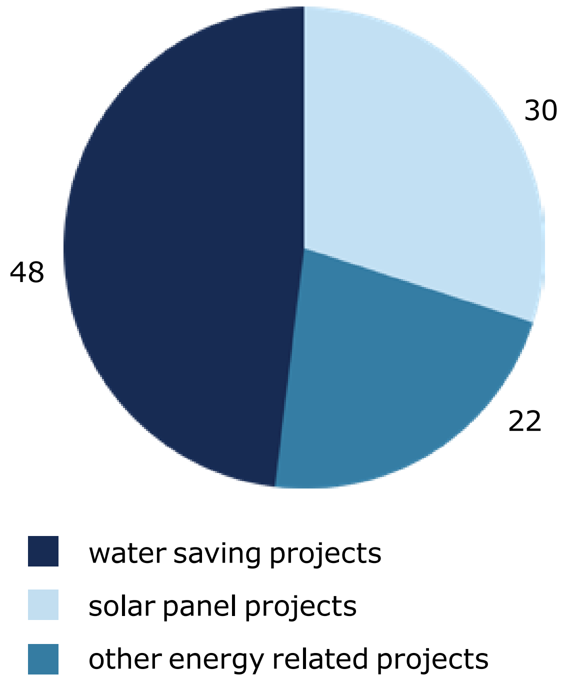
In Boston, three properties aim to convert gas systems to electric variable refrigerant flow systems.

These systems can be used for both collecting and heating without requiring additional equipment.

new electricity vehicle charging stations

New electrical vehicle charging stations will be installed at five properties in Boston.
They are expected to be completed in the middle of 2023.

energy and water projects,
ongoing or in preconstruction phase
percent

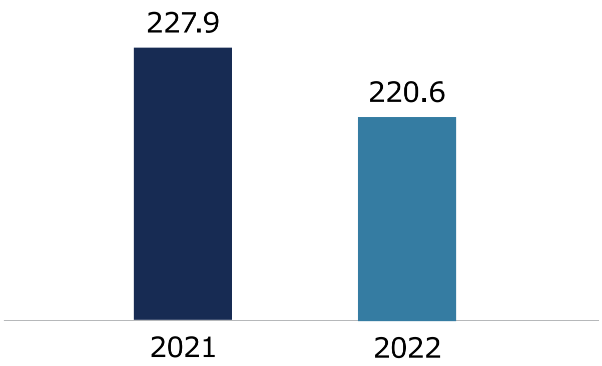


energy projects contribute to a more efficient portfolio

Akelius aims for fifteen percent reduction in energy intensity by the end of 2025, based on 2018.

The company also aims to procure one hundred percent of its electricity from renewable sources by the end of 2025.

energy intensity, like-for-like
kWh per sqm



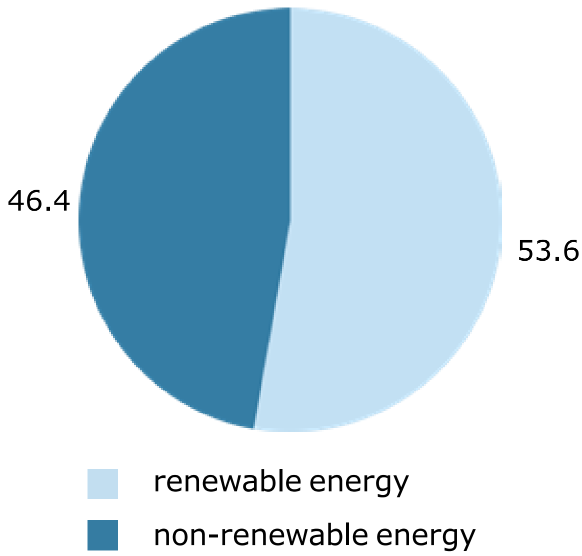
like-for-like energy intensity decreased

Akelius reduced the oil consumption by 67.8 percent compared to 2021, from 3,866 MWh to 1,245 MWh.
The systems were replaced with more efficient electrical or gas systems.
This in turn increased and gas consumption by 1.3 percent for like-for-like portfolio.
Like-for-like electricity consumption decreased by 1.7 percent in 2022.

The acquisitions during the year increased total energy consumption by 12.8 percent compared to 2021.
This resulted in energy intensity increase of one percent.

Akelius increased the share of renewable electricity in like-for-like portfolio 3.7 percentage points, from 49.9 percent to 53.6 percent.

share of renewable electricity, like-for-like
percent

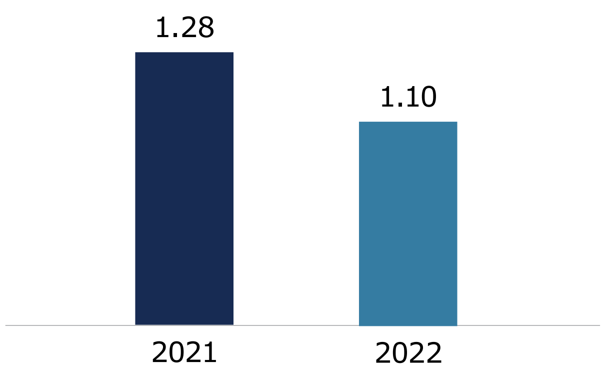


14.2 percent reduction in water consumption like-for-like

Like-for-like water consumption decreased during the year 14.2 percent, from 1.28 million m³ in 2021 to 1.10 million m³ in 2022.
This corresponds to 10.7 percent reduction in like-for-like water intensity, from 1.74 m³ per square meter to 1.55 m³ per square meter.

The acquisitions during the year increased total water consumption by 11.7 percent compared to 2021.
On the other hand, the water intensity for absolute portfolio decreased by 6.8 percent.

total water consumption, like-for-like
million m³



a great year for solar in both continents

Akelius has twenty existing solar panel systems and additionally seventeen are in planning.

In Toronto, solar panel systems have been installed at seven properties.
Altogether, these projects have a capacity of 575.46 kWp.
The projects are expected to save up to EUR 72,000 annually.

In London, solar panel system has been working at McMillan House since June 2022.
It is expected to have an output of 18,000 kWh annually.
That is enough energy to power six homes in the UK annually.

Another three solar panel systems are planned in London.
When completed, these will have a combined estimated output of 60,000 kWh per year.

In Washington, two solar panel systems were installed at Rittenhouse and The Edition.
They have a combined estimated output of 64,200 kWh.

These projects help Akelius' progress towards achieving its targets of lower emissions and renewable energy.

small devices to minimize electricity consumption

Akelius signed a partnership agreement with Voltalis to provide small devices which help tenants save electricity through

- remote controlling of electricity via an application that for example allows switching heaters on one hour before coming home to avoid wasting heating the entire day
- switching electricity off for heating automatically for short periods of time without affecting the temperature

Voltalis will install their devices in apartments in larger projects for free in advance, ready for the new tenants.
120 properties are already fully equipped.

Since the start of the Voltalis roll out, three MWh of electricity has been saved.
Akelius will continue this project in 2023.

renovations for better insulation

A way to lower emissions is to improve insulation in properties.
Better insulation leads to decreased losses of heating or cooling which reduces consumption and carbon emissions.

Insulation can be improved in many ways.
Window replacement projects not only improve energy efficiency in buildings, but also reduce noise levels.
These type of projects were carried out in two properties in Boston and two properties in Toronto.
In Montreal, Akelius replaced windows as a part of major renovations at 1975 de Maisonnneuve.

Roof replacement also improves insulation.
In Toronto, the main roof was replaced in a property.
Here the insulation was increased from two to four inches.
In Paris, one property replaced the windows and added insulation inside and to the roof.

replacing heating and hot water boilers

Heating and domestic hot water boiler replacement is another method of improving energy efficiency.
Toronto operations carried out these replacements in two properties.

These projects create a greener portfolio for Akelius.

green roof installations

Green roofs provide shade and reduce temperature of the roof and surrounding air.
This can help reduce building energy consumption in hot weather.

As of 2022, nine Akelius properties have green roofs with a combined area of 1,514 square meters and an investment of EUR 351,278.

In November 2022, sedum roof covering the bicycle storage was installed in London.

Four green roofs are planned to be installed in 2023,
three in Washington and one in Boston.
They will add 1,770 square meters of green roofs at an investment of almost EUR 400,000.

energy consumption reporting requirement in North America

US

Several states and local governments have implemented mandatory building energy benchmarking and transparency policies that use Environment Protection Agency's ENERGY STAR.
ENERGY STAR scores indicate a building's energy performance compared to similar buildings nationwide.

Property owners must report energy use, greenhouse gas emissions, and water use. The cities charge fees in case of late filing.

Additionally, some state and local governments have implemented the Building Performance Standard policy that requires building owners to meet performance targets. The buildings have to be improved over time, often with interim targets that drive energy savings and emission reductions.

Poor performing buildings will be impacted in the short term by carbon fees or obligation to undergo energy assessments.

Austin

The Austin Equity, adopted by the city in September 2021, sets a goal of net zero community-wide greenhouse gas emissions by 2040.

The Austin Equity also reiterated goals that were set for Austin Energy to reach 55 percent renewable energy by 2025.

Boston

The City of Boston Climate Action Plan 2019 Update includes new goals reducing greenhouse gas emissions by fifty percent by 2030 and by a hundred percent by 2050, from 2005 levels.

New York

The goal of Local Law 97, the building emissions law passed by the New York City Council,
is to cut buildings' emissions by forty percent by 2030 and eighty percent by 2050 across the five boroughs.

By 2024, the local Law 97 sets carbon caps on buildings larger than 25,000 square feet.

Washington D.C.

District of Columbia's Sustainability 2020 targets include fifty percent greenhouse gas reduction by 2032,
carbon neutrality by 2050, and establishment of Building Energy performance standards for large properties.

State of Virginia 2020 legislation aims to reduce electric utility-based emissions to be one hundred percent carbon free by 2050.

The State of Maryland plans to reduce emission by fifty percent by 2030 permitting renewable energy projects, primarily solar photovoltaic, to be executed in multiple ways.

Canada

From 2023, building owners must report their energy use in order to get an ENERGY STAR score.
Those new requirements are in line with the trend in the US.
This is the consequence of the net zero climate strategy adopted by the major cities.

Montreal

City of Montreal has targets to reduce green-house gas emissions by 55 percent by 2030 and reach carbon neutrality by 2050.

The City of Montreal requires a disclosure of emissions for

- all buildings of 5,000 square meters and over, or of fifty residential units and over by January, 2023
- all buildings of 2,000 square meters and over, or of 25 residential units and over by January 1, 2024

Toronto

City of Toronto's Net Zero Climate Strategy by 2040 was approved in December 2021.
Version 4 came into effect May 1, 2022 with more specific rules for new buildings.

focus on de-carbonizing the company

net zero by 2050

Akelius' long-term target is to eliminate the company's contribution to the global emissions by 2050 and become net zero.
Net zero refers to conditions where greenhouse gas emitted by the company is balanced by greenhouse gas removal.
This is achieved by reducing emissions as close to zero as possible and removing residual emissions.

Akelius aims to work with Science Based Targets initiative's Net-Zero standard.
This will help the company to reduce its emissions in line with climate science.

Akelius adopted targets to decarbonize its operations.
Akelius commits to

- reduce carbon emissions scope 1 and scope 2 intensity by forty percent by the end of 2025
- have one hundred percent renewable electricity by the end of 2025
- reduce carbon emissions scope 1, scope 2, and scope 3 aligned with net-zero initiative by 2050

Additional targets contributing to lower carbon emissions for 2023 are

- performing at least one life-cycle assessment for a project per city
- providing feasibility study on electric vehicle charging station for every parking lot

To achieve the ambitious targets, detailed action plans are created by each city.
These plans are then approved by the CEO.

Information below is without any greenhouse gas trades.

reducing scope 1 and 2 scope emissions

24 percent of Akelius' carbon emissions are within scope 1.
Akelius' scope 1 emissions come from used oil, natural gas, fuel for the company's vehicles, and from other direct used heating sources.

Five percent of Akelius' carbon emissions are within scope 2.
Akelius scope 2 emissions come from electricity only, since no district heating or steam is used in Akelius' properties.

upgrading to renewable electricity contracts, New York and London

The New York portfolio switched to renewable electricity contract in 2022.
This change was carried out at no additional cost.

During the second part of 2022, some of the London properties also switched to renewable electricity contracts.

lower emissions thanks to greener options, Montreal

Montreal benefits from very low emissions from its local electricity grid.
99.8 percent of Hydro-Quebec's electricity is generated from hydro-power.
Hydro-power has significantly lower emissions compared to other renewable sources.

location based and market based emissions

Austin, Boston, New York, Toronto, and Washington D.C. have location-based carbon emissions.
Location-based method refers to the accounting of emissions according to the local grid-average emission factor.
Paris, London, Ottawa, Quebec City, and Montreal have market-based carbon emissions.
Market-based method refers to a supplier specific emission factor.

During 2022, Akelius decreased market-based like-for-like scope 2 emissions by 11.7 percent.
Market-based carbon emissions intensity decreased by 5.0 percent, from 36.6 kg CO_2e per sqm in 2021 to 34.8 kg CO_2e per sqm in 2022.

The main drivers for the change were the change to renewable electricity in London, Paris, and New York and all efficiency measures and energy projects.

first year to report scope 3 emissions

During 2022, Akelius worked on setting up the collection of scope 3 emissions.
These indirect emissions come from emissions that are generated elsewhere but should be attributed to Akelius' operations.

71 percent of Akelius total emissions come from scope 3 emissions.

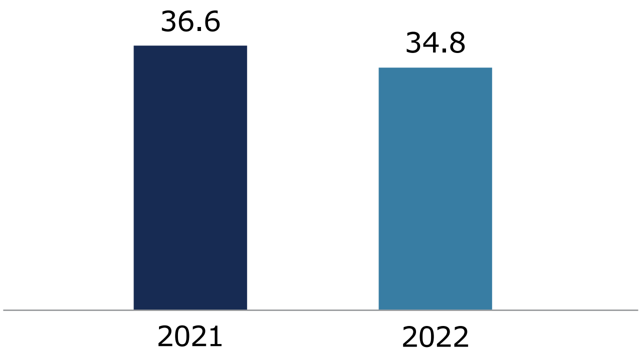
Akelius concluded that scope 3 emissions are distributed between the following categories

- purchased goods and services
- fuel and energy related
- upstream transportation and distribution
- business travel
- employee commuting
- downstream leased assets

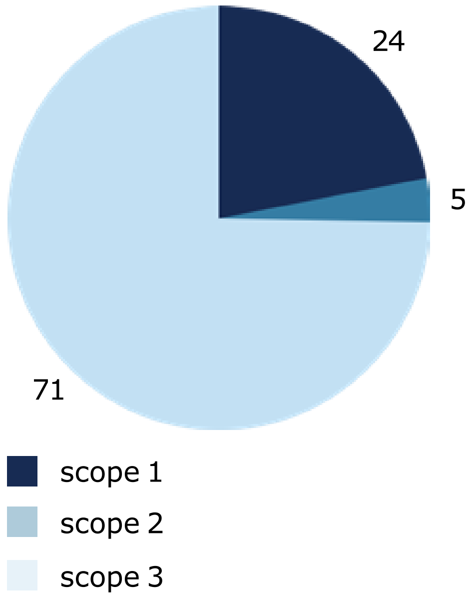
Akelius accounted for 92,278 tons of emissions within scope 3 during 2022.
The biggest impact relates to categories downstream leased assets and purchased goods and services.

See the emissions in each category and methodology used in detail at pages 228-229.

market-based emissions intensity, like-for-like
kg CO_2e per sqm



scope breakdown, absolute portfolio
percent



moving towards an energy efficient portfolio

energy inspections

Akelius aims to have an energy inspection for every property by the end of 2023.

A new energy inspections feature was developed in July 2022 as part of the Inspection Application.
Energy inspections are available for communal areas.

The asset manager is the owner of the process,
ensuring that all the properties are inspected by a construction manager or energy manager.

On-site inspections and utilities review must be completed by the end of 2023.

Energy measures will be implemented by the end of 2024.

energy score for global portfolio

The Construction Department is defining an environmental, social, and governance framework to provide an internal sustainability score to all Akelius properties, based on

- on-site energy inspection
- utilities consumption and cost
- climate change risk assessment
- energy modelling
- life span of mechanical and electrical systems

This allows Akelius to create an ESG benchmark,
identifying good and bad property performers, best practices, maintenance action plans, disposal packages, and green bond packages.

The aim is for every property to have, by the end of 2024

- an internal sustainability score
- proposed energy measures and cost associated to improve score
- projected savings by the energy measures
- real savings from the energy measures after six months of completion

3008 Queen Street East, Scarborough, Toronto

sustainable construction

Akelius restores and upgrades its properties to create a greener portfolio and *better living* for its tenants.

Architecture, procurement, and construction units in the Construction department collaborate to achieve the most efficient procedures for these improvements.

supplier Code of Conduct

Akelius aims to have one hundred percent of suppliers acknowledge the Akelius Supplier Code of Conduct by end of 2023 and onwards.

The definition of a supplier in this context is

- a supplier for which Akelius has a yearly spend over EUR 5,000
- a supplier that is paid to by invoice, not paid to with credit card
- no municipalities or other public or state organizations
- no monopolies, like electric companies

Akelius' procurement team has sent out company's Supplier Code of Conduct to all existing suppliers.

44 percent of the suppliers in the US and Canada have acknowledged the supplier Code of Conduct per year-end of 2022. Existing suppliers have needed more time to process the Supplier Code of Conduct, hence the lower response rate.

All new suppliers must sign the Supplier Code of Conduct before entering business relationships with Akelius.

sustainable supplier audits

Akelius has started the process of auditing suppliers with an annual spend of more than EUR 50,000.

Akelius assesses suppliers' sustainability performance based on the answers provided in the sustainable supplier questionnaire. The questionnaires were sent out to suppliers in December 2022.

Sustainable supplier audits identify

- high-risk suppliers
- areas not meeting the sustainability requirements

Suppliers working with Akelius must complete the sustainable supplier questionnaire.

Akelius assesses suppliers' sustainable performance in the following categories

- general
- environmental
- human rights
- child labor
- health and safety
- governance
- supply chain management

Akelius rates the sustainability categories on a scale of 1-100 percent.
Suppliers with a total score of less than 31 percent are considered high risk suppliers.

Based on the audit results, suppliers create a self-managed corrective action plan that can help improve performance in categories which do not meet the sustainability requirements.

Akelius does not impose a corrective action plan.

Suppliers develop their corrective action plan to foster both cooperation and collaboration.

Akelius will re-assess suppliers' sustainability performance.

sustainable materials

Materials for common areas and apartment renovations and maintenance have an impact on employee and tenant health,
as well as the environment.

Akelius works on its master component list and construction material list that have gone through life-cycle assessment.

Local teams can then choose more environmentally friendly components with lower emissions.

chemicals and toxicity guidelines safeguard health

The sustainability team and architecture team update the chemicals and toxicity guidelines to include standards from EU regulations as well as LEED and BREEAM sustainable building certification guidelines.

The guidelines set limits for Volatile Organic Compounds, VOC, concentrations in paints, adhesives, and wood products.

Akelius aims to only purchase products that have no negative impact on human and environmental health.

material choices affect utility costs

The minimal component specifications document provides guidance on product purchases.

By specifying maximum water flow rates for fixtures, Akelius can ensure water efficiency, which saves both water and energy.

The use of ENERGY STAR and equivalent labelled fixtures and LED lighting ensures high quality products that meet the highest standards of efficiency.

environmentally preferable products meet sustainability goals

Akelius pledges to fight deforestation.
Akelius prefers products made from wood that are certified by a third party,
such as the Forestry Stewardship Council of the Sustainable Forestry Initiative.

Akelius specifies products that are produced using renewable and recycled materials to reduce the environmental impact of raw material extraction.

existing materials are the most sustainable

Reusing existing materials is the most cost effective and sustainable solution.

Akelius has adapted its business model to reuse as much construction material as possible.

This reduces construction waste and energy and material used for producing new products.

Evaluating the embodied energy of existing materials is a key factor in improving sustainability.

parquet floor became new furnitures, Paris

In Paris, Akelius recovered 450 square meter of old oak parquet during the renovation of 61 rue Didot.

Due to extensive floor plan changes it was not possible to keep or re-use the flooring, while still maintaining Akelius *better living* quality.

Paris' staff searched for options to make use of the material and collaborated with a furniture making company in France.
The company is specialized in creating furniture and kitchens out of old wooden furniture or used parquet.

300 square meters of parquet have been used to build benches.
The other 150 square meters will be used to create other furniture.

The furniture company is working with asylum seekers, to train them as carpenters and encourage their social integration.

life-cycle assessment

Life-cycle assessment, LCA, is a multi-step procedure for calculating the lifetime environmental impact of a product or project.

Akelius' sustainability targets aim at transitioning from a brown to a green property portfolio.

Since June 2022, Akelius uses the life-cycle assessment software One Click LCA to perform carbon footprint analysis.

The analysis includes

- full sustainability assessment for components and construction materials
- life-cycle cost for components and construction materials
- benchmark templates aligned with global sustainable certifications such as BREEAM, LEED and HQE

choose products with Environmental Product Declaration

All construction materials and products included in One Click LCA software are covered by Environmental Product Declaration, or EPD.

An EPD is a verified document that provides transparent and comparable information on the environmental profile of the product.

Akelius encourages choosing products and materials with a valid EPD.

Currently, all construction components in the Akelius master component list are reviewed to identify which of them have an EPD.

London carries out first life-cycle assessment project

Akelius implemented the first life-cycle assessment for the new London office in July 2022.

The office aims to be certified under BREEAM UK Refurbishment and Fit-out scheme. Life-cycle assessment can provide points and increase the BREEAM rating.

The project achieved a total of eleven credits,
which is the maximum of credits available under the materials category in BREEAM Refurbishment.

These credits were awarded for performing an LCA, creating a product procurement policy, and specifying at least three material types that have been responsibly sourced.

The procurement policy includes

- responsible sourcing of materials
- human rights
- environmental impact of materials
- local procurement

The team completed the life-cycle analysis in One Click LCA's software by using the construction materials' EPD,
or a similar match.

education is key

Education keeps staff informed about new targets and procedures.
A sustainability seminar for architects in construction department was held in November 2022.

The seminar was designed to

- review the role of architects in achieving sustainable design goals
- encourage local architecture teams to reach out to the Architecture Unit regarding components selection
- educate the architects about new sustainability targets
- introduce new procedures related to sustainability tracking and reporting

The Edition, Washington D.C.,
LEED HOMES Gold certified property since 2019

towards a greener portfolio with green certifications

Akelius aims to have twenty percent of the portfolio’s floor area certified by LEED, BREEAM, or other independent recognized organization by the end of 2030.

These certificates show a building's sustainability performance from an environmental, energy, and water perspective.
They are also an indicator of companies commitment towards a greener portfolio.

Future certifications improve the value of the portfolio in the long-run.
In light of tougher local requirements on the real estate industry in most countries, environmental certifications can lead to rental premiums or significantly reduce possible taxation based on the company’s emissions.

Akelius previously acquired properties in need of renovation and upgrading.

Akelius works on finishing many projects, mainly to improve the efficiency of the properties, but to also have them certified.

13.2 percent of total floor area in Akelius portfolio is certified or potentially certified.
The total value of certified or potentially certified properties amounted to EUR 476 million.
These properties generated a revenue of EUR 38 million in 2022.
The potential green building certifications are expected to be achieved in two to three years depending on the project completion dates.

On the following two pages is a list of existing and potential environmental certifications.

certified properties and expected certifications

Europe

City	Property name	Certification name	Certification level	Certified/ potential	Total floor area, sqm	Proportion of floor area*, percent
London	Challoner House	BREEAM	good	potential	1,425	0.9
London	Premier House	BREEAM	very good	potential	6,329	4.1
London	High London	net zero	-	potential	990	0.6
Paris	Meaux	HQE	-	potential	483	0.3
Paris	Cité Industrielle	HQE	-	potential	205	0.1
Paris	Moulin de Près	HQE	-	potential	195	0.1
Total					**9,628**	**6.3**

US

City	Property name	Certification name	Certification level	Certified/ potential	Total floor area, sqm	Proportion of floor area*, percent
Washington D.C.	518 9th Street NE	LEED	Silver	certified	7,059	1.4
Washington D.C.	The Edition	LEED HOMES	Gold	certified	28,427	5.5
Boston	40 Channel Center	LEED CI/ WELL	Silver	potential	2,100	0.4
Boston	162 Summer Street	LEED BD+C		potential	1,461	0.3
New York		LEED		potential	6,179	1.2
New York	28-30 W 22nd St	LEED	Gold	potential	3,227	0.6
Washington D.C.	1114 F St NE	LEED	Silver	potential	3,585	0.7
Washington D.C.	1100 F St NE	LEED	Silver	potential	1,755	0.3
Washington D.C.	1401 Mass Ave NW	LEED / WELL	Platinum / Silver	potential	3,881	0.7
Washington D.C.	1650 Harvard St NW	LEED	Silver	potential	13,687	2.6
Total					**71,360**	**13.7**

*) certified or potentially certified floor area of the total floor area in the region

certified properties and expected certifications, continued

Canada

City	Property name	Certification name	Certification level	Certified/ potential	Total floor area, sqm	Proportion of floor area*, percent
Toronto	533 College Street	LEED BD+C	BD+C	certified	3,188	0.6
Montreal	3730 Chemin Queen Mary	Zero Carbon Building – Performance / BOMA BEST	Zero Carbon / BOMA -	potential	3,469	0.6
Montreal	266 Lansdowne Avenue	BOMA BEST	-	potential	1,311	0.2
Montreal	3460 Rue Durocher	BOMA BEST	-	potential	3,407	0.6
Montreal	25 Avenue des Pins West	BOMA BEST	-	potential	1,138	0.2
Montreal	590 Outremont	BOMA BEST	-	potential	2,600	0.5
Montreal	3014 Van Horne	BOMA BEST	-	potential	2,237	0.4
Montreal	3495 Van Horne	BOMA BEST	-	potential	1,617	0.3
Montreal	3460 Peel St	LEED BD+C	Silver/Gold	potential	16,187	2.9
Montreal	3195 Van Horne Avenue	BOMA BEST	-	potential	857	0.2
Montreal	1 Rosemount Ave	LEED BD+C	Silver	potential	3,103	0.6
Montreal	511 Place d'Armes	BOMA BEST	-	potential	4,935	0.9
Montreal	1800 Victoria	BOMA BEST	-	potential	2,529	0.5
Montreal	4350 Hotel de Ville	BOMA BEST	-	potential	2,328	0.4
Montreal	30 Saint Joseph Boulevard Est	BOMA BEST	-	potential	6,127	1.1
Montreal	37 Roosevelt	BOMA BEST	-	potential	2,191	0.4
Montreal	6600 Darlington	BOMA BEST	-	potential	2,083	0.4
Montreal	9675 Papineau	LEED O+M	Silver/Gold	potential	11,796	2.1
Ottawa	Gatineau portfolio	BOMA BEST	-	potential	11,371	2.0
Total					**82,474**	**14.7**

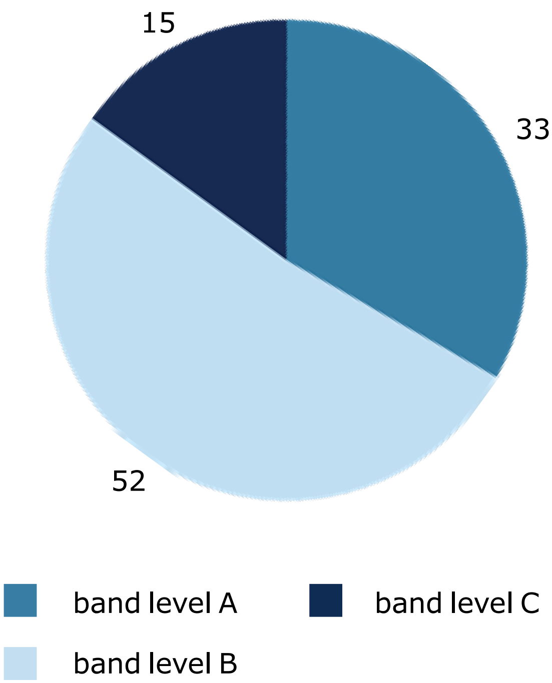
*) certified or potentially certified floor area of the total floor area in the region

energy performance certificates, EPC, growing in importance

Third party energy certificates guide and verify Akelius' improvements.
London and Paris are covered under local regulation where Energy Performance Certificates need to be on apartment level.
If an apartment does not have an Energy Performance Certificate or is below a certain threshold,
the apartment cannot be rented out or the rent cannot be increased.
Therefore it is important to improve Energy Performance Certificates.

The majority of Akelius' portfolio is in the US and in Canada.
It is not mandatory to have Energy Performance Certificates in those countries, with the exception of New York.
In New York, Energy Performance Certificates are mandatory on building level for a building size above 25,000 square feet.
That corresponds to 21 Akelius properties in the city.
One hundred percent of buildings in New York have an Energy Performance Certificate.

energy performance certificates for buildings in New York
percent



838 West End Avenue, New York

London

Since April 1, 2018, all private rental properties in the UK must have an Energy Performance Certificate with a minimum rating of E.
Without the certificate, landlords are not allowed to rent out their properties to new tenants or renew existing rental contracts.

There is a draft proposal that from 2025, all new tenancies in rental properties will need an EPC rating of C or above.
These new regulations will apply to new tenancies first, followed by all tenancies from 2028.

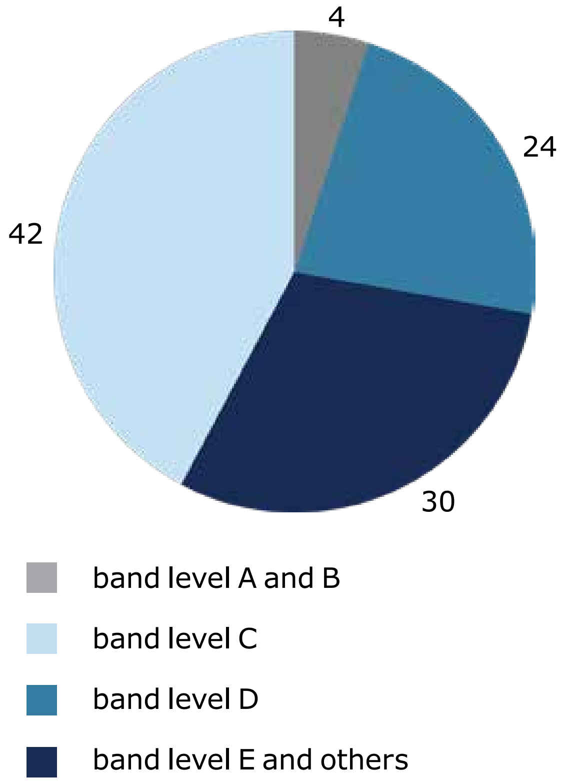
Paris

Since August 25, 2022, all rents for accommodation classified with EPC F or G have been frozen and can neither be increased between two rentals nor be indexed.

As of January 1, 2023, any dwelling exceeding an energy consumption of 450 kilowatt hours per square meter per year will be qualified as indecent and cannot be rented out.

As of January 1, 2025, class G accommodation will be qualified as indecent.
From January 1, 2028 class F accommodation will be qualified as indecent.
As of January 1, 2034, class E accommodation will be qualified as indecent.

energy performance certificates for apartments in London and Paris
percent



28 Hermel, 18ème arrondissement, Paris

1310 N Oak Street, Arlington, Washington D.C.

waste management in properties

Since 2022, Akelius improved the contracts with third parties regarding treatment and reporting of construction, tenant, and office waste.

Akelius commits to use sustainable materials and to reduce waste through having fifteen percent increase of the proportion of waste recycled from properties by the end of 2025, based on 2022.

waste management plan

The goals of the waste management plan are to

- minimize the amount of waste generated
- maximize the amount of material reused, recycled, or reprocessed
- minimize the amount of material sent to landfill

The Construction Department develops templates for the waste management plan for each project.
This is completed during the pre-construction phase.

data collection methodology

Akelius is active in four countries.
Facility and tenant waste management depends on the local municipalities and their regulations.

Waste data is collected from invoices when possible, and complemented by calculations where the data is not accessible.
The data is estimated based on the waste type, number of bins, volume, and collection frequency.

The estimation is additionally adjusted for vacancy.

facility and tenant waste

Structured and efficient waste disposal minimizes the amount of waste going to landfills or incineration without energy recovery.

Since 2017, Akelius has been working on two global targets to

- guarantee that all properties have country applicable sorting stations
- inform tenants and staff how to sort household waste

In each property, Akelius specified what type of waste needs to be disposed in which bin.

improved tenant related waste management

The amount of waste sent to landfills increased to 66 percent 2022, compared to 64 percent in 2021.

The amount of waste recycled decreased to 34 percent in 2022, compared to 36 percent in 2021.

The cities improved upon their calculation methods resulting in more accurate data being reported.

Akelius had a lower vacancy rate in 2022 compared to 2021.
The increased occupancy by tenants led to an increase in waste generation throughout the portfolio.

In April 2022, Akelius started a pilot project to improve waste management of its properties in Toronto.
This project has resulted in cost savings and efficiencies in waste management which also improves the quality of service to tenants.
Upon successful implementation of this project in Toronto,
Akelius plans to implement the project across the entire portfolio where possible.

monitoring construction waste

Hazardous and non-hazardous waste is created during property upgrades.
Akelius has set a goal to increase the proportion of waste recycled from construction by the end of 2023.

Construction managers collect data on construction waste from contractors quarterly, and analyze it to identify possible areas for improvement.
Collaboration with contractors helps minimize waste by purchasing the correct amount of materials per project and through reuse and recycling of materials.

Akelius practices re-use of materials

The construction team practices sustainability in all aspects of their work from designing and product purchasing to handling waste at the end of projects.
It results in financial savings and less waste production.

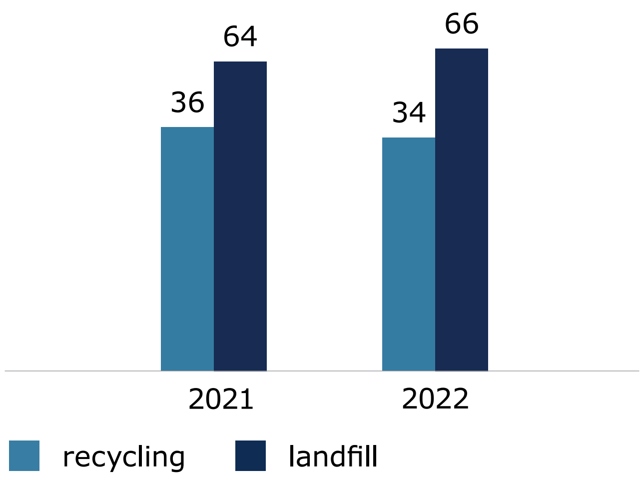
re-use of materials, New York

The design team renovated 69 kitchens in New York by using spare and left-over materials from previous projects.
This prevented the company from purchasing new products and resulted in savings of EUR 174,000.

In another project, the design team revised the project scope allowing the reuse of bathroom tiles that were left over from a previous project.
This resulted in savings of EUR 28,000 for the tiles that did not need to be purchased.

The construction team working on an apartment split project, re-used furniture parts, coordinated the supply chain, and used lower priced components for the project.
This resulted in savings of EUR 61,000.

tenant related waste to landfill and recycling, percent



more construction waste recycled

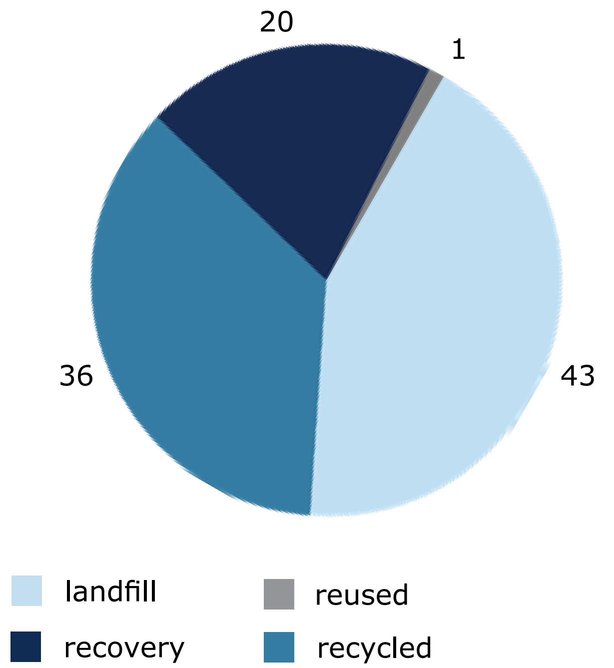
Akelius increased the share of construction waste that is transported to landfills by 13 percentage points, from 23 percent in 2021 to 36 percent in 2022.
Akelius increased the share of reused and recycled construction waste by 10 percentage points, from 54 percent in 2021 to 64 percent in 2022.

Construction waste data was collected in six out of ten cities, in Boston, Washington D.C., Montreal, Toronto, London, and Paris.

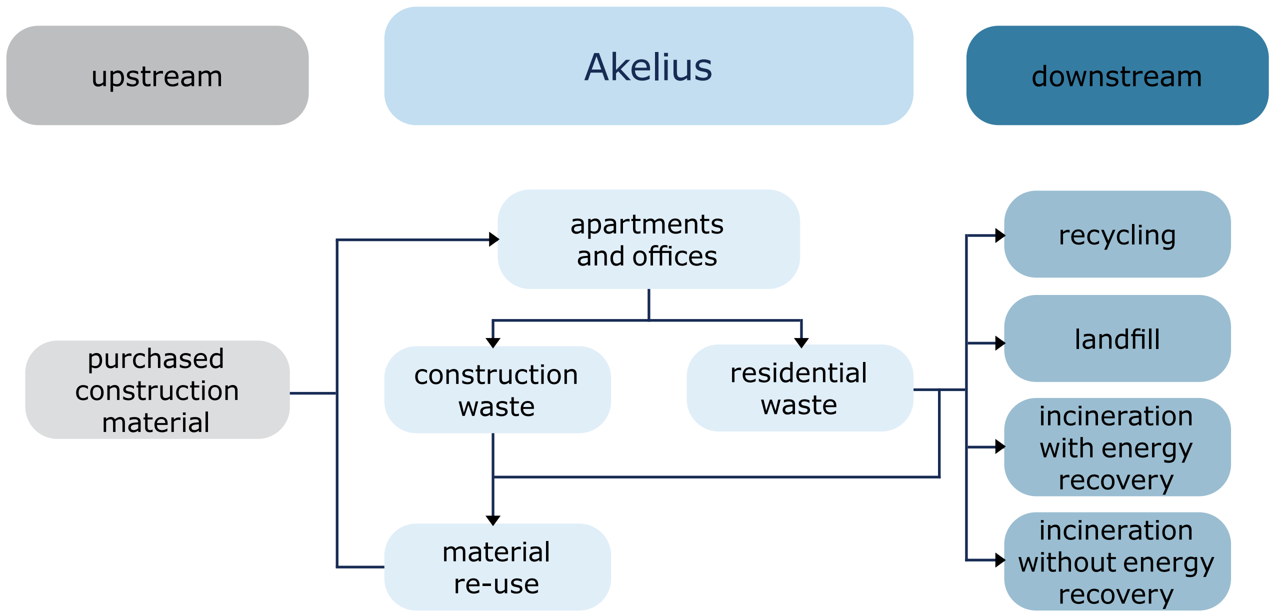
Akelius increased the data collection and monitoring of construction waste compared to 2021.

Monitored upgrades produced 1,600 tonnes of construction waste.
99 percent was non-hazardous, and 1 percent was hazardous waste.

construction waste
percent



waste flowchart



climate change risk assessment

actively overseeing climate related risks and opportunities

Akelius' Board of Directors approves and revises the sustainability policy and targets annually.
One of the targets is to conduct a climate change risk assessment and to oversee it every three years.

The climate change risk assessment is based on Akelius' profit center level,
taking into consideration the exact location of the property.

Igor Rogulj is the Board member that is dedicated to sustainability and climate related topics.

The CEO, CFO, and the regional and city managers receive a detailed overview of climate related risks and opportunities for their assets.
These risk assessments are used for proposing and taking decisions on improving and future-proofing the assets.

The CEO is actively engaged and takes responsibility to make sure that an appropriate strategy is in place to understand, identify, measure, monitor, control, and report risks related to climate change.

The CFO is responsible for how market risks connected to Akelius' investments, including risks arising from climate change,
are identified, considered, and managed.

The regional managers are responsible for the development of appropriate processes to monitor and report exposures to the risks related to climate change.

The Board has delegated the oversight of the management of the risks associated with climate change to the Group sustainability team.

evaluating climate related risks and opportunities

Akelius conducted a climate change risk analysis in 2022 with the help of Climanomics software*.

Akelius chose two emissions scenarios across two time periods

- RCP 4.5 scenario by 2030 and 2050
- RCP 8.5 scenario by 2030 and 2050

RCP 4.5 is a scenario that describes an ambitious emission reduction pathway to two degrees Celsius.

RCP 8.5 is a scenario where everything continues the same and greenhouse gas emissions increase,
which in turn leads to a temperature increase higher than four degrees Celsius.

Based on the qualitative and quantitative results of the climate related risks and opportunities assessment,
Akelius' sustainability team put together summary reports for each Akelius region and for the entire Group.

The climate related risks and opportunities are presented in the tables on pages 73–75.

Physical and transition risks have direct and indirect implications for turnover, operating, and investments.

This assessment helps Akelius to

- reduce climate related risks to properties and tenants
- adapt properties to prepare for climate related risks
- reduce costs, for example construction and legislation, related to climate risks
- invest in properties with low climate risks to attract tenants and reduce investor fears
- make informed decisions regarding property acquisition, management, and disposal

The analysis showed that without action, both scenarios present financial risks to Akelius by end of 2030 and 2050.

While the aggregate impacts can be small, there is dispersion across the cities.

However, while there are financial risks that would need to be managed,
Akelius would not have to materially change its business model,
due to the diversity of the company's portfolio.

The financial impact of climate change related risk is part of the overall risk management process.
Akelius has four levels to define substantive financial impact.
Level 1 is EUR 1 to 5 million, level 2 is EUR 5 to 50 million, level 3 is EUR 50 to 250 million, and level 4 is more than EUR 250 million.

risks

transition risks carbon pricing, litigation, reputation damage, new technology, market		physical risks temperature, drought, wildfire, coastal flooding, fluvial basin flooding, tropical cyclones, water stress	
direct impact	**indirect impact**	**direct impact**	**indirect impact**
- unattractiveness of a carbon-intensive property to tenants that are looking for green properties - increased utility costs for carbon-intensive building systems - significant investment required to meet local energy efficiency and emissions regulation, purchase of sustainable materials	- downturn in local economy resulting in vacancy - carbon charges on an asset given local regulations - increased financing costs reflecting the price in transition risks	- decreased revenue due to disruptions to a property's operations from severe or repeated physical hazard events - increased maintenance costs as physical risks increase - investment required to improve the resilience of a building due to increasing physical risks, including elevating lobby, green roofs, protecting electric and mechanical systems	- more vacancy in a certain location due to disruptions to surrounding transportation or other infrastructure - increased insurance costs as insurers recognize physical risks - increased investment cost to protect broader communities from climate risks, including flood-walls and green areas for heat mitigation

risks matrix

Scenario	Financial impact by city	Average impact of Akelius' portfolio per year	Transition risk	Physical risk	Minimal risk or no risk
RCP 4.5 by 2030	level 2 level 1 in Austin, Ottawa, and Paris	level 2	carbon pricing, especially in Canada and US technology reputation	fluvial flooding coastal flooding extreme temperatures	water stress tropical cyclone drought
RCP 4.5 by 2050	level 2 level 1 in Austin, Ottawa, and Paris	level 2	carbon pricing, especially in Canada and US technology reputation	fluvial flooding, mostly impacting Canadian properties coastal flooding, mostly impacting US properties, especially Boston	water stress tropical cyclone drought
RCP 8.5 by 2030	level 2 level 1 in Austin, Ottawa, and Paris	level 2	carbon pricing, especially in Canada and US technology reputation	fluvial flooding, mostly impacting Canadian properties coastal flooding, mostly impacting US properties, especially Boston	water stress tropical cyclone drought
RCP 8.5 by 2050	level 2 level 1 in Austin, Ottawa, and Paris	level 3	carbon pricing, especially in Canada and US technology, in Europe and US reputation	fluvial flooding, mostly impacting Canadian properties coastal flooding, mostly impacting US properties, especially Boston	water stress tropical cyclone drought

opportunities

Akelius faces risks with changing climate conditions.
However, there are also opportunities that Akelius can take advantage of.
As the economy decarbonizes, Akelius is looking into creating new revenue streams and improving asset values.

opportunity trends at RCP 4.5 and RCP 8.5

The primary opportunity for Akelius in both 2030 and 2050 is products and services.
Akelius can invest into their assets to be more carbon efficient and improve competitiveness amid changing consumer preferences.

The secondary opportunity for Akelius in both 2030 and 2050 is energy sources.
This relates to the ability to shift to low emission energy sources leading to potential savings on energy costs.

The lowest opportunity for Akelius in both 2030 and 2050 is markets.
This refers to Akelius seeking newer markets and/or newer assets to better position itself for transition to a lower carbon economy.

extra services on-site

Akelius has introduced new revenue streams, including electrical vehicle charging stations, and is looking into other on-site services that enable tenants' sustainable preferences.
Akelius is committed to support tenants by tracking emissions and reducing consumption.

local energy generation and storage

Property owners can use their physical presence to generate and store energy.
Akelius has installed solar panels on the roof on several properties helping to create renewable energy.

green buildings become more attractive

Akelius makes sure, when possible, to renovate the properties into more sustainable buildings and meet the growing demand for sustainable workplaces and homes.
Akelius believes that green and efficient buildings increase in value in the future.

opportunities matrix

Scenario	Financial impact by city	Average impact of Akelius' portfolio per year	Opportunities
RCP 4.5 by 2030	level 2 level 1 in Austin, Ottawa, and Paris	level 2	products and services energy source markets
RCP 4.5 by 2050	level 2 level 1 in Austin, Ottawa, and Paris	level 3	products and services energy source markets
RCP 8.5 by 2030	level 2 level 1 in Austin, Ottawa, and Paris	level 2	products and services energy source markets
RCP 8.5 by 2050	level 2 level 1 in Austin, Ottawa, and Paris	level 3	products and services energy source markets

social

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Akelius protects, supports, and engages in its employees, tenants, and communities.

The company promotes health and wellness to support the well-being of employees. Akelius aims to create an environment that promotes equality, diversity, and personal growth.

The safety of tenants is a top priority. Akelius keeps properties safe and tidy.

By being involved in community engagement and events,
the company contributes to the local communities.

focus on social responsibility

employees

Akelius commits to

- promoting diversity and non-discrimination
- having healthy and safe staff
- ensuring an attractive work environment

tenants and communities

Akelius commits to

- ensuring tenants' health and safety
- improving its relations to tenants
- engaging in charity through its beneficial owner Akelius Foundation

education

Akelius commits to

- promoting in-house produced, tailor-made trainings relevant for staff
- digitizing education
- sharing knowledge through mentorship

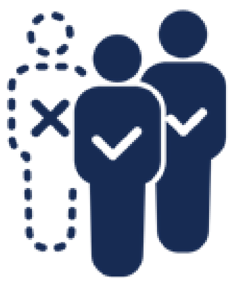
customer service

Akelius commits to

- providing local customer service
- delivering digitized onboarding and tenant services
- having short queue times

755

employees



1.9 percent

absentee rate

51 to 49

female to male employee ratio, on managerial level

employees

The success of Akelius' business is highly dependent on the employees, their skills and their experience.

Akelius focuses on providing a safe, inspiring, and equitable environment for all its employees to keep current and attract new employees.

At the end of 2022, Akelius had 755 direct employees.
The divestment of Akelius Technology AB, including the IT department, is the main reason for the reduced number of employees.

promote diversity and non-discrimination

Akelius ensures equal opportunities for all employees.

Akelius aims for employees to work in an environment free from harassment, threats, and discrimination.
It is not tolerated against staff, future and current applicants, or any other stakeholders.

The Board of Directors has approved the staff diversity and equality policy to ensure that all employees have an equal chance to thrive within the organization.
The policy defines and promotes goals for gender diversity and equality.

The company encourages employees to report suspected cases violating the company discrimination policy to

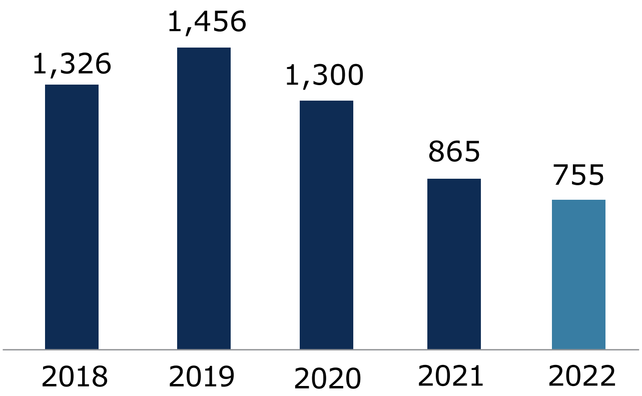
- line manager or any other manager
- local staff manager
- senior management
- whistle-blower channel

The company ensures that reported cases of bias, discrimination, or harassment are appropriately investigated and addressed. These cases are handled anonymously.

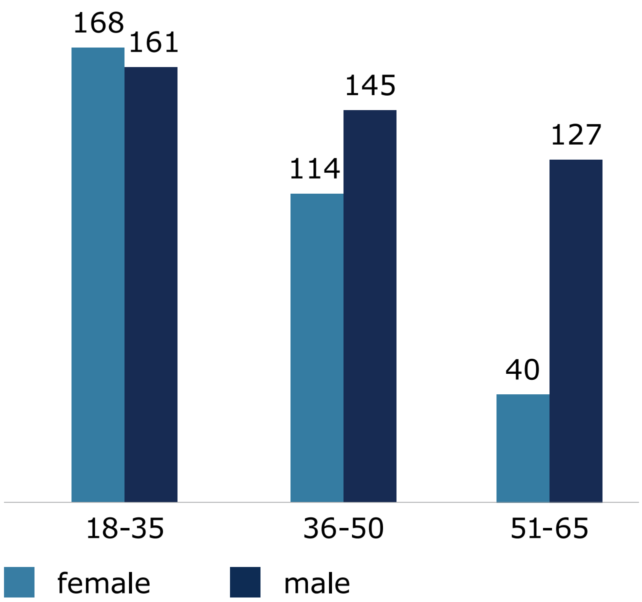
The Group Internal Audit independently safeguards the investigations.

Akelius had a limited number of cases of discrimination during the year.
None of them were of financially material significance and all have been dealt with in line with Akelius policy and employment law.

number of employees



age distribution,
number of employees



strives for gender diversity

Gender diversity is one of the top priorities at Akelius.
Diversity is beneficial for both Akelius and its employees.

The company appoints staff based on merit regardless of gender.

Akelius

- measures and assesses the success of its efforts to promote gender diversity
- commits to integrate diversity within recruitment and promotion processes
- ensures networking events, conferences, and hospitality which appeal to everyone

Senior management reviews the gender diversity data quarterly.

43 (38) percent of all Akelius employees were female and 57 (62) percent male at the end of 2022.
In North America, the majority of employees within facility management are male, hence contributing to a high male ratio in the company.

On the managerial level, 51 (42) percent were female and 49 (58) percent male.
83 percent of Board members are male, compared to 80 percent last year.

equal pay is important

Akelius' commitment to diversity applies equally to recruitment, development, and remuneration.

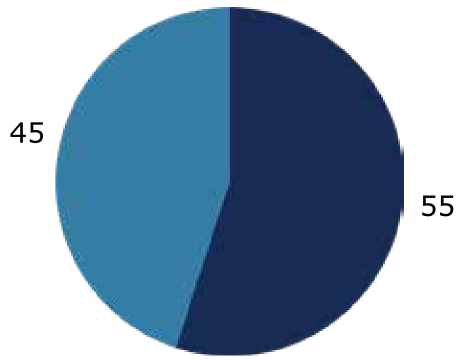
The company conducts a salary review process including

- a pay survey
- equal pay for equal work
- comparison of salaries within roles
- market comparison per city
- actions needed if there are inequalities

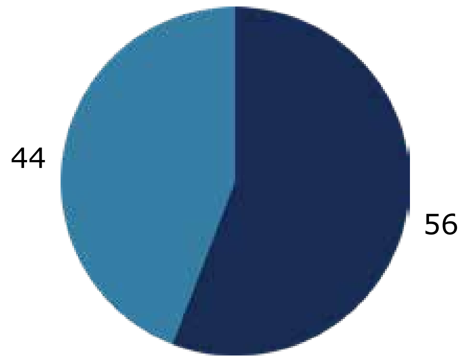
At end-year, the gender pay ratio for all employees was 114 percent, same as at the end of 2021.

gender diversity per region
percent

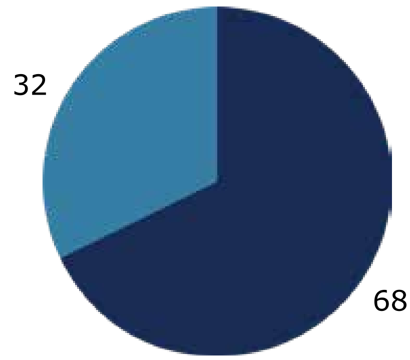
Europe



Canada



US



female male

Hoa Luu, General Maintenance Technician at Oak Street, Toronto, since forty years

safe and healthy employees

Akelius encourages all employees to live a balanced and active life.
This contributes to the well-being of the employees.

The company promotes staff well-being through

- annual health budget of EUR 500
- flexible working hours
- physical activities
- cultural experiences

monitors health and safety

Akelius monitors health and safety incidents and accidents in the workplace to prevent them from happening in the future.

For staff working in operations, there is the risk of physical injury and psychosocial related problems, such as threats and harassment.

In the offices, the risk is often related to stress, workload, and ergonomics.

Akelius recorded no fatality cases.

target

GRI 401-1, GRI 405-1, GRI 405-2	target	2022	2021	2020
gender pay rate, managers, percent	100	120	138	138
gender pay rate, staff, percent	100	114	114	116
annual sick leave, percent	<2.0	1.9	1.5	1.9
0 fatality cases	0	-	-	-
0 injury rate*	0.00	0.06	0.25	0.14
0 lost day rate*	0.00	0.00	0.96	2.6

*) per 100,000 worked hours

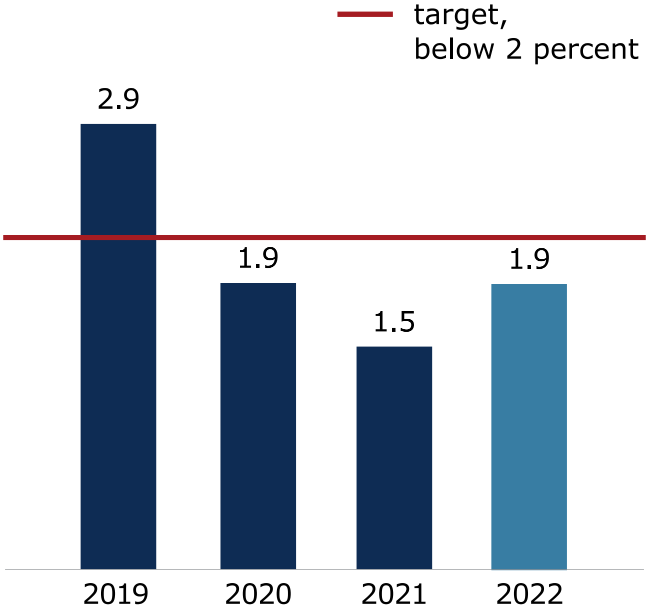
absentee rate 1.9 percent

Akelius measures the well-being of employees by monitoring the absentee rate. The target is to keep the absentee rate below two percent.

In 2022, the absentee rate was 1.9 percent, 0.4 percentage points higher compared to the previous year.

Akelius offers employees to work on flexible conditions when possible.
This flexibility contributes to reduce the absentee rate and emphasizes the importance of flexible working hours.

absentee rate
percent



employees during the Biennial in Toronto, April 2022

attractive work environment

Akelius provides an inspiring work environment for all staff.
Akelius' offices are spacious and in central locations.

Regular performance and career development reviews support the personal development of employees.
Both managers and employees can request and provide feedback.

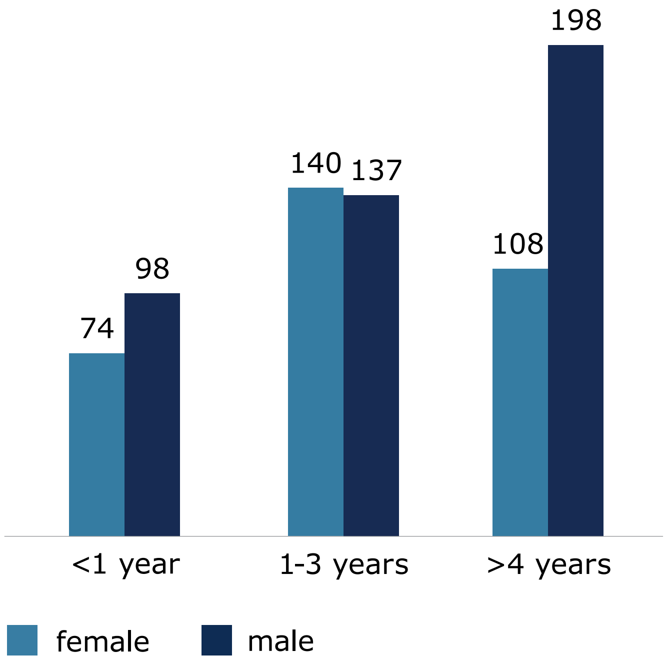
Akelius takes care of its employees through

- efficient onboarding and integration into the company culture
- opportunities for job rotations and internal recruitment
- open door policy
- education

The success of the actions is measured by, among other things, the turnover rate and sick leave.

Akelius does not accept unsustainable workload and long-term overtime work.
The company encourages its managers to closely overlook the workload.
When there is a need,
Akelius hires additional employees.

time of employment in Akelius,
number of employees



increased focus on talent retention

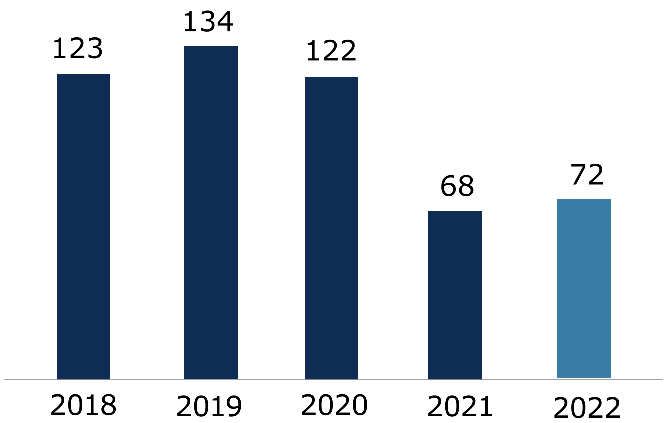
Akelius wants to be an attractive employer.
During the year, 227 new employees joined Akelius,
equivalent to 30.1 percent of total staff.

The policy is to promote in-place staff to higher positions.
Managers work constantly on succession plans to increase internal promotion.

Akelius recruited 72 employees internally during 2022, of which 52 employees were internally promoted.
Internal recruitment develops employees and motivates them to perform better.

Having motivated staff helps retaining talent and keeps the company's culture strong.

employees with new positions within Akelius,
number of employees



work-life balance is important

Akelius follows national laws regarding parental leave in the countries it operates.

A total of 23 employees went on parental leave in 2022.
14 of them were female and 9 male.
34 employees returned to work from parental leave in 2022.
26 of them were female and 8 were male.

Akelius values work-life balance.

turnover rate

The turnover rate was 25.5 percent during 2022.

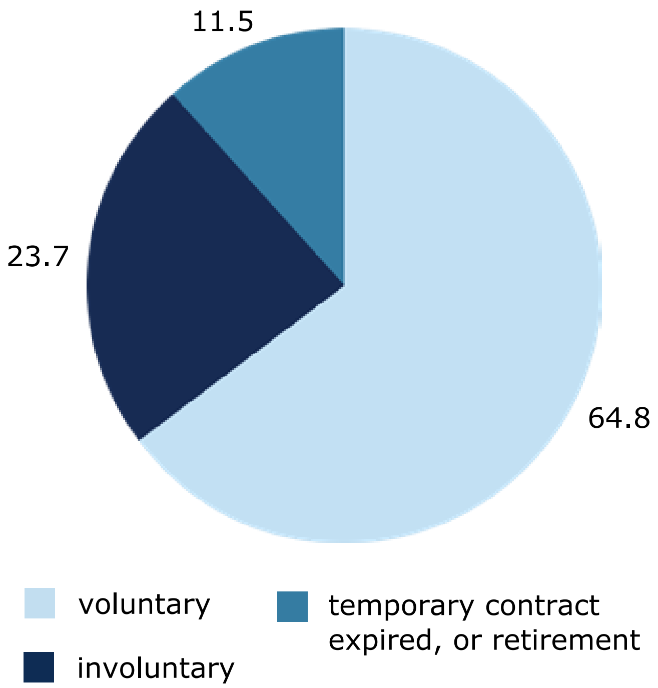
Out of the total turnover rate,
64.8 percent were attributable to voluntary turnover, 23.7 percent to involuntary turnover, and 11.5 percent to temporary contract expiration, or retirement.

Akelius conducts exit interviews to understand the reasons behind the turnover.

When applicable, an action plan is put in place to improve the work environment.

turnover per reason

percent out of total turnover of 25.5 percent



employees at the Toronto office

education

Akelius aims at having the best-educated staff in the real estate industry.
Motivated and educated staff perform better.

Akelius focuses on education on knowledge transfer, best practice, and processes.
This ensures efficiency and harmonization of processes.

Focus going forward will also be on sustainability training for all aspects of the business.

digitalization supports tailored education

Digitalization opens for new possibilities in education,
especially how and where learning and development can take place.

Digital tools support both self-studies and online seminars.

A digital learning management system allows the company to offer tailored education for each employee.

Digitalized education is accessible for more employees at the same time and is therefore more sustainable.

makes use of internal expertise

Akelius' internal experts produce educational material, train, and educate their colleagues.

Internal knowledge transfer ensures that lessons learned, processes, and best practice are shared among staff in the company culture's spirit.

Akelius' learning management system contains the material produced, such as books, tests, instructions, and guidelines.
The material is accessible for all staff.

education for all staff

In 2022, each employee received on average 33 hours of education,
an increase compared to 23 hours in 2021.

Education hours are calculated based on actual hours of education that the employees are engaged in, per employee.

Akelius ensures holistic education, structured into five pillars

- Welcome to Akelius
- professional programs
- education on demand
- mentoring
- Biennial education

Welcome to Akelius

New employees are enrolled to the company's onboarding program,
Welcome to Akelius.
The program includes online training and a one-day seminar including a property tour.

The program includes the company's

- history
- culture
- values and principles
- Code of Conduct
- business and strategy

professional programs

The professional programs target key roles in the company

- asset management
- property management
- transaction and valuation

- letting
- service center
- facility management

- construction
- finance
- staff management

The programs consist of online training and seminars on demand.

education on demand

Management continuously assesses the need for education, within operations and the departments.

The trainings and seminars during the year are conducted according to the need assessment.
It ensures relevant and timely education for staff.

mentoring program

Akelius offers a mentoring program for current and future leaders within the company.
Mentors are experienced senior managers, or experts within their respective fields.

Mentors and mentees get educational support to make the most out of the mentorship.

The program is ongoing for a year.
Mentoring leads to higher engagement and better and more educated leaders.

In the mentoring program that started in 2022,
Akelius has 23 mentees and 21 mentors.

Biennial education

Every second year Akelius organizes a company-wide event, the Biennial.
The Biennial is an opportunity for all staff in Akelius to get together.

Education is an essential part of every Biennial.
Topics vary from company updates for all staff to tailored education for different roles within the company.

In 2022, Akelius organized a Biennial in Toronto.
403 employees joined the Biennial and received valuable education and information.

energy seminar in New York

In September 2022, a three-day energy seminar was held in New York.
All the energy managers of the company were trained on topics like

- sustainability
- acquisitions
- new technologies

- EU Taxonomy
- reporting and policies
- building certifications

- life-cycle assessment
- sustainable procurement

The participants also did a field trip to one of Akelius' properties in New York to conduct an energy inspection.
They all used the in-house developed Inspection Application.

asset manager training

Akelius arranged a two-day asset manager training.
The training was conducted three times, in Canada, the US, and Europe.
Asset managers and city managers discussed

- responsibilities
- best practice
- better living

- reporting
- analyzing and following up
- how to improve net operating income

- sustainability

target

GRI 404-1, GRI 404-2	2022	2021	2020
internal training 3 days per employee per year	4.1	2.9	2.6

tenants and communities

safe and healthy tenants

Akelius keeps the buildings safe and tidy.
The safety of the tenants is a top priority for Akelius.

Akelius' target is to have all buildings inspected regarding environment, health, and safety annually.
During the year, 92 percent of the properties were inspected,
compared to 91 percent in 2021.
The remaining eight percent of properties are in the middle of large construction projects.
Standard health and safety inspections related to construction are carried out in these properties.

Akelius monitors compliance tasks closely.
The in-house developed Property Compliance Application helps operations to keep track and manage compliance tasks.

Asset managers report any non-compliance case directly into the application.

Akelius takes measures immediately to remedy the non-compliance case and follows up on the progress in the Property Compliance Application.

Lessons learned are shared throughout the company to prevent similar cases happening in other properties.

Akelius commits to reduce the buildings' environment, health, and safety incidents, non-compliance cases, by ten percent.

During the year, 36 non-compliance cases were reported compared to 33 cases in 2021.
89 percent of the non-compliance cases were minor penalties related to waste management in New York.
Akelius did not have any major non-compliance cases.

supporting communities

Akelius highly values its tenants and local communities,
and acknowledges the differentiated nature of the communities.

Key for a good relationship is communication.
Akelius therefore engages in accurate communication with its tenants and the local communities.

Akelius aims to engage with its tenants and the local communities.

Akelius facilitates two types of engagements.

The first type of engagements are only for tenants.
The company facilitates tenant get-togethers by providing tenants with a space to meet.
Akelius is responsible for creating a friendly atmosphere at these events.
Tenant engagement also includes educating and keeping tenants informed.

The second type of events are organized with the wider local community in mind.
These events are carried out in collaboration with local institutions.
They are meant to support local communities.

EUR 125 million in donations

Akelius Foundation indirectly owns 85 percent and Hugo Research Foundation indirectly owns 10 percent of the shares in Akelius Residential Property AB.

Dividends that the company pays to the two foundations are used for charitable purposes.

The foundations have donated EUR 125 million only since 2017 to organizations such as

- SOS Children’s Villages
- Doctors Without Borders
- UNICEF
- UNHCR

communication results in satisfied tenants

When Akelius renovates or upgrades a property,
the company invites tenants and other community stakeholders to a meeting.

Akelius' managers introduce the capital projects and answer all the questions and addresses any concerns that the tenants and community may have.

keeping the tenants updated, Montreal

The Montreal team organized a tenant appreciation day at the property 1975 Maisonneuve,
that is undergoing major construction work.

The team discussed project updates and shared pictures of improvements with the tenants and answered all the questions the tenants had.
The tenants enjoyed the free lemonade that Akelius offered.
The appreciation day contributed to better understanding from the tenants on the ongoing work in the building,
creating trust and a better relationship between the tenants and Akelius.

coffee-to-go events, Boston

Boston carries out *coffee-to-go* events once a month in their properties.
In the morning, the team sets up a coffee station at the entrance of the property.
The property manager hands out coffee and fruit to tenants as they leave for work.

This helps create familiarity between property managers and tenants.

educating tenants helps both Akelius and tenants

Montreal has engaged in education for tenants in the property 3460 Peel Street.

As part of the tenants' welcome packages, the team distributes energy friendly habits booklets.
Tenants also receive energy tips twice a year by email and a digital user manual and guide for equipment.

The team aims to promote awareness of mis-operating mechanical and electrical equipment.

These steps lead to lower energy consumption and lower costs for both Akelius and tenants.

This initiative helps Akelius attain a higher LEED certification for the property.

building a sense of community, Toronto

The Toronto teams has carried out four tenant engagement events in July and August.

All events included food and ice cream trucks, face paint, bouncy castle, and raffle.

Such events create a sense of community for the tenants living in the property.

promoting charity and health at the same time, New York

In New York, the team carried out a charity walk for Crohn's and Colitis,
a foundation to benefit Crohn's disease and chronic colitis.

These kind of charity events do not only support the community,
but are also great opportunities for team building and promoting employee health.

target

GRI 416-1, GRI 416-2	2022	2021	2020
all buildings environment, health, and safety inspected annually, percent of inspected buildings	92	91	85
ten percent reduction of all buildings' environment, health, and safety incidents of non-compliance cases by 2022 based 2021, number of incidents during year	36	33	19

16 St. Joseph Street, Toronto

customer service

Akelius' business model is about offering a *better living* to its tenants.
To achieve a *better living*,
it is important to provide excellent customer service.

regional service centers provide better service

When it comes to customer service, tenants want to be heard and have the issue resolved.

The service center is usually the first point of contact for the tenant when an issue arises.

Availability is one of the key factors in customer service.

Quick response times and optimum solutions for the tenants' needs are some of Akelius' top priorities.

Akelius has at least one service center in every region it operates in.
This improves accessibility.
Each regional service center knows the properties and works closely with the property managers.

26 seconds queue time

The service centers receive on average thirty-two thousand inquiries per month.
Out of all inquiries, 46 percent are inbound calls, 22 percent outbound calls, and 32 percent emails.
The increase in call volume since last year is mainly related to the increase of calls in France and North America.
The average queue time for inbound calls is 26 seconds.

abandon call rate down to four percent

For 2022, the abandon call rate was 4.0 percent, down from 4.5 percent last year.
This is an indication of excellent customer service and tenant experience.

coaching and quality audit improves call times

Service center representatives receive regular coaching and quality audits.
Coaching and quality audits help to improve customer service by offering the agents constructive feedback,
that contribute to improved customer service and shorter call times.

education helps service center resolve more issues

Education in basic technical installation skills, and basic accounting skills, increases the number of issues that the service center agents can resolve directly with the tenant.

More knowledgeable staff can handle a more varied types of requests.
Akelius wants to develop resilient service center agents and ensure that they have the tools and the right education.

In the future, digitalization will be even more important.
New technologies affect the demand and behavior of tenants.
Akelius need to adapt its future service offerings.

applications to improve customer service experience

All self-developed applications are tailored to Akelius' needs as a global company.

The company's infrastructure and services are fully cloud based,
ensuring a modern centralized working environment.

The technology processes are based on the ISO Standard 27001, compliance rules, and General Data Protection Regulation, GDPR.

Akelius prioritizes the development of the Tenant Application.

The Tenant Application helps Akelius to provide better customer service
experience and improve internal efficiency.

The Tenant Application interfaces with Work Order, Inspection Application ,Letting Application, Customer Administration Application, and My Pages.

digitalized letting and on-boarding are key

Digitalized letting is key to reduce vacancy and to attract new tenants.
Akelius continually works on optimizing Google Marketing, the company's
in-house developed Letting Application, and the website.

On-boarding of new tenants is also one of the most important touchpoints.
A good start with a new customer is critical.

Training and further digitization allow the regional service centers to move towards a more uniform on-boarding process.

digitalized handling of work orders improve service

Property managers are usually the ones resolving the tenant's issue in the property.

Internal communication is therefore key.
Akelius uses the self-developed Work Order Application to handle work orders.

Service center creates a work order according to the issues reported by the tenant for the property manager to handle.

The Work Order Application shows the status of all work orders, provide an overview of open cases, and facilitates communication between staff.
The handling of work orders is more efficient and ensures swift and accurate handling of tenants' issues.

digitalized communication with tenants and new services

The self-developed My Pages is an essential touchpoint for the tenants.
The application covers the full customer lifecycle, from lettings to setting the rent to customer service.
My Pages is a self-service tool for tenants that is available around the clock, every day.
Tenants can report errors, receive updates, find information, ask questions, pay online, or change their master data on My Pages.
The application allows seamless processes by bridging all the company's digitized processes.
This increases service and data quality.

My Pages is rolled out in Canada, UK, and France.
The continued development and the roll-out to US will be the main digital target for 2023.

governance

13 CLIMATE ACTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

corporate governance

Good corporate governance ensures that Akelius is managed sustainable, responsibly, and efficiently.

Akelius ensures this by fulfilling its obligations to its employees, tenants, and the community, while at the same time tackling the challenge of climate change.

Akelius' highest governance body is the Board of Directors.

focus areas

corporate structure

- corporate governance report
- overall governance structure
- the Board and the committees

governance framework

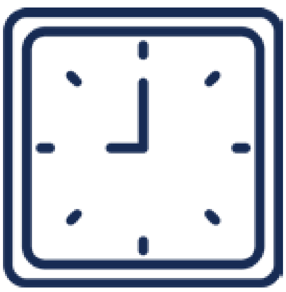
- Group policies
- Akelius Code of Conduct

tax transparency

- approach to tax and tax planning
- tax governance, control, and risk management
- stakeholder engagement and management of concerns related to tax
- country-by-country reporting

risk management

- strategical risks
- financial risks
- operational risks
- regulatory risks
- sustainability and climate change risks



4.3 years

average Board tenure

100 percent

of properties assessed for climate change risk

87 percent

of employees acknowledge Code of Conduct

The Board of Directors and the Chief Executive Officer of Akelius Residential Property AB (publ), company registration number 556156-0383, based in Stockholm, Sweden, hereby present their 2022 report for the Group and Parent Company.

corporate governance report

Corporate governance in Akelius is primarily regulated by key external governing documents and by applicable laws and regulations.

Key internal governing documents complement external regulations. These internal policies, instructions, and delegations clarify the responsibilities and the authority in various areas.

The Swedish Corporate Governance Code is mandatory for companies that have shares traded on a regulated market. Akelius D-shares are traded on the Nasdaq First North Growth Market, which is not a regulated market.

Akelius has decided to follow those parts of the Swedish Corporate Governance Code that the Board considers to be relevant for the company in relation to its operations and ownership structure.

The general mandate from the shareholders is to provide a high and stable long-term return. Ensuring this requires good corporate governance with a clear separation of responsibilities between the shareholders, the Board, and management.

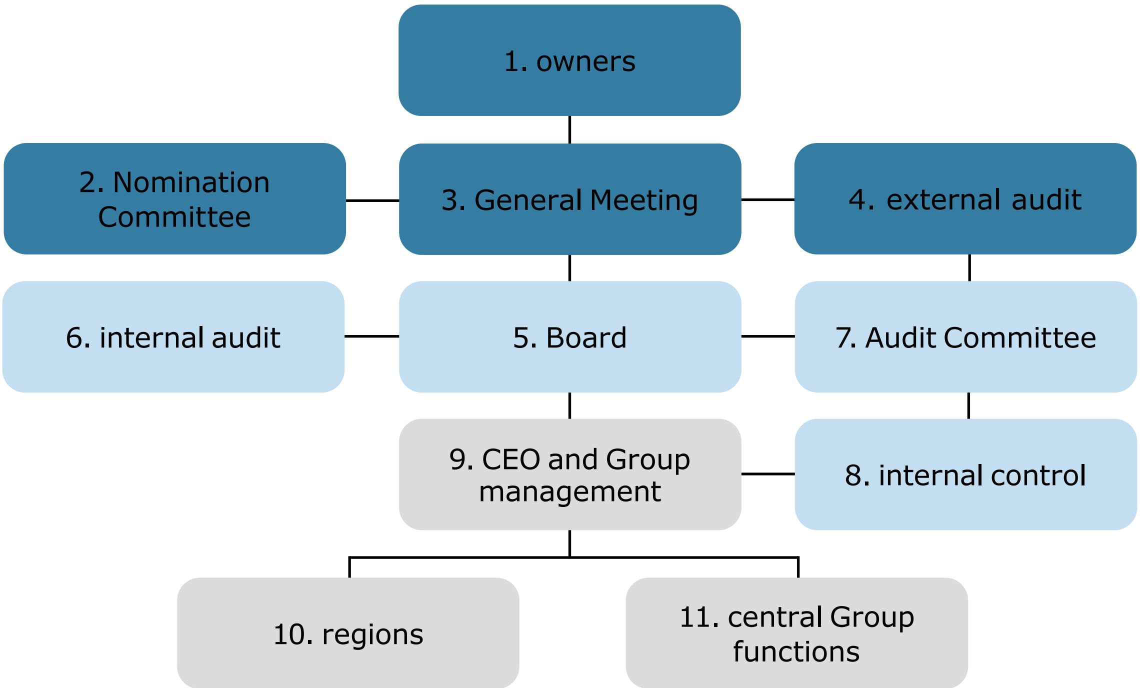
key external governing documents

- Swedish Companies Act
- Swedish Annual Accounts Act
- Swedish Corporate Governance Code
- Nasdaq First North Growth Market Rulebook for Issuers
- International Financial Reporting Standards
- UN Global Compact
- Global Reporting Initiatives, GRI

key internal governing documents

- Code of Conduct including whistleblower policy
- supplier Code of Conduct
- insider policy
- risk management policy
- anti-corruption policy
- purchasing policy
- sustainability policy
- IT-policy
- data protection policy

governance structure



articles of association

Akelius Residential Property AB (publ) is a Swedish public limited company with its registered office in Stockholm.

The Company’s object is to own and manage properties and pursue other closely related activities.

1. owners

The company has issued two types of shares, A-shares and D-shares. D-shares are listed for trading on Nasdaq First North Growth Market in Sweden.

The table below shows the ownership structure as of December 31, 2022.

ownership structure

	Number of A-shares	Number of D-shares[1]	Total number of shares	Share, percent	Votes, percent
Akelius Apartments Ltd[2]	4,883,467,977	128,422,865	5,011,890,842	84.02	84.90
Xange Holding Ltd	574,525,642	-	574,525,642	9.63	9.96
Giannis Beta Ltd	287,262,817	-	287,262,817	4.82	4.98
Akeliusfonder Ltd[2]	-	97,630	97,630	0.00	0.00
Other owners	-	91,479,505	91,479,505	1.53	0.16
Total	**5,745,256,436**	**220,000,000**	**5,965,256,436**	**100**	**100**
Share, percent	**96.31**	**3.69**			

1) each D-share confers the right to one-tenth of a vote

2) owned by Akelius Foundation

2. Nomination Committee

According to the resolution of the Annual General Meeting in 2022, the Nomination Committee shall consist of three representatives from the three shareholders with the largest voting power. The three shareholders will propose the candidates for the Board in the Annual General Meeting 2023.

3. General Meeting

The General Meeting is the company's highest decision-making body, through which the shareholders influence the company's affairs.

The Annual General Meeting appoints the Board and the auditors based on proposals from the Nomination Committee, adopt the income statement and balance sheet, pass resolutions regarding the allocation of the company's earnings, the discharge of liability, and changes to the Articles of Association. The Annual General Meeting also resolves on any new share issues.

Extraordinary General Meetings are held when requested by the shareholders or the Board.

2022 Annual General Meeting

The Annual General Meeting of the company was held on April 8, 2022. At the Annual General Meeting, approximately 99.32 (99.34) percent of the votes were represented. The meeting passed resolutions on the matters to be addressed by the Meeting according to the Articles of Association.

Among other things, it was decided

- to adopt the income statement and the balance sheet, the consolidated income statement and balance sheet, and to discharge the members of the Board and the CEO from liability
- in accordance with the proposal by the Board to pay a dividend of EUR 0.10 per class D ordinary share
- to pay a dividend of EUR 1.90 per class A ordinary share
- to increase the company's share capital by not more than EUR 149,073,043.231306 through a new issue of no more than 2,553,447,296 class A ordinary shares. The ownership of ten existing class A ordinary shares gives the right to subscribe for eight new class A ordinary shares. The reconciliation date shall be April 19, 2022 and subscription for the shares will take place from April 20 to May 4, 2022. The new class A ordinary shares will be issued at a subscription price of EUR 1.60 per share
- that the Board shall consist of five regular members and no deputy Board members
- to re-elect Anders Lindskog, Kerstin Engström, Thure Lundberg, Igor Rogulj, and Lars Åhrman as members of the Board
- to elect Anders Lindskog as Chairman of the Board
- to pay fees of SEK 500,000 to the chairman of the Board and SEK 300,000 to each of the regular Board members. No fees will be paid to Board members employed in the Group
- that the Nomination Committee is to be made up of the representatives from the three shareholders with the largest voting power
- to authorize the CEO, or the person appointed by the CEO, to file the resolution to issue new shares for registration with the Swedish Companies Registration Office and to make such minor adjustments to the resolution as may be required in connection with the registration thereof or other formal requirements

2022 extraordinary General Meeting

An extraordinary General Meeting in the company was held on December 2, 2022. Approximately 99.84 percent (99.35) of the votes were represented at the extraordinary General Meeting.

It was decided in accordance with the proposal from shareholders of all class A ordinary shares, that until the end of the next Annual General Meeting, the Board shall consist of six ordinary members and no deputy members.

It was decided that in accordance with the proposal that the remuneration shall be increased for the current term.

Accordingly, remuneration shall be paid to the Chairman of the Board in the amount of SEK 585,000 (500,000), and to Board members with SEK 350,000 each (300,000). No remuneration will be paid to Board members who are employed in the Group.

It was decided, in accordance with the proposal, to elect Pål Ahlsén as the sixth ordinary member of the Board.

4. external audit

According to the Articles of Association, the Annual General Meeting shall appoint at least one but not more than two auditors. The appointed auditors shall audit the annual accounts, the consolidated accounts, the subsidiaries' annual accounts, and the administration by the Board and the CEO.

The Annual General Meeting held on April 8, 2022, decided to re-elect Ernst & Young AB as the company's auditor. Fees are to be paid according to the approved account.

5. Board

The Board is appointed by the Annual General Meeting for the period up to the end of the next Annual General Meeting. According to the Articles of Association, the Board consists of a minimum of three and a maximum of seven members, with a maximum of two deputies. The Articles of Association contain no specific provisions regarding the appointment and dismissal of Board members.

The Board's overall task is to be responsible for the organization and administration of operations and for the financial reporting. The Board is also responsible for establishing systems for governance, internal control, and risk management. The Board's work and responsibilities, and its separation from the work and responsibilities of the CEO, are regulated by the Rules of Procedure and the instructions for the CEO, which are established at the statutory meeting held directly after the Annual General Meeting.

work of the Board 2022

Since the Extraordinary General Meeting in December 2022, the Board has consisted of six members. The Board held 21 meetings during the year. The Board meetings dealt with matters of considerable importance to the company, such as the establishment of policy documents, strategic decisions, purchases and sales of properties, shares, and financing. Furthermore, the Board was informed about the prevailing business climate in the property and credit markets.

A statutory Board meeting was held after the Annual General Meeting, at which resolutions were passed regarding signatories, the Board's Rules of Procedure, the CEO's instructions and a plan for scheduled Board meetings during the year.

During the Extraordinary General Meeting in December 2022, it was decided to increase the annual fee to the Board. The Chairman of the Board and other Board members who are not employed by the company have no pension or severance agreements.

6. internal audit

In 2015, an internal audit function, which reports to the main owner, was established.

The Board annually proposes a risk-based plan that the internal audit team should implement to ensure that they focus on the right areas.

7. Audit Committee

The Board has appointed an Audit Committee consisting of four (3) members of the Board during 2022. Pål Ahlsén joined as the fourth member in December 2022.

The Audit Committee's areas of responsibility are established by the Board. The Audit Committee shall prepare the Boards' work on quality assurance of the financial reporting process, including significant accounting issues.

The committee also has a special responsibility to monitor management's work with internal control, property valuations, tax management, risk, and corporate governance issues.

The Audit Committee frequently meets the external auditor to obtain information about the audit’s focus, scope, and results.
This is done by the committee taking part of the auditor’s written report and the auditor attending some of the committee meetings.
The committee reviews the result of the audit work and prepares for the appointment of the auditor.

In 2022, the Audit Committee consisted of Anders Lindskog, Lars Åhrman, and Thure Lundberg.
During the year, the committee held six meetings.
The CFO and head of Group Accounting, who is the committee's secretary, participated in all meetings.
The external auditors attended five meetings.

8. internal control

risk management in financial reporting

The risk assessment is continuously updated to include changes that significantly affect the internal control of financial reporting.

The most significant risks identified are misstatements in the financial reporting, valuation of the property portfolio, deferred tax and other taxes, financial assets, interest-bearing liabilities, and asset misappropriation.

internal control

The Board has the overall responsibility for the internal control of the corporate financial reporting.

The purpose of internal control of financial reporting is to ensure that the reporting is reliable and that the financial statements are prepared in accordance with GAAP and comply with applicable laws and regulations.

To ensure internal control,
the Board has established a number of governing documents based on an overall governance structure.

Based on these governing documents,
the CEO is responsible for designing internal processes and establishing internal policies and instructions.

Examples of internal controls

- planning, governance, and control of operations to follow the organizational structure
- preparation of business plans for the Group as a whole and for each operational department reporting directly to the CEO
- monthly reporting of operational key figures, which provide important information on results and development of the business
- accounting process follow up, including financial statements and consolidated accounts and its compliance with applicable regulations, accounting and valuation principles
- approval from the Board for important decisions including the acquisition and sale of new major properties
- clear delegation of authority
- an “open door policy” that enables employees to report on behavior or misconduct that may violate Group policies and be harmful to the Group's reputation

Akelius has information and communication channels designed to ensure that information easily reaches all employees and managers.

Internal controls are performed on a regular basis for all larger subsidiaries.
Additionally, the annual audits are prepared and conducted in close collaboration with the external auditors.

The Board has assessed that the control activities and follow-ups performed are sufficient.

9. CEO and Group management

The Board has delegated the day-to-day responsibilities for the company’s management to the CEO.
The Board appoints the CEO and annually establishes an instruction that regulates the division of work and responsibilities between the Board and the CEO.

CEO

The CEO is responsible for operating activities and financial reporting.
The CEO reports regularly to the Board about the company’s development in relation to the established governing documents.

Group management

The operation consists of three regions.
London and Paris are part of region Europe.
New York, Washington D.C., Boston, and Austin are included in region US.
Toronto, Montreal, Ottawa, and Quebec City are included in region Canada.

The organization is supported by central Group functions.
The Group Management, including the CEO, consisted of 7 (8) people at year-end.

10. regions

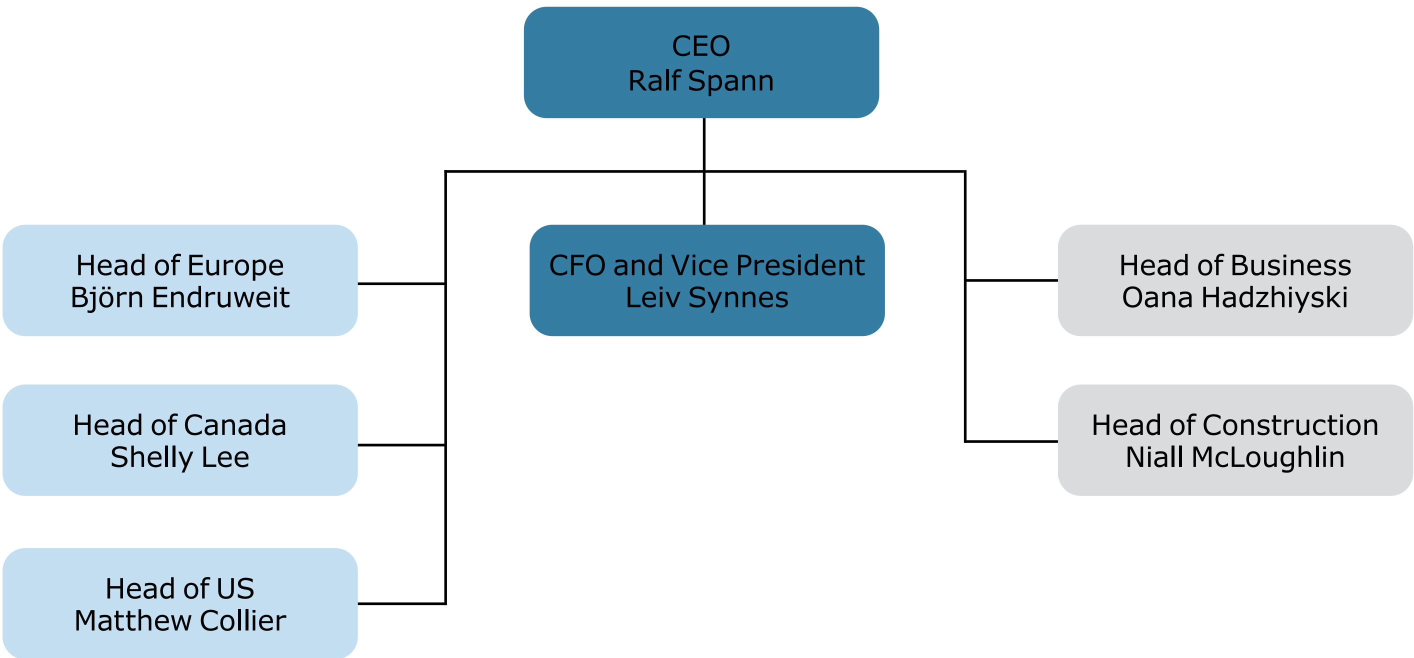
The regional managers are responsible for the profitability in their respective region.
This means responsibility for property management, lettings, upgrades, purchases and sales, property valuations, accounting in subsidiaries, tax and VAT compliance.
The regions had 686 (667) employees at year-end.

11. central Group functions

Central Group functions include finance, construction, and business development.
In total, central Group functions had 69 employees (198) at year-end.

During 2022, Akelius Residential Property AB sold Akelius Technology AB, including the IT department consisting of 94 employees.

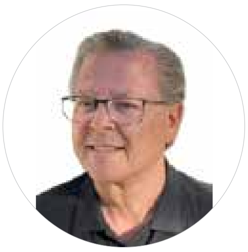
CEO and Group management



meeting room at Akelius' Toronto office

the Board of Directors

			
	Chairman of the Board	Board member	Board member
	Anders Lindskog	**Igor Rogulj**	**Lars Åhrman**
Born	1961	1965	1951
Elected	2017	2010	2017
Education	civil engineering, KTH Royal Institute of Technology, Stockholm	architect, University of Zagreb	business and economics, Gothenburg University
Experience, commitments[1]	- 35 years in construction management - Project Manager at Frank Projektpartner AB - Board member and owner of Anders Lindskog Byggkonsult AB	- architect at practices in Paris, Hannover, Berlin, 1991–2003 - partner at Vukovic + Rogulj, architecture and project development since 2003 - Council member of Akelius Foundation	- various positions at SEB, 1970–2008 - deputy CEO, Göteborg & Co, 2008–2012 - board member in various foundations
Dependency	- dependent of shareholders - independent of the company, and company management	- dependent of shareholders - independent of the company, and company management	- independent of shareholders, the company, and company management

			
	Board member	Board member	Board member
	Kerstin Engström	**Thure Lundberg**	**Pål Ahlsén**
Born	1958	1952	1972
Elected	2020	2020	2022
Education	master of laws, Lund University	-	master of economics, Stockholm University
Experience, commitments[1]	- lawyer, Member of the Swedish Bar Association, 1990–2012 - judge at the Court of Appeal, 2013–2020 - Council member in Akelius Foundation	- real estate advisor and broker, 1975–2015 - Founder of Lundberg & Partners - Chairman of Linteum Invest AB	- various positions at Akelius Residential Property AB, 2004–2010 - CEO, Akelius Residential Property AB, 2010–2020
Dependency	- dependent of shareholders, the company, and company management	- independent of shareholders, the company, and company management	- independent of shareholders - dependent of the company, and company management[2]

1) an extended list of experience and commitments is found on Akelius' website

2) dependent of company and company management as former CEO, less than five years ago

committees

The Board appoints committees to make decisions on the development of the company, including

- defining and applying Akelius' concepts within each area
- resolving proposals within the Group
- measuring the quality of the activities performed
- following-up on previous decisions, especially time frames
- initiate activities

Board members and any manager may not take part in the consideration of decisions on issues of special importance to themselves.

Business Committee

The Business Committee consists of Chairman of the Board Anders Lindskog, Board members Thure Lundberg, Igor Rogulj, and Pål Ahlsén, the CEO Ralf Spann, and the CFO Leiv Synnes.

The committee has the mandate to decide on investments of up to EUR 100 million.

Finance Committee

The Finance Committee consists of the CEO Ralf Spann, the CFO Leiv Synnes, and Board members Kerstin Engström, Lars Åhrman, and Pål Ahlsén.

The committee is authorized to enter into loans and other financial commitments up to the equivalent of EUR 100 million.

Audit Committee

Refer to information on page 95.

Construction and Design Committee

The Construction and Design Committee consists of Chairman of the Board Anders Lindskog, Board member Igor Rogulj, head of Construction Department Niall McLoughlin, head of New York Kimiya Khosravani, and head of Architecture Stephen Form.

The Construction and Design committee decide on proposals related to construction and design matters.

governance framework

Group policies

Group policies are issued by the Board of Directors.
The policies, together with the Code of Conduct, form the basis of Akelius' governance framework.

anti-corruption policy

Explains that Akelius does not accept or participate in the offering, request or acceptance of bribes, extortion or money laundering.

authorization policy

Ensures a framework of internal controls over which corporate functions that can take decisions for the group and the financial limits on such decisions.
Ensures application of the four-eye principle when entering into agreements with external parties.

finance policy

Underlines the responsibilities of the Board, the Finance Committee, the CEO and the CFO with respect to finances.
The policy provides guidance on managing risks and authorizations.

freedom of association policy

Practices freedom of association for all employees.
It commits to the legal right of the staff to join, organize, and form independent labor and trade unions.
The policy also respects the right to collective bargaining.

greenhouse gas emissions reduction policy

Commits to undertake all the necessary and feasible actions to reduce the greenhouse gas emissions.
These actions are defined in Akelius’ climate action plans.

green procurement policy

Ensures that Akelius procures in a sustainable and honorable way.
The company follows environmental, social, and governance factors when procuring goods and services.

political involvement policy

States that Akelius respects employees' freedom of political participation.
However, personal political activities of employees must be clearly distinguished from Akelius’ business.
This refers to work-time, resources, or funds.

responsible investment policy

Ensures responsible investments by following sustainability criteria.
The sustainability criteria are integrated in the company’s global acquisition process and subject to permanent reviews and amendments.

risk management policy

Explains the way Akelius structures its risk management and the considerations inherent in making risk assessment.

staff diversity and equality policy

Ensures equal opportunities and treatment for all staff.
Akelius does not tolerate discrimination or harassment of any sort against staff, job applicants, or any other stakeholders.

sustainability policy

Defines Akelius’ commitment to constantly improve its sustainability performance.
The sustainability management of the company is based on four layers of policies, targets, action plans, and results.

whistleblower policy

This policy is part of the Code of Conduct.
Explains the reasons for the whistleblower function, how it works and technically ensures anonymity for whistleblowers who use the whistleblower reporting system.

Code of Conduct

Akelius' core policy is the Code of Conduct.
Akelius is committed to

- respecting the rule of law and acting in accordance with laws and regulations in all countries where business is conducted
- conducting business with integrity and honesty
- acting in an environmentally and socially sustainable manner
- continuously developing the safety and quality of services

The Code of Conduct explicitly states

- the environmental compliance of products as a requirement for suppliers
- that child labor, slavery, or forced labor are not tolerated

The Code of Conduct sets the expectations for employees and Akelius’ business partners’ management practices.
Akelius’ Code of Conduct

- is the basis of all business activities
- determines success as a long-term, sustainable business
- promotes excellence as a corporate culture

Akelius ensures that the Code of Conduct is read and respected within the Akelius Group.
87 percent of all active employees have passed the Code of Conduct test.

compliance

Akelius' legal team monitors and ensures compliance with laws and regulations in cooperation with the relevant parts of the organization.
Property compliance must address legal requirements on environmental as well as health and safety regulations.

Akelius' Property Compliance Application supports handling of compliance tasks.
The benefits of the application are

- increased transparency
- facilitation of compliance task management
- accidents prevention
- legal compliance

As a result, Akelius takes immediate actions to correct any incidents of non-compliance with environmental as well as health and safety regulations.
During 2022, no such incidents were recorded.

whistleblower channel

Akelius encourages employees, suppliers, and other business partners to report suspected violations against the Code of Conduct anonymously through Akelius' system for whistleblowing.
Information on and a link to the independent system can be found on Akelius' webpage under governance and whistleblower.
Violations can also be reported via email to whistleblower@akelius.com,
or by mail to whistleblower, P.O. Box 5836, SE-102 48, Stockholm.
A meeting can also be arranged for submitting a whistleblower report, if requested.
Only the Chairman of the Board and the company's General Counsel have access to the whistleblower system and the other channels.

Code of Conduct violations may lead to disciplinary measures including dismissal and prosecution.
The company protects the anonymity of anyone who reports suspected misconduct in good faith.
The whistleblower system is available in all languages Akelius operates in.
Akelius trains employees annually on Code of Conduct including the whistleblower procedures.
Akelius had a limited number of cases of corruption and discrimination during the year.
None of them were of financially material significance and all have been dealt with in line with Akelius policy and employment law.

anti-corruption

Akelius’ Code of Conduct prohibits corrupt activities.
The anti-corruption policy expands and explains the Code of Conduct and guides Akelius employees on how to be honorable.
Acceptable gifts that are either given or received must fulfill specified requirements.
Akelius employees may never offer or accept any kind of benefit from government representatives.
Akelius employees may never knowingly use a current Akelius contractor or supplier of construction material or services for personal purposes.

The anti-corruption policy test is mandatory for all Akelius employees.
85 percent of all active employees passed the anti-corruption test.

tax transparency

Taxes are important sources of government revenue.
United Nations acknowledges taxes as a vital part in achieving Sustainable Development Goals.

Public reporting on tax increases transparency and promotes trust and credibility,
according to Global Reporting Initiative, GRI 207: Tax.

approach to tax

The key strategy includes paying the required tax where Akelius conducts business.

Transactions are in accordance with the tax law in the respective jurisdictions and international agreements and regulations.

Tax planning follows the law and there is sufficient documentation to support actions.

Akelius business model includes local management,
which automatically implies that Akelius has a sufficient substance in all jurisdictions where Akelius operates to be able to benefit from the tax treaties in relevant jurisdiction when necessary.

tax governance and control

Tax compliance is controlled and overviewed ultimately by the Audit Committee.
The CFO notifies the Audit Committee of any potential changes to tax law that will have an effect or impose a risk on Akelius' business.

Tax governance and control have been delegated to the Akelius Group tax manager, which reports to the CFO.

The CFO office

- is responsible for legal structures and transactions regarding tax optimization
- manages cross-border tax planning and optimization
- monitors changes in tax legislation together
- reports material risks in terms of monetary amounts and reputation to the Board
- assists operations and local accounting in tax related topics

Each local head of finance manages tax issues for their country including

- tax compliance
- reporting
- planning and optimizing
- law monitoring

The Group tax manager together with the CFO provide the organization and the Board with relevant tax education on a regular basis during the year.

The aim of the education is to raise the awareness of the tax strategy, current and new tax legislation that affects Akelius, and how tax governance and control is carried out throughout the organization.

tax risks are identified, managed, and monitored

Akelius does not take uncertain tax positions or participate in aggressive tax planning.

The main tax risks for Akelius are implementation of new tax legislations or praxises in the respective jurisdictions.

Tax risk can also arise when implementing new policies and routines.
If not implemented correctly and in time it can lead to incorrect reporting and potential penalties.
Relevant head of finance is informed and responsible for implementing any required changes in the organization.

Local head of finance is responsible for ongoing tax audits.
Tax audits are carried out in collaboration with Group tax manager that oversees the process of both audit and implementation of audit findings.

Akelius' Group tax manager reviews and ensures that the reporting and tax compliance has been fulfilled correctly and in a timely manner by the head of finance in each country.

stakeholder engagement

Akelius has open discussions with tax agencies in all operating countries.

Akelius is not carrying out any kind of lobbying activities related to tax.

country-by-country reporting

Country-by-country reporting is found in the sustainability notes on page 234.

tax disclosures

EUR million	2022
Corporate income tax	1
Equity tax and net asset tax	1
Gross receipt tax, revenue	-
Property tax paid	44
Property tax charged back to tenants	-
VAT paid, non-deductible	19
Sale and use tax	-
Stamp duties and transfer tax	7
Energy and carbon tax	1
Withheld employee income tax	6
Social security contribution and payroll tax	6
Total tax paid	**85**

corporate income tax

During 2022, Akelius paid EUR 1 million in corporate income tax, which relates to operations in the UK.

The Parent Company has reported taxable income for 2022, which has resulted in used tax loss carryforward.

equity tax and net asset tax

State of New York and New York City levy state tax based on net asset value apportioned to the state and city.

The tax paid amounted to approximately EUR 1 million in 2022.

property tax

Property tax is paid on all Akelius' properties.
The tax rate depends on the type of building, site, and vacancy.
Tax rates vary depending on the municipality properties are located in.
During 2022, paid property taxes amounted to EUR 44 million.
The property tax is generally not recharged to the residential tenants.

value added tax, VAT

Residential properties are exempt from VAT. Akelius does not charge VAT on rents to residential tenants and can therefore not deduct its input VAT on operating costs and investments relating to its residential properties.

If a premise is let to a commercial tenant that conducts business subject to VAT, Akelius will generally voluntarily register for VAT.
Thus, it is possible to deduct input VAT on both operating costs and investments relating to the part leased to the commercial tenant.
VAT is charged for goods and services in Europe.

Canada has a similar tax system as Europe. In Canada VAT is charged nationally for the provinces that has harmonized their tax. Some provinces, such as Quebec, still charges provincial sales tax.

In 2022, non deductible VAT totaled EUR 19 million.

stamp duties and transfer taxes

Transfer tax is paid upon acquisition of properties.
The transfer tax is generally a percentage of the purchase price of the property.

In France, UK, Washington D.C., and New York there is also transfer tax on the acquisition of shares in a company that primarily holds real estate located in the country or state.

In regards to share deals the basis can either be the full market value or the market value excluding company debt.

In 2022, EUR 7 million were paid in stamp duties.

energy taxes

Energy purchased to use for heating, cooling, ventilation, and lighting in properties includes energy taxes.

Paid energy taxes amounted to approximately EUR 1 million in 2022.

employee tax

Employers need to withhold and pay the employees income tax.

During 2022, Akelius withheld and paid EUR 6 million in income tax on behalf of the employees.

social security contributions and payroll taxes

In 2022, Akelius paid EUR 6 million in social security contributions and payroll taxes.

Social security contributions in Sweden is 31.42 percent based on salary.
Sweden also levies payroll tax of 24.26 percent on pension contributions.

Employers in France pay 44.57 percent in social security contributions based on salary.

Employers in the UK pay 15.05 percent in social security contributions based on salary and 13.80 percent on other taxable benefits.

Employers in the US pay 11 percent in social security contributions based on salary.

Employers in Canada pay 12 percent in social security contributions based on salary and a payroll tax of 38 percent on pension contributions.

risk management

All business is based on accurate calculations of risk versus reward.

Risk management involves a continued and systematic process.

In this process potential risks are

- identified
- evaluated
- documented
- managed

The goal of Akelius' risk management is to

- ensure internal awareness of material risks to the company
- separate necessary risks from unnecessary risks
- avoid unnecessary risks and mitigate necessary risks

The Board of Directors has delegated the tasks concerning risk management to the Audit Committee.

The CFO and the General Counsel are risk managers,
the CFO is financial risk manager and the General Counsel is operational risk manager.
They are responsible for the risk management process.
Akelius' executives are responsible for controlling risks in their areas.

Akelius has implemented a risk assessment matrix where all risks are assessed on both materiality and probability scales of 1 to 4, see pages 107–108.

operational risk management

The operational risk management process includes identifying, assessing, reporting, and controlling risks.

Akelius identifies risks that impact the performance of the strategy and business objectives.

Once a year, the Board sets targets and prioritizes risks that need to be managed by the executives.

Targets are followed up by regular risk assessments and ad hoc assessments.

Identified risks shall be evaluated based on the criteria of

- amount of loss
- probability of occurrence
- assessment of severity if realized

financial risk management

The financial risk management process involves reviewing company performance against the targets in the Financial Policy.

The process also ensures compliance with accounting, reporting, and tax regulations.

This is done through

- weekly liquidity report to management
- monthly financial report to management and the Board,
  including financial targets and stress tests
- publishing quarterly interim reports

The CFO orders special investigations upon ad hoc signals of early warnings or extraordinary events.

Material financial risks are escalated to the Audit Committee, the Financial Committee, and the Board.

sustainability and climate change risk management

Akelius' management continuously evaluates environmental, social, and governance risks, including climate change risk.

Risk management implies active decision making in terms of risk level evaluation, prioritization, and composition.

In 2022, Akelius conducted a full climate change risk assessment based on two different scenarios,
see page 72.

risks in Akelius

strategical risks

- macroeconomic risks and crises
- changes in rules and regulations that have material impact on business
- composition of portfolio
- digitalization

financial risks

- financing and refinancing
- change in interest rates
- changes in value of financial instruments
- currency fluctuations
- breach of terms and covenants in credit agreements

operational risks

- changes in property values
- high vacancy
- high volatility in rental income
- decreased rent collection
- increasing property costs
- high staff turnover harming day-to-day business
- dissatisfied tenants
- external cyber threats
- external threat of fraud or criminal acts
- legal issues
- business disruption

regulatory risks

- non-compliance with rules leading to fines and/or other penalty
- tax issues
- environmental litigation
- staff related disputes

sustainability risks

- reputation
- corruption and breach of Code of Conduct
- risks from climate change

risk assessment matrix

	Key risk	Materiality of occurence[1]	Probability of occurence[2]	Risk development	Materiality measurement
strategical risks	macroeconomic risks and crises	4	1	decreased	stress tests carried out continually according to Financial Policy
	changes in rules and regulations that have material impact on business	3	2	neutral	continuous follow up on portfolio diversification between cities and countries
	composition of portfolio	2	2	increased	continuous follow up on market opportunities and stress tests
	digitalization	1	1	neutral	monitoring efficiency of the operation
operational risks	changes in property values	3	3	decreased	stress tests
	high vacancy or/and rent level decreasing rental income	2	2	decreased	stress tests
	decreasing rent collection	1	4	decreased	amount due in relation to the total amount charged to the tenants
	increasing property costs	2	2	increased	net operating income amount
	high staff turnover harming day-to-day business	1	2	increased	estimation and general experience, is not easily quantifiable
	dissatisfied tenants	2	1	decreased	number of tenant cases received
	external cyber threat	1	1	decreased	historical occurrences
	external threat of fraud or criminal acts	2	1	decreased	amount at risk compared with analysis of system vulnerabilities
	legal issues	1	4	decreased	number of legal cases above EUR 50,000
	business disruption	1	1	decreased	number of reported disruptions, and nature of the disruptions

risk assessment matrix, continued

	Key risk	Materiality of occurence[1]	Probability of occurence[2]	Risk development	Materiality measurement
financial risks	financing and refinancing	3	1	decreased	debt maturity and fixed interest rate level
	change in interest rates	2	2	decreased	debt level demonstrated by loan to value
	changes in value of financial instruments	3	3	decreased	change in fair value of financial debts compared to financial assets
	currency fluctuations	2	4	increased	currency position corresponds to targets
	breach of terms and covenants in credit agreements	2	1	decreased	interest coverage ratio
regulatory risks	non-compliance with rules leading to fines and/or other penalty	2	1	decreased	amount of fines
	tax issues	2	1	decreased	amount of tax litigations
	environmental litigation	1	1	decreased	assessment of risk in property portfolio combined with reasonable assumption on amount
	staff related disputes	1	1	decreased	assessment of the amount compared to historic cases
sustainability risks	reputation	2	1	unchanged	in the media, local authorities, peers
	corruption and breach in Code of Conduct	1	1	unchanged	number of whistleblower cases
	risks from climate change	2	3	increased	see pages 72–75

1) materiality scale.
1 for EUR 1 to 5 million, 2 for EUR 5 to 50 million, 3 for EUR 50 to 250 million, 4 for EUR 250 million and above

2) probability scale.
1 for 0 to 25 percent, 2 for 26 to 50 percent, 3 for 51 to 75 percent, 4 for 76 to 100 percent

strategic risks

macroeconomic risks and crises

description

A recession, or financial crisis in the markets where the company is active, could severely effect the funding costs and property values.

exposure and opportunities

Akelius carries significant exposure to the financial markets and requires periodic refinancing.
A weakened income could quickly lead to a loss of continuity in operations.

No market is impacted by the same magnitude during a crisis.
Akelius benefits from being diversified, operating in different markets.

management actions

Akelius only invests in conservative assets and has for many years worked to achieve long term, diversified financing and assets across different currencies and geographies, thereby avoiding large exposure to only one market.
Historically, real estate and financial crises are unlikely to simultaneously occur in all countries where Akelius is active.

development

The macroeconomic risks have decreased since the sale of all assets in Germany, Sweden, and Denmark in 2021.
The lower risk is due to lower exposure of the real estate market,
and a lower debt to equity ratio.

changes in rules and regulations

description

Possible changes in the business environment, including political and regulatory changes in countries where Akelius operates,
might negatively impact the company's operations.

exposure and opportunities

Even by investing in financially conservative assets, such as residential properties in metropolitan cities, Akelius cannot avoid the political risk of increased regulations on rents and on construction permits.
Additionally, new requirements related to energy certifications means that more apartments could be qualified as indecent and can therefore not be rented out,
or more construction work could be necessary.
Other cities are required to report utility consumptions meaning increased costs for data collections.
New regulations related to climate change push the company towards being even more sustainable.
This can be seen as an opportunity for the company.

management actions

Akelius has reconsidered its geographic markets.
The portfolio in Germany, a country in which rent regulation is on the forefront of political debate, was divested.
The Board has adopted a policy on diversification to ensure that the company avoids overexposure to any city or region.

development

The sale of all assets in Germany, Sweden, and Denmark in 2021 reduced the risk as the amount of operating markets decreased.
Since then, the impact of changes in rules and regulations has been neutral.
However, the number of new regulations related to climate changes increases the risk.

composition of portfolio

description

There can be negative aspects from holding only residential real estate in the cities where Akelius operates.

exposure and opportunities

Risks include rent increased restrictions due to the political climate, high tenants' turnover and litigation costs.

The opportunities are low vacancy and less vacancy volatility compared to non-residential real estate business.

management actions

The company mitigates the risk by reducing vacancy, completing capital projects, having an efficient litigation process, being aware of new local regulations and local policies,
as well as continuously looking to diversify and evaluate new cities.

development

The risk has increased due to the sale of properties in Sweden, Germany, and Denmark.
Akelius can mitigate the risk by continue to complete capital projects and reduce vacancy.

digitalization

description

The company's exposure to risks related to digitalization is lower compared to other improvement opportunities.
Opportunities include reduced costs, improved efficiency, and improved data collection.

exposure and opportunities

Digitalization means dependency on applications and their complexity.
Digitalization also means continuous process improvement to increase efficiency.

management actions

Akelius continuously implements new applications and enhances the existing ones to support operational needs.

New digitalized tools require education of staff.

development

A risk of digitalization is the continuous need to improve digital tools.

On the other end, staff is well acquainted with digitalization and the education on the new tools is improving continuously.

risk discussions at the Toronto office

cybersecurity strategy

Akelius’ business processes rely on information technology services. Therefore, high integrity and availability of technology services are crucial.

Any interruption in the business activity can impact the revenue and reputation of Akelius.

Two main factors determined the focus and work of cybersecurity,
the ongoing pandemic and the war in Ukraine.
Both led to a massive increase in cyber attacks.

The security unit's main concerns are targeted attacks on the company's infrastructure, on staff with phishing, or on an unsecured home office environment.

Another key technology risk is an event which could cause a breach of data confidentiality or integrity.

The growing use of digital processes, the smart home digitization and control, and the processing of personal data in compliance with GDPR have increased the importance of protecting data.

Akelius has implemented a technology security strategy based on ISO27001, and designed tailored controls to limit the impact of technology risks.

The main factor is detecting attacks in time. Therefore, a focus has been on automatic detection of attacks and their defense.

Akelius regularly educates and tests its employees to recognize and avoid cybersecurity risks.

Additional controls include, but are not limited to

- automatic detection of attacks and defence
- external penetration tests
- encryption at rest and transmission
- data classification
- policies and guidelines
- consolidation, standardization, and hardening of systems

These measures are continuously analyzed, expanded, and improved when necessary. Board member Kerstin Engström is appointed as a representative in the Board to oversee cybersecurity related topics in Akelius.

security and data protection education

Akelius uses a modular based security and data protection awareness training solution. This allows targeted training for specific groups such as finance staff, developers, or executives.

To test the effectiveness of the training courses, Akelius performs phishing attack simulations on all staff.

Phishing is a cybercrime in which someone, posing as a legitimate institution, contacts a target by email, telephone, or text message.

Ninety percent of all breaches start with an email.

Phishing puts staff and the company at risk.

This is due to the possibility of the scammers gaining access to Akelius' financial information, personal data, and proprietary information.

The most important factors regarding the phishing threats are detection and defense. Employees were trained to recognize phishing emails and report them to IT Service Desk.

This helps Akelius strengthen its cybersecurity even further.

operational risks

changes in property values

description

Individual and systematic errors in the valuation process, such as incorrect assumptions regarding growth, profitability, and yield have an impact on property valuation.

exposure and opportunities

Individual errors in valuation have a greater likelihood than systematic errors, but less risk.
Even though systematic errors are less likely, they have higher materiality.
The exposure can be higher, particularly when market conditions are changing, which challenges assumptions made in the valuation process.
The company can benefit from valuation analysis that brings out hidden values and improvement opportunities in property management.

management actions

Akelius can mitigate the risk by improving investment applications, data collection, and continually checking internal valuation models against external valuations.
Annual follow up against external valuation of at least one third of the portfolio.

performance indicator

Deviation of internal valuation against external valuation.

development

The risk of errors in the valuation process has decreased due to a smaller property portfolio.

high vacancy or/and rent level, decreasing rental income

description

Rental income can be impacted by a decrease in market rents, indexation rate below inflation, as well as high vacancies.

exposure and opportunities

For Akelius, reduced income is derived from lower rental value and higher vacancy.
Depending on the market, the rent level and/or higher vacancies can be affected by authority requirements on energy property certifications, construction, or decreased demand for apartments in a specific location.
During the pandemic, the demand for apartments in metropolitan cities decreased slightly but is now as high as pre-pandemic.

management actions

Residential properties in growing metropolitan cities located in A and B locations ensure stable revenue.
Vacancies and rent levels fluctuate less for multifamily dwellings than for other types of properties.
Low vacancies and rent level growth are more likely in attractive, high quality residential buildings.
Akelius focuses on completing ongoing construction.

performance indicator

Vacancy and rent levels can be measured by new rent level, real vacancy, and construction vacancy.

development

Decreased due to lower construction vacancies and higher rental levels following the end of the COVID-19 pandemic.

decreasing rent collection

description

If rents are not paid by the tenants on time it can lead to losses for Akelius.

exposure and opportunities

Akelius has residential tenants and is therefore exposed to tenants who could potentially stop paying their rents.
It is not possible in all markets to evict defaulting tenants.
Exposure is reduced by carefully selecting tenants.
Having attractive apartments in good locations attracts many applicants.

management actions

Akelius follows up on the collection of rents to mitigate the risk that tenants do not pay their rents.

performance indicator

The success of the rent collection can be indicated by the bad debt provision reported in income statement.

development

The impact of bad debt has decreased due to a better lettings and litigation process.

increasing property costs

description

The risk that the property costs grow more than the rental income.

exposure and opportunities

Property costs include utility costs, maintenance, and operating expenses.
Utility costs such as electricity, gas, water, and heating, are affected by macro-economic and regulatory factors, such as stricter demands for reduced emissions, and the transition to fossil free energy.
Other operating expenses include insurance costs that could increase as a consequence of climate change, such as an increased risk of flooding and extreme weather conditions.
Insuring properties in risk areas also increases costs.

A change of +/–1 percent in property costs would affect total cost by EUR –/+ 36 million for the entire Akelius portfolio.

management actions

Akelius continuously looks for improvement in cost-efficiency.
Each city is responsible for ensuring that the property portfolio is well-maintained.
Akelius upgrades properties or acquires upgraded properties,
which limit the need for extensive repair.
Electricity purchased for the properties is, when possible, replaced with green electricity from renewable sources, and solar panels are installed.
Local staff will continue to be trained to ensure best practice and to keep costs low.

performance indicator

Growth in net operating income indicates a lower risk for property expenses increasing more than rental income.

development

The risk associated to higher property costs has increased due to the ongoing energy crisis and higher inflation.

high staff turnover harming day-to-day business

description

High staff turnover can occur for various reasons and can lead to sub-optimal business performance.

exposure and opportunities

There is always a loss of knowledge and competence when staff leave.
This can impact all processes in the company.
However, new staff can bring new ideas and perspectives,
which is an opportunity for the company to improve.

management actions

- provide career development opportunities, encouraged staff to perform better, and create good working conditions for better performance
- provide attractive offices and environments where staff experience well-being
- provide possibility for hybrid work to insure better life-work balance

performance indicator

The staff turnover rate is an indicator of how good the company is at retaining staff.

development

The staff turnover rate has increased.

dissatisfied tenants

description

Dissatisfied tenants will eventually leave the apartments.
This increases vacancy.
Also, if dissatisfied tenants stop paying their rents, bad debt is generated.
All this will impact the business and the reputation of the company negatively.

exposure and opportunities

The core of Akelius' business model is to provide better living for its tenants.
Amongst others, this means providing upgraded apartments and excellent customer service.
Using digitalized tools to communicate with tenants, increases the customer service quality.
Additionally, to further enhance the connection to its tenants and the local communities, Akelius engages in activities with the stakeholders.

management actions

Akelius has service centers at least in each region.
This improves accessibility and the service.
Service center agents and property- and lettings managers receive education, to further enhance the quality of service.

performance indicator

The customer satisfaction can be measured by looking at real vacancy, number of complaints, lawsuits, and general public perception of the company.

development

The risk connected to dissatisfied tenants has decreased.
Akelius' apartments and services offered are attractive.
Tenant services are continually developed to increase tenant satisfaction.

external cyber threat

description

External cyber threat mainly consists of theft or hacking of information on the company's server or in its systems.
These fraudulent activities can lead to confidential information, such as personal data, financial and proprietary information, falling into wrong hands.

exposure and opportunities

Akelius has a large number of substantial financial transactions.
Akelius has no patents and limited value in intellectual property,
meaning the exposure is limited.
Akelius handles a lot of personal data, both on tenants and staff.
A breach of data confidentiality or integrity imposes both monetary sanctions and damage on the company's reputation.

management actions

To mitigate the risk for cyber attacks, Akelius continually reviews and improves processes and authorization manuals,
and has implemented the four-eyes principle.
Staff are also trained on cybersecurity annually.
The training is mandatory.

performance indicator

The company can measure the risk for cyber attacks by the number of phishing emails and cyber attacks.

development

The risk for cyber attacks has decreased due to improved processes and thorough training.

For more information about cybersecurity within Akelius, see page 111.

external threat of fraud or criminal acts

description

A third party can through theft, forgery, or any other criminal act gain possession of Akelius' assets.
A third party can also forge documents or contracts to exercise false ownership of Akelius' assets or place liens on the company's assets.

exposure and opportunities

Akelius has a large number of properties in various countries and is therefore exposed to this type of risk.

management actions

Internal control procedures, clear authorization rules, and increased focus on IT security limit the risk.

performance indicator

The exposure to criminal acts can be measured by the number of reported forge documents or signatures.

development

The risk of criminal acts has decreased due to better IT security risk management and secure digital signatures.

legal

description

Operations deal with contracts, purchase and sale agreements, and construction contracts.
The legal contracts come with legal liabilities and obligations.
Mismanagement of the contracts can result in a defective transaction or a claim against the company.

exposure and opportunities

Many contracts are entered on a weekly basis.
The large volume, as well as a high level of materiality, can pose a risk.
Many construction and property acquisition agreements are standardized,
and are therefore less risky.
If a counterpart defaults in relation to the contractual obligations, the company has the opportunity to litigate.

management actions

Akelius can mitigate the legal risk by continuously improving contract management.
This includes review and advice by the internal legal unit, especially on re-occurring and material contracts.

performance indicator

The level of legal risk can be measured by the number of legal cases.

development

The legal risk has decreased due to improved contract management processes and operational control.

business disruption

description

Utility disruptions, as well as software and hardware failures for an extended period of time, can cause business disruption.
There were a few occasions where the offices had to be shut down due to fire in the office building, power outrage, or internet shut-down.
In most cases, recovery was achieved within a day or two.
Longer periods with these kind of disruptions would have been more problematic for the business activities.

exposure and opportunities

Akelius does not face any greater exposure than other companies in this regard.

management actions

Akelius has a documented crisis management process.
The company also continuously improves its IT security.
Staff receive education in both crisis management and IT security.

performance indicator

The exposure to business disruption risk is measured by the number of reported disruptions.

development

The risk for business disruption decreases continually due to management actions.

financial risks

financing and refinancing

description

Liquidity risk is the risk of not having access to funds due to poor market liquidity.
Liquidity is secured by entering into long-term credit facility agreements with several banks.
Refinancing risk is the risk of not having access to adequate financing on acceptable terms at any point in time.

exposure and opportunities

Akelius ensures to have a high liquidity in forms of cash, unutilized credit facilities, or liquid assets.
Akelius' diversified portfolio gives access to multiple funding sources in various countries.

management actions

Akelius’ refinancing risk is mitigated by

- diversified borrowing through ten bonds and loans from nine banks
- 4.0 years debt duration
- liquidity of EUR 2,772 million, 1.5 times larger than senior debt
- unencumbered properties of EUR 5,606 million
- diversification through assets in ten metropolitan cities in four countries
- BBB credit rating by Standard & Poor's and Fitch Ratings

performance indicator

Akelius measures its exposure to refinancing risk by cash sources to cash uses, weekly liquidity amount, debt duration, and amount of short term debt.

development

Increased inflation, higher interest rates, and higher market uncertainty have increased the cost for new long-term financing.
As a result, Akelius’ economic value of existing long-term funding has increased.
The same market effects have a negative impact on the value of Akelius’ bond investments.
The negative effect is neutralized by the positive value change of the debt portfolio.

change in interest rates

description

Interest rate risk is the potential that a change in overall interest rates will change the value of financial assets and the fair value of interest-bearing liabilities,
and will impact interest cost and interest income.

exposure and opportunities

Interest expense has historically been Akelius' largest item of expenditure.
The minority of Akelius’ credit facilities have a variable rate of interest.
Interest expenses are affected primarily by the current level of market interest rates and the credit institutions’ margins,
as well as the strategy Akelius chooses for interest rate fixings.
A higher market interest rate means an increase in interest expense,
and an increase in interest income.
This often coincides with higher inflation and economic growth.

Akelius benefits from having long-term debt with a fixed interest rate for on average 5.1 years.

Akelius has no need to raise more debt,
and expects lower interest cost in the short to medium term due to a decreasing debt level.

management actions

Akelius constantly monitors its financing situation to find the best opportunity to refinance the debts,
based on the market situation and its needs for financing.

performance indicator

The exposure to interest rate risk is measured by the interest coverage ratio.

development

The exposure to interest rate risk has decreased.
Because of the sale of the German and Scandinavian portfolios,
the debt level in Akelius has decreased.

currency fluctuations

description

Currency risk arises from the change in price of one currency in relation to another, creating unpredictable profits and losses.

exposure and opportunities

Akelius owns properties via subsidiaries in France, the UK, Canada, and the US.
The subsidiaries have income and expenses in local currency and are thereby not exposed to exchange rate fluctuations.
The Parent Company has financial assets and liabilities in different currencies and is therefore exposed to exchange rate fluctuations.
Exchange rate fluctuations also occur when translating the foreign subsidiaries' assets and liabilities into the Parent Company's currency on Group level.

management actions

Currency positions are in the currencies of the properties that Akelius holds or intends to hold.
Financial investments net out the volume of interest bearing debt in the respective currency.
Currency changes therefore have limited negative impact on Akelius' credit worthiness.

performance indicator

The exposure to currency risk is indicated through the currency gains and losses reported in equity and the currency exchange difference reported in the income statement.

development

Akelius is more exposed to currency fluctuations after the sale of the property portfolio in Germany, reported in EUR.

breach of terms and covenants in credit agreements

description

A breach of terms or covenants means that the obligations or covenants in the company's credit agreements are not met.

exposure and opportunities

The consequences of a breach of terms and covenants include

- penalty charged by the bank
- increase in the interest rate
- increase in the collateral
- termination of the debt agreement

management actions

Continuous monitoring and control of the credit portfolio and its terms and covenants lead to actions such as

- proactive and close dialogue with lenders concerning adapting the terms and covenants in existing credit agreements
- specific actions that can be taken, if needed, to remedy any non-compliance, such as payment of interest into an escrow account, adjustment of covenants, covenant holidays, or certain repayments

performance indicator

The exposure to terms and covenant breaches can be measures by the number of breached covenants.

development

Akelius has not breached the terms or covenants in its credit agreements and has been able to renegotiate with the lenders when needed.

regulatory risks

non-compliance with personal data regulation leading to fines

description

Processing of personal data of tenants is a risk for the company,
which, if not carried out correctly,
can lead to substantial fines.

exposure and opportunities

The processing of personal data related to tenants, staff, and suppliers is subject to GDPR.

management actions

Akelius has implemented appropriate processes and systems for handling personal data.
The process is monitored internally, ensuring new applications are fulfilling the legal requirements.
Staff continuously receive education on the topic.

performance indicator

Non-compliance of personal data regulation can be measured by the amount of GDPR fines.

development

The risk associated with non-compliance of personal data regulation has decreased.
This is due to the decrease of the Akelius' portfolio and increased awareness among the staff.
So far, Akelius has not received any GDPR fines.

tax

description

Tax on real estate is a local and complicated topic.
In international groups like Akelius it can be hard to foresee the consequences of how local rules interact with each other.

exposure and opportunities

As a international company, Akelius is exposed to a large range of taxes, including VAT, sales tax, income tax, and energy tax.
As a real estate company with high asset value, the exposure to tax can be substantial, especially to property tax.

At the same time, Akelius also has opportunities to save money by appropriate tax management.

management actions

The Group tax manager oversees local tax processes and continuously searches for opportunities to reduce risk.
The work is done in collaboration with external consultants, the Group accounting team, and the CFO.

Strict internal control processes and external quality assurance of income tax returns means

- voluntary disclosing errors or uncertainties
- routine training of employees
- closely following trends in legislation, praxis, and court orders

performance indicator

The exposure to the risk of tax litigation can be measured by the number of tax litigations or disputes.

development

The risk of tax litigations or disputes have decreased.
This is because of the decreased portfolio size, due to the sale of all the assets in Sweden, Germany, and Denmark.

environmental litigation

description

Potential environmental contamination specific for Akelius could be soil and groundwater contamination,
both on site and in the surroundings of the properties.
Other examples are radon, PCB, insufficient ventilation, and deficient fire protection in the properties.

exposure and opportunities

Consequences of environmental contamination include extensive construction work to remedy the issue, but also high fines.
Remedying existing issues and avoiding acquiring properties with issues are opportunities to decrease the risk for environmental contamination.
The shift in focus on more newly built properties further reduces the risk.

management actions

Akelius can mitigate the risk for environmental contamination by

- continuously improving the technical and environmental due diligence in the acquisition process
- being more selective and cherry-picking new properties
- completing capital projects

performance indicator

An indication of the exposure to environmental contamination risk is the number of disputes related to this.

development

The risk for environmental contamination has decreased due to improved due diligence processes and completion of capital projects.
Currently, Akelius only has one dispute, which relates to a previous owner of a property.

staff related disputes

description

Staff related disputes include wrongful dismissal, harassment or injuries at the work place.
The subsequence of the disputes are claims or lawsuits.
While an individual case might not result in high monetary penalty,
a class action imposes a higher risk and therefore higher impact.

exposure and opportunities

The risk related to staff disputes include high monetary penalties and bad reputation for the company.
Bad reputation lead to difficulties in retaining current staff and attracting new staff.

management actions

Akelius mitigates the risk for staff related disputes by

- following rules and regulations
- training staff in Code of Conduct
- focusing an a healthy work environment
- having local staff department overseeing work conditions

performance indicator

The number of staff related disputes indicates the exposure to this risk.

development

The risk related to staff disputes has decreased due to improved processes and a lower number of staff.
Currently, Akelius has no open disputes.
Historically, there have been a few individual cases.

sustainability risks

reputation

description

Due to the speed of social media, changes in reputation are fast. Akelius is exposed to the risk of monetary loss resulting from damages to its reputation. Reputational risk includes lack of ethics, safety, security, sustainability, and quality.

exposure and opportunities

Akelius attracts media's attention for various reasons. The sentiment from media or other stakeholders can be both positive and negative.

management actions

Akelius acts honorably, reducing the risk of bad reputation. Akelius monitors the exposure in media.

performance indicator

Akelius can measure its exposure to bad reputation by the negative feedback from tenants, media, and local authorities, or its occurrence on climate shame lists.

development

Akelius exposure to negative reputation is unchanged.

corruption and breach of Code of Conduct

description

Breaches mean the risk of misappropriation of assets or involvement of bribery or corruption by Akelius' employees.

exposure and opportunities

The risk of breaches of the employee and the supplier Code of Conduct and the anti-corruption policy, exists both internally and externally. Breaches can lead to fines and bad reputation.

management actions

Akelius trains all staff on both Code of Conduct and anti-corruption. All staff have to pass the Code of Conduct and anti-corruption test annually. This mitigates the risk for future misconducts. The company shares lessons learned with staff to avoid similar cases to happen in the future.

All suppliers need to acknowledge the Akelius Supplier Code of Conduct. Akelius will also start auditing suppliers with more than an annual spend of EUR 50,000 from 2023.

performance indicator

The exposure to breaches related to Code of Conduct or corruption can be measured by the number of breach cases and the percentage of passed tests on Code of Conduct and anti-corruption.

development

Decreased risk of corruption and breach of Code of Conduct due to increasing numbers of internal reviews, especially on suppliers, and additional education provided to staff to increase awareness.

risks from climate change

description

Climate change implies a risk of damage caused by extreme weather conditions, higher sea level, air pollution, and water stress.
These issues are estimated to increase in the long-run.

exposure and opportunities

The risks from climate change are both physical and transitional.
Physical risk leads to additional cost for covering the damages and investing in the property to ensure its resilience.
Transitional risks leads to a decrease of turnover when the apartments cannot be rented out,
due to the lack of appropriate energy certificates.

management actions

Akelius has a responsible investment policy in place,
which limits the risk of investing in cities and buildings with higher exposure to climate change.
In 2022, Akelius conducted a climate risk scenario analysis on profit center level.
Akelius assesses the results and plans corrective measures accordingly.

performance indicator

The exposure to climate risk is measured by the risk climate opportunity factors on property level.
See pages 72–75.

development

The risk for exposure to climate changes has decreased due to better monitoring of assets following the result of the climate risk scenario analysis.

risks are discussed continually within Akelius

financing — safety first

Akelius puts safety first when selecting assets and liabilities.
Akelius invests in properties with the ability to generate a steadily increasing cash flow.
In combination with long-term financing, Akelius increases the stability in the cash flow and equity ratio.
Attractive residential properties in well-developing, growing metropolitan cities support good liquidity and good access to funding.

financial policy

The financial policy safeguards financial resilience.

The Group shall be able to withstand

- a 25 percent drop in property values
- an interest rate increase of five percentage points
- effects of exchange rate fluctuations

minimum rating BBB

Standard & Poor's

The credit rating agency Standard & Poor’s has assigned Akelius a rating of BBB.
The business risk profile is considered to be in the upper end of *strong*, based on very low country risk, low industry risk, and a strong competitive position.
The financial risk is considered to be significant.
In 2021, Akelius received a *negative outlook* as an indirect consequence of the divestments of properties in Germany, Denmark, and Sweden.

Fitch Ratings

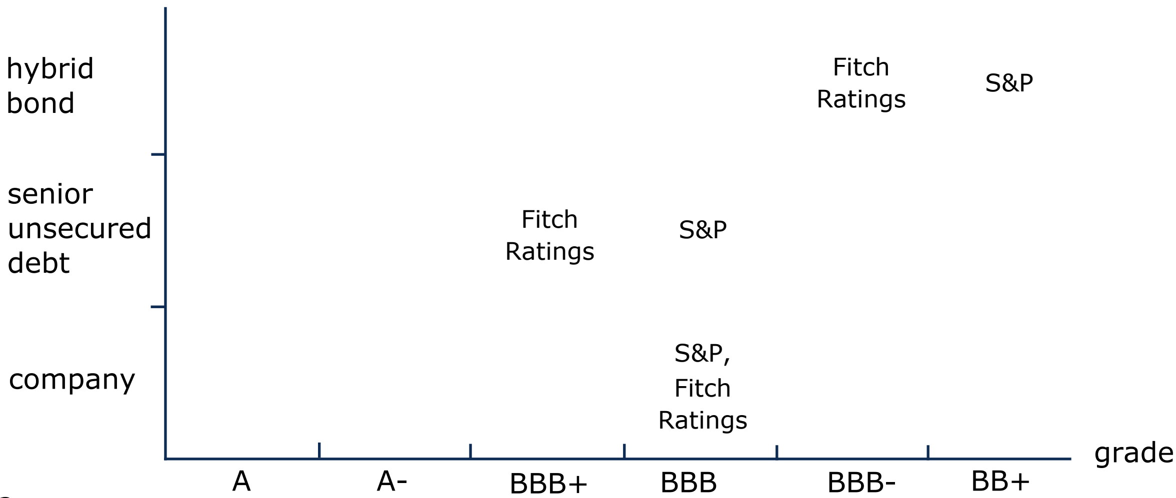
In 2022, Fitch Ratings assigned Akelius a long-term issuer default rating of BBB.

All of Akelius' bonds are affected positively by a one notch sector specific uplift due to strong recovery prospects.
Akelius' senior unsecured bonds are graded BBB+, Akelius hybrid bonds are graded BBB-.

	financial policy	2022
Credit rating	min BBB	BBB
Unencumbered asset ratio, percent	min 150	250
Interest coverage ratio, times*	min 2.0	9.6
Liquidity, EUR million	min 500	2,772
Cash sources to cash uses	min 1.0	19.1

*) excluding realized value growth

Akelius' ratings



ten thousand D-shareholders

The class D ordinary shares, D-shares, are held by ten thousand shareholders and are listed on Nasdaq First North Growth Market.

The number of D-shares is limited to thirty percent of the total amount of ordinary shares in the company.

Each D-share carry one-tenth of a vote. Each class A ordinary share, A-share, carry one vote.
Akelius A-shares are not listed and are controlled by three foundations.
Akelius Foundation owns indirectly 84 percent of all shares and has 85 percent of votes.

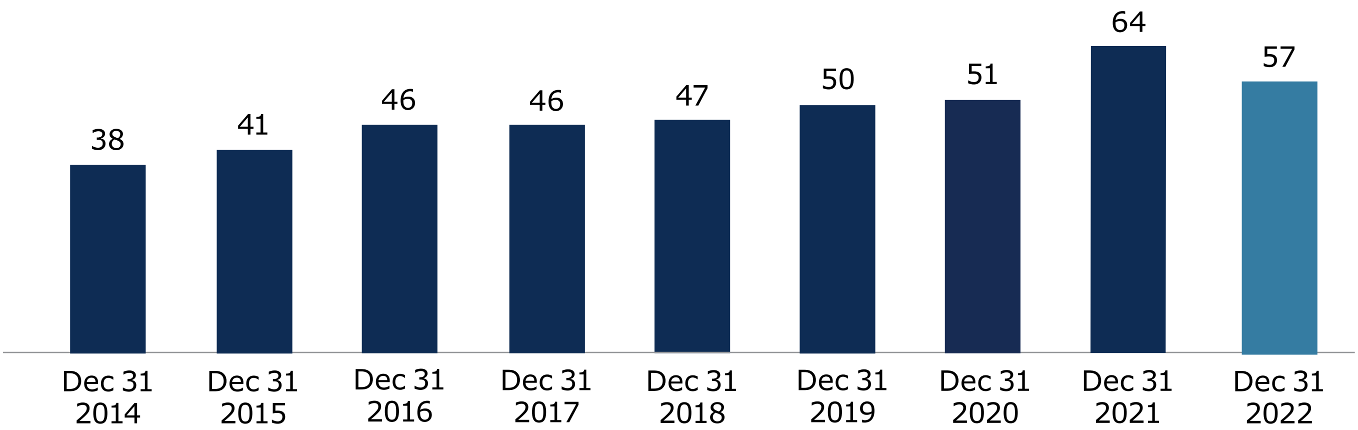
subordinated hybrid bonds

Akelius considers the hybrid bonds as risk capital due to the subordination to other debt, the ultra-long duration, and the possibility to defer interest payments. Akelius uses hybrid bonds to lower the financial risk.

A low loan-to-value on maturing loans reduces the refinancing risk.
The possibility to defer interest payments increases the financial flexibility.

Standard & Poor's and Fitch Ratings give Akelius' hybrid bonds fifty percent equity content and therefore consider them to be risk capital.

equity and hybrid capital ratio
percent



	A-shares	D-shares	Total shares	Share, percent	Votes, percent
Akelius Foundation*	4,883,467,977	128,422,865	5,011,890,842	84	85
Hugo Research Foundation*	574,525,642	-	574,525,642	10	10
Grandfather Roger Foundation*	287,262,817	-	287,262,817	5	5
Other owners	-	91,577,135	91,577,135	1	-
Total	**5,745,256,296**	**220,000,000**	**5,965,256,296**	**100**	**100**

*) through holding companies as at 2022-12-31

dividend policy

Akelius strives for continuous dividends on its shares.
This is enabled by high financial resilience based on a prudent financing structure and a diversified portfolio of residential properties with the ability to generate increasing rental income.

Reinvestment of dividends on A-shares through share issues supports organic growth and has been beneficial for the shareholders.

D-shares are entitled to five times the total dividend on the A-shares,
however not more than a capped amount of EUR 0.10 per D-share and year.
Dividend on D-shares are paid quarterly.

If for a certain year a dividend of less than the capped amount has been paid on the D-share,
the cap for the next year will be increased by an amount corresponding to the difference between the cap and the actual amount paid, until this difference is paid.

EUR million	2018	2019	2020	2021	2022
Share issue, A-shares	809	-	-	-	4,085
Share issue, D-shares	-	385	-	-	-
Dividend, A-shares	-809	-	-96	-950	-6,064
Dividend, D-shares	-	-	-22	-22	-22
Net contribution common shares	**-**	**385**	**-118**	**-972**	**-2,001**
Dividend, preference shares	-37	-32	-	-	-
Redemption, preference shares	-	-607	-	-	-
Net contribution, equity	**-37**	**-254**	**-118**	**-972**	**-2,001**

low liquidity risk

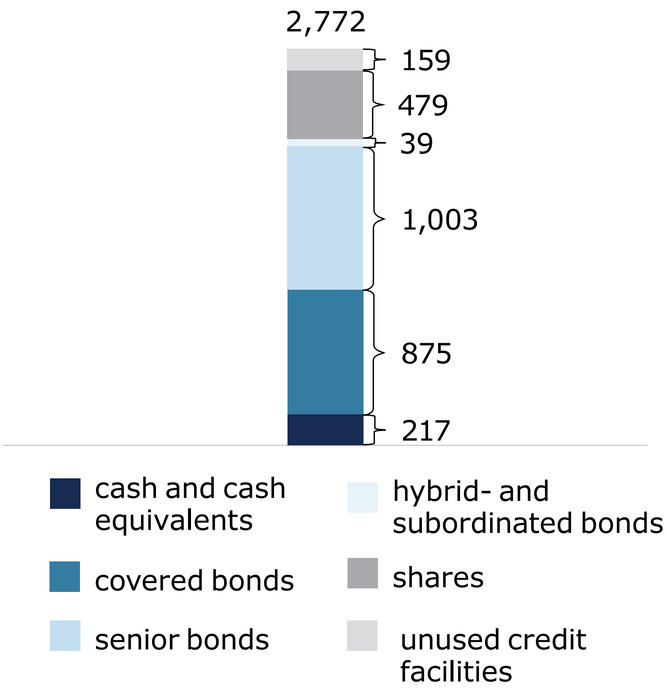
liquidity EUR 2,772 million

Akelius' financial policy stipulates that liquidity should be at least EUR 500 million.

At the end of 2022, liquidity amounted to EUR 2,772 million (6,524),
including cash and cash equivalents, bonds, and unutilized credit facilities.
The unutilized credit facilities are provided by five banks (6) with an average duration of 0.5 years (1.1).

Credit facilities that are intended to be kept are extended at least one year prior to maturity.

liquidity
EUR million



cash uses and sources

The financial policy states that cash sources must exceed cash uses for the upcoming year and with high probability for the coming two years.

Cash uses include investments, contracted purchases, and short-term loans.
Cash sources include liquidity, contracted sales, and profit before tax and revaluation.

By the end of 2022, the cash sources were 1,915 percent (5,361) of the cash uses.

The upgrading of apartments can be stopped with a lead time of up to three months. Akelius estimates the investments to EUR 49 million during such a period.

Cash flow from operating activities based on proforma, included in cash sources, amounted to EUR 164 million.

liquid properties

The type and location of the properties are important.
A diversified portfolio of attractive residential properties in metropolitan cities is a liquidity reserve during the entire business cycle.

Akelius estimates that within three to six months, anything from small to large property holdings can be sold.

unencumbered assets EUR 5,606 million

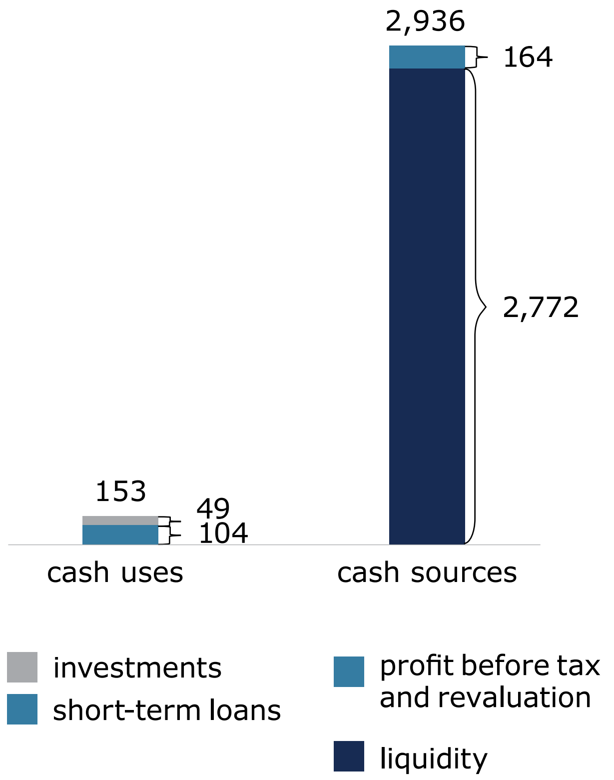
Unencumbered assets reduce risk and increase financial flexibility.

Unencumbered properties

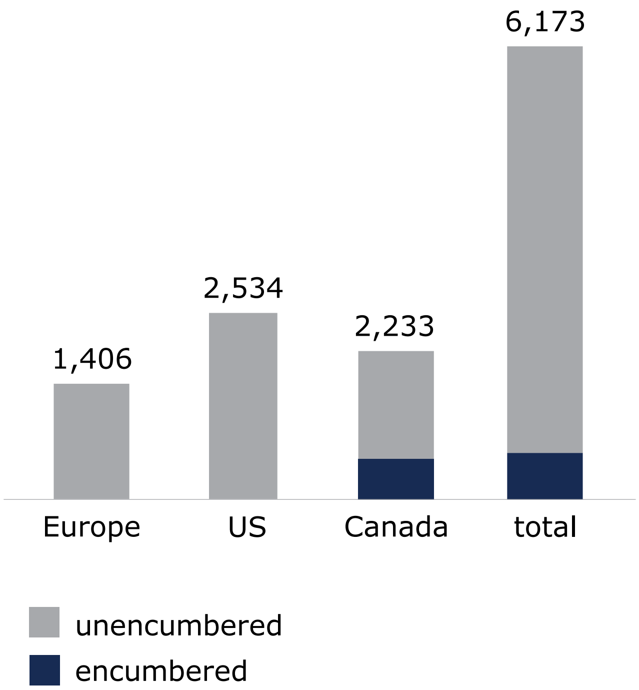
- are easier to sell and provide higher cash flow when sold
- contribute to higher availability of new unsecured and secured funding

Unencumbered assets amounted to EUR 5,606 million at year end 2022, 2.50 times larger than net unsecured senior debt.
One hundred percent of the unsecured debt is borrowed by the Parent Company and its subsidiary Akelius Residential Property Financing B.V.

cash uses and cash sources
EUR million, 12 months forward



encumbrance properties
EUR million



access to the capital market

With residential properties in Europe and North America,
Akelius has natural access to several local capital markets.

Financial markets are volatile, terms and conditions vary between markets.
Akelius has a competitive advantage as the most attractive source of funding can be chosen at any time.

Most of the bank funding is raised from conservative mortgage banks.
They provide Akelius with long-term funding, which contributes to stability and low cost.

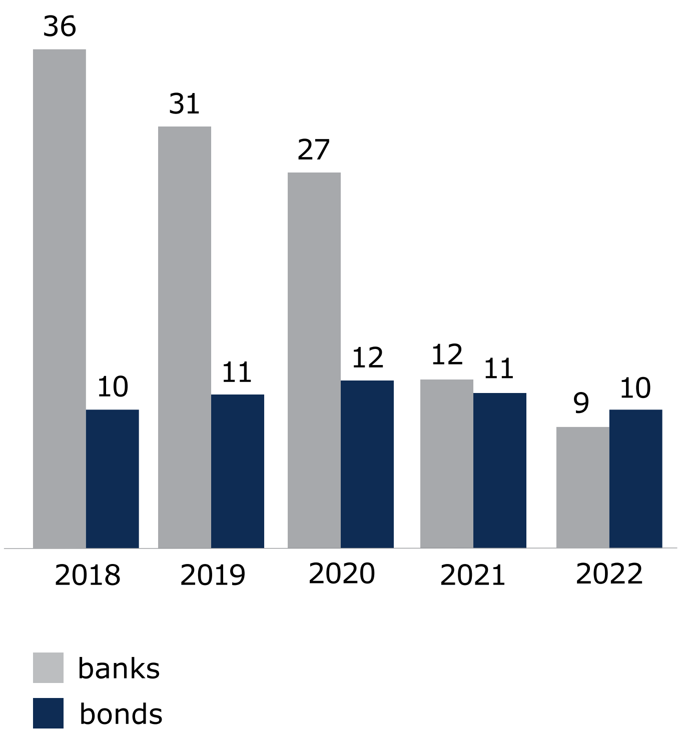
Large commercial banks provide Akelius with flexible mid- to long-term funding,
of which an increasing proportion is unsecured.

Akelius has borrowed in the European, British, Swedish, and US capital markets.

During 2022, Akelius repaid EUR 350 million of its hybrid bonds, and EUR 500 million of its senior unsecured bonds.

For further information about activities in the capital market,
see note 3 on page 154 and note 19 on page 178.

number of funding sources



activities in the capital market

May 12, 2022
EUR 500 million bond par call redemption

March 30, 2022
EUR 350 million tender on hybrid bonds

May 5, 2021
EUR 500 million bond issue

February 9, 2021
EUR 600 million bond issue

November 11, 2020
EUR 500 million bond issue

September 17, 2020
EUR 500 million bond issue

February 10, 2020
EUR 500 million hybrid bond issue

December 20, 2019
SEK 6,545 million preference share redemption

November 5, 2019
SEK 1,000 million bond issue

October 8, 2019
EUR 385 million D-share issue

October 9, 2018
USD 250 million private placement

October 3, 2018
SEK 1,000 million bond issue

April 5, 2018
EUR 500 million hybrid bond issue

November 7, 2017
EUR 500 million bond issue

September 8, 2017
GBP 300 million bond issue

May 23, 2017
EUR 600 million bond issue

September 16, 2015
EUR 300 million bond issue

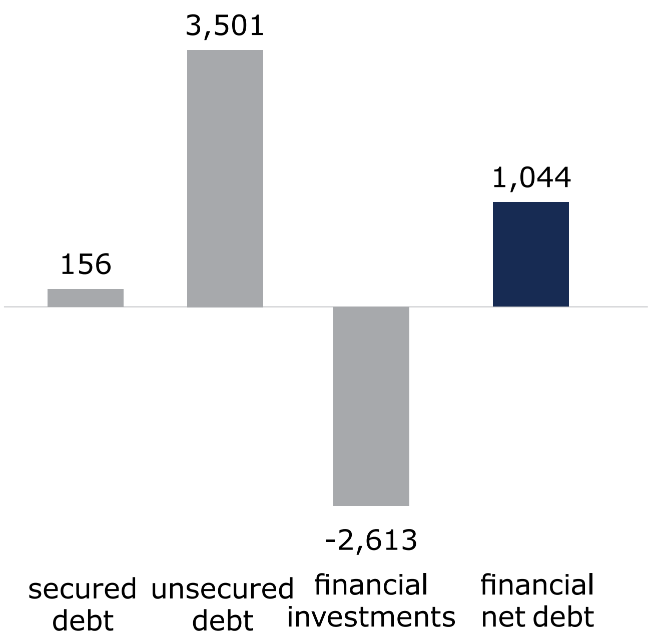
June 17, 2015
SEK 500 million bond issue

April 24, 2015
SEK 2,000 million preference share issue

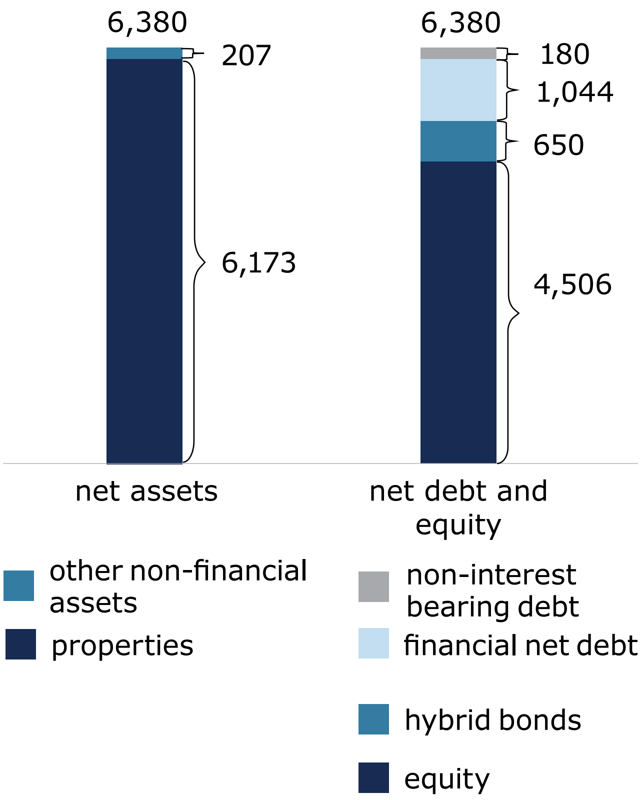
March 19, 2015
SEK 1,400 million bond issue

January 15, 2015
SEK 500 million bond issue

financial net debt
EUR million



net balances
EUR million



financial investments reduce risk

Akelius interest bearing assets amount to EUR 2 613 million with an average fixed interest term of 2.1 years (2.4).

Financial investments net out the volume of interest bearing debt in respective currency to reduce risk of interest rate movements.

Since the proportion of interest bearing financial assets with fixed interest rates shorter than one year is greater than the proportion of senior debt with short fixed interest rates,
higher interest rates currently will affect Akelius' cash flow positively.

bonds with low risk

46 percent (47) of the investments in bonds are covered bonds.
In total, 98 percent (93) are either covered bonds with a low credit risk or bonds of senior type where the credit risk is considered low.

The investments are divided between 103 different bonds in the currencies SEK, EUR, GBP and USD.

	Volume, EUR million	Fixed interest term, years	Capital tied up, years	Average interest rate, percent
Financial investments	2,613	1.8	2.0	2.44
Senior debt	3,657	5.1	4.0	1.20

low refinancing risk

Akelius’ refinancing risk is mitigated by a diversified borrowing, strong liquidity, and a large portion of unencumbered properties.

To further safeguard the financial stability, the financial policy limits the maximum loan-to-value to 35 percent and stipulates that the interest coverage must be at least 2.0, with ambition to exceed 2.4.
From 2024, the maximum debt to EBITDA ratio is set to 15.

limited interest rate risk

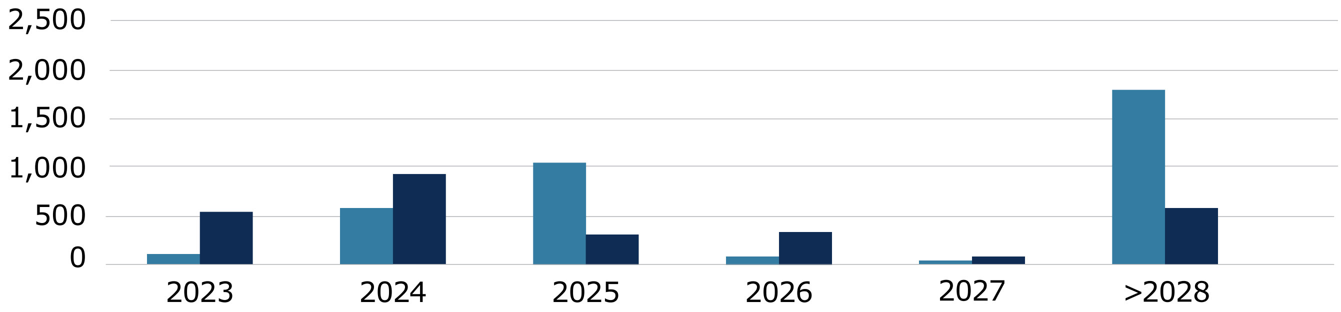
Interest rate risk is the risk of being negatively affected by changes in interest rates.
Akelius monitors and takes action to limit the interest rate risk.

long-term loans reduce risk

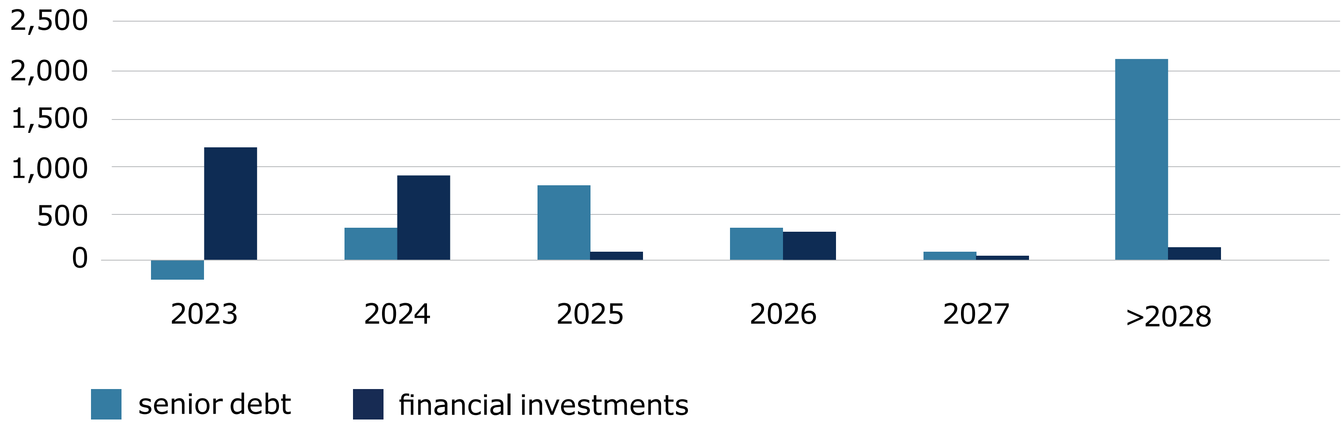
Akelius’ ambition is to minimize the cash flow effects of sudden increases in interest rates.
The cost of loans is based on the underlying interest rate and the lenders’ credit margins. A low variance in credit margins is ensured through diversified funding and long-term credit agreements.

The underlying interest rate level is guaranteed by long-term fixed interest rate loans and derivatives for an average of 5.1 years (5.4).

maturities of senior debt and financial investments
EUR million, year



fixed interest term of senior debt and financial investments
EUR million, year



interest derivatives are used to hedge loans

Value of interest rate derivatives depend on how the market develops in relation to the agreed interest rate and the remaining maturity.

At the end of the year, the positive value of the derivative portfolio amounted to EUR 44 million (-34).
The fair value of a derivative agreement at maturity is zero.
Consequently, the change in value over time has no effect on equity.

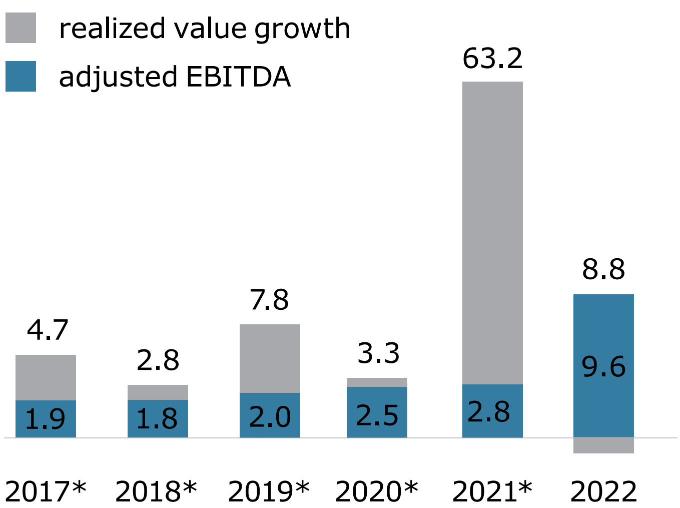
change in interest rate derivatives value,
EUR million

+1 percentage point market rent	9.6
one year shorter maturity	5.7

change in interest expenses,
EUR million

+1 percentage point market rent	-2.15
+1 percentage point credit margin	0.27

interest coverage ratio 8.8



*) including discontinued operations

steadily increasing revenues reinforce debt coverage ratio

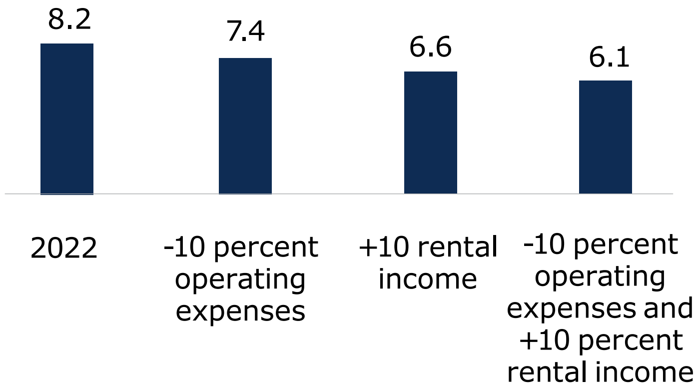
The ability to cover debt increases over time as Akelius’ properties generate steadily increasing EBITDA,
and also increasing the ability to pay rising interest costs.
Increasing EBITDA affects property values positively and leads to realized value growth and cash flow if properties are disposed.
Both EBITDA and realized value growth contribute to the ability to pay interest and amortizations to creditors.

The interest coverage ratio for 2022 was 8.8 (63.2).
When excluding realized value growth on the property portfolio,
the interest coverage ratio was 9.6 (2.8).
During 2022, the average interest rate on the loans decreased to 1.20 percent (1.51).
The amount of loans decreased due to divestment of properties.

Since most loans are with a fixed interest rate, a sudden increase in interest rates will only affect a minor part of the loans.
An increase in interest rates will affect the income from interest bearing assets positively.

If the rental income increase by ten percent at the same time as the operating expenses decreases by ten percent,
the debt coverage ratio is strengthened to 6.1 based on the actual situation as at 2022-12-31.

net debt / EBITDA
years



current interest and debt coverage capacity

EUR million	Jan–Dec 2022	Earnings capacity as at Dec 31, 2022[1]
Rental income	303	339[2]
Operating expenses	-133	-143
Maintenance	-22	-23
Net operating income	**148**	**173**
Central administrative expenses	-21	-18
EBITDA	**127**	**155**
Other financial income and expenses	-2	-2
Adjusted EBITDA	**125**	**153**
Net interest expenses	-13	11
Interest coverage ratio excluding realized value growth	**9.6**	**-**[3]
Realized value growth	-11	
Interest coverage ratio	**8.8**	
Net financial debt as at Dec 31, 2022	1,044	1,044
Net debt / EBITDA	8.2	6.7
Net debt / EBITDA including realized value growth	9.0	

1) The earning capacity is based on the property portfolio as at Dec 31, 2022.
2) Includes EUR 330 million in residential rental value as at Jan 1, 2023, EUR 11 million in rental income for commercial properties and parking, EUR -8 million in real vacancy for apartments, and EUR 6 million in other income.
Residential rental value of EUR 330 million minus vacancy and plus debiting of operating expenses is equivalent to EUR 307 million in residential in-place rent.
3) Interest coverage ratio on earning capacity is not possible to calculate due to positive net interest expenses.

realized value growth

Akelius manages and develops residential properties with the ability to generate stable and growing net operating income.
Higher net operating income leads to a positive value development.
A part of the business model is to realize value growth,
defined as sales revenue less acquisition value and investments.
Profit before tax and revaluation,
including realized value growth,
is a good indicator of the ability to generate cash flow.

earning capacity

Net operating income and realized value growth are reinvested in existing and new properties.
This leads to a growing net operating income.
Therefore, it is more appropriate to analyze the business based on the situation on the balance sheet date.
The earning capacity is based on the property portfolio's gross rent,
real vacancy, estimated operating expenses, and maintenance costs during a normal year, as well as central administrative expenses.
Interest expenses are based on the loans' interest rate level on the balance sheet date.
Average exchange rates for the last year have been used.
No tax has been calculated as it relates mainly to deferred tax,
which does not affect the cash flow.
The earning capacity is not a forecast for the coming twelve months.
It contains no estimate of for example rents, vacancy, currency exchange rate, future property purchases and sales, or interest rate changes.

minimizing currency risk

The goal is to minimize the effects of currency fluctuations.

This is achieved by continuously re-balancing the currency portfolio and ensuring that currency exposure in each currency is in line with Group's currency targets.

Variations in exchange rates have limited impact on the equity ratio.

currency policy

Currency exposures are based on the properties held by Akelius, or intention to hold properties, in each respective currency.

Financial assets are netted against interest bearing debt in the respective currency.

The net financial assets are in the currencies in which Akelius expects to invest in properties during 2023,
which predominately are USD, CAD, and GBP.

sensitivity analysis for exchange rate fluctuation

Currency	Net assets, EUR million	Effect on net assets of a 10 percent stronger EUR	Effect on net assets of a 10 percent weaker EUR	Equity ratio, percent
SEK	190	-17	21	
GBP	760	-69	84	
EUR	-1,878	-	-	
CAD	2,406	-219	267	
USD	3,026	-275	336	
Total	**4,506**	**-580**	**709**	**50.1**
+10 percent	3,926			47.7
- 10 percent	5,215			52.5

sensitivity analysis of changes in the fair value of properties

Should the market’s capitalization rate, rental income, cost level, and vacancy level change, the fair value in EUR million would be affected as shown in the table below.

EUR million	Canada	UK	France	US	Total
Capitalization rate					
+0.1 percentage points	-56	-23	-14	-64	**-157**
-0.1 percentage points	59	24	14	67	**164**
Rental income					
+1 percent	12	4	1	11	**28**
-1 percent	-12	-4	-1	-11	**-28**
Operating expenses					
+1 percent	-12	-2	-1	-21	**-36**
-1 percent	12	2	1	21	**36**
Vacancy					
+1 percent	-35	-12	-6	-49	**-102**
-1 percent	35	12	6	49	**102**

other financial information

Parent Company

The Parent Company is Akelius Residential Property AB (publ).
The Parent Company's main activity is to own shares in operational subsidiaries and provide financing to the subsidiaries.

Result from shares in subsidiaries amounted to EUR -391 million (6,086).
Net financial items amounted to EUR 110 million (47).
Result of 2022 includes Group contributions given of EUR 1 million (12) and tax of EUR 16 million (3).
Profit or loss for the year amounted to -306 million (6,108).

Akelius has in accordance with the Board's resolution at the Annual General Meeting carried out dividends and a share issue during 2022.
Dividend of EUR 1.90 per class A ordinary shares were paid during the second quarter in 2022, totaling EUR 6,064 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, 2022, August 5, 2022, November 4, 2022, and February 3, 2023, totaling EUR 22 million.
During the second quarter, the Parent Company issued 2,553,447,296 class A ordinary shares to a value of EUR 1.60 per share, totaling EUR 4,085 million.

sustainability report

Akelius has integrated its sustainability information into this annual report. References can be found on page 240.

proposed appropriation of profits

The Annual General Meeting has at its disposal the following amounts in euro

Retained earnings	305,971,836
Share premium reserve	3,661,813,513
Profit for the year	-305,971,836
Total	**3,661,813,513**

The Board proposes the amount to be allocated as follows

EUR 0.029 per A-share	166,612,437
EUR 0.10 per D-share	22,000,000
Carried forward	3,473,201,076
Total	**3,661,813,513**

The Board proposes a dividend of EUR 0.029 per class A ordinary share.
In total, the distribution of dividends for class A ordinary shares will be paid in the amount of EUR 166,612,437. It is proposed that the reconciliation dates and payment dates for the distribution of dividends on the class A ordinary shares are set to 2023-05-05 and 2023-05-12.

The Board proposes a dividend of maximum EUR 0.10 per class D ordinary share.
In total, the distribution of profits on class D ordinary shares shall be paid in the amount corresponding to a maximum of EUR 22,000,000. The dividend shall be divided into four payments of EUR 0.025 per class D ordinary share at the respective dividend payment date. The record dates are proposed to be on 2023-05-05, 2023-08-04, 2023-11-03, and 2024-02-05. The dividend is expected to be paid on 2023-05-12, 2023-08-11, 2023-11-10, and 2024-02-12.
The proposal is based on all outstanding ordinary shares on December 31, 2022.
The Board proposes that the remaining recorded profit is balanced on a new account.

The Board has resolved to propose to the general meeting to mandate the Board to, before the annual general meeting 2024, resolve upon new issue of class A ordinary shares with preference rights for the owners of class A ordinary shares up to the amount of class A ordinary shares which corresponds to a total issue volume of approximately EUR 168,000,000.

Board statement on the proposed dividend

The Group and the Parent Company have good liquidity. Following the proposed dividend and share issue, the equity ratios of the Group and the Parent Company will be 48 percent and 44 percent, respectively.
According to the Board's assessment, which takes liquidity needs, proposed business plan, investment plans and the ability to raise long-term credit into account, there are no indications that the Group or the Parent Company will have insufficient equity following the proposed dividend. The Board hereby finds the proposed dividend justifiable with regard to Chapter 17, Article 3 of the Swedish Companies Act.

key figures

	Dec 31 2022	Dec 31 2021	Dec 31 2020	Dec 31 2019	Dec 31 2018
Equity					
Equity, EUR million	4,506	7,049	5,374	5,526	5,370
Equity ratio, percent	50	57	43	45	43
Equity and hybrid capital ratio, percent	57	64	51	50	47
Return on equity, percent	-8	52	-	8	9
Net asset value, EUR million	4,433	7,087	6,324	6,533	6,284
Net operating income					
Rental income, EUR million	303	212	190	188	157
Growth in rental income, percent	42.9	12.1	0.4	19.7	26.1
Like-for-like growth in rental income, percent	11.9	1.5	3.5	4.0	2.8
Net operating income, EUR million	148	99	91	86	77
Growth in net operating income, percent	49.6	8.6	5.4	12.9	26.4
Like-for-like growth in net operating income, percent	18.9	-2.1	9.7	-1.6	8.6
Net operating income margin, percent	48.9	46.8	48.2	46.0	48.7
Adjusted net operating income margin, percent[1]	61.9	58.3	59.7	56.8	63.5
Financing					
Loan-to-value, percent	16	-	39	40	44
Unencumbered asset ratio	2.50	3.76	1.89	1.87	1.74
Interest coverage ratio 12 months	8.8	63.2	3.3	7.8	2.8
Interest coverage ratio excluding realized value growth 12 months	9.6	2.8	2.5	2.0	1.8
Average interest rate, percent	1.20	1.51	1.95	2.25	2.64
Fixed interest term, years	5.1	5.4	5.0	4.5	4.5
Debt maturities, years	4.0	4.5	5.7	5.4	5.7
Properties					
Number of apartments	19,545	17,770	44,443	44,226	50,407
Rentable area, thousand sqm	1,234	1,115	2,986	2,968	3,422
Rent potential, percent	22	25	24	55	56
Real vacancy rate, residential, percent	2.0	2.6	1.7	1.1	1.4
Vacancy rate, residential, percent	8.1	12.5	7.5	8.6	9.6
Turnover of tenants, percent	25	27	16	15	15
Fair value, EUR per sqm	5,001	5,399	4,066	4,031	3,617
In-place rent, all unit types, EUR million	317	258	473	485	516
Capitalization rate, percent	4.20	3.99	3.28	3.67	3.67
Like-for-like change in capitalization rate, percentage points	0.21	-0.16	-0.38	0.00	0.02
Opening balance fair value, EUR million	6,020	12,139	11,964	12,379	10,624
Change in fair value, EUR million	-592	1,719	34	423	553
Investments, EUR million	205	360	381	468	349
Purchases, EUR million	457	588	172	181	1,286
Sales, EUR million	-11	-9,138	-185	-1,616	-300
Exchange differences, EUR million	94	352	-227	129	-133
Closing balance fair value, EUR million	6,173	6,020	12,139	11,964	12,379

key figures, continued

	Dec 31 2022	Dec 31 2021	Dec 31 2020	Dec 31 2019	Dec 31 2018
Properties Canada					
Average residential rent, EUR/sqm/month	15.95	15.91	14.36	14.93	13.14
Growth in average residential rent[2], percent	5.2	2.7	3.3	6.5	3.5
Growth in rental income[3], percent	7.1	2.1	3.7	2.0	3.1
Growth in net operating income[3], percent	6.9	1.4	6.6	-6.8	0.7
Fair value, EUR per sqm	3,977	4,391	3,877	3,895	3,147
Capitalization rate, percent	4,13	3.81	3.94	4.21	4.26
Number of apartments	8,834	7,909	7,400	7,366	7,779
Vacancy rate, residential, percent	5.4	11.4	13.5	14.9	13.0
Real vacancy rate, residential, percent	1.1	2.7	2.7	1.4	2.3
Opening balance fair value, EUR million	2,141	1,755	1,736	1,487	994
Change in fair value, EUR million	-172	30	37	153	119
Investments, EUR million	60	70	78	75	36
Purchases, EUR million	222	128	22	35	390
Sales, EUR million	-11	-	-	-119	-
Exchange difference, EUR million	-7	158	-118	105	-52
Closing balance fair value, EUR million	2,233	2,141	1,755	1,736	1,487
Properties US					
Average residential rent, EUR/sqm/month	28.13	24.53	25.10	28.97	27.07
Growth in average residential rent[2], percent	8.1	3.1	-1.4	5.9	6.5
Growth in rental income[3], percent	15.9	2.1	1.0	4.2	1.4
Growth in net operating income[3], percent	32.8	-7.7	6.5	-4.2	11.3
Fair value, EUR per sqm	4,906	5,190	5,869	6,812	6,623
Capitalization rate, percent	4.35	4.16	4.41	4.37	4.33
Number of apartments	6,923	6,240	4,564	3,931	3,782
Vacancy rate, residential, percent	8.7	11.4	17.9	19.9	21.4
Real vacancy rate, residential, percent	3.2	3.1	6.7	3.1	2.9
Opening balance fair value, EUR million	2,446	1,959	1,928	1,741	1,199
Change in fair value, EUR million	-391	-206	-47	-36	68
Investments, EUR million	91	97	105	111	70
Purchases, EUR million	235	431	144	80	341
Sales, EUR million	-	-	-	-	-
Exchange difference, EUR million	153	165	-171	32	63
Closing balance fair value, EUR million	2,534	2,446	1,959	1,928	1,741

key figures, continued

	Dec 31 2022	Dec 31 2021	Dec 31 2020	Dec 31 2019	Dec 31 2018
Properties UK					
Average residential rent, EUR/sqm/month	35.57	35.08	34.13	36.38	32.98
Growth in average residential rent[2], percent	5.2	-3.9	-0.6	3.6	0.3
Growth in rental income[3], percent	11.0	-4.2	5.8	4.4	4.2
Growth in net operating income[3], percent	15.8	-8.2	11.0	2.2	5.1
Fair value, EUR per sqm	9,046	9,483	8,728	9,106	8,772
Capitalization rate, percent	4.17	4.06	4.12	4.13	4.14
Number of apartments	2,223	2,064	2,232	2,242	2,244
Vacancy rate, residential, percent	5.2	8.2	16.1	16.0	19.1
Real vacancy rate, residential, percent	0.7	0.9	3.7	1.7	3.0
Opening balance fair value, EUR million	985	912	951	878	780
Change in fair value, EUR million	-30	-21	-20	-20	-7
Investments, EUR million	36	30	34	44	20
Purchases, EUR million	-	-	-	5	93
Sales, EUR million	-	-	-2	-1	-
Exchange difference, EUR million	-52	64	-51	45	-8
Closing balance fair value, EUR million	939	985	912	951	878
Properties France					
Average residential rent, EUR/sqm/month	29.18	27.61	27.10	25.61	22.79
Growth in average residential rent[2], percent	7.0	1.4	3.4	11.7	8.4
Growth in rental income[3], percent	13.0	11.5	13.6	16.2	6.3
Growth in net operating income[3], percent	8.9	73.4	447.7	-67.5	254.1
Fair value, EUR per sqm	8,909	8,564	8,099	7,559	7,143
Capitalization rate, percent	3.77	3.74	4.03	4.06	4.06
Number of apartments	1,565	1,557	1,555	1,550	1,546
Vacancy rate, residential, percent	24.8	28.8	34.1	38.6	43.8
Real vacancy rate, residential, percent	3.3	2.3	2.1	2.3	1.8
Opening balance fair value, EUR million	448	429	402	380	245
Change in fair value, EUR million	1	5	6	1	-8
Investments, EUR million	18	15	21	21	19
Purchases, EUR million	-	-	-	-	124
Sales, EUR million	-	-1	-	-	-
Exchange difference, EUR million	-	-	-	-	-
Closing balance fair value, EUR million	467	448	429	402	380

1) adjustment for revenue from operating expenses invoiced to the tenants in Canada, US, and France amounted to EUR 63 million (42)

2) like-for-like growth from the beginning of the year to the end of the year

3) like-for-like growth for the year compared to the previous year

Refer to definitions on pages 245–247 and alternative performance measures on pages 241–244.

The Barclay, Boston, USA

in the prime segment with a walk score of 99
58 residential units, 2,910 sqm
acquired in 2017

financial statements and notes

consolidated income statement and statement of comprehensive income

EUR million	Note	2022	2021
Continuing operations			
Rental income	5, 6	303	212
Operating expenses	5, 8, 10	- 133	-98
Maintenance	5	- 22	-15
Net operating income		**148**	**99**
Central administrative expenses	9, 10	- 21	-15
Other income and expenses		-	-2
EBITDA		**127**	**82**
Depreciation and operational foreign exchange differences		- 14	-5
Realized revaluation of investment properties	5, 11	- 15	-
Unrealized revaluation of investment properties	5, 11	- 577	-192
Restructuring expenses	12	1	3
Operating profit		**-478**	**-112**
Interest income	13	34	6
Interest expenses	13	- 54	-72
Interest expenses hybrid bonds	13	- 22	-31
Change in fair value of financial assets	13	- 332	-22
Change in fair value of derivatives	13, 20	97	15
Other financial income and expenses	10, 13	131	-14
Profit before tax		**-624**	**-230**
Current tax	14	- 5	-
Deferred tax	14	32	4
Profit for the year continuing operations		**-597**	**-226**
Discontinued operations			
Profit discontinued operations	27	-	2,640
Total profit for the year		**-597**	**2,414**
Items that will not be reclassified to profit or loss			
Revaluation reserve		-	8
Tax on items that will not be reclassified		-	-2
Items that may be reclassified to profit or loss			
Translation differences		88	298
Hedge of net investments*		-	-165
Tax on items that may be reclassified		-22	-10
Realized and reclassified to profit or loss, discontinued operations		-	242
Other comprehensive income for the year		**66**	**371**
Total comprehensive income for the year		**-531**	**2,785**

*) currency effects on external loans and derivatives are reported in other financial income and expenses since Akelius discontinued net investment hedge accounting in December 2021.

consolidated income statement and statement of comprehensive income, continued

EUR million	Note	2022	2021
Profit attributable to			
Owners of the Parent Company	25	-597	2,380
Non-controlling interests	25	-	34
Total comprehensive income attributable to			
Owners of the Parent Company	25	-532	2,751
Non-controlling interests	25	1	34
Earnings per share before and after dilution, EUR	25	-0.18	0.70

result for the year

rental income EUR 303 million

Rental income was EUR 303 million (212), an increase of 42.9 percent compared to 2021. The increase is mainly related to acquired properties in Washington D.C., Boston, Montreal, and Toronto.

Like-for-like growth in rental income was EUR 26 million (3) or 11.9 percent (1.5). The like-for-like rental income was positively affected by lower vacancy across most cities.

During 2022, 11,131 rental contracts (3,938) with an annual rent of EUR 171 million (49) were renewed or renegotiated. The new yearly rent is EUR 178 million (51), an increase of 4.2 percent (4.0).

The vacancy rate for residential units decreased by 4.4 percentage points to 8.1 percent (12.5) compared to the end of 2021. This is mainly due to fewer apartments being upgraded. 76 percent (79) of vacancy was due to upgrades. The real vacancy rate decreased by 0.6 percentage points during 2022 to 2.0 percent (2.6).

net operating income EUR 148 million

Property expenses totaled EUR 155 million (113). EUR 22 million (15) was attributable to maintenance, corresponding to EUR 18 (15) per square meter per year.

Net operating income was EUR 148 million (99). Like-for-like growth in net operating income was 18.9 percent (-2.1). Like-for-like growth in net operating income was positively affected by the increase in revenue.

Net operating income margin was 48.9 percent (46.8). Adjusted net operating income margin was 61.9 percent (58.3).

EBITDA EUR 127 million

EBITDA was EUR 127 million (82), an increase of 54.4 percent compared to 2021.

The increase is mainly related to acquisitions and growth in like-for-like net operating income.

net financial items EUR -146 million

Interest income was EUR 34 million (6) and interest expenses were EUR 54 million (72). Interest expenses related to hybrid bonds were EUR 22 million (31).

Revaluations of financial assets affected earnings by EUR -332 million (-22), of which EUR 46 million relates to change in fair value of the Castellum investment. Unrealized changes in fair value related to loans, bonds, and hybrid bonds, not reported in the income statement, totaled EUR 663 million.

Revaluations of financial derivatives affected earnings by EUR 97 million (15).

Other financial income and expenses amounted to EUR 131 million (-14). The increase is mainly related to the positive effect of currency fluctuation USD versus EUR on loans. EUR 7 million is related to dividend declared from Castellum.

profit or loss before tax EUR -624 million

Profit or loss before tax was EUR -624 million (-230). Main effects from unrealized revaluation of investment properties EUR -577 million (-192), revaluation of financial assets for EUR -332 million (-22), change in fair value for derivatives of EUR 97 million (15), and currency effects EUR 122 million (-).

other comprehensive income EUR 66 million

Currency translation reserve increased by EUR 66 million in 2022. It mainly relates to net investments in foreign operations that are translated to EUR. The remaining currency effects of EUR 122 million relates to financial investments, external loans and derivatives. This is reported in other financial income and expenses since Akelius discontinued net investment hedge accounting in December 2021.

consolidated statement of financial position

EUR million	Note	Dec 31 2022	Dec 31 2021
Assets			
Intangible assets	15	-	18
Investment properties	5, 11	6,162	5,986
Owner-occupied properties	5, 11	11	34
Right-of-use assets	7	7	5
Tangible fixed assets	15	4	4
Derivatives	16, 20, 21	73	7
Deferred tax assets	14	48	64
Financial assets	16	2,077	4,981
Receivables and other assets	16, 17	4	4
Total non-current assets		**8,386**	**11,103**
Financial assets	16	319	95
Receivables and other assets	16, 17	47	84
Derivatives	16, 20, 21	24	-
Cash and cash equivalents	16, 18, 21	217	1,193
Total current assets		**607**	**1,372**
Total assets		**8,993**	**12,475**
Equity and liabilities			
Share capital		348	199
Share premium		3,662	1,102
Currency translation reserve		132	67
Retained earnings		364	5,671
Total equity attributable to the Parent Company's shareholders		**4,506**	**7,039**
Non-controlling interests		-	10
Total equity	25	**4,506**	**7,049**
Unsecured loans	3, 16, 19, 21	3,418	4,010
Secured loans	3, 16, 19, 21	135	156
Hybrid bonds	3, 16, 19, 21	650	971
Lease liabilities	7, 16	6	5
Derivatives	3, 16, 20, 21	30	40
Deferred tax liabilities	14	38	62
Provisions	23	-	6
Other liabilities	16, 22	18	13
Total non-current liabilities		**4,295**	**5,263**
Unsecured loans	3, 16, 19, 21	83	-
Secured loans	3, 16, 19, 21	21	53
Lease liabilities	7, 16	1	1
Derivatives	3, 16, 20, 21	4	7
Provisions	23	4	13
Other liabilities	16, 22	79	89
Total current liabilities		**192**	**163**
Total equity and liabilities		**8,993**	**12,475**

property portfolio

fair value EUR 6,173 million

The fair value was EUR 6,173 million (6,020), which is equivalent to an average of EUR 5,001 (5,399) per square meter.

The average capitalization rate was 4.20 percent, compared to 3.99 percent at the end of 2021.

The decrease of EUR per square meter is due to decreased value of properties in mainly Austin, Boston, New York, Washington D.C, and Toronto.

revaluation of investment properties -9.8 percent

The change in property value was EUR -592 million (1,719), or -9.8 percent (14.2).

property investments EUR 205 million

Investments in properties amounted to EUR 205 million (360).
On an annual basis, this corresponds to EUR 171 (116) per square meter.
14 percent (21) of the total investments was due to apartment upgrades.

property purchases EUR 457 million

Property purchases amounted to EUR 457 million (588) during the year. The purchased properties are located in Quebec City, Ottawa, Toronto, Montreal, Washington D.C., and Boston.

The capitalization rate for the purchased properties was 4.16 percent (4.09).

property sales EUR 11 million

Property sale amounted to EUR 11 million (38) during the year.
The sold property was located in Montreal.

consolidated statement of changes in equity

EUR million	Share capital	Share premium	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the Parent Company's shareholders						
Balance at Jan 1, 2021	**199**	**1,102**	**-298**	**4,289**	**5,292**	**82**	**5,374**
Profit for the year	-	-	-	2,380	2,380	34	2,414
Other comprehensive income	-	-	365	6	371	-	371
Total comprehensive income	**-**	**-**	**365**	**2,386**	**2,751**	**34**	**2,785**
Divestment non-controlling interests	-	-	-	-	-	-138	-138
Remeasured non-controlling interests	-	-	-	-32	-32	32	-
Dividend	-	-	-	-972	-972	-	-972
Balance at Dec 31, 2021	**199**	**1,102**	**67**	**5,671**	**7,039**	**10**	**7,049**
Balance at Jan 1, 2022	**199**	**1,102**	**67**	**5,671**	**7,039**	**10**	**7,049**
Profit or loss for the year	-	-	-	-597	-597	-	-597
Other comprehensive income	-	-	65	-	65	1	66
Total comprehensive income	**-**	**-**	**65**	**-597**	**-532**	**1**	**-531**
Share issue	149	3,936	-	-	4,085	-	4,085
Dividend	-	-1,376	-	-4,710	-6,086	-	-6,086
Purchase of non-controlling interests	-	-	-	-	-	-11	-11
Balance at Dec 31, 2022	**348**	**3,662**	**132**	**364**	**4,506**	**-**	**4,506**

consolidated statement of cash flow

EUR million	Note	2022	2021
Net operating income, continuing operations		148	99
Net operating income, discontinued operations		-	166
Central administrative expenses		-21	-31
Restructuring expenses		-	3
Interests paid		-77	-94
Interests received		58	-
Income tax paid		-2	-3
Cash flow before changes in working capital		**106**	**140**
Change in current assets		44	-10
Change in current liabilities		-3	-21
Cash flow from operating activities		**147**	**109**
Investments in intangible assets	15	-3	-7
Investments in properties	5, 11	-205	-360
Acquisition of properties	5, 11	-456	-578
Acquisition of financial assets	21	-1,717	-5,836
Acquisition of other assets[1]		-2	-2
Sale of properties		11	38
Sales of discontinued operations	27	-3	7,765
Sale of financial assets		4,089	676
Sale of other assets[2]		8	6
Cash flow from investing activities		**1,722**	**1,702**
Share issue		4,085	-
Purchase of non-controlling interests		-11	-
Loans raised	19, 21	-	1,786
Repayment of loans	19, 21	-945	-1,534
Settlement of derivatives	20	83	-146
Amortization leasing	7	-1	-2
Dividend A-shares		-6,064	-950
Dividend D-shares		-22	-22
Cash flow from financing activities		**-2,875**	**-868**
Cash flow for the year		**-1,006**	**943**
Cash and cash equivalents at the beginning of the year		**1,193**	**250**
Translation differences in cash and cash equivalents		30	-
Cash and cash equivalents at the end of the year		**217**	**1,193**

1) refers to acquisition of tangible assets

2) refers to sale of Akelius Technology AB

Group accounting policies and notes

note 1 general information

The consolidated financial statements include the Parent Company, Akelius Residential Property AB, corporate identity number 556156-0383, and its subsidiaries (together referred to as the "Group" or "Akelius"). Akelius Residential Property AB is based in Stockholm, Sweden.

The annual accounts were approved by the Board and the CEO on the date of the electronic signatures and submitted to the Annual General Meeting for adoption on April 18, 2023.

note 2 summary of significant accounting policies

Significant accounting policies applied in the preparation of these consolidated financial statements are presented below. These policies have been applied consistently for all years presented here, unless otherwise stated.

The figures in this annual 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.

basis for preparing the accounts

The consolidated financial statements of Akelius have been prepared in accordance with the Swedish Annual Accounts Act, International Financial Reporting Standards (IFRS), and interpretations by the IFRS Interpretation Committee (IFRIC) as adopted by the EU, and in accordance with Swedish legislation through the implementation of the Swedish Financial Reporting Board's recommendation RFR 1: Supplementary Accounting Rules for Groups.

The consolidated financial statements are prepared using the historical cost convention, except for the measurement of investment properties, owner-occupied properties, financial assets, and derivatives, which are measured at fair value. Deferred tax is valued at nominal value.

Unless otherwise stated, all amounts are reported in EUR million and refer to the period from January 1 to December 31 for the consolidated statement of comprehensive income and December 31 for the consolidated statement of financial position.

Stockholm, Malmö, Copenhagen, Hamburg, and Berlin has been classified as discontinued operations during 2021. The profit of discontinued operations has been reported on a separate line in the consolidated income statement for the comparison year.

The preparation of reports in compliance with IFRS requires that management make assessments and estimates. Furthermore, management must make assumptions in the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses.

Estimates and assumptions are based on historical experience and other factors that under the current circumstances are considered reasonable. The results of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognized in the period when the change is made if the change affects only that period or in the period of the revision and future periods if the change affects both current and future periods.

Areas that involve a high degree of judgment, are complex or are areas where assumptions and estimates are of considerable significance to the consolidated accounts are presented in note 4.

Standards, amendments and interpretations that came into effect during the year have not had any significant impact on the Group.

note 2 summary of significant accounting policies, continued

basis of consolidation

Subsidiaries are companies in which the Parent Company, either directly or indirectly, has a control over. Control occurs when the Parent Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to use its power to affect its returns. Subsidiaries are included in the consolidated financial statements from the day the Group has control of the subsidiary and are excluded from the consolidated financial statements from the date on which the control is lost.

Intercompany receivables and liabilities, revenues and expenses, and unrealized gains or losses arising on transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

Acquisitions can be classified as either business combinations or asset acquisitions. Akelius acquires companies where substantially all the fair value of the assets is concentrated in a single asset or group of similar assets, properties.
Akelius acquisitions are therefore classified as asset acquisitions and not business combinations. For asset acquisitions, the acquisition cost is distributed between the acquired net assets in the purchase price allocation.

The share of equity attributable to owners of non-controlling interests are reported as a specific item in equity separately from the share of equity attributable to the owners of the Parent Company. In addition, separate information is provided about the non-controlling interests' share of the profit or loss for the period.

segment reporting

An operating segment is a component of the Group which engages in operations from which it may earn revenues and incur expenses and for which independent financial information is available. Operating segments are reported in accordance with the internal reporting to the CEO.

Metropolises are considered as operating segments within Akelius,
which is based on geography. Metropolises are divided into regions, which are led by a regional manager.

The business consists of three regions. London and Paris are part of the European region. New York, Washington D.C., Boston, and Austin belong to region US. Toronto, Montreal, Ottawa, and Quebec City are included in region Canada.

The accounting principles used for segment reporting are consistent with those applied by the Group.

classification

Non-current assets and non-current liabilities comprise amounts that are expected to be recovered or paid more than twelve months after the balance sheet date.

Current assets and current liabilities comprise amounts that are expected to be recovered or paid within twelve months after the balance sheet date.

note 2 summary of significant accounting policies, continued

foreign currencies

The functional currency for the Parent Company is euro, which is also the reporting currency of the Parent Company and the Group.

Foreign currency transactions are translated into functional currency at the exchange rate prevailing on the transaction date.

At each subsequent balance sheet date, monetary assets and liabilities denominated in a foreign currency are converted at the exchange rate that applies on each reporting date. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value are translated on the reporting date at the exchange rate prevailing at the date that the fair value was determined.

Exchange rate differences are recognized in profit or loss, except when translation of long term intra-group receivables or liabilities that is part of the net investment in the foreign operation. Above translations are recognized in other comprehensive income and accumulated in a separate component of shareholders' equity, entitled translation reserve. When a foreign operation is disposed of, the cumulative amount from the foreign currency translation reserve is reclassified to profit or loss. In the consolidation, asset and liabilities of foreign operations are translated to EUR using exchange rates at the end of the reporting period. Income statements are translated at the average rates for the reporting period.

Foreign exchange differences arising on such translation are recognized in other comprehensive income and are accumulated in the currency translation reserve in equity.

income and expenses

rental income

The Group's rental income is classified as operating leases. Rental income is recognized in the period to which it relates, using the straight-line approach. Any discounts given due to limitations in the right of use, for example discounts given during redevelopment, are recognized over the length of the lease. Government grants that are intended to compensate discounts given to tenants are recognized in rental income on a systematic basis in the period that they relate to.

service revenue

In some countries operating costs are included in the rent and in other countries it is invoiced separately. Heating, electricity, water and property tax are invoiced to tenants based on invoices from the suppliers. Akelius acts as the principal on the basis of the provisions in IFRS 15 for operating cost of the tenancy agreement in France, US, and Canada. Akelius has the power to provide these goods and services and therefore has a performance obligation towards the tenant. Akelius retains the risk related to vacancies.

Other services, such as use of laundry room and other premises, are included in Akelius service revenue. Service revenue is reported in profit or loss when each service has been performed.

	Year-end rate		**Average rate**	
Exchange rates	2022-12-31	2021-12-31	2022	2021
GBP – UK	1.1275	1.1901	1.1727	1.1633
SEK – Sweden	0.0899	0.0976	0.0941	0.0986
CAD – Canada	0.6925	0.6948	0.7302	0.6745
USD – US	0.9376	0.8829	0.9497	0.8455
DKK – Denmark	0.1345	0.1345	0.1344	0.1345

note 2 summary of significant accounting policies, continued

revenue from investment property sales

See the section, investment properties on the next page.

operating expenses

Operating expenses are recognized in profit or loss when services are used or expenses are incurred.

central administrative expenses

Central administrative expenses include expenses for Group Management and central Group functions.

financial income and expenses

Financial income comprises interest income on cash and cash equivalents, receivables, and financial investments.

Financial expenses comprise interest expenses and other expenses for borrowing. Expenses for the issuing of mortgage deeds are reported when incurred as a financial expense, with the exception of the issuing of mortgage deeds in conjunction with an acquisition, in which case the expense is capitalized as a value-enhancing investment.

Interest income and interest expenses are calculated using the effective interest rate method. Financial income is recognized in the income statement in the period to which they relate.
Financial expenses are recognized in the income statement in the period to which they relate, except borrowing cost related to extensive renovations, which are capitalized during the renovation period.

leases

Akelius as the lessee

A contract is, or contains a lease, if a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset and a lease liability is recognized upon lease commencement.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted with the incremental borrowing rate, which is the rate that the lessee would have to pay to borrow the funds needed to obtain an asset of similar value. The lease liability is subsequently remeasured to reflect changes in the lease term, the assessment of a purchase option, amounts expected to be payable under residual value guarantees, and change in future lease payments. Depreciation and interest expenses are reported in the period they relate to during the lease period.

The right-of-use asset is recognized in the beginning of the rental period, at the same value as the present value of the lease liability, except when leases are paid in advance. The right-of-use asset is depreciated over the lease term.

Lease payments for short-term and low value leases are expensed on a straight-line basis over the lease term. The Group's leases refer to offices, site leaseholds, cars, and office equipment.

Akelius as the lessor

Leases where essentially all the risks and rewards associated with ownership fall to the lessor is classified as operating leases. Consequently, all the Group's rental agreements are classified as operating leases. Properties that are let under operating leases are included in the items investment properties and owner-occupied properties. The policy for reporting rental income is presented in the section on rental income above.

note 2 summary of significant accounting policies, continued

investment properties

Investment properties are held in order to generate rental income and value growth. Investment properties comprise freehold land and buildings. Investment properties are initially recognized at acquisition value, including directly attributable transaction costs. After initial recognition, investment properties are measured at fair value.

Fair value is primarily based on prices in an active market and is the amount for which an asset could be transferred between initiated parties that are independent of one another and have an interest in conducting the transaction.

In order to establish the fair value of investment property for the annual accounts, all properties are valued internally. Investment properties are valued according to Level 3 in the fair value hierarchy in IFRS 13. The fair value of properties is the sum of discounted cash flow and residual value. Cash flow are based on rental income and operating- and maintenance costs, adjusted for expected changes in rental and vacancy levels. Rental levels are based on actual rents adjusted for potential rental growth due to investments and inflation. Vacancy is assessed for each property based on the current vacancy situation, market vacancy level and individual characteristics. Operating- and maintenance costs are calculated either according to current market conditions adjusted for inflation or actual charges.

Changes in the fair value of investment property are reported as changes in value in the income statement. Additional expenses are capitalized if they entail economic benefits for the company, that is, they increase valuation and can be reliably calculated. Borrowing expenses related to extensive renovations are capitalized during the renovation period. Repair and maintenance expenses are continuously expensed in the periods in which they arise.

Realized and unrealized changes in value are recognized in the income statement. Gains or losses from the sale or disposal of investment properties are the difference between the selling price and the carrying amount based on the fair value in the latest annual financial statements less transaction costs incurred in connection with the sale of investment properties.

Transaction costs incurred in connection with the sale of investment properties are recognized as realized revaluation of investment properties in the income statement.

Income from property sales is normally reported on the hand-over date.
If the control over the asset has transferred at an earlier time than the date of access, income from a property sale is recognized at this earlier date. In assessing the timing of income recognition, consideration is given to agreements between the parties regarding control and involvement in the ongoing management.

owner-occupied properties

Owner-occupied properties belong to their own asset category and are measured at fair value in accordance with the IAS 16 revaluation model on a quarterly basis. Owner-occupied properties are valued according to Level 3 in the fair value hierarchy in IFRS 13.

According to the revaluation model, the asset is recognized at fair value at the date of the revaluation. Revaluated assets are depreciated over the useful life of the asset, 40 years, which is recorded in profit or loss. Upon revaluation, this brings the property up to fair value as at the valuation date and depreciation going forward would be adjusted based on its remaining useful life.

If a revaluation gives rise to an increase in value, the revaluation reserve is credited in other comprehensive income and accrued in equity. If it refers to the reversal of a revaluation loss of the same asset previously reported as an expense, it is recognized in the income statement. A decrease in value arising from revaluation is recognized as an expense to the extent it exceeds an amount previously credited to the surplus related to the same asset.

note 2 summary of significant accounting policies, continued

A property is partially owner-occupied if a portion of it is held for rental income or capital appreciation, or both. Portions are accounted for separately if each of these portions can be sold separately or leased out under a finance lease. The portion that is not owner-occupied is treated as an investment property under IAS 40.

If the portions cannot be sold or leased out separately under a finance lease, the property is investment property only if an insignificant portion is used as owner-occupied. In this case the entire property is accounted for as investment property. Akelius considers a property to be an owner-occupied property to a significant extent if it is used as such to at least 50 percent.

intangible and tangible assets

Intangible and tangible assets are carried at their cost less any accumulated amortization/depreciation and any accumulated impairment loss. The acquisition value includes expenses that are directly attributable to the acquisition of the asset.

They are amortized/depreciated on a systematic basis by the straight-line method over each asset's estimated useful life. The estimated useful life is five years for intangible assets. For tangible assets it varies between three and ten years.

impairment

Tangible assets and intangible assets are impaired to the lower amount of the carrying amount and the recoverable amount. The recoverable amount is the greater of the assets' fair value less selling expenses and its value in use. Value in use is defined as the present value of the estimated future cash flow expected to be generated by the asset.

Investment properties are recognized at fair value through profit or loss and therefore not covered by the above principle for impairment.

financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset in one company and a financial liability or equity instrument in the counterparty.

Financial instruments recognized as assets in the balance sheet include cash and cash equivalents, accounts receivable, financial assets, derivatives, and other receivables. Financial instruments recognized as liabilities include trade payables, loans, derivatives, lease liabilities and other payables.

Financial instruments are initially recognized at fair value plus transaction costs, except for financial assets or liabilities recognized at fair value through profit or loss. Financial assets or liabilities recognized at fair value through profit or loss are initially recognized excluding transaction costs.

A financial asset or financial liability is recognized in the consolidated statement of financial position when the company becomes party to the instrument's contractual terms.

Rent receivables are recognized as receivables in the period when performance has been delivered and payments corresponding to the value of the receivable have not yet been received. Other current receivables are recognized when invoiced.

Liabilities are recognized when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not been received. Accounts payables are recognized when received.

A financial asset is removed from the consolidated statement of financial position when the contractual rights to receive cash flow are realized, expire or the company loses control of them. The same applies to part of a financial asset. A financial liability is removed when the contractual obligation is fulfilled or otherwise eliminated. The same applies to part of a financial liability.

Financial instruments are recognized at amortized cost or fair value depending on the initial categorization under IFRS 9. Akelius recognizes its financial contracts at gross value for financial instruments such as currency futures contracts and interest rate swaps.

note 2 summary of significant accounting policies, continued

financial assets and liabilities at fair value through profit or loss

Financial asset or liabilities measured at fair value through profit or loss comprise financial investments and derivatives. A gain or loss on a financial asset or liability that is recognized at fair value through profit or loss is recognized in profit or loss during the period in which the gain or loss arises.

financial assets measured at amortized cost

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

Trade receivables including rent receivables and other current receivables that normally have a maturity of less than twelve months are reported at the amount that is expected to be received minus the provision for credit losses.

Expected credit losses are calculated for trade receivables and recognized in the statement of profit or loss. The model to calculate the provision for expected credit losses is based on historical credit loss experiences and forward-looking factors. The model includes operational simplifications for lease and trade receivables.

financial liabilities measured at amortized cost

Trade payables are obligations to pay for goods or services acquired from the suppliers in the ordinary course of business. Trade and other payables with short maturities are reported at nominal value without discounting.

Interest-bearing liabilities are initially recognized at fair value, net of transaction costs. Interest-bearing liabilities are subsequently stated at amortized cost and any difference between proceeds, net of transaction costs, and the redemption value, is recognized in the income statement over the period of the borrowings using the effective interest rate method.

Interest-bearing liabilities are classified as current liabilities unless the debt is to be settled more than 12 months after the reporting period, or that the Group has an unconditional right to defer payment of the debt for at least 12 months after the end of the reporting period.

derivatives

Akelius uses interest and currency derivatives in accordance with the Group's financial policy to achieve the desired average fixed interest term, interest risks, and currency exposure.

Derivatives are initially recognized at fair value on the date a derivative contract is entered. In subsequent periods, the derivatives are measured to fair value through profit or loss by using valuation techniques for derivatives not listed on an active market. Valuation techniques are based on a series of methods and assumptions relating to market conditions.

cash and cash equivalents

Cash and cash equivalents consist of available cash balances in banks and bank deposits with a residual maturity of no more than three months.
Cash and cash equivalents are carried at nominal value. Change in cash and cash equivalents is presented in the cash flow statement.

employee benefits

Employee benefits in the form of wages, paid holidays, paid sick leave, pensions, etc. are recognized as earned.

termination benefits

A provision is recognized in connection with the termination of employees only if the Group is obligated to terminate the employment before the normal retirement time or when remuneration is paid as an offer to encourage voluntary redundancy. Provision and expense are recognized for the period over which the company does not receive any service in return.

note 2 summary of significant accounting policies, continued

pension

Pensions and other post-employment benefits are classified as defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to an insurance company.

A defined benefit plan is a pension plan that is not a defined contribution plan, but instead is based on the size of the pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

Defined contribution plans are plans where the company's obligation is limited to the contributions the company has undertaken to pay. In such cases, the size of the employee's pension depends on the contributions the Group pays to an insurance company and the capital return on those contributions. Consequently, it is the employee who bears the actuarial risk (that benefits will be less than expected) and investment risk (that the invested assets will be insufficient to meet expected benefits).

The Group's obligations for contributions to defined contribution plans are recognized as an expense for the Group as they are incurred.

The Group's pension commitments consist of defined contribution pensions with no obligations from the company other than the payment of annual premiums during the period of employment. This means that after termination of employment, the employees are entitled to decide during which time the previously defined contributions and returns thereon are taken out as a pension.

There are exceptions for those persons covered by defined benefit ITP plans with continuous payments to Alecta in ITP 2. For white-collar workers in Sweden, the ITP 2 plan's defined benefit pension commitments for retirement and family pensions are secured through insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 classification of ITP plans financed through insurance with Alecta, is a multi-employer defined benefit plan.

For the fiscal year, the Group has not had access to the information required to account for its proportionate share of the plan obligation, assets, and costs, which means that it has not been possible to account for the plan as a defined benefit plan. The pension plan ITP 2, which is secured through insurance in Alecta, is therefore reported as a defined contribution plan. At the end of the financial year, Alecta had a financial leverage ratio of 172 percent (172).

The obligations for pensions for white-collar employees in Germany, Canada, UK, US, and France is accounted for as a defined contribution plan.

discontinued operations

Discontinued operations is a part of Group that either has been disposed of, or is classified as held for sale and represents a separate geographic area of operations.

Discontinued operations are reported separately from the result of continuing operations and are presented with a single amount as profit after tax from discontinued operations in the consolidated income statement with corresponding accounting for the comparison period.

note 2 summary of significant accounting policies, continued

current and deferred tax

The tax expense for the year includes current and deferred tax. The current tax expense is calculated based on the tax regulations that have been adopted as of the balance sheet date in the countries in which the Parent Company and its subsidiaries operate and generate taxable income.

Deferred tax is recognized according to the balance sheet method, on temporary differences arising between the tax bases of assets or liabilities and their carrying amounts. All of Akelius' acquisitions are classified as asset acquisitions. In asset acquisitions deferred tax is not recognized on the acquisition date. After the acquisition, deferred tax is recognized for future changes in value.

Deferred tax is determined using the tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Offsetting of deferred tax claims and deferred tax liabilities take place when the legal right to implement such offsetting exists.

Tax is recognized in the income statement, except when the tax relates to items recognized in other comprehensive income.

provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result 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 is 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 is reversed.

Provisions are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date, in which case it is classified as a non-current liability.

Contingent liability refers to a possible obligation that arises from past events and whose existence is confirmed only by one or more uncertain future events. Or when there is a commitment that is not reported as a present obligation because it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be measured reliably.

cash flow analysis

The consolidated cash flow statement is prepared according to the indirect method. This means that operating profit is adjusted for transactions that do not entail incoming or outgoing payments during the year, and for any income and expenses attributable to cash flow from investing or financing activities.

new and amended IFRS standards adopted by the EU applied as at January 1, 2022

New and amended IFRS standards that came into effect after January 1, 2022 have not had any material impact on the Group's financial reports.

note 3 financing and financial risk management

Akelius is through its operations exposed to various operational risks, including rental income, fair value of properties, and financial risks, including funding and liquidity risks, interest rate risk, currency risk, and credit risk.

refinancing and liquidity risks

Liquidity risk is the risk of not having access to funds due to poor market liquidity. Liquidity is secured by entering into long-term credit facility agreements with several banks.

At the end of 2022, liquidity amounted to EUR 2,772 million (6,524), including EUR 217 million (1,193) in cash, EUR 2,396 million (5,076) in bonds, and EUR 159 million (255) in unutilized credit facilities.

Refinancing risk is the risk of not having access to adequate financing on acceptable terms at any point in time.

The refinancing risk is reduced by having property loans with 9 (12) different lenders, a low loan-to-value ratio of 16 percent (-), and unutilized credit facilities of EUR 159 million (255).
Additional information can be found on pages 122–131, in section low refinancing risk and low liquidity risk.

The following table shows the maturity structure of Akelius' financial liabilities. The figures are undiscounted cash flow, and include future interest payments where applicable.

maturity, Dec 31, 2022

EUR million	0–1 year	1–5 years	> 5 years	**Total**
Interest-bearing loans	164	1,990	1,759	3,913
Hybrid bonds	20	74	1,739	1,833
Lease liabilities	2	5	2	9
Derivatives	-25	-22	-3	-50
Trade payables	6	-	-	6
Other payables	77	-	-	77
Total	**244**	**2,047**	**3,497**	**5,788**

The hybrid bonds mature in year 2078 and 2081, respectively.

maturity, Dec 31, 2021

EUR million	0–1 year	1–5 years	> 5 years	**Total**
Interest-bearing loans	114	2,674	1,748	4,536
Hybrid bonds	30	114	2,649	2,793
Lease liabilities	1	3	2	6
Derivatives	9	13	20	42
Trade payables	8	-	-	8
Other payables	97	-	-	97
Total	**259**	**2,804**	**4,419**	**7,482**

The hybrid bonds mature in year 2078 and 2081, respectively.

note 3 financing and financial risk management, continued

interest rate risk

Interest rate risk is the risk that Akelius is negatively affected by changes in interest rates.
In order to further reduce the risk, or fluctuations in cash flow, interest rates are fixed in the long term.

At year-end, 60 percent (56) of the loans had a fixed interest period of more than five years and - percent (6) had a fixed interest period of less than one year.

Given the low share of loans with variable interest rates, a change in market interest rates would have a limited impact on earnings.

In order to obtain the desired fixed interest rate, interest rate derivatives are used. The interest rate derivatives' value development depends on how the market develops in relation to the contractual interest rate, currency, and remaining maturity.

At the end of the year, the net value of the interest rate derivative portfolio was EUR 44 million (-34).
One percentage point change in market rates would impact the valuation of the interest rate derivatives portfolio by EUR 10 million (15).

The average interest rate, which takes into account the effects of swap agreements, amounted to 1.20 percent (1.51).

The average interest hedge was 5.1 years (5.4).

With the breakdown of fixed rate terms applicable at the beginning of 2022, a change in the market interest rate by one percentage point at the beginning of the year corresponds to EUR -2.2 million (2.3) in changed interest expenses for all active instruments.
For more information about interest rate risk, refer to page 128.

	Dec 31, 2022		Dec 31, 2021	
Maturity, years	Loans, EUR million	Average interest rate, percent	Loans, EUR million	Average interest rate, percent
0–1	-243	7.82	265	2.49
1–2	389	1.81	97	4.49
2–3	798	2.45	355	1.26
3–4	364	2.75	818	2.27
4–5	171	0.91	335	2.40
5–6	668	1.13	163	0.31
6–7	594	1.03	707	0.92
7–8	640	1.19	588	1.02
8–9	166	2.02	608	1.18
9–10	56	0.00	172	0.93
> 10	54	0.00	111	0.00
Total	**3,657**	**1.20**	**4,219**	**1.51**

currency risk

Akelius operates in various geographic markets and undertakes transactions denominated in different currencies and, consequently, is exposed to exchange rate fluctuations.

A single company may have monetary assets and liabilities denominated in a currency other than its functional currency, which are translated to the functional currency at the closing day rate.

Upon settlement of monetary assets and liabilities, a foreign exchange rate difference arises between the transaction day rate and the transaction price.

note 3 financing and financial risk management, continued

All changes in exchange rates attributable to the translation or settlement of monetary items are recognized in the income statement.

Revenues, expenses, assets, and liabilities in a functional currency other than the Group's reporting currency, EUR, are translated at the average rate and the closing rate, respectively.
The effect arising from the change in the closing exchange rate compared to the exchange rate at the beginning of the year and the average annual rate are recognized in the translation reserve in other comprehensive income.

Currency positions are in the currencies of the properties that Akelius holds or intend to hold. Financial investments net out the volume of interest bearing debt in respective currency. Currency changes therefore have limited negative impact of Akelius' credit worthiness.

credit risk in trade receivables

Operational credit risk is the risk that Akelius' tenants will not meet their payment obligations.

The Group has no significant credit risk in trade receivables since rent is charged in advance and tenants pay deposits.

trade receivables

	2022		2021	
EUR million	Gross	Impairment	Gross	Impairment
0–30 days	2	-	2	-
31–60 days	1	-	1	-
61–90 days	-	-	-	-
> 90 days	4	-4	4	-3
Total	**7**	**-4**	**7**	**-3**

provision for expected credit loss

EUR million	2022	2021
Opening balance	3	4
Provisions recognized for potential losses	4	5
Confirmed losses	-3	-4
Discontinued operations	-	-2
Closing balance	**4**	**3**

Trade receivables of EUR 3 million (4) are reported as net after provisions for expected credit loss and other impairments of EUR 4 million (3).

Provisions for expected credit loss and impairment losses recognized in the income statement totaled EUR 4 million (3).

credit risk in financial operations

Financial operations give rise to credit risk exposure.
Financial investments have high credit ratings and a low probability of default.

46 percent (47) of the investments in bonds are covered bonds with minimal credit risk. 98 percent (93) of the bond investments are covered bonds with minimal credit risk or senior bonds with low risk.

note 3 financing and financial risk management, continued

capital risk

The Group's objectives for capital management are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.
Akelius reduces the cost of capital by having an optimal capital structure.

In order to maintain or adjust the capital structure,
the Group may adjust the amount of dividends paid to shareholders, issue new shares, convert debt into equity or sell assets to reduce debt.

The Group evaluates capital based on the loan-to-value ratio.
The loan-to-value ratio is defined as net debt divided by net assets.

According to the financial policy,
the loan-to-value ratio should be limited to 35 percent.
At the end of the year, the net debt was EUR 1,044 million (-2,050),
and the loan-to-value ratio was 16 percent (-).

note 4 estimates and judgments

The preparation of financial statements requires the Board and Management to make estimates and use certain assumptions.
Estimates and assumptions affect both the income statement and balance sheet as well as disclosures,
such as contingent liabilities.
Estimates and assumptions are continuously evaluated and are based on historical experience and other factors,
including expectations of future events considered reasonable under the circumstances.

property valuation

Estimation of fair value of properties is described on page 26,
in section property valuation and in note 2.

Real estate is exposed to climate change risks which may have an impact on property valuation.
Akelius has carried out a climate risk assessment during 2022 and estimates that the impact on discount rate of the risk and opportunity of climate change is limited to around 0.5 percentage point gradually to 2050 for scenario RCP 4.5 2050.
RCP 4.5 is a scenario that describes an ambitious emission reduction pathway to two degrees Celsius.

deferred tax

Deferred tax is recognized using the balance sheet method,
on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Akelius reports deferred tax assets based on Management's estimates of future taxable profits affected by the tax laws that apply in the jurisdictions where the company operates.
The outcome may be different depending on changes in tax rules and the business climate.

classification of acquisitions

In accordance with IFRS 3,
acquisitions may be classified as either business combinations or asset acquisitions.

Akelius acquires companies where substantially all the fair value of the assets is concentrated in a single asset or group of similar assets, properties.
Akelius acquisitions are therefore classified as asset acquisitions and not business combinations.

On asset acquisition, no deferred taxes related to property acquisition are recognized.

note 5 segment reporting

Operating segments within Akelius refer to cities, where each city is part of a region.

The division of responsibility for financial performance for each segment includes net operating income and change in fair value for properties.

From the balance sheet items, investment properties and owner-occupied properties reported by segment.

net operating income and property return per region, 2022

EUR million	Europe	US	Canada	**Total**
Rental income	51	155	97	303
Operating expenses	-19	-70	-44	-133
Maintenance	-3	-12	-7	-22
Net operating income	**29**	**73**	**46**	**148**
Central administrative expenses				-21
Other income and expenses				-
EBITDA				**127**
Depreciation and operational foreign exchange differences				-14
Realized revaluation of investment properties				-15
Unrealized revaluation of investment properties				-577
Restructuring expenses				1
Operating profit				**-478**
Net interest expenses				-20
Interest expenses hybrid bonds				-22
Change in fair value of financial assets				-332
Change in fair value of derivatives				97
Other financial income and expenses				131
Profit before tax				**-624**
Net operating income	29	73	46	148
Realized and unrealized revaluation	-29	-391	-172	-592
Total property return	**-**	**-318**	**-126**	**-444**
Total property return, percent	**0.0**	**-13.0**	**-5.8**	**-7.4**

note 5 segment reporting, continued

net operating income and property return per region, 2021

EUR million	Europe	US	Canada	Total
Rental income	46	91	75	212
Operating expenses	-18	-46	-34	-98
Maintenance	-3	-7	-5	-15
Net operating income	**25**	**38**	**36**	**99**
Central administrative expenses				-15
Other income and expenses				-2
EBITDA				**82**
Depreciation and operational foreign exchange differences				-5
Unrealized revaluation of investment properties				-192
Restructuring expenses				3
Operating profit				**-112**
Net interest expenses				-66
Interest expenses hybrid bonds				-31
Change in fair value of financial assets				-22
Change in fair value of derivatives				15
Other financial income and expenses				-7
Profit before tax				**-230**
Net operating income	25	38	36	99
Realized and unrealized revaluation	-16	-206	30	-192
Total property return	**9**	**-168**	**66**	**-93**
Total property return, percent	**0.7**	**-8.6**	**3.8**	**-1.8**

note 5 segment reporting, continued

property return, 2022

EUR million	Rental income	Operating expenses	Mainte-nance	**Net operat-ing income**	Realized and unrealized revalua-tion	**Total property return**	**Total property return. percent**
London	37	-10	-3	24	-30	-6	-0.7
Paris	14	-9	-	5	1	6	1.4
Europe	**51**	**-19**	**-3**	**29**	**-29**	**-**	**0.0**
New York	45	-23	-4	18	-149	-131	-17.1
Washington D.C.	62	-27	-5	30	-151	-121	-13.8
Boston	33	-12	-2	19	-91	-72	-11.8
Austin	15	-8	-1	6	-	6	3.1
US	**155**	**-70**	**-12**	**73**	**-391**	**-318**	**-13.0**
Toronto	52	-23	-3	26	-71	-45	-4.1
Montreal	44	-21	-3	20	-101	-81	-7.7
Ottawa	1	-	-1	-	-	-	0.0
Quebec City	-	-	-	-	-	-	0.0
Canada	**97**	**-44**	**-7**	**46**	**-172**	**-126**	**-5.8**
Total	**303**	**-133**	**-22**	**148**	**-592**	**-444**	**-7.4**

note 5 segment reporting, continued

property return, 2021

EUR million	Rental income	Operating expenses	Mainte-nance	**Net operat-ing income**	Realized and unrealized revalua-tion	**Total property return**	**Total property return, percent**
London	33	-10	-3	20	-21	-1	-0.1
Paris	13	-8	-	5	5	10	2.3
Europe	**46**	**-18**	**-3**	**25**	**-16**	**9**	**0.7**
New York	33	-19	-3	11	-211	-200	-23.3
Washington D.C.	37	-18	-3	16	1	17	3.2
Boston	21	-9	-1	11	4	15	2.7
Austin	-	-	-	-	-	-	0.0
US	**91**	**-46**	**-7**	**38**	**-206**	**-168**	**-8.6**
Toronto	39	-18	-3	18	9	27	3.0
Montreal	36	-16	-2	18	21	39	4.5
Canada	**75**	**-34**	**-5**	**36**	**30**	**66**	**3.8**
Total	**212**	**-98**	**-15**	**99**	**-192**	**-93**	**-1.8**

note 5 segment reporting, continued

changes in the property portfolio, 2022

EUR million	Rental income	Operating expenses	Maintenance	Purchases	Sales	Translation differences	**Total properties**	Owner-occupied properties	**Closing balance investment properties**
London	985	36	-30	-	-	-52	939	-11	928
Paris	448	18	1	-	-	-	467	-	467
Europe	**1,433**	**54**	**-29**	**-**	**-**	**-52**	**1,406**	**-11**	**1,395**
New York	763	33	-149	-	-	49	696	-	696
Washington D.C.	885	29	-151	152	-	53	968	-	968
Boston	607	28	-91	83	-	40	667	-	667
Austin	191	1	-	-	-	11	203	-	203
US	**2,446**	**91**	**-391**	**235**	**-**	**153**	**2,534**	**-**	**2,534**
Toronto	1,092	21	-71	122	-	-1	1,163	-	1,163
Montreal	1,049	39	-101	56	-11	-4	1,028	-	1,028
Ottawa	-	-	-	22	-	-1	21	-	21
Quebec City	-	-	-	22	-	-1	21	-	21
Canada	**2,141**	**60**	**-172**	**222**	**-11**	**-7**	**2,233**	**-**	**2,233**
Total	**6,020**	**205**	**-592**	**457**	**-11**	**94**	**6,173**	**-11**	**6,162**

note 5 segment reporting, continued

changes in the property portfolio, 2021

EUR million	Opening balance	Invest-ments	Change in fair value	Pur-chases	Sales	Trans-lation differ-ences	**Total proper-ties**	Owner-occupied proper-ties	**Closing balance invest-ment proper-ties**
London	912	30	-21	-	-	64	985	-17	968
Paris	429	15	5	-	-1	-	448	-	448
Europe	**1,341**	**45**	**-16**	**-**	**-1**	**64**	**1,433**	**-17**	**1,416**
New York	863	43	-211	-	-	68	763	-	763
Washington D.C.	570	22	1	239	-	53	885	-	885
Boston	526	32	4	-	-	45	607	-17	590
Austin	-	-	-	192	-	-1	191	-	191
US	**1,959**	**97**	**-206**	**431**	**-**	**165**	**2,446**	**-17**	**2,429**
Toronto	898	25	9	81	-	79	1,092	-	1,092
Montreal	857	45	21	47	-	79	1,049	-	1,049
Canada	**1,755**	**70**	**30**	**128**	**-**	**158**	**2,141**	**-**	**2,141**
Total	**5,055**	**212**	**-192**	**559**	**-1**	**387**	**6,020**	**-34**	**5,986**
Discontinued operations*	7,084	148	1,548	29	-8,777	-32	-	-	-
Total	**12,139**	**360**	**1,356**	**588**	**-8,778**	**355**	**6,020**	**-34**	**5,986**

*) Segments in Berlin, Hamburg, Stockholm, Malmö and Copenhagen were divested during 2021.

note 6 rental income

EUR million	2022	2021
Residential rent	220	157
Commercial rent	4	4
Other rental revenue*	10	6
Service revenue	69	45
Total	**303**	**212**

*) mainly revenue for parking

Discounts to tenants totaled to EUR 6 million (13) which is 2.2 percent (6.4) of rental income.

The discounts consist of rent-free periods and other incentives for the tenants.

non-cancellable leases

EUR million	2022	2021
0–1 year	169	136
1–2 years	18	15
2–3 years	6	3
3–4 years	4	2
4–5 years	1	2
> 5 years	2	5
Total	**200**	**163**

All lease contracts are let to tenants under operating leases and generate rental income. Residential contracts usually have twelve months term and usually run with a notice period of two months.
Commercial contracts have a term between 2–5 years.

Contracts longer than twelve months include a clause for periodic adjustment of rent.

Future rental income attributable to non-cancellable operating leases is distributed as above.

note 7 leases

Akelius is a lessee in lease contracts for offices, site leaseholds, cars, and office equipment.

The Group has leases of cars and office equipment with lease terms of less than twelve months or with low value.

The Group applies the exceptions for short-term leases and leases of low-value assets.

note 7 leases, continued

right-of-use assets

EUR million	offices	site leasehold	**2022**	offices	site leasehold	**2021**
Acquisition value						
Opening balance	10	1	11	13	6	19
Additions to right-of-use assets	3	-	3	3	-	3
Modified agreements	-	-	-	-2	-	-2
Discontinued operations	-	-	-	-4	-5	-9
Closing balance	**13**	**1**	**14**	**10**	**1**	**11**
Depreciation						
Opening balance	-6	-	-6	-5	-	-5
Depreciation	-1	-	-1	-3	-	-3
Modified agreements	-	-	-	-	-	-
Discontinued operations	-	-	-	2	-	2
Closing balance	**-7**	**-**	**-7**	**-6**	**-**	**-6**
Carrying amount	**6**	**1**	**7**	**4**	**1**	**5**

lease liabilities

EUR million	2022	2021
Opening balance	6	14
Amended and new leases	3	1
Amortization of leases	-2	-2
Discontinued operations	-	-7
Closing balance	**7**	**6**

recognized in profit or loss

EUR million	2022	2021
Depreciation of offices	1	2
Cost short-term leases	-	-
Total	**1**	**2**

Total cash flow for leases during 2022 was EUR -1 million (-2).

note 8 operating expenses

EUR million	2022	2021
Utility expenses	21	14
Operating expenses	30	22
Property tax	36	25
Property administration	46	37
Total	**133**	**98**

Employee costs are included in property administration costs disclosed in note 10.

note 9 audit expenses

EUR million	2022	2021
Audit, Ernst & Young	1	2
Total	**1**	**2**
of which continuing operations	1	1
of which discontinued operations	-	1

Audit assignment refers to the review of financial statements, accounting records, and management by the Board of Directors and CEO.

This item also includes other duties that the company's auditors are obliged to perform, as well as advice or other assistance that is occasioned by observations during the review or implementation of such other duties.

note 10 employees – salaries, other remuneration, and social costs

average number of employees

	2022			2021		
	Women	Men	**Total**	Women	Men	**Total**
Parent Company						
Sweden	16	13	29	22	22	44
Group						
Canada	138	170	308	136	186	322
UK	30	32	62	34	34	68
US	73	170	243	66	171	237
France	30	15	45	33	17	50
Germany	12	54	66	29	110	139
Sweden	1	9	10	4	21	25
Total continuing operations	**300**	**463**	**763**	**324**	**561**	**885**
Sweden	-	-	-	39	54	93
Germany	-	-	-	90	71	161
Denmark	-	-	-	6	10	16
Total discontinued operations	**-**	**-**	**-**	**135**	**135**	**270**
Total	**300**	**463**	**763**	**459**	**696**	**1,155**

At the end of 2022, the number of employees in the Group was 755 (865).

note 10 employees – salaries, other remuneration, and social costs, continued

salaries and other remuneration

EUR million	2022	2021
Senior executives	2	2
Other employees	56	46
Total salaries and other remuneration	**58**	**48**
Pension costs		
Senior executives	-	-
Other employees	2	2
Social security expenses		
Senior executives	-	1
Other employees	7	6
Total continuing operations	**67**	**57**
Cost discontinued operations	-	32
Total	**67**	**89**

senior executives

Other senior executives comprise 6 employees (7), of which 2 are women (1).
Salaries and other remuneration to the CEO and other senior executives consist of fixed salaries.
No loyalty bonus was paid during 2022.
Akelius signed loyalty bonus agreements with 4 other senior executives (3).
These agreements will expire in 2023, 2024 and 2025 respectively.
Maximum outcome amounts to EUR 0.8 million.
In total, Akelius has accrued EUR 0.8 million (0.6).

Six members of the senior executives are entitled to three to twenty four months' salary if the company terminates their employment.
A mutual notice of termination of employment of zero to six months applies.

The variable compensation is not included in the basis for pension benefits.
Other benefits consist of company cars and private health care insurance.
For expatriates, certain benefits are paid in compliance with Akelius' rules.
No stock option program has been offered.

Board of Directors

Board fees to the Chairman and other Board members are paid in accordance with the decision of the Annual General Meeting, which means that a member who is employed by the Akelius Group receives no board fees.
No variable remuneration or bonuses have been paid.

note 10 employees – salaries, other remuneration, and social costs, continued

salaries, other remuneration, and social security expenses of board members and management

2022, EUR million	Salary and other remuneration	Pension costs	Social security expenses	Total	Holding of number of D-shares per Dec 31, 2022
Board members					
Chairman of the Board Anders Lindskog	0.05	-	0.02	0.07	-
Igor Rogulj	0.03	-	0.01	0.04	427,350
Lars Åhrman	0.03	-	0.01	0.04	15,000
Kerstin Engström	0.10	0.02	0.04	0.16	500
Thure Lundberg	0.03	-	0.01	0.04	-
Pål Ahlsén*	-	-	-	-	-
Management					
CEO Ralf Spann	0.61	0.08	0.03	0.72	28,571
Other senior executives	1.73	0.13	0.31	2.17	15,832
Total	**2.58**	**0.23**	**0.43**	**3.24**	**487,253**

*) elected as board member, December 2, 2022

The Board consists of one woman and five men.

2021, EUR million	Salary and other remuneration	Pension costs	Social security expenses	Total	Holding of number of D-shares per Dec 31, 2021
Board members					
Chairman of the Board Anders Lindskog	0.05	-	0.01	0.06	-
Igor Rogulj	0.03	-	0.01	0.04	427,350
Lars Åhrman	0.03	-	0.01	0.04	15,000
Kerstin Engström	0.09	0.03	0.03	0.15	500
Thure Lundberg	0.03	-	0.01	0.04	-
Management					
CEO Ralf Spann	0.64	0.06	0.03	0.73	28,571
Other senior executives	1.55	0.23	0.48	2.26	165,832
Total continuing operations	**2.42**	**0.32**	**0.58**	**3.32**	**637,253**
Discontinued operations	0.89	0.08	0.10	1.07	-
Total	**3.31**	**0.40**	**0.68**	**4.39**	**637,253**

The Board consists of one woman and four men in 2021.

note 11 investment properties and owner-occupied properties

The value of investment properties and owner-occupied properties are based on internal valuations.

The estimated future cash flow are based on existing rental income and operating-and maintenance costs adjusted for expected changes in rental and vacancy levels.
The fair value of the properties comprises the sum of the discounted cash flow during the calculation period and the residual value.

The valuation is made according to IFRS 13, level 3, refer to page 149.

The capitalization rate is determined by adding interest rates and risk premiums.
The risk premium covers the market risk and the property-related risk based on the building's location and the prevailing housing supply and demand.

The capitalization rate is assessed using the property transactions completed in the market, invitations to buy and sell, and by looking at comparable properties.

During 2022, Cushman & Wakefield, Colliers, Allsop, and CBRE market-valued 191 properties out of 380 owned on December 31, 2022.
This corresponds to 50 (52) percent of total properties and 71 (52) percent of fair value.
The external valuation was EUR 20 million (155) or 0.46 percent (4.85) below Akelius internal valuation.
The external value is compared to the internal value during the same time as the external valuation occurs.

investment properties

EUR million	2022	2021
Opening balance	5,986	12,039
Transfer to investment properties[1]	22	31
Investment[2]	204	358
Change in fair value	-591	1,350
Purchases	457	588
Sales, asset deals	-11	-38
Disposal, discontinued operations	-	-8,694
Translation differences	95	352
Total	**6,162**	**5,986**
Assets held for sale	-	-
Closing balance	**6,162**	**5,986**

1) A property in Boston was reclassified from owner-occupied property to investment property during the year.

2) Including EUR 13 million (18) in capitalized borrowing costs.
In 2022, the interest rate used to calculate borrowing cost eligible for capitalization was 2.51 percent (2.64).

note 11 investment properties and owner-occupied properties, continued

owner-occupied properties

EUR million	2022	2021
Opening balance	34	100
Transfer from owner-occupied properties	-22	-31
Investment	1	2
Change in fair value	-1	6
Sales, discontinued operations	-	-46
Translation differences	-1	3
Closing balance	**11**	**34**

One (2) property in UK is classified as owner-occupied property.
The property is an owner-occupied property to a 57 percent (80) extent.

Accumulated changes in fair value amounted to EUR 8 million (9).

investment properties and owner-occupied properties, 2022

EUR million	Sales proceeds	Book value	Trans-action costs	**Realized revaluation of investment properties**	Unrealized revaluation of investment properties	Unrealized revaluation of owner-occupied properties	**Total revaluation of properties**
Canada	11	-26	-	-15	-157	-	-157
UK	-	-	-	-	-30	-	-30
US	-	-	-	-	-391	-	-391
France	-	-	-	-	1	-	1
Total	**11**	**-26**	**-**	**-15**	**-577**	**-**	**-577**

investment properties and owner-occupied properties, 2021

EUR million	Sales proceeds	Book value	Trans-action costs	**Realized revaluation of investment properties**	Unrealized revaluation of investment properties	Unrealized revaluation of owner-occupied properties	**Total revaluation of properties**
Canada	-	-	-	-	30	-	30
UK	-	-	-	-	-21	-	-21
US	-	-	-	-	-206	-	-206
France	1	-1	-	-	5	-	5
Total	**1**	**-1**	**-**	**-**	**-192**	**-**	**-192**

note 11 investment properties and owner-occupied properties, continued

sensitivity analysis of changes in the fair value of properties

Should the capitalization rate, rental income, vacancy level or cost level of the market change, fair value in EUR million would be affected as shown in the table below.

Sensitivity analysis of changes in fair value of properties are presented together for investment properties, owner-occupied properties, and properties held for sale.

This is because the majority of property fair value, 99.8 percent (99.4), is linked to investment properties.

On December 31, 2022 the average capitalization rate was 4.20 percent (3.99) and the discount rate was 6.20 percent (5.99).

EUR million	2022	2021
Capitalization rate		
+ 0.1 percentage point	-157	-164
- 0.1 percentage point	165	173
Rental income		
+ 1 percent	28	25
- 1 percent	-28	-25
Operating expenses		
+ 1 percent	-35	-31
- 1 percent	35	31
Vacancy		
+ 1 percent	-102	-96
- 1 percent	102	96

note 12 restructuring expenses

EUR million	2022	2021
Personnel costs	-1	-3
Total	**-1**	**-3**

note 13 net financial items

EUR million	2022	2021
Net interest, derivatives	5	-1
Change in fair value of derivatives	97	15
Change in fair value of financial assets	-378	-22
Change in fair value of external shares	46	-
Dividend, external shares	7	-
Interest income	34	5
Interest expenses	-59	-70
Interest expenses, hybrid bonds	-22	-31
Other financial items[1]	2	-14
Exchange differences[2]	122	-
Total	**-146**	**-118**

1) an early redemption of a bond generated a change in the result of EUR 4 million (-10)

2) relates to financial investments, external loans and derivatives reported in other financial income and expenses since Akelius discontinued net investment hedge accounting in December 2021

All transactions related to derivatives and financial investments are measured at fair value through profit or loss.

Other financial items are related to financial assets and liabilities measured at amortized cost by using the effective interest rate method.

note 14 taxes

EUR million	2022	2021
Current taxes	-5	-
Deferred taxes	32	4
Total	**27**	**4**

reconciliation of income taxes

EUR million	2022	2021
Profit before income taxes	-624	-230
Income taxes based on national rates	152	50
- in percent	24.4	21.7
Other non-taxable income and non-deductible expenses	9	-1
Effect of changed tax rate	-	2
Tax loss carryforwards	-132	-49
Adjustment of tax from prior year	-2	2
Total	**27**	**4**
Effective tax rate, percent	4.1	1.7

The weighted average tax rate was 24.6 percent (21.7).
Tax loss carryforwards are only recognized to the extent that the realization is probable.

Change in tax loss carryforwards is mainly related to the non-capitalized deferred tax asset generated from the negative change in fair value of the properties during 2022.

note 14 taxes, continued

change in deferred taxes in the balance sheet

EUR million	2022 Assets	2022 Liabilities	2022 **Net balance**	2021 Assets	2021 Liabilities	2021 **Net balance**
Opening balance	64	62	2	4	869	-865
Acquisitions	-	-	-	-	2	-2
Gain at disposal	-	-	-	5	-1,241	1,246
Changes through profit for the year, continuing operations	-96	-128	32	18	14	4
Changes through profit for the year, discontinued operations	-	-	-	3	362	-359
Changes through comprehensive income	-22	-	-22	-16	2	-18
Transferred to liabilities held for sale	-	-	-	-	3	-3
Redistribution	103	103	-	50	50	-
Translation differences	-1	1	-2	-	1	-1
Closing balance	**48**	**38**	**10**	**64**	**62**	**2**

nature of deferred tax liability

EUR million	Investment properties	Tax loss carry for-wards	Trans-lation on foreign net invest-ments	Other	**Total**
Net liability Dec 31, 2021	-185	191	-	-4	2
Change through income statement	36	-31	22	5	32
Change through other comprehensive income	-	-	-22	-	-22
Translation difference	-2	1	-	-1	-2
Net liability Dec 31, 2022	**-151**	**161**	**-**	**-**	**10**

The gross amount of capitalized tax loss carryforwards are EUR 661 million (826). The gross amount of non-capitalized tax loss carryforwards are EUR 967 million (584), mainly related to the US.

There is no expiration date for the utilization of the major part of the tax loss carryforwards for which deferred tax assets have been recognized.

note 15 intangible and tangible fixed assets

intangible assets

EUR million	2022	2021
Acquisition value		
Opening balance	40	35
Investments	3	7
Discontinued operations	-	-2
Disposal	-39	-
Reclassification	-3	-
Closing balance	**1**	**40**
Amortization		
Opening balance	-22	-12
Amortization	-3	-4
Impairment	-8	-9
Discontinued operations	-	3
Disposals	29	
Reclassification	3	-
Closing balance	**-1**	**-22**
Carrying amount	**-**	**18**

tangible assets

EUR million	2022	2021
Acquisition value		
Opening balance	11	15
Investments	2	2
Disposal	-	-1
Discontinued operations	-	-5
Closing balance	**13**	**11**
Depreciation		
Opening balance	-7	-10
Depreciation	-2	-2
Disposal	-	1
Discontinued operations	-	4
Closing balance	**-9**	**-7**
Carrying amount	**4**	**4**

All intangible assets have been sold during the year due to the sale of Akelius Technology AB. Tangible assets mainly consist of office equipment and cars.

note 16 financial instruments

financial instruments by fair value hierarchy as at Dec 31, 2022

EUR million	Fair value through profit or loss	Financial assets meas-ured at amor-tized cost	Financial liabilities meas-ured at amor-tized cost	**Total book value**	Level 1	Level 2	**Total fair value**
Derivatives	97	-	-	97	-	97	97
Financial assets	2,396	-	-	2,396	479	1,917	2,396
Trade and other receivables	-	14	-	14	-	14	14
Cash and cash equivalents	-	217	-	217	-	217	217
Total assets	**2,493**	**231**	**-**	**2,724**	**479**	**2,245**	**2,724**
Interest-bearing liabilities	-	-	3,657	3,657	-	3,140	3,140
Hybrid bonds	-	-	650	650	558	-	558
Lease liabilities	-	-	7	7	-	7	7
Derivatives	34	-	-	34	-	34	34
Other financial liabilities	-	-	83	83	-	83	83
Total liabilities	**34**	**-**	**4,397**	**4,431**	**558**	**3,264**	**3,822**

financial instruments by fair value hierarchy as at Dec 31, 2021

EUR million	Fair value through profit or loss	Financial assets meas-ured at amor-tized cost	Financial liabilities meas-ured at amor-tized cost	**Total book value**	Level 1	Level 2	**Total fair value**
Derivatives	7	-	-	7	-	7	7
Financial assets	5,076	-	-	5,076	5,076	-	5,076
Trade and other receivables	-	35	-	35	-	35	35
Cash and cash equivalents	-	1,193	-	1,193	-	1,193	1,193
Total assets	**5,083**	**1,228**	**-**	**6,311**	**5,076**	**1,235**	**6,311**
Interest-bearing liabilities	-	-	4,219	4,219	3,822	421	4,243
Hybrid bonds	-	-	971	971	983	-	983
Lease liabilities	-	-	6	6	-	6	6
Derivatives	47	-	-	47	-	47	47
Other financial liabilities	-	-	99	99	-	99	99
Total liabilities	**47**	**-**	**5,295**	**5,342**	**4,805**	**573**	**5,378**

note 16 financial instruments, continued

financial instrument

Financial instruments recognized in the balance sheet include assets, such as account receivables, financial investments and derivatives, and liabilities such as loan liabilities, account payables, and derivatives.

fair value measurement

Measurement of financial instruments can be classified at different value levels depending on how the underlying data for determining fair value is obtained.

level 1
Quoted prices on active markets for identical assets and liabilities.
An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

level 2
Other observable data for the asset or liability other than quoted prices included in level 1.

level 3
Data for the asset or liability that is not based on observable market data.
At this level, assumptions that market participants would use when pricing the asset or liability, including risk assumptions, should be taken into account.

The fair value of listed bonds, excluding Akelius issued hybrid bonds are reported according to level 2, other observable data for the asset or liability.

The objective of the fair value measurement is to arrive at the price at which an orderly transaction would take place between market participants at the measurement date under current market conditions.
To reach that objective the prices are determined by using valuation techniques based on both direct observations and observed comparable.

The hybrid bonds are still considered to be level 1, since the financial instruments have more tradeable prices.
The appropriate bid price is used for financial assets while the appropriate ask price is used for financial liabilities.

In the fourth quarter, Akelius bought 12.8 percent of the shares in Castellum AB. The price was EUR 441 million.
The investment in Castellum is measured to fair value through profit or loss by using the BID price on the market and is classified as level 1 in the fair value hierarchy.
At year end, the value of the investment amounts to EUR 479 million.

The fair value of derivatives not traded in an active market is calculated as the current value of future cash flow.
The future cash flow from derivative contracts are discounted with the market interest rate.
The fair values of derivatives are based on level 2 of the fair value hierarchy.

Interest-bearing liabilities are considered to be level 2.
The fair values of interest-bearing liabilities are calculated by discounting the future contracted cash flow with the current market interest rate.

Transfers have taken place between the various hierarchical levels.
At the end of 2021, both financial assets and bonds issued by Akelius, were presented according to level 1.
Reclassification has been made to align with market practice.
The majority of assets are traded relatively frequently.
Hence, no significant change in market value due to change in valuation method.

note 17 receivables and other assets

Trade receivables are primarily attributable to residential tenants.
Refer to note 3 for additional information.

Receivables from Group companies are attributable to transactions between Akelius and companies within the Akelius Foundation Group.

Intragroup loans are subject to market terms and are without collateral.

EUR million	2022	2021
Restricted cash[1]	4	3
Other non-current receivables	-	1
Non-current assets	**4**	**4**
Trade receivables	3	4
Prepayments for properties	2	2
Restricted cash[1]	7	27
Prepaid expenses and accrued income	15	20
Accrued interest	10	18
Receivable, dividend external shares[2]	7	-
Other receivables	3	13
Current assets	**47**	**84**
Total receivables and other assets	**51**	**88**

1) restricted cash is mainly for guarantees to banks for derivative transactions and deposited funds from tenants

2) refers to shares in Castellum AB

note 18 cash and cash equivalents

EUR million	2022	2021
Bank deposits and cash	217	1,193
Total	**217**	**1,193**

Change in cash and cash equivalents is shown in the consolidated statement of cash flow.

Cash and cash equivalents include bank deposits.

There are unutilized credit agreements of EUR 159 million (255) that are not included in cash and cash equivalents.

note 19 interest-bearing loans and hybrid bonds

Unsecured interest-bearing loans and hybrid bonds at year-end refer to 12 listed bonds (13) and loans from related companies.
Refer to note 26 for further information about transactions with related parties.

Assets pledged as collateral for mortgages have decreased from EUR 246 million at the end of 2021 to EUR 195 million.

Most borrowings contain financial covenants, specific to each counterpart.
Loan-to-value ratio and interest coverage ratio are the most common for Akelius.

Refer to note 3 financing and financial risk management on pages 122–131 for additional information.
Information related to fair value hierarchy and valuation technique can be found in note 16 financial instruments on page 176.

interest-bearing loans per currency

	2022		2021	
	EUR million	Local currencies	EUR million	Local currencies
SEK	1,635	18,180	2,410	24,709
EUR	1,649	1,649	900	900
CAD	-115	-167	173	249
GBP	321	285	471	396
USD	167	178	265	300
Total*	**3,657**		**4,219**	

*) including EUR 3,506 million (4,018) related to listed bonds and other capital market borrowings excluding hybrid bonds

listed bonds

Nominal value, million	Market value EUR million	Maturity	Rating	Annual coupon, percent	Identification number
SEK 640	57	Oct 2023	BBB	Stibor 3 months + 1.30	XS1889043193
SEK 300	26	Oct 2023	BBB	1.875	XS1889043359
EUR 500	476	Mar 2024	BBB	1.125	XS1717433541
SEK 800	69	Nov 2024	BBB	Stibor 3 months + 1.05	XS2079078478
SEK 200	16	Nov 2024	BBB	1.25	XS2079078049
EUR 600	555	Feb 2025	BBB	1.75	XS1622421722
GBP 400	408	Aug 2025	BBB	2.375	XS1684269761
EUR 500	402	Jan 2028	BBB	1.00	XS2228897158
EUR 500	385	Jan 2029	BBB	1.125	XS2251233651
EUR 600	429	Feb 2030	BBB	0.75	XS2301127119

hybrid bonds

Nominal value, million	Market value EUR million	Maturity	Rating	Annual coupon, percent	Identification number
EUR 315	301	Oct 2078	BB+	3.875	XS1788973573
EUR 335	257	May 2081	BB+	2.249	XS2110077299

All bonds are listed on the Euronext Dublin.

note 19 interest-bearing loans and hybrid bonds, continued

maturity structure of interest-bearing loans as at Dec 31, 2022

	Fixed interest rates			
EUR million	Secured borrowing	Unsecured borrowing	**Total borrowing**	Share, percent
0–1 year	-326	83	-243	-7
1–5 years	47	1,675	1,722	47
> 5 years	435	1,743	2,178	60
Total	**156**	**3,501**	**3,657**	**100**
Average interest rate hedge, years	23.5	4.3	5.1	
Average interest rate, percent	-7.53	1.59	1.20	

	Capital tied up			
EUR million	Secured borrowing	Unsecured borrowing	**Total borrowing**	Share, percent
0–1 year	21	83	104	3
1–5 years	65	1,766	1,831	50
> 5 years	70	1,652	1,722	47
Total	**156**	**3,501**	**3,657**	**100**

maturity structure of interest-bearing loans as at Dec 31, 2021

	Fixed interest rates			
EUR million	Secured borrowing	Unsecured borrowing	**Total borrowing**	Share, percent
0–1 year	-382	646	264	6
1–5 years	-150	1,755	1,605	38
> 5 years	741	1,609	2,350	56
Total	**209**	**4,010**	**4,219**	**100**
Average interest rate hedge, years	27.2	4.2	**5.4**	
Average interest rate, percent	3.24	1.42	**1.51**	

	Capital tied up			
EUR million	Secured borrowing	Unsecured borrowing	**Total borrowing**	Share, percent
0–1 year	53	-	53	1
1–5 years	68	2,402	2,470	59
> 5 years	88	1,608	1,696	40
Total	**209**	**4,010**	**4,219**	**100**

note 20 derivatives

EUR million	2022	2021
Interest rate derivatives		
Assets	73	7
Liabilities	-30	-41
Cross currency derivatives		
Assets	-	-
Liabilities	-	-
Foreign exchange derivatives		
Assets	24	-
Liabilities	-4	-6
Total net fair value	**63**	**-40**
Nominal value	2,958	3,866

Derivative transactions are undertaken with approved counterparts for which credit limits are established and for which ISDA, International Swaps and Derivatives Association, master agreement applies.

changes during the year

EUR million	2022	2021
Opening balance	-40	-82
Settlement of derivatives	6	18
Revaluation in income statement	97	15
Revaluation in equity	-	9
Closing balance	**63**	**-40**
of which long-term	43	-33

Derivatives have generated a cash flow of EUR -6 million (-18) due to settlement of derivatives and EUR 89 million (-128) related to a realized change of currency swaps.

maturity structure

EUR million	2022	2021
0–1 year	20	-7
1–5 years	-8	-8
> 5 years	51	-25
Total	**63**	**-40**

note 21 net debt reconciliation

2022	Assets		Liabilities		
EUR million	Cash and cash equivalents	Financial assets	Short-term loans	Long-term loans*	Total
Opening balance	-1,193	-5,076	53	5,137	-1,079
Cash flow	1,006	2,372	-55	-890	2,433
Reclassification	-	-84	-108	-24	-
Acquisitions	-	-	-	-	-
Non-cash transactions	-	-	-	-	-
Other	-	360	-1	3	362
Translation difference	-30	32	-1	-23	-22
Closing balance	**-217**	**-2,396**	**104**	**4,203**	**1,694**

*) include hybrid bonds

2021	Assets		Liabilities		
EUR million	Cash and cash equivalents	Financial assets	Short-term loans	Long-term loans*	Total
Opening balance	-250	-	233	5,809	5,792
Cash flow	-971	-5,160	-272	524	-5,879
Reclassification	-	-	51	-51	-
Acquisitions	-	-	-	5	5
Non-cash transactions	-	89	-33	-53	3
Discontinued operations	28	-	-	-1,109	-1,081
Translation difference	-	-5	74	12	81
Closing balance	**-1,193**	**-5,076**	**53**	**5,137**	**-1,079**

*) include hybrid bonds

note 22 other liabilities

EUR million	2022	2021
Rent deposits	18	13
Total non-current portion	**18**	**13**
Trade payables	6	8
Prepaid rental income	6	5
Accrued interest expenses	41	45
Other accrued expenses	10	17
Other payables	16	14
Total current portion	**79**	**89**
Total other liabilities	**97**	**102**

note 23 provisions

EUR million	2022	2021
Opening balance	19	9
Provision made	-	15
Provision used*	-14	-1
Provision reversed	-1	-3
Discontinued operations	-	-1
Closing balance	**4**	**19**
Long-term part of debt	-	6
Short-term part of debt	4	13
Total	**4**	**19**

*) mainly obligations due to sale of properties to Heimstaden, which has been settled during the year

maturity structure

EUR million	2022	2021
0–1 year	4	13
1–5 year	-	6
> 5 years	-	-
Total	**4**	**19**

EUR 2 million (2) refers to legal disputes, and EUR 2 million (15) regards transaction costs related to the sale of operations in Scandinavia and Germany during 2021.

note 24 pledged assets and contingent liabilities

pledged assets

EUR million	2022	2021
Property mortgages*	195	246
Shares in subsidiaries	3	3
Total	**198**	**249**

*) assets have been pledged for bank loans.

Property mortgages, in total EUR 195 million, refers to properties in Canada, recognized to a total value of EUR 567 million.

Refer to note 19 for more information about interest-bearing loans.

contingent liabilities

EUR million	2022	2021
Other guarantees	8	-
Total	**8**	**-**

In addition to contingent liabilities, there are guarantee commitments in completed real estate transactions.

note 25 equity

At the end of the year, equity amounted to EUR 4,506 million (7,049), equivalent to an equity ratio of 50 percent (57).

Akelius' D-shares are listed on Nasdaq First North Growth Market.

At December 31, 2022, the price paid per D-share was EUR 1.846.

Dividends of EUR 22 million were distributed to the holders of D-shares and EUR 6,064 million to the holders of A-shares.

The statement of changes in equity shows a complete reconciliation of all changes in equity, refer to page 143.

The share capital consists of 5,745,256,436 A-shares with one vote per share and 220,000,000 D-shares, each with one tenth vote per share.

Number of shares	A-shares	D-shares	**Total**
Opening balance	3,191,809,140	220,000,000	3,411,809,140
Issued shares	2,553,447,296	-	2,553,447,296
Closing balance	**5,745,256,436**	**220,000,000**	**5,965,256,436**

	Opening balance	Issued shares	**Closing balance**
Total share capital, EUR	199,185,144	149,073,043	**348,258,187**
Par value, EUR*	0.06	0.06	**0.06**

*) rounded par value

earnings per share

	2022	2021
Profit attributable to owners of the Parent Company, EUR million	-597	2,380
continuing operations	-597	-226
discontinued operations	-	2,606
Profit attributable to non-controlling interests*	1	34
Earned dividend, A-shares, EUR million	6,064	950
Earned dividend, D-shares, EUR million	22	22
Basic weighted average number of shares outstanding	3,411,809,140	3,411,809,140
Diluted weighted average number of shares outstanding	5,284,804,821	3,411,809,140
Basic earnings per share, EUR	-0.18	0.70
continuing operations	-0.18	-0.06
discontinued operations	-	0.76
Diluted earnings per share, EUR	-0.11	0.70
continuing operations	-0.11	-0.06
discontinued operations	-	0.76

*) result in 2021 refers to discontinued operations

note 26 related parties

Akelius Apartments Ltd, Cyprus, holds 84.02 percent of the shares and exercises control over the Group.
Xange Holding Ltd, Cyprus, holds 9.63 percent of the shares and Giannis Beta Holding Ltd, Cyprus, holds 4.82 percent of the shares.
In 2022, all three related parties bought D-shares, which are included in their owned share of the Group.
D-shares, excluding the shares owned by related parties, correspond to 1.53 percent of the total share capital of the company.
Refer to ownership structure on page 93.

Akelius Apartments Ltd is a subsidiary of Akelius Foundation, Bahamas.

The Board of Directors and senior executives are also related to Akelius Residential Property AB.
For information on the remuneration of board members and senior executives, refer to note 10.

No Board member or senior executive has directly or indirectly been involved in any business transaction with Akelius beyond what is stated in this note and note 10.

transactions with companies in the Akelius Foundation Group

EUR million	2022	2021
Share issue	4,085	-
Paid dividend	-6,073	-952
Sale of other assets*	8	-
Borrowings from Group companies	-	-
Receivables from Group companies	-	-
Revenue from other services	2	-
Purchase of other services	-3	-
Sale of non-controlling interests	-	138
Purchase of non-controlling interest	-11	-
Sale of bonds	2,752	657
Purchase of bonds	-1,150	-
Sale of D-shares	212	11
Transactions with companies controlled by Board members and other senior executives or related to them		
Purchases of services	-	-

*) refers to the sale of Akelius Technology AB

note 27 discontinued operations

2022

No operations were divested during 2022.

The purchase price paid by Heimstaden for the shares in 2021 and the shareholder loans of EUR 7,912 million were finalized.
No adjustment was made.
Minority owners received additionally EUR 3 million while the Parent Company Akelius Residential Property AB paid back EUR 3 million.

2021

On September 24, 2021, Akelius signed an agreement to sell all properties in Stockholm, Malmö, Copenhagen, Hamburg, and Berlin in a share deal.

On December 1, 2021, Akelius handed over the companies to Heimstaden Bostad AB.

Akelius sold 1,093 apartments in Copenhagen, 4,107 in Malmö, 5,934 in Stockholm, 14,050 in Berlin, and 3,592 in Hamburg.
Local staff followed the properties.

The purchase price paid for the share was EUR 7,912 million,
EUR 9,100 million for the properties,
minus EUR 1,156 million for loans,
and minus EUR 32 million for other liabilities.

EUR 135 million was directly paid to minority owners.
Additional EUR 199 million were paid for shareholder loans.

Akelius reported a realized change in fair value for properties of EUR 1,548 million,
and a gain on deferred tax liability of EUR 1,246 million.
Additional profit of EUR 88 million includes a property premium of EUR 363 million,
minus a EUR 247 million currency reserve recycled from other comprehensive income,
minus EUR 28 million in transaction cost.

The following tables present the income statement and net cash flow for the above cities until the time of divestment.

result

EUR million	2022	2021*
Rental income	-	274
Operating expenses	-	-91
Maintenance	-	-17
Net operating income	**-**	**166**
Central administrative expenses	-	-16
Other income and expenses	-	1
EBITDA	**-**	**151**
Depreciation and other expenses	-	-1
Realized and unrealized revaluation of investment properties	-	1,538
Operating profit	**-**	**1,688**
Net financial items	-	-14
Profit after net financial items	**-**	**1,674**
Tax	-	-368
Profit before disposal	**-**	**1,306**
Gain on the sale of the discontinued operations	-	88
Attributable tax	-	1,246
Profit from discontinued operations	**-**	**2,640**

*) represents eleven months of activity prior to the sale on the 1st of December 2021

note 27 discontinued operations, continued

property return, Jan–Nov 2021

EUR million	Rental income	Operating expenses	Mainte-nance	**Net operat-ing income**	Realized and unrealized revalua-tion*	**Total property return**	**Total property return, percent**
Berlin	126	-41	-6	79	873	952	34.1
Hamburg	34	-11	-2	21	269	290	37.5
Other	-	-	-	-	-	-	8.1
Germany	**160**	**-52**	**-8**	**100**	**1,142**	**1,242**	**34.8**
Stockholm	60	-20	-5	35	449	484	30.2
Malmö	43	-15	-4	24	241	265	28.2
Copenhagen	11	-4	-	7	49	56	18.4
Scandinavia	**114**	**-39**	**-9**	**66**	**739**	**805**	**28.3**
Total	**274**	**-91**	**-17**	**166**	**1,881**	**2,047**	**31.9**

*) includes transaction cost of EUR 30 million and a premium of EUR 363 million

cash flow

EUR million	2022	2021 Jan–Nov
Cash flow from operating activities	-	138
Cash flow from investing activities	-	-123
Cash flow from financing activities	-	-31
Net cash flow for the period	**-**	**-16**

note 28 subsequent events

Akelius Residential Property AB has committed to vote in favor of the rights issue at the Annual General Meeting in Castellum AB and has committed to subscribe for its pro rata share, 12.8 percent.

Additionally, the company has entered into a guarantee undertaking to subscribe for an additional 29.1 percent of the rights issue without subscription rights.

Parent Company

income statement for the Parent Company

EUR million	Note	2022	2021
Group revenue		13	22
Administration expenses	4, 5	-21	-32
Restructuring expenses		-	-
Operating profit or loss		**-8**	**-10**
Result from shares in subsidiaries	6	-391	6,086
Financial income	7	435	190
Financial expenses	7	-90	-144
Change in fair value of financial assets	7	-332	23
Change in fair value of derivatives	7, 15	97	-22
Profit or loss before appropriations		**-289**	**6,123**
Appropriations	8	-1	-12
Profit or loss before tax		**-290**	**6,111**
Tax	9	-16	-3
Profit or loss for the year		**-306**	**6,108**

The Parent Company does not have any items in other comprehensive income.

balance sheet for the Parent Company

EUR million	Note	Dec 31 2022	Dec 31 2021
Assets			
Shares in subsidiaries	10	2,418	1,984
Receivables from Group companies	11, 12	3,587	3,853
Financial assets	11	2,077	5,036
Derivatives	11, 15, 16	73	7
Deferred tax assets	9	47	63
Total non-current assets		**8,202**	**10,943**
Receivables from Group companies	11, 12	11	14
Derivatives	11, 15, 16	24	-
Financial assets	11	319	95
Other current receivables	11, 12	8	49
Prepaid expenses and accrued income	12	11	5
Prepaid expenses Group companies	11, 12	1	1
Cash and cash equivalents	11, 13	127	1,045
Total current assets		**501**	**1,209**
Total assets		**8,703**	**12,152**
Equity and liabilities			
Share capital		348	199
Statutory reserve		3	3
Total restricted equity		**351**	**202**
Retained earnings		306	-1,092
Share premium reserve		3,662	1,102
Profit or loss for the year		-306	6,108
Total non-restricted equity		**3,662**	**6,118**
Total equity	19	**4,013**	**6,320**
Interest-bearing liabilities	11, 14, 16	1,826	1,975
Interest-bearing liabilities, Group companies	11, 14, 16	1,991	2,718
Hybrid bonds	11, 16	650	971
Derivatives	11, 15, 16	30	40
Provisions	17	-	6
Total non-current liabilities		**4,497**	**5,710**
Interest-bearing liabilities	11, 14, 16	83	-
Interest-bearing liabilities, Group companies	11, 14, 16	51	51
Derivatives	11, 15, 16	4	7
Provisions	17	1	9
Other current liabilities	11, 17	10	8
Accrued expenses and prepaid income	11, 17	28	31
Accrued expenses and prepaid income, Group companies	11, 17	16	16
Total current liabilities		**193**	**122**
Total equity and liabilities		**8,703**	**12,152**

statement of changes in equity for the Parent Company

	Restricted equity		Non-restricted equity		
EUR million	Share capital	Statutory reserve	Retained earnings	Share premium reserve	**Total equity**
Balance at Jan 1, 2021	**199**	**3**	**-121**	**1,102**	**1,183**
Profit or loss for the year	-	-	6,108	-	6,108
Dividend	-	-	-972	-	-972
Other	-	-	1	-	1
Balance at Dec 31, 2021	**199**	**3**	**5,016**	**1,102**	**6,320**
Balance at Jan 1, 2022	**199**	**3**	**5,016**	**1,102**	**6,320**
Profit or loss for the year	-	-	-306	-	-306
Dividend	-	-	-4,710	-1,376	-6,086
Share issue	149	-	-	3,936	4,085
Balance at Dec 31, 2022	**348**	**3**	**-**	**3,662**	**4,013**

statement of cash flow for the Parent Company

EUR million	Note	2022	2021
Administration expenses		-8	-10
Interest paid		-94	-130
Interest received		206	139
Cash flow before changes in working capital		**104**	**-1**
Change in current assets		43	-24
Change in current liabilities		-1	-15
Cash flow from operating activities		**146**	**-40**
Investment in subsidiaries		-11	-
Sale of subsidiary		5	7,325
Acquisition of financial assets	16	-1,716	-5 833
Sale of financial assets	16	4,089	675
Cash flow from investing activities		**2,367**	**2 167**
Share issue		4,085	-
Proceeds from borrowings	14, 16	-	765
Net from Group borrowing		-1,142	368
Repayment of loans	14, 16	-395	-1,440
Settlement of derivatives	15	83	-14
Dividends paid		-6,086	-972
Cash flow from financing activities		**-3,455**	**-1,293**
Cash flow for the year		**-942**	**834**
Cash and cash equivalents at the beginning of year		1,045	211
Translation difference in cash and cash equivalents		24	-
Cash and cash equivalents at the end of the year		**127**	**1,045**

Parent Company accounting policies and notes

note 1 general information

Akelius Residential Property AB, corporate identity number 556156-0383, is the Parent Company of Akelius. Akelius Residential Property AB is based in Stockholm, Sweden.

The annual accounts were approved by the Board and the CEO on March 8, 2023 and submitted to the Annual General Meeting for adoption on April 18, 2023.

The smallest group that Akelius Residential Property AB is included in is Akelius, which is presented in this report.
The consolidated financial statements presented by Akelius Foundation, are the largest group that Akelius Residential Property AB is part of.
The consolidated accounts for Akelius Foundation are available where the Foundation has its registered office, 110 East Bay Street, Marsh Harbour, Abaco, Bahamas.

note 2 accounting policies

The Parent Company applies the Swedish Annual Accounts Act and RFR 2: "Accounting for Legal Entities".
The accounting policies of the Parent Company have been applied consistently for all years presented here unless otherwise stated.

A more extensive explanation of the applied accounting policies is presented in note 2 of the Group. The Parent Company applies different accounting policies than the Group in the cases specified below.

forms of presentation

The income statement and the balance sheet are presented in accordance with the Swedish Annual Accounts Act.
This entails differences compared to the consolidated accounts, primarily as regards financial income and expenses, comprehensive income, provisions and changes in equity. The presentation of some notes also differs compared to the consolidated accounts.

currency

The Parent Company's functional currency is euro, which is the reporting currency of the Parent Company. Unless otherwise stated, all amounts are reported in EUR million and refer to the period from January 1 to December 31 for income statement items and December 31 for balance sheet items.

participations in Group companies

Participations in Group companies are recognized at acquisition value less deductions for any impairments.
The acquisition value includes acquisition related costs and any contingent consideration. When there are indications that participations in Group companies have decreased in value, the recoverable amount is calculated. If this is lower than the carrying amount, the participation is impaired. Impairment is recognized under the item "Income from participations in Group companies".
If the control is lost in the case of sale, the net result is reported in the profit of the year.

financial guarantees

Financial guarantees from the Parent in favor of subsidiaries are not measured at fair value. They are reported as contingent liabilities, unless it is likely that the guarantees will lead to payments.
In such cases, an accrual is reported.

financial instruments

The Parent Company apply IFRS 9 with the exception of financial guarantees for group companies.
All derivatives are measured at fair value. Other financial non-current assets are measured at amortized cost.

Derivatives held by the company primarily comprise interest rate swaps and currency swaps, which are used to hedge interest rate risk exposure and currency exposure. Interest rate differences that are to be received or paid as a result of interest rate swaps are reported under the item financial expenses and are distributed over the term of agreement.

note 2 accounting policies, continued

impairment

The financial assets are reported in the balance sheet at amortized cost, that is, net of gross value and loss reserve. Changes in the loss reserve are reported in the income statement.

The model to calculate the provision for expected credit loss is based on historical credit loss experiences and forward-looking factors. The model includes operational simplifications for trade receivables. The simplified model is applied to accounts receivable, contract assets, and lease receivables where loss reserve is reported for the expected remaining term.

The calculations of the loss reserve made according to the above methods have not shown any material amounts to reserve. Therefore no expected credit loss on financial assets has been reserved in the company.

Group contributions and shareholder contributions

In Sweden, group contributions are deductible, unlike shareholder contributions. Group contributions paid and received are reported in the income statement. Shareholder contributions are reported as an increase of participations in Group companies and tested for impairment.

income

As the Parent Company, Akelius Residential Property AB provides its subsidiaries with services regarding business development, education, management, finance, construction, architecture, and legal advice.

Revenues are reported in the period they relate to and are based on allocation keys for the respective subsidiary's share of the total market value of the property portfolio, staff, and participants in activities.

The Parent Company records gross revenue in transactions where the company is the principal.

leases

The company applies full exemption from IFRS 16 in accordance with RFR2, which is why this standard has no significant impact on the company's earnings or financial position.

new and amended IFRS standards adopted by the EU applied as at January 1, 2022

New and changed accounting policies that entered into effect as at January 1, 2022 have not had any significant impact on the Parent Company's financial statements in 2022.

note 3 financing and financial risk management

The following table shows the maturity structure of the Parent Company's financial liabilities.

The figures are undiscounted cash flow. Where applicable, they also include future interest payments.

maturity, Dec 31, 2022

EUR million	0–1 year	1-5 years	> 5 years	**Total**
Interest-bearing liabilities	125	1,848	69	2,042
Interest-bearing liabilities, Group	97	503	1,623	2,223
Hybrid bonds	20	74	1,739	1,833
Derivatives	-25	-22	-3	-50
Accounts payable	-	-	-	-
Other payables	35	-	-	35
Total	**252**	**2,403**	**3,428**	**6,083**

The hybrid bonds mature in year 2078 and 2081, respectively.

maturity, Dec 31, 2021

EUR million	0–1 year	1-5 years	> 5 years	**Total**
Interest-bearing liabilities	41	2,024	87	2,152
Interest-bearing liabilities, Group	90	1,210	1,640	2,940
Hybrid bonds	30	114	2,649	2,793
Derivatives	9	13	20	42
Accounts payable	1	-	-	1
Other payables	52	-	-	52
Total	**223**	**3,361**	**4,396**	**7,980**

The hybrid bonds mature in year 2078 and 2081, respectively.

note 4 audit expenses

EUR million	2022	2021
Audit, Ernst & Young AB	1	1
Total	**1**	**1**

The audit assignment refers to the review of the financial statements, accounting records, and the administration by the Board of Directors and the CEO.

This item also includes other duties that the company's auditors are obliged to perform as well as advice or other assistance that is occasioned by observations during the review or implementation of such other duties.

note 5 employees – salaries, other renumeration, and social costs

average number of employees

	2022			2021		
	Women	Men	**Total**	Women	Men	**Total**
Sweden	16	13	**29**	22	22	**44**

At the end of 2022,
the number of employees was 31 (39).

salaries, other remuneration, and social security expenses

EUR million	2022	2021
Senior executives	1	1
Other employees	2	6
Total salaries and other remuneration	**3**	**7**
Pension costs		
Senior executives	-	-
Other employees	1	1
Social security costs		
Senior executives	-	-
Other employees	1	2
Total	**5**	**10**

senior executives

Senior executives comprise two employees (2) of which no women (0).
Salaries and other remuneration to CEO and other senior executives consist of fixed salaries paid during 2022.
Akelius has not signed loyalty bonus agreements with senior executives (0).

Two members of the senior executives are entitled to six months' salary if the company terminates their employment.
A mutual notice of termination of employment of six months applies.
The variable compensation is not included in the basis for pension benefits.
Other benefits consist of company cars and private health care insurance.

For expatriates, certain benefits are paid in compliance with Akelius' rules.
No stock options program has been offered.

board of directors

Board fees to the chairman and other board members are paid in accordance with the decision of the Annual General Meeting, which means that a member who is employed by the Akelius Group receives no board fees.
No variable remuneration or bonuses have been paid.

For information about remuneration to the Board of Directors, refer to note 10 in the Group.

note 6 result from shares in subsidiaries

EUR million	2022	2021
Profit from shares in limited partnership	-	163
Impairment losses on shares in subsidiaries	-391	-190
Dividends	-	69
Gain on disposal	-	6,044
Total	**-391**	**6,086**

Impairment of shares in subsidiaries is mainly due to negative development of property values in US.

note 7 net financial items

EUR million	2022	2021
Net interest, derivatives	5	-1
Change in fair value of derivatives	97	23
Change in fair value of financial assets	-378	-22
Change in fair value of external shares	46	-
Dividend external shares	7	-
Interest income	33	5
Interest income from Group companies	152	130
Interest expenses	-50	-66
Interest expenses, hybrid bonds	-22	-31
Interest expenses, hybrid loans	-	-7
Interest expenses from Group companies	-25	-25
Other financial items	2	-13
Exchange differences	243	54
Total	**110**	**47**

All transactions related to derivatives and financial investments are measured at fair value through profit or loss.

Other financial items are related to financial assets and liabilities measured at amortized cost using the effective interest rate method.

note 8 appropriations

EUR million	2022	2021
Group contribution	-1	-12
Total	**-1**	**-12**

note 9 taxes

EUR million	2022	2021
Current taxes	-	-
Deferred taxes	-16	-3
Total	**-16**	**-3**

reconciliation of income taxes

EUR million	2022	2021
Profit before income taxes	-290	6,111
Income taxes based on national rates	60	-1,259
- in percent	20.6	20.6
Impairment of shares in Group companies	-81	-39
Disposal of shares	-	1,245
Non-taxable dividend	7	14
Non-taxable profit from partnership	-	34
Other non-taxable income and non-deductible expenses	3	2
Adjustment of tax from prior years	-5	-
Income taxes	**-16**	**-3**
Effective tax rate, percent	-5.5	0.1

The current tax has been calculated on the basis of a nominal tax rate in Sweden of 20.6 percent (20.6).

change in deferred taxes in the balance sheet

	2022			2021		
EUR million	Assets	Liabilities	**Net assets**	Assets	Liabilities	**Net assets**
Opening balance	63	-	63	66	-	66
Changes through profit or loss	-16	-	-16	-3	-	-3
Closing balance	**47**	**-**	**47**	**63**	**-**	**63**

nature of deferred taxes

EUR million	Tax loss carryforward	**Total**
Net balance Dec 31, 2021	63	63
Changes through profit or loss	-16	-16
Net balance Dec 31, 2022	**47**	**47**

note 10 shares in subsidiaries

EUR million	2022	2021
Acquisitions		
Opening balance	2,281	2,772
Acquisition	-	-
Capital contribution	1,019	672
Disposal	-194	-1,163
Closing balance	**3,106**	**2,281**
Impairment losses		
Opening balance	-297	-107
Additional write-downs	-391	-190
Disposal	-	-
Closing balance	**-688**	**-297**
Closing net book value	**2,418**	**1,984**

During the year, capital contributions were made to Akelius UK Holding 1 AB with EUR 440 million, Akelius US holding 1 AB with EUR 331 million, Akelius Lönnlöven AB with EUR 230 million and Akelius France 1 AB with EUR 18 million.

The Parent company sold all shares in Akelius Technology AB and liquidated Akelius Lots GmbH during the year.

Company	Corporate ID number	Domicile	Holding percent	Shares	**Net book value, EUR million**
Akelius Business Management GmbH	HRB 224168 B	Berlin	100	25,000	-
Akelius Residential Property Financing B.V.	861414755	Amsterdam	100	100	2
Akelius Denmark Holding 1 AB	556954-1393	Stockholm	100	1,000	73
Akelius France 1 AB	556878-6494	Stockholm	100	1,000	105
Akelius General AB	559173-5831	Stockholm	100	100,000	-
Akelius Hotell och Fastigheter AB	556650-2414	Stockholm	100	5,000	-
Akelius Lönnlöven AB	556878-6502	Stockholm	100	1,000	862
Akelius Procurement AB	559051-1845	Stockholm	100	1,000	-
Akelius UK Holding 1 AB	556709-6028	Stockholm	100	1,000	749
Akelius US Holding 1 AB	556954-1518	Stockholm	100	1,000	559
Akelius Energy Holding AB	559212-8838	Stockholm	100	6,500	-
Akelius Fastigheter i Göteborg AB	556647-1792	Stockholm	100	1,000	68
Closing net book value					**2,418**

note 11 financial instrument

financial instruments by fair value hierarchy as at Dec 31, 2022

EUR million	Fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	**Total book value**	Level 1	Level 2	**Total fair value**
Receivables from Group companies	-	3,599	-	3,599	-	3,599	3,599
Derivatives	97	-	-	97	-	97	97
Financial assets	2,396	-	-	2,396	479	1,917	2,396
Trade and other receivables	-	-	-	-	-	-	-
Cash and cash equivalents	-	127	-	127	-	127	127
Total assets	**2,493**	**3,726**	**-**	**6,219**	**479**	**5,740**	**6,219**
Liabilities to Group companies	-	-	2,058	2,058	-	2,058	2,058
Interest-bearing liabilities	-	-	2,559	2,559	558	1,718	2,276
Derivatives	34	-	-	34	-	34	34
Other financial liabilities	-	-	36	36	-	36	36
Total liabilities	**34**	**-**	**2,559**	**2,593**	**558**	**1,752**	**2,310**

financial instruments by fair value hierarchy as at Dec 31, 2021

EUR million	Fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	**Total book value**	Level 1	Level 2	**Total fair value**
Receivables from Group companies	-	3,868	-	3,868	-	3,868	3,868
Derivatives	7	-	-	7	-	7	7
Financial assets	5,131	-	-	5,131	5,131	-	5,131
Trade and other receivables	-	22	-	22	-	22	22
Cash and cash equivalents	-	1,045	-	1,045	-	1,045	1,045
Total assets	**5,138**	**4,935**	**-**	**10,073**	**5,131**	**4,942**	**10,073**
Liabilities to Group companies	-	-	2,785	2,785	-	2,785	2,785
Interest-bearing liabilities	-	-	2,946	2,946	2,801	217	3,018
Derivatives	47	-	-	47	-	47	47
Other financial liabilities	-	-	48	48	-	48	48
Total liabilities	**47**	**-**	**5,779**	**5,826**	**2,801**	**3,097**	**5,898**

note 12 receivables and other assets

Receivables from Group companies are attributable to transactions between the Parent Company and the subsidiaries.

Intragroup loans are subject to market terms and are without collateral.

EUR million	2022	2021
Receivables from Group companies	3 587	3,853
Hybrid loans	-	-
Non-current receivables	**3, 587**	**3,853**
Receivables from Group companies	12	15
Restricted cash[1]	-	22
Prepaid expenses and accrued income	11	5
Dividend external shares[2]	7	-
Other receivables	1	27
Current receivables	**31**	**69**
Total receivables and other assets	**3,168**	**3,922**

1) restricted cash relates mainly to guarantees to banks for derivative transactions

2) refers to shares in Castellum AB

note 13 cash and cash equivalents

EUR million	2022	2021
Bank deposits and cash	127	1,045
Total	**127**	**1,045**

The change in cash and cash equivalents is shown in the cash flow statement.

Cash and cash equivalents consist of bank deposits.

note 14 interest-bearing liabilities

maturity structure as at Dec 31, 2022

	Fixed interest rates			
EUR million	Secured borrowing	Unsecured borrowing	**Total borrowing**	Share, percent
0–1 year	-342	1,017	675	17
1–5 years	-21	1,692	1,671	42
> 5 years	363	1,242	1,605	41
Total	**-**	**3,951**	**3,951**	**100**
Average, years	-	3.7	3.7	
Average interest rate, percent	0.00	1.35	1.35	

	Capital tied up			
EUR million	Secured borrowing	Unsecured borrowing	**Total borrowing**	Share, percent
0–1 year	-	134	134	3
1–5 years	-	2,167	2,167	55
> 5 years	-	1,650	1,650	42
Total	**-**	**3,951**	**3,951**	**100**

maturity structure as at Dec 31, 2021

	Fixed interest rates			
EUR million	Secured borrowing	Unsecured borrowing	**Total borrowing**	Share, percent
0–1 year	-379	1,359	980	21
1–5 years	-221	2,169	1,948	41
> 5 years	651	1,165	1,816	38
Total	**51**	**4,693**	**4,744**	**100**
Average, years	0.0	4.3	**4.2**	
Average interest rate, percent	0.00	1.38	**1.35**	

	Capital tied up			
EUR million	Secured borrowing	Unsecured borrowing	**Total borrowing**	Share, percent
0–1 year	51	-	51	1
1–5 years	-	3,030	3,030	64
> 5 years	-	1,663	1,663	35
Total	**51**	**4,693**	**4,744**	**100**

note 15 derivatives

EUR million	2022	2021
Interest rate derivatives		
Assets	73	7
Liabilities	-30	-41
Cross currency derivatives		
Assets	-	-
Liabilities	-	-
Foreign exchange derivatives		
Assets	24	-
Liabilities	-4	-6
Total net fair value	**63**	**-40**
Nominal value	2,958	3,830

Derivative transactions are undertaken with approved counterparts for which credit limits are established and with which ISDA, International Swaps and Derivatives Association, master agreement applies.

changes during the year

EUR million	2022	2021
Opening balance	-40	-77
Settlement of derivatives	6	14
Revaluation in income statement	97	23
Closing balance	**63**	**-40**
of which long-term	43	-33

maturity structure

EUR million	2022	2021
0–1 year	20	-7
1–5 years	-8	-8
> 5 years	51	-25
Total	**63**	**-40**

note 16 net debt reconciliation

2022	Assets		Liabilities		
EUR million	Cash and cash equivalents	Financial assets	Short-term loans	Long-term loans	**Total**
Opening balance	-1,045	-5,131	51	5,664	-461
Cash flow	942	2,373	-5	-1,001	2,309
Reclassification	-	-29	91	-62	-
Non-cash transactions	-	359	-	23	382
Translation difference	-24	32	-3	-157	-152
Closing balance	**-127**	**-2,396**	**134**	**4,467**	**2,078**

2021	Assets		Liabilities		
EUR million	Cash and cash equivalents	Financial assets	Short-term loans	Long-term loans	**Total**
Opening balance	-211	-	608	5,503	5,900
Cash flow	-834	-5,158	-1,159	760	-6,391
Reclassification	-	-	601	-601	-
Non-cash transactions	-	32	1	-30	3
Translation difference	-	-5	-	32	27
Closing balance	**-1,045**	**-5,131**	**51**	**5,664**	**-461**

note 17 trade payables, provision and other liabilities

EUR million	2022	2021
Provision	-	6
Total non-current liabilities	**-**	**6**
Provision	1	9
Accrued interest expenses	43	47
Other accrued expenses	1	-
Trade payables	-	1
Other payables	10	7
Total current liabilities	**55**	**64**
Total trade payables, provision, and other liabilities	**55**	**70**

note 18 pledged assets and contingent liabilities

contingent liabilities

EUR million	2022	2021
Guarantees on behalf of subsidiaries	1,634	2,135
Total	**1,634**	**2,135**

Guarantees provided is mainly related to the Euro Medium Term Note program for the benefit of a subsidiary,
Akelius Residential Property Financing B.V.

In addition to contingent liabilities, there are guarantee commitments in completed real estate transactions.

The Parent Company does not have any pledged assets.

note 19 equity

proposed appropriation of profits

The Annual General Meeting has the following amount at its disposal in the Parent Company, in EUR.

Retained earnings	305,971,836
Share premium reserve	3,661,813,513
Profit for the year	-305,971,836
Total	**3,661,813,513**

The Board proposes that the amount be allocated as follows.

EUR 0.029 per A-share	166,612,437
EUR 0.10 per D-share	22,000,000
Carried forward	3,473,201,076
Total	**3,661,813,513**

Board statement on the proposed dividend

The Group and the Parent Company have good liquidity, and following the proposed dividend and share issue,
the equity ratios of the Group and the Parent Company will be 48 percent and 44 percent, respectively.

In the Board's assessment,
which takes into account liquidity needs,
the proposed business plan,
investment plans and the ability to raise long-term credit,
there are no indications that the Group or the Parent Company will have insufficient equity following the proposed dividend.

note 20 related parties

The Parent Company has control over its subsidiaries as described in note 10.

Related party transactions for the Group is presented in note 26 for the Group.

transactions with companies in the Akelius Foundation Group

EUR million	2022	2021
Share issue	4,085	-
Paid dividend	-6,073	-952
Received dividend	-	69
Group contribution	-1	-12
Sale of other assets*	8	-
Acquisition of non-controlling interest	-11	-
Borrowings	2,042	2,769
Revenue from Group companies	13	22
Purchase from Group companies	-13	-20
Interest income	152	130
Interest expenses	-25	-25
Sale of bonds	2,752	657
Purchase of bonds	-1,150	-
Sale of D-shares	212	11

*) refers to the sale of Akelius Technology AB

note 21 subsequent events

Akelius Residential Property AB has committed to vote in favour of the rights issue at the Annual General Meeting in Castellum AB and has committed to subscribe for its pro rata share, 12.8 percent.

Additionally, the company has entered into a guarantee undertaking to subscribe for an additional 29.1 percent of the rights issue without subscription rights.

annual report signatures

The board assures that the annual accounts have been prepared in accordance with generally accepted accounting policies.
The annual accounts give a true and fair view of the company's financial position and performance.
The directors' report gives a fair review of the development of the company's operations, financial position and performance and describes the principal risks and uncertainties facing the Group.

The consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards.
The consolidated accounts give a true and fair picture of the Group's financial position and performance.
The directors' report gives a fair review of the development of the Group's operations, financial position and performance and describes the principal risks and uncertainties facing the Group and the companies in the Group.

The statutory Sustainability Report, which covers the areas in Akelius Residential Property AB's Annual Report whose scope is stated on page 240, has been authorized for issue by the Board.

The date is stated in the electronic signatures.

Anders Lindskog
Chairman of the Board

Igor Rogulj

Lars Åhrman

Kerstin Engström

Thure Lundberg

Pål Ahlsén

Ralf Spann
Chief Executive Officer

Our auditor's report for these annual accounts was issued on the day stated in our electronic signature.
Ernst & Young AB

Jonas Svensson
Authorized Public Accountant

auditor's report

To the general meeting of the shareholders of Akelius Residential Property AB, corporate identity number 556156-0383

report on the annual accounts and consolidated accounts

opinions

We have audited the annual accounts and consolidated accounts of Akelius Residential Property AB AB (publ) except for the corporate governance statement on pages 92-101 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 92-205 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 92-101. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

valuation of investment properties

description

The recorded fair value of investment properties in the group is EUR 6,162 million at 31 December 2022, with a unrealized value change of EUR -577 million. The recorded fair value is based on an internal valuation of each property. The valuation policy and valuation model are consistently used in all countries where Akelius has property operations.

Based on the high degree of assumptions and assessments which are made in connection with property valuations, we believe that this area is a particularly important area in our audit. A description of the valuation of the property portfolio is stated in the section on accounting principles in note 2 and note 11 on investment properties.

how our audit addressed this key audit matter

During our audit we have evaluated the company´s property valuation process by evaluating the valuation methodology and assumptions in the prepared valuations. We have also evaluated the skills of the internal experts.

We have made comparisons to known market information. With support from our internal valuation expertise, we have reviewed the model used to perform property valuations. We have reviewed, for a sample of properties, the reasonability of the adopted assumptions such as yield rates, capital expenditure and vacancy rates with support of our internal valuation expertise. For a sample of properties, we have tested rental income and operating costs as well as the arithmetical accuracy of calculations. We have reviewed the disclosures provided in the annual accounts.

other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-91, 102-104 (tax transparency and tax risks), and 212-248, except for the statutory sustainability report as defined on page 240. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

report on other legal and regulatory requirements

opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Akelius Residential Property AB AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

the auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 92-101 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated

Ernst & Young AB, Box 7850,
103 99 Stockholm, was appointed auditor of Akelius Residential Property AB by the general meeting of the shareholders on the 8 April 2022 and has been the company's auditor since 2018.

Stockholm, on the day stated in our electronic signature

Ernst & Young AB

Jonas Svensson
Authorized Public Accountant

park near McMillan House, London

EU Taxonomy

EU Taxonomy is a central piece to the European Green Deal.
EU Taxonomy is a classification system, that establishes a list of environmentally sustainable economic activities.

A sustainable economic activity must significantly contribute to one of the six following environmental objectives

- climate change mitigation
- climate change adaption
- sustainable use and protection of water and marine resources
- transition to a circular economy
- pollution prevention and control
- protection and restoration of biodiversity and ecosystems

The first two objectives of the EU Taxonomy, climate change mitigation and climate change adaptation,
entered into force in January 2022.
This meant that companies within the scope of the Non-Financial Reporting Directive, NFRD, had to report their share of taxonomy-eligible activities.

Eligibility is defined as an activity which is covered by the EU Taxonomy under one of the first two environmental objectives.

Akelius has decided that all activities should be allocated to the first environmental objective,
where turnover for activity 7.7 acquisition and ownership of buildings, can be included.
Some of Akelius' investments could have been allocated to environmental objective two as well.
However, the taxonomy regulation does not allow double counting.

Akelius reported on eligible activities in the 2021 annual report.
From January 2023, companies also need to report which activities that are taxonomy-aligned for the first two objectives.

For an eligible activity to be aligned with the EU Taxonomy, it further has to

- meet specified metrics and threshold values based on the Technical Screening Criteria, TSC
- meet the Do No Significant Harm principle, DNSH
- meet the minimum social safeguards requirements

For the reporting year 2022,
Akelius reports the turnover, operating expenditure, and capital expenditure that are taxonomy eligible and aligned for the first two environmental objectives.

identification and categorization of economic activities eligible for taxonomy

Akelius has analyzed all activities based on Annex I and Annex II of the delegated act on the climate targets of the EU Taxonomy. Out of these activities, Akelius has determined which are deemed to be eligible for the EU taxonomy.

Akelius primarily rents out apartments, commercial spaces, and parking spaces. Occasionally, Akelius develops and constructs new rental units.

In order to determine taxonomy eligibility, Akelius identified all activities undertaken by the Group.
This was done in multiple discussions with regional operations, sustainability team, and Construction and Finance Departments.

In their order of importance, main activities in the EU Taxonomy identified as environmentally sustainable in Akelius are

7.7 acquisition and ownership of buildings

The acquisition of buildings designed to minimize energy use and carbon emissions throughout the lifecycle,
instead of lower performing ones,
can make a substantial contribution to climate change mitigation objective.

7.2 renovation of existing buildings

The renovation of existing buildings to improve their energy performance makes a substantial contribution to climate change mitigation.
This is done by reducing energy consumption and greenhouse gas emissions for the remaining operational phase of the buildings.
It is also done by avoiding emissions that would be associated with the construction of new buildings.

7.1 construction of new buildings

The construction of new buildings,
designed to minimize energy use and carbon emissions throughout the life-cycle,
can make a substantial contribution to climate change mitigation.
This is done by saving a large part of the energy and carbon emissions that would be associated with conventionally designed buildings.

Other individual activities identified are

7.3 installation, maintenance, and repair of energy efficiency equipment

7.4 installation, maintenance, and repair of charging stations for electric vehicles in buildings, and parking spaces attached to buildings

7.5. installation, maintenance, and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

7.6. installation, maintenance, and repair of renewable energy technologies

Minor activities include

4.1 production of electricity from solar photovoltaic technology

The construction and operation of electricity generation facilities, that produce electricity from solar photovoltaic, support a transition to a net zero emission economy.

taxonomy eligibility assessment and key performance indicators

Akelius calculated the proportion of eligible and non-eligible activities in accordance with the calculation methodologies defined by the Delegated Act of 2021-07-06.

Akelius faced challenges regarding the allocation of data to the identified economic activities.
Most data had to be analyzed manually using determined key words relevant to each identified economic activity.
In order to ensure alignment with Akelius consolidated annual report,
the Finance Department provided the booking information for 2022 to the teams involved in the analysis.
The teams have subsequently reviewed, analyzed, and allocated the data to the relevant activity.

Information has been retrieved and analyzed on property level for the turnover. For operating and capital expenditures, the analysis has been done at project level.

Calculation of the key performance indicators is based on the Group's consolidated financial statements prepared in accordance with the International Financial Reporting Standards, IFRS.

The taxonomy-eligible turnover, operating expenditure, and capital expenditure are calculated as a percentage of total turnover, total operating expenditure and total capital expenditure, respectively.
See tables on pages 218-220.

The definition of each key performance indicator is based on Annex I of the Delegated Act on Article 8 on the content and presentation of the information to be disclosed.

Taxonomy-eligible turnover

Taxonomy-eligible turnover is a proportion of turnover that is derived from economic activities that could qualify as environmentally sustainable.

The turnover key performance indicator is only relevant for the economic activity 7.7 acquisition and ownership of buildings.

All Akelius turnover is considered as taxonomy-eligible and corresponds to the rental income in the Group's consolidated income statement.
See note 2 accounting policies, note 5 segment reporting and note 6 rental income.

Taxonomy-eligible operating expenditure

Taxonomy-eligible operating expenditure is a proportion of operating expenditures that are related to assets or processes associated with economic activities that could qualify as environmentally sustainable.

Operating expenditures are mainly reported in relation to the following activities

- 7.3 installation, maintenance, and repair of energy efficiency equipment
- 7.4 installation, maintenance, and repair of charging stations for electric vehicles in buildings
- 7.5 installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6 installation, maintenance, and repair of renewable energy technologies
- 7.7 acquisition and ownership of buildings

Operating expenditure includes direct, non-capitalized costs relating to research and development, building renovation measures, short-term leasing, maintenance, and repair.
It also includes all direct expenditures in connection with day-to-day maintenance of property, plant and equipment that are necessary in order to ensure the continuous and effective functionality of these assets. Indirect costs such as central administration costs, depreciation, utility costs, and costs for owner used properties are excluded.

Akelius' operating expenditure which are taxonomy-eligible are expenditures reported as maintenance in the Group's consolidated income statement.
It also includes costs for cleaning, snow removal, and recurrent services and inspections that is reported as operating expenses in the Group's consolidated income statement.
See note 2 accounting policies, note 5 segment reporting, and note 8 operating expenses.

Taxonomy-eligible capital expenditure

Taxonomy-eligible capital expenditure is a proportion of the eligible capital expenditure with economic activities that could qualify as environmentally sustainable.

Capital expenditures are mainly reported in relation to the following activities

- 7.2 renovation of existing buildings
- 7.3 installation, maintenance, and repair of energy efficiency equipment
- 7.4 installation, maintenance, and repair of charging stations for electric vehicles in buildings
- 7.5 installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
- 7.6 installation, maintenance, and repair of renewable energy technologies
- 7.7 acquisition and ownership of buildings

Capital expenditure consists of investments in investment properties, tangible and intangible assets made during the current year, before depreciation, impairment and excluding changes in fair value.

Akelius' acquisitions and investments linked to investment properties are covered by the taxonomy.
The only investments in intangible assets that are covered by the taxonomy are Akelius' investments in site leaseholds.
This is because these investments are considered as a direct activity to the taxonomy.
Investments in tangible fixed assets are not covered by the taxonomy because within Akelius it is rather indirectly linked to the taxonomy.

See note 2 accounting policies, note 5 segment reporting, note 7 leases, and note 11 investment properties.

taxonomy alignment

For an eligible activity to be aligned with the EU Taxonomy, it must

- make a substantial contribution to an environmentally-sustainable objective, which means complying with the Technical Screening Criteria, TSC.

  TSC defines the requirements set for individual components and systems in the applicable national regulations transposing the Energy Performance Building Directive, EPBD, and meeting the Ecodesign requirements pursuant to Directive 2009/125/EC.
- fulfill the Do No Significant Harm criteria, DNSH

  The meaning of significant harm is defined per each economic activity in each sector in the technical screening criteria and in the delegated acts.

technical screening criteria, TSC

Akelius has considered the following technical screening criteria for each activity in regards to substantial contribution to climate change mitigation

7.7 acquisition and ownership of buildings

Buildings should have at least an Energy Performance Certificate of class A or be within the top 15 percentage of the national or regional building stock,
if built before 31 December 2020.

If the building is built after 31 December 2020, it needs to meet specific criteria specified in 7.1 construction of new buildings.

For large non-residential buildings,
there is an additional requirement to ensure that these buildings are operated efficiently, and that actual energy and carbon savings are delivered each year.

7.2 renovation of existing buildings

The building's energy performance of the renovated part needs to meet cost-optimal minimum energy performance requirements in accordance with the respective directive. The alternative is that the renovation should lead to a reduction of primary energy demand of at least thirty percent.

7.3 installation, maintenance, and repair of energy efficiency equipment

The activity should consist of

- addition of insulation to existing envelope components, for example green roofs, green walls, lofts, basements, ground floors, or the like
- replacement of existing windows with new energy efficient windows
- replacement of existing external doors with new energy efficient doors
- energy efficient light sources
- heating, ventilation, air-conditioning, and water heating systems, including equipment related to district heating services, with highly efficient technologies
- low water and energy using kitchen and sanitary water fittings

7.4 installation, maintenance, and repair of charging stations for electric vehicles in buildings, and parking spaces attached to buildings

There is no more specific requirements than it should match the definition of the activity.

7.5 installation, maintenance, and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

The activity should consist of

- installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment
- installation, maintenance and repair of building automation and control systems, building energy management systems, BEMS, lighting control systems and energy management systems, EMS
- installation, maintenance, and repair of smart meters for gas, heat, cool and electricity
- installation, maintenance, and repair of facade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation

7.6. installation, maintenance and repair of renewable energy technologies

The activity should consist of

- installation, maintenance, and repair of solar photo voltaic systems and the ancillary technical equipment
- installation, maintenance, and repair of solar hot water panels and the ancillary technical equipment
- installation, maintenance, repair, and upgrade of heat pumps contributing to the targets for renewable energy in heat and cool in accordance with Directive, EU, 2018/2001 and the ancillary technical equipment

Due to the number and the complexity of technical screening criteria,
Akelius has not been able to demonstrate that activities 7.2 and 7.7 can be aligned with the taxonomy in 2022.

fulfill the Do No Significant Harm criteria, DNSH

An EU Taxonomy-aligned economic activity needs to substantially contribute to one of the environmentally-sustainable objectives while not significantly harming any of the remaining five objectives.

In the context of the climate change mitigation for activities 7.3, 7.4, 7.5, and 7.6, the primarily DNSH check to performed is related to climate change adaptation. The economic activity needs to be assessed from a risk and vulnerability perspective, considering the most common climate hazards.

These hazards are divided into four categories

- temperature, such as a heat wave
- wind, for example a storm
- water, for example sea level rise
- solid mass, for example coastal erosion

Akelius has performed a climate change risk assessment per property during 2022, see pages 72-75.
The assessment verifies which of the climate hazards are high probable for Akelius' properties.

For the climate hazards that are considered material,
Akelius analyses the solutions for adaption which have been implemented at building level.

Akelius has no material climate change risk on building level.
However, Akelius makes sure to install equipments in a proper way and places that can overcome any hazards.

For each installation of solar panels,
Akelius ensures that they are installed in the proper way, to survive a storm or heat wave for example.

Activity 7.3 Do No Significant Harm criteria also relates to pollution prevention and control.
Building components and materials should comply with the specific technical criteria.
As most investment made are in the US,
it is difficult to demonstrate compliance.
This activity is therefore not classified as aligned.

minimum social safeguards requirements

EU taxonomy alignment also includes fulfillment of minimum social safeguards throughout the global supply chain.
The fulfillment ensures alignment of the company's processes with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Akelius has processes in place for anti-corruption, fair competition, taxation, and human rights.

Akelius' Supplier Code of Conduct and the suppliers' onboarding questionnaire ensure that the suppliers adhere to high standards of safe working conditions, fair and respectful treatment of employees, and ethical practices.
See page 61.

increasing number of aligned activities in the future

Akelius' aligned activities are mainly related to three individual activities, 7.4 for installation of charging stations for electric vehicles,
7.5 for installation of smart meters,
and 7.6 for installation of solar panels.

Alignment to other activities, such as major renovation or ownership of building,
are challenging due to the magnitude of data collection required as well as the difficulty to demonstrate compliance with the technical screening criteria.

As most of Akelius' properties are outside EU, the lack of uniformity between the different countries in terms of energy standard makes the task even more complicated.

Akelius has set up new processes to improve data collection, and to educate the construction managers and energy managers on the technical screening criteria.

Akelius views the EU taxonomy as an opportunity to pivot towards a more sustainable business model and has therefore already looked into economic activities performed at an intermediary level,
not fully green but not brown either.
Certified properties or under-certification properties are good indicators of the development towards *soon-to-be-green* investments.

Akelius will focus on these properties to improve EU taxonomy reporting and ensure that a larger number of projects can be reported as EU taxonomy aligned.
See pages 64-66.

turnover

				Substantial contribution criteria		DNSH criteria								
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum social safeguards (17)	Taxonomy aligned proportion of turnover 2022 (18)	Category (enabling activity/ transitional activity) (20/21)
		EUR million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	
A. Eligible activities														
A.1. Eligible Taxonomy-aligned activities														
Acquisition and ownership of buildings	7.7	-	-	-	-								-	
Turnover of eligible Taxonomy-aligned activities (A.1)		**-**	**-**	**-**	**-**								**-**	
A.2 Eligible, not Taxonomy-aligned activities														
Acquisition and ownership of buildings	7.7	303	100											
Turnover of eligible, not Taxonomy-aligned activities (A.2)		**303**	**100**											
Total (A.1 + A.2)		**303**	**100**											

B. Non-eligible activities

Turnover of non-eligible activities (B)		-	-
Total (A + B)		**303**	**100**

operating expenditure

				Substantial contribution criteria		DNSH criteria								
Economic activities (1)	Code (2)	Absolute operating expenditure (3)	Proportion of operating expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum social safeguards (17)	Taxonomy aligned proportion of operating expenditure 2022 (18)	Category (enabling activity/ transitional activity) (20/21)
		EUR million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	
A. Eligible activities														
A.1. Eligible Taxonomy-aligned activities														
Installation, maintenance, and repair of charging stations for electric vehicles in buildings, and parking spaces attached to buildings	7.4	-	-	-	-	-	Y	n/a	n/a	n/a	n/a	Y	-	enabling activity
Installation, maintenance, and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	-	-	-	-	-	Y	n/a	n/a	n/a	n/a	Y	-	enabling activity
Installation, maintenance and repair of renewable energy technologies	7.6	-	-	-	-	-	Y	n/a	n/a	n/a	n/a	Y	-	enabling activity
Operating expenditure of eligible Taxonomy-aligned activities (A.1)		**-**	**-**	**-**	**-**								**-**	
A.2 Eligible, not Taxonomy-aligned activities														
Installation, maintenance, and repair of energy efficiency equipment	7.3	-	-											
Acquisition and ownership of buildings	7.7	32	100											
Operating expenditure of eligible, not Taxonomy-aligned activities (A.2)		**32**	**100**											
Total (A.1 + A.2)		**32**	**100**											

capital expenditure				Substantial contribution criteria		DNSH criteria								
Economic activities (1)	Code (2)	Absolute capital expenditure (3)	Proportion of capital expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum social safeguards (17)	Taxonomy aligned proportion of capital expenditure 2022 (18)	Category (enabling activity/ transitional activity) (20/21)
		EUR million	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	
A. Eligible activities														
A.1. Eligible Taxonomy-aligned activities														
Installation, maintenance, and repair of charging stations for electric vehicles in buildings, and parking spaces attached to buildings	7.4	-	-	100	-	-	Y	n/a	n/a	n/a	n/a	Y	-	enabling activity
Installation, maintenance, and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	-	-	100	-	-	Y	n/a	n/a	n/a	n/a	Y	-	enabling activity
Installation, maintenance and repair of renewable energy technologies	7.6	2	1	100	-	-	Y	n/a	n/a	n/a	n/a	Y	1	enabling activity
Capital expenditure of eligible Taxonomy-aligned activities (A.1)		**2**	**1**	**100**	**-**								**1**	
A.2 Eligible, not Taxonomy-aligned activities														
Installation, maintenance, and repair of energy efficiency equipment	7.3	2	-											
Acquisition and ownership of buildings	7.7	658	99											
Capital expenditure of eligible, not Taxonomy-aligned activities (A.2)		**660**	**99**											
Total (A.1 + A.2)		**662**	**100**										**1**	

190 Jameson Avenue, Toronto

sustainability notes and indices

about the sustainability report

This is Akelius Residential Property AB's sustainability report for the period 2022 in accordance with the EU directive 2014/95/EU, including its statutory sustainability report according to the requirements in the Swedish Annual Accounts Act, ÅRL.
The sustainability report includes Akelius Residential Property AB, corporate registration number 556156-0383, and its subsidiaries.
The statutory sustainability report is part of the director's report.
To be competitive Akelius must take advantage of this requirement and publish a good sustainability report.

Banks, investors, and financial service companies make in-depth environmental, social, and governance analysis of the Swedish real estate sector.
A company's sustainability practices also influence the decisions of current and potential employees and tenants.

Following the sale of properties in Sweden, Denmark, and Germany in 2021, majority of Akelius portfolio lies in North America.
Thus going forward, the report is prepared in accordance with only the revised Global Reporting Initiative or GRI 2021 standards.
The data collection methods remain same as with previous EPRA standards unless mentioned otherwise.
This ensures data comparability with pervious years.

The report covers all material topics where the company has to disclose sustainability performance figures according to GRI.
The performance related to energy, greenhouse gas emissions, water, and waste impacts, as well as on social and governance indicators requested by GRI are reported in indices.

The content of this report has been determined considering

- the material areas identified through the materiality analysis
- the company's sustainability targets

The materiality analysis is described on pages 224-225.

For a correct representation of the company's global performance, and to ensure the reliability of the data,
the use of estimates was limited as much as possible.

The report covers the global sustainability targets approved by the Board on 2022-12-15.

The data collection and control process were coordinated by the sustainability team and energy managers, with the collaboration of the heads of all departments, city managers, and companies falling within the boundary of reference.

organizational boundaries

This report follows the operational control approach according to Greenhouse Gas Protocol definition.

This approach includes only data that is under control of Akelius and therefore within the company's organizational boundaries.

For the calculation of the greenhouse gas emissions Akelius discloses the scope 1 and 2 categories.
The scope 1 category includes all direct emission sources.
This includes all use of fossil fuels for stationary combustion or transportation in owned, leased, or rented assets.

The scope 2 category includes indirect emissions related to procured energy, such as electricity, heating or cooling, where the organization has operational control.

For the calculation of scope 1 and 2 emissions,
Akelius adopts both the location-based and the market-based methods.
In scope 1, the following gases are included in the CO_2equivalent location based calculation for France and United Kingdom, CO_2, CH_4, and N_2O.
For Canada and US, this information is not disclosed.

In scope 2, the following gases are included in the CO_2equivalent location based calculation for Canada, US and United Kingdom, CO_2, CH_4, and N_2O.
For US and province of Quebec, additional SOx and NOx are included in CO_2equivalent location based calculation.
For France, this information is not disclosed

Sources of location-based carbon emission factors are

- EPA in US and Canada
- ECCC in Canada
- IEA in Europe

There are no market-based emission factors available for scope 1 emissions from suppliers in the respective country.
Akelius states both methods in the *sustainability key figures* table.

Sources of market-based carbon emission factor are publicly available information from electricity suppliers.
In Austin, Boston, Washington D.C., and Toronto, no supplier information is available, therefore location-based factors were used.

The scope 3 category includes emissions from Akelius' upstream and downstream supply chain.
The source of data for scope 3 and emissions are stated on pages 228-229.
Scope 3 emissions are calculated using a Normative platform.

The divestment of Akelius Technology AB was carried out in 2022.
This is reflected in the data.

Disclosure on performance for Akelius' office occupation is reported separately.
Akelius has offices in seven cities.

normalization

Akelius calculates energy and water consumption and intensity based on the invoices and the building utility meters that go through Akelius' balance sheet.

Akelius calculates key intensity metrics through division by the total floor area of the buildings that the consumption corresponds to.
This is the most widely accepted method internationally for comparing energy use and resource consumption.

The consumption is calendar normalized when lacking usage invoices from suppliers.

The allocation according to the current category of energy efficiency of properties is based solely on the classification in accordance with the national or local energy ordinance.

Buildings with one hundred percent vacancy and zero consumption are not included in energy intensity calculation.

remarks

Akelius has information in footnotes where only the continued operations from 2021 are considered.

The environmental data from Sweden, Denmark, and Germany properties in the sale has been updated in the 2021 figures.

third party assurance

Akelius does not currently obtain third party assurance for any data reported on the pages 226-231.

reporting period

Where data is available,
performance measures have been reported for the two most recent years

2021 – 1 January to 31 December

2022 – 1 January to 31 December

Akelius is committed to improving the internal data collection and align with the reporting period of GRI.

contact

The sustainability team,
sustainability@akelius.com

materiality analysis

In 2020, Akelius conducted a new materiality analysis.
The materiality analysis is a formal process to identify environmental, social and governance focus areas that impact the company's business and stakeholders. This analysis formed the basis of the company's sustainability targets.

Akelius implemented the analysis in four steps.

identify focus areas

What environmental, social and governance areas are most relevant to the company?

To identify the focus areas Akelius

- conducted research
- evaluated and mapped current business processes
- benchmarked the company against competitors

Twenty focus areas were identified.

ask the stakeholders

Who are the company's stakeholders?

- tenants
- staff
- management team
- the Board
- suppliers
- banks and investors
- local and national authorities

The sustainability team interviewed all stakeholders to find out which environmental, social, or governance issues were the most relevant for the company.

rate the significance

Stakeholders were given the list of issues. They were then asked about the importance and the impact each issue had on the company.

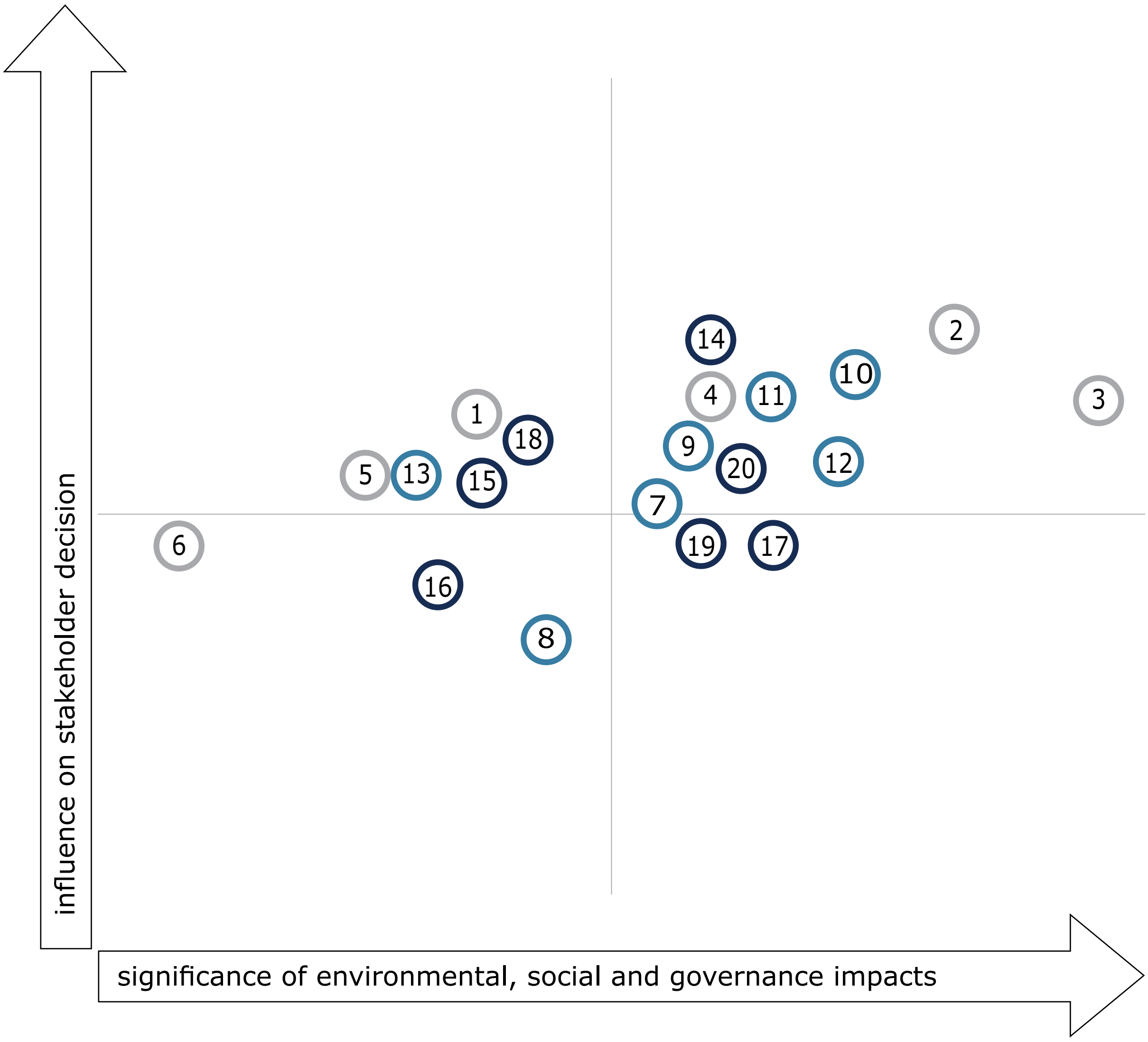
The result of their feedback is plotted in the materiality matrix on page 225.

review targets

Akelius used the materiality analysis to set sustainability targets.

The targets will be reached no later than the end of 2025.

Akelius materiality analysis



environmental

1 climate change adaptability

2 energy and water management

3 carbon emissions management

4 construction materials

5 waste management

6 biodiversity

social

7 dialogue with tenants

8 dialogue with the local community

9 tenants health and safety

10 diversity, non discrimination on the workplace

11 attractive working environment

12 employees' health and safety

13 human rights

governance

14 business ethics, transparency and compliance

15 sustainable finance

16 sustainable certification of buildings

17 sustainability risk management

18 corporate governance

19 sustainable supply chain

20 digitalization and cybersecurity

sustainability key figures

environmental - energy consumption, GRI 302-1

Source	Indicator	Unit of measure	2022	2021[1]
Electricity	total electricity consumption	MWh	48,310	39,815
	like-for-like[2] total electricity consumption	MWh	35,189	35,794
	proportion of consumption from renewable sources	percent	49.5	50.2
	total electricity sold	kWh	296,022	45,332
District heating	total district heating and cooling consumption	kWh	-	-
	like-for-like[2] total district heating and cooling consumption	kWh	-	-
	proportion of consumption from renewable sources	percent	-	-
Oil	total fuel consumption, oil	kWh	1,245	3,866
	like-for-like[2] total fuel consumption, oil	kWh	1,245	3,866
	proportion of consumption from renewable sources	percent	1.1	0.7
Gas	total fuel consumption, gas	kWh	170,336	151,292
	like-for-like[2] total fuel consumption, gas	kWh	148,722	146,840
	proportion of consumption from renewable sources	percent	-	-
Fuels District heating, oil, gas	total fuel consumption	kWh	171,581	155,158
	total fuel consumption, renewable	kWh	13,781	28,425
	total fuel consumption, non-renewable	kWh	171,566	155,129
	like-for-like[2] fuel consumption	kWh	149,967	150,727
Energy	building energy intensity	kWh/sqm	334.50	331.37
	total energy consumption, electricity and fuels	kWh	219,891	194,973
	like-for-like[2] total energy consumption, electricity and fuels	kWh	185,157	186,520

1) environmental figures for 2021 are updated from last year, using fewer estimations
2) like-for-like key performance indicators include only continued operations

environment - energy, water, waste, GRI 302-1, 302-3, 302-4, 303-5

Source	Indicator	Unit of measure	2022	2021[1]
Water[3]	total water consumption	million m^3	1.55	1.39
	like-for-like[2] total water consumption	million m^3	1.10	1.28
	total water consumption from areas with water stress	megaliter	1,162	911
	building water intensity	m^3/per sqm	1.58	1.69
Waste	weight of waste produced	tonnes	36,349	31,253
	of which non-hazardous	percent	100	100
	amount of waste sent recycled	tonnes	9,932	9,684
	percentage recycled	percent	27	31
	amount of waste sent to a landfill	tonnes	24,099	19,801
	percentage sent to landfill	percent	66	64
	amount of waste sent to incineration	tonnes	2,318	1,522
	percentage sent to incineration	percent	6	5
	other	tonnes	-	246

3) Total water consumption from areas with water stress start from 2022.
Cities with water stress index greater than 0.4 are included.

environment - carbon emissions, GRI 302-1, 302-3, 302-4, 303-5

Source	Indicator	Unit of measure	2022	2021[1]
Scope 1	total direct greenhouse gas, emissions, location-based	tonnes CO_2 eq	31,188	28,070
Scope 2	total indirect greenhouse gas, emissions, market-based	tonnes CO_2 eq	6,041	5,042
	total indirect greenhouse gas, emissions, location-based	tonnes CO_2 eq	6,560	5,019
GHG intensity	greenhouse gas, emissions intensity from building energy consumption, location-based	kg CO^2/ sqm	55.22	55.24
Scope 1+2[4]	total carbon emissions, direct and indirect	tonnes CO_2 eq	37,229	33,112
	like-for-like[2] total carbon emissions, direct and indirect	tonnes CO_2 eq	31,231	31,752
Scope 3	1. goods and services purchased, and 5. waste generated in the operation	tonnes CO_2 eq	42,973	-
	2. capital goods	tonnes CO_2 eq	202	-
	3. fuel- and energy-related activities	tonnes CO_2 eq	9,053	-
	4. transportation and distribution, upstream	tonnes CO_2 eq	13	-
	6. business travel	tonnes CO_2 eq	372	-
	7. employee commutes	tonnes CO_2 eq	757	-
	13. leased assets, downstream	tonnes CO_2 eq	38,839	-
	total upstream and downstream carbon emission	tonnes CO_2 eq	92,278	-
Scope 1+2+3		tonnes CO_2 eq	129,607	-

4) using market-based carbon emissions

environment - scope 3 emissions

Category	Activity and source	Calculation methodology
1. goods and services purchased	spent-based data from accounting systems	spend-based calculation method using Normative software
2. capital goods	spent-based data from accounting systems, does not include buildings	spend-based calculation method using Normative software
3. fuel- and energy-related activities	activity data from energy bills	calculation method using Normative software
4. transportation and distribution, upstream	spent-based data from accounting systems	spend-based calculation method using Normative software
5. waste generated in the operation	spent-based data retrieved from waste haulers, estimations from municipalities	calculated as 1. purchased good and services as activity data is unavailable
6. business travel	spent-data retrieved from travel expenses	spend-based calculation method using Normative software
7. employee commute	information collected from employee survey with 81.5 percent replies	estimations calculated using mode of transport and frequency
13. leased assets, downstream	tenant electricity and heating consumption data that is unknown to Akelius	estimations calculated using floor area that does not go through Akelius balance sheet

social - employee and community, GRI 401, 403, 404, 405, 406, 416

Source	Indicator	Unit of measure	2022 Male	2022 Female	2021 Male	2021 Female
Gender diversity	employee gender diversity, direct employees	percent	57	43	62	38
	employee gender diversity, manager	percent	49	51	58	42
	employee gender diversity, board	percent	83	17	80	20
Gender pay ratio	pay gender ratio, direct employees	percent	114		114	
	pay gender ratio, manager	percent	120		138	

Source	Indicator	Unit of measure	2022	2021*
Training	training and development, direct employees	average number of hours	33	23
Development	employee performance appraisal	percent	-	-
Turnover	new employee hires	total amount	227	208
	rate of new employee hires	percent	30	24
	employee turnover	total amount	253	817
	rate of turnover	percent	25.5	55.7
Health & Safety	injury rate	per 100,000 hours worked	0.06	0.25
	lost day rate	per 100,000 hours worked	0.00	0.95
	absentee rate	percent	1.9	1.5
	fatalities	total amount	-	-
Assessment	property assessments	percent of assets	92	91
Compliance	property compliance incidents	number of incidents	36	33

*) including the result only for continued operations

governance - the Board, GRI 2-9, 2-10

Source	Indicator	Unit of measure	2022	2021
Board	number of executive Board Members	total number	-	-
	number of independent or non-executive Board Members	total number	3	2
	average tenure on the governance body	year	4.3	4.9
Selection	process for nominating and electing the highest governance body	-	annual report 2022, pages 93-97	annual report 2021, pages 83-87
Conflicts	process for managing conflicts of interest	-	annual report 2022, page 101	annual report 2021, page 91

Akelius office environments

			absolute	
Source	Indicator	Unit of measure	2022	2021
Electricity	electricity consumption	MWh	4,124	300
	electricity consumption from renewable sources	percent	-	-
District heating	district heating and cooling consumption	MWh	-	34
	district heating consumption from renewable sources	percent	-	-
Fuels	fuel consumption	MWh	-	544
	fuel consumption from renewable sources	percent	-	-
Greenhouse gas, GHG	scope 1	tonnes of CO_2e	-	126
	scope 2		1,039	166
Waste*	weight of waste produced	tonnes	405	54
	of which non-hazardous	percent	100	100
	amount of waste sent recycled	tonnes	239	24
	percentage recycled	percent	59	44
	amount of waste sent to a landfill	tonnes	164	18
	percentage sent to landfill	percent	40	33
	amount of waste sent to incineration	tonnes	2	7
	percentage sent to incineration	percent	1	13

*) Fewer employees worked in offices in 2021 due to the ongoing COVID-19 pandemic. This resulted in less waste generated in 2021.

sustainability governance

	financial sustainability	environmental sustainability	social sustainability
GRI standards area	GRI 201: Economic Performance GRI 207: Tax	GRI 302: Energy GRI 303: Water and Effluents GRI 305: Emissions GRI 306: Waste GRI 307: Environmental Compliance GRI 308: Supplier Environmental Assessment	GRI 205: Anti-corruption GRI 401: Employment GRI 403: Occupational Health and Safety GRI 404: Training and Education GRI 405: Diversity and Equal Opportunity GRI 413: Local Communities GRI 416: Customer Health and Safety
Importance of topic for Akelius	Strong financial results and paying tax ensures long-term financial success.	Reduced impact can be achieved through efficient use of resources and methodical planning. Compliance ensures responsible upgrading of properties.	Safe, healthy, and educated employees lead to a more prosperous company. Operations are conducted with a focus on ethical behavior with all stakeholders.
Responsibility and impact along value chain	Akelius is responsible for its customers. Akelius contributes together with customers to the impact that happens simultaneously with purchasing, property management, and development.	Efficient use of resources in operations, collaborating with customers and placing requirements on suppliers are Akelius' responsibility. Together with its customers and suppliers, Akelius contributes to the impact that happens simultaneously with acquisition, property management, and development.	Akelius has a responsibility towards its employees in ensuring their well-being and development. Akelius is responsible for ensuring properties are safe for tenants and communities. Akelius has a direct impact on employees' workday and the lives of tenants.
Limitations in reporting	The sustainability data that is reported applies to Akelius Residential Property AB as a Group. There are limitations in the reporting, see pages 222-223.	The sustainability data that is reported applies to Akelius Residential Property AB as a Group. The focus is on operations and administration. Missing data is highlighted in the tables.	The primary reporting focus is on employees. We do not report information about tenants. Missing data is highlighted in tables.

	financial sustainability	**environmental sustainability**	**social sustainability**
How does Akelius work	Akelius acquires existing residential buildings. Renovations and upgrades are carried out when needed. Read more in the *Akelius business model* section.	Akelius' strategy is to ensure efficient use of resources combined with projects to enhance the performance of older buildings. Suppliers adhere to Akelius' requirements. Read more in the *environmental* and *sustainable construction* section.	To support staff, Akelius establishes clear policies and guidelines. Read more in the *social* section.
What are Akelius' goals	Akelius aims to offer *a better living* creating value for tenants and the company.	The goal is to reduce Akelius' environmental impact and be net zero by 2050.	Akelius aims to have a safe, inspiring, and equitable environment for all its employees. The safety of the tenants is of the utmost importance for Akelius.
Policies	- sustainability policy - financial policy - green investment policy - tax policy - accounting guidelines and standards	- sustainability policy - greenhouse gas emissions reduction policy - green procurement policy - supplier Code of Conduct - car policy	- sustainability policy - Code of Conduct - staff diversity and equality policy - anti-corruption policy - political involvement policy
Targets	- growth in income - low financial risk - low vacancy rate	- net zero by 2050 - 100 percent renewable energy - energy and water efficiency - certified buildings	- low sick leave - low staff turnover rate - equal gender pay rate - training and development
Evaluation of management	- policies are evaluated annually and adopted by the Board	- monitoring of resource use and greenhouse gas emissions as part of management's annual review - policies are evaluated annually and adopted by the Board	- monitoring of whistleblower cases annually - monitoring of diversity, equality and health and safety data as part of management's annual review - policies are evaluated annually and adopted by the Board

tax, country-by-country report

GRI 207-4-a

EUR million	Employees[1]	Tangible assets other than cash and cash equivalents	Income third parties[2]	Income intra group[2]	Profit before tax	Current tax[3]	Paid income tax[4]
Sweden	39	-	285	187	-402	-	-
Canada	308	2,234	98	2	-175	-	-
France	45	467	16	-	-1	-	-
UK	62	940	37	1	-20	-3	-1
US	243	2,536	156	44	-26	-2	-1
Germany	66	-	-	4	-	-	-
Netherlands[5]	-	-	-	17	-	-	-
Total	**763**	**6,177**	**592**	**255**	**-624**	**-5**	**-2**

1) average number of employees during 2022.
The Parent Company, head office and group functions are located in Sweden.
The group CFO and CEO are employed by the Parent Company.
The employees main tasks in Canada, France, UK, and US are related to real estate business.

2) Rent revenue, net capital gains from sales of assets, unrealized gains, interest income, and extraordinary income are reported as income.
Comprehensive income, revaluations, and unrealized gains reflected in the equity have not been included.

3) Refer to further information in note 14.

4) In total EUR 2 million tax was paid 2022, whereof EUR 1 million in US related to state tax and EUR 1 million in UK.

5) Akelius Residential Property Financing B.V. has issued bonds on the capital market that has been lent to the Parent company.

GRI content index

general standard disclosures

GRI standard indexes	Disclosure	Page
general disclosures, 2021		
2-1	organizational details	5, 191
2-2	entities included in the organization’s sustainability reporting	5, 222
2-3	reporting period, frequency and contact point	223
2-4	restatements of information	222
2-5	external assurance	240
2-6	activities, value chain and other business relationships	8-19
2-7	employees	78, 79
2-9	governance structure and composition	91, 93, 98
2-10	nomination and selection of the highest governance body	94
2-11	chair of the highest governance body	94
2-12	role of the highest governance body in overseeing the management of impacts	72, 100
2-13	delegation of responsibility for managing impacts	105
2-14	role of the highest governance body in sustainability reporting	20, 95, 96
2-22	statement on sustainable development strategy	7, 20-23
2-23	policy commitments	61, 100, 101
2-24	embedding policy commitments	61, 100, 101
2-27	compliance with laws and regulations	86, 89, 101
2-29	approach to stakeholder engagement	86, 224

material topics, 2021		
3-1	process to determine material topics	224
3-2	list of material topics	225

topic-specific disclosures

economic

GRI standard indexes	Disclosure	Page
economic performance, 2016		
3-3	management of material topics	116, 117, 212, 232
201-1	direct economic value generated and distributed	138-244
201-2	financial implications and other risks and opportunities due to climate change	72-75
anti-corruption, 2016		
3-3	management of material topics	101, 120
205-2	communication and training about anti-corruption policies	101
205-3	confirmed incidents of corruption and actions taken	101
tax, 2019		
3-3	management of material topics	102-104, 118
207-1	approach to tax	102
207-2	tax governance, control and risk management	102, 103
207-3	stakeholder engagement and management of concerns related to tax	105
207-4	country-by-country reporting	234

environmental

energy, 2016		
3-3	management of material topics	53-68, 72-75
302-1	energy consumption within the organization	226,228
302-2	energy consumption outside the organization	228
302-3	energy intensity	226
302-4	reduction of energy consumption	55, 226
302-5	reductions in energy requirements of products and services	55-68
water and effluents, 2018		
3-3	management of material topics	53, 72-75
303-1	interactions with water as shared resource	53
303-2	management of water discharge-related impacts	54,56
303-5	water consumption	227
emissions, 2016		
3-3	management of material topics	53, 54, 58, 72-75
305-1	direct greenhouse gas emissions (scope 1)	228
305-2	indirect greenhouse gas emissions (scope 2)	228
305-3	other indirect greenhouse gas emissions (scope 3)	228
305-4	greenhouse gas emissions intensity building energy consumption	228
305-5	reduction of greenhouse gas emissions	58, 59, 228

environmental

GRI standard indexes	Disclosure	Page
waste, 2020		
3-3	management of material topics	53, 69-71
306-1	waste generation and significant waste-related impacts	69, 71
306-2	management of significant waste-related impacts	70, 71
306-3	waste generated	277
environmental compliance, 2016		
3-3	management of material topics	101
307-1	non-compliance with environmental laws and regulations	101
supplier environmental assessment, 2016		
3-3	management of material topics	61
308-1	new suppliers that were screened using environmental criteria	61

social

employment, 2016		
3-3	management of material topics	77-83, 113
401-1	new employee hires and employee turnovers	82, 83
401-2	benefits provided to full-time employees that are not provided to temporary or part-time employees	80
401-3	parental leave	83
occupational health and safety, 2018		
3-3	management of material topics	80
403-1	occupational health and safety management system	not fully compliant
403-2	hazard identification, risk assessment, and incident investigation	not fully compliant
403-3	occupational health services	not fully compliant
403-4	worker participation, consultation, and communication on occupational health and safety	not fully compliant
403-5	worker training on occupational health and safety	not fully compliant
403-6	promotion of worker health	not fully compliant
403-7	prevention and mitigation of occupational health and safety impacts directly linked by business relationships	not fully compliant
403-9	work related injuries	80
403-10	work related ill health	80
training and education, 2016		
3-3	management of material topics	84, 85, 89, 102, 111
404-1	average hours of training per year per employee	85
404-2	programs for upgrading employee skills and transition assistance programs	84, 85
404-3	percentage of employees receiving regular performance and career development reviews	230

social

GRI standard indexes	Disclosure	Page
diversity and equal opportunity, 2016		
3-3	management of material topics	77-79
405-1	diversity of governance bodies and employees	79, 98
405-2	ratio of basic salary and remuneration woman to men	79
non-discrimination, 2016		
3-3	management of material topics	78, 100
406-1	incidents of discrimination and corrective actions taken	78, 101
child labor, 2016		
3-3	management of material topics	101
408-1	operations and suppliers at significant risk for incidents of child labor	61
forced or compulsory labor, 2016		
3-3	management of material topics	61, 217
409-1	operations and suppliers at significant risk for incidents of forced or compulsory labor	61
local communities, 2016		
3-3	management of material topics	86, 87
413-1	operations with local community engagement, impact assessments, and development programs	86, 87
supplier social assessment, 2016		
3-3	management of material topics	61
414-1	new suppliers that were screened using social criteria	61
414-2	negative social impacts in the supply chain and actions taken	61
public policy, 2016		
3-3	management of material topics	100
415-1	political contributions	103
customer health and safety, 2016		
3-3	management of material topics	114, 232
416-1	assessment of health and safety impacts of products and services	86, 87, 230
416-2	incidents of non-compliance concerning the health	86
customer privacy, 2016		
3-3	management of material topics	88, 89
418-1	substantiated complaints concerning breaches of customer privacy and losses of customer data	111

Task Force on Climate-Related Financial Disclosures

Akelius recognizes the need to transparently disclose the climate related risks across the value chain.

Akelius publishes the alignment with Task Force on Climate-Related Financial Disclosures first time in 2022.

The table below presents the scope of reporting and indicates to page numbers for respective sections.

governance	strategy	risk management	metrics and targets
Recommended disclosures	**Recommended disclosures**	**Recommended disclosures**	**Recommended disclosures**
a) the Board's oversight of climate related risks and opportunities page 72	a) climate related risks and opportunities the organization has identified over the short, medium, and long term pages 72-75	a) organization's processes for identifying and assessing climate related risks pages 72-75, 121	a) metrics used by organization to assess climate related risks and opportunities in line with its strategy and risk management process pages 72-75
b) management's role in assessing and managing climate related risks and opportunities page 72	b) impact of climate related risks and opportunities on the organization's businesses strategy, and financial planning pages 72-75, 157	b) describe the organization's processes for managing climate related risks pages 72-75, 121	b) scope 1, scope 2, and scope 3 greenhouse gas emissions, and the related risks pages 58-59, 72-75, 128
	c) resilience of the organization's strategy, taking into consideration different climate related scenarios, including a two degrees Celsius or lower scenario pages 72-75	c) processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management pages 72, 121	c) targets used by the organization to manage climate related risks and opportunities and performance against targets pages 53, 72-75

This is a translation from the Swedish original.

summary of Akelius' fulfilment of the reporting standards of the Swedish Annual Account Act

Segment	Revealing	Page
Overall	Business model	8-21
Environment	Policy and performance within environmental matters Risks and how its handled within environmental matters Targets and key figures within environmental matters	20-23, 100 52-75, 120-121 226-229, 232-233
Social	Policy and performance within social matters Risks and how its handled within social matters Targets and key figures within social matters	100 76-89, 112-115 80, 85, 87, 230, 232-233
Governance	Policy and performance within governance matters Risks and how its handled within governance matters Targets and key figures within governance matters	100 102-121, 222-225 231, 232-233
EU Taxonomy	Reporting according to EU Taxonomy	212-220

auditor’s report on the statutory sustainability statement

To the general meeting of the shareholders of Akelius Residential Property AB (publ), corporate identity number 556156-0383

engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2022 as defined on page 240 and that it has been prepared in accordance with the Annual Accounts Act.

the scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevR 12
The auditor’s opinion regarding the statutory sustainability statement.
This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that the examination has provided us with sufficient basis for our opinions.

opinions

A statutory sustainability statement has been prepared.

Stockholm, on the day stated in our electronic signature
Ernst & Young AB

Jonas Svensson
Authorized Public Accountant

alternative performance measures

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

net asset value and net debt

EUR million	Dec 31 2022	Dec 31 2021
Equity	4,506	7,049
Deferred tax	-10	-2
Derivatives	-63	40
Net asset value	**4,433**	**7,087**
Total interest-bearing liabilities	4,307	5,190
Hybrid bonds	-650	-971
Cash and cash equivalents	-217	-1,193
Financial assets	-2,396	-5,076
Net debt	**1,044**	**-2,050**
Total assets	8,993	12,475
Cash and cash equivalents	-217	-1,193
Financial assets	-2,396	-5,076
Net assets	**6,380**	**6,206**
Loan-to-value ratio, percent	**16**	**-**

average interest rate

EUR million	Dec 31 2022	Dec 31 2021
Interest-bearing liabilities excluding hybrid bonds	3,657	4,219
Interest cost based on interest at Dec 31	44	64
Average interest rate	**1.20**	**1.51**

liquidity

EUR million	Dec 31 2022	Dec 31 2021
Cash and cash equivalents	217	1,193
Unutilized credit facilities	159	255
Financial assets	2,396	5,076
Liquidity	**2,772**	**6,524**

alternative performance measures, continued

unencumbered asset ratio

EUR million	Dec 31 2022	Dec 31 2021
Intangible assets	-	18
Unencumbered properties	5,606	5,326
Right-of-use-assets	7	5
Tangible fixed assets	4	4
Deferred tax assets	48	64
Financial assets	2,396	5,076
Receivables and other assets	51	88
Derivatives	97	7
Unencumbered assets	**8,209**	**10,588**
Unsecured loans	3,501	4,010
Cash and cash equivalents	-217	-1,193
Net unsecured senior debt	**3,284**	**2,817**
Unencumbered asset ratio	**2.50**	**3.76**

equity

EUR million	Dec 31 2022	Dec 31 2021
Comprehensive income for the year	-531	2,785
Opening balance equity	7,049	5,374
Return on equity, percent	**-8**	**52**
Equity	4,506	7,049
Hybrid bonds	650	971
Equity and hybrid bonds	**5,156**	**8,020**
Total asset	**8,993**	**12,475**
Equity ratio, percent	**50**	**57**
Equity and hybrid capital ratio, percent	**57**	**64**

alternative performance measures, continued

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

EUR million	2022 Jan–Dec	2021 Jan–Dec	Growth percent
Rental income	303	212	42.9
Purchases and sales	-57	-10	
Service revenue	-1	-1	
Exchange differences	-	18	
Like-for-like rental income	**245**	**219**	**11.9**
Net operating income	148	99	49.6
Purchases and sales	-27	-5	
Exchange differences	-	8	
Like-for-like net operating income	**121**	**102**	**18.9**

adjusted net operating income

EUR million	2022 Jan–Dec	Adjustment for other services*	Adjusted 2022 Jan–Dec
Rental income	303	-63	240
Operating expenses	-133	63	-70
Maintenance	-22		-22
Net operating income	**148**		**148**
Net operating income margin, percent	**48.9**		**61.9**

*) adjustment for turnover from operating expenses invoiced to the tenants in France, Canada, and US amounted to EUR 63 million (42)

realized value growth

EUR million	2022 Dec 31	2021 Dec 31
Proceeds from the sale of properties	11	9,138
Costs of sale	-	-30
Acquisition costs	-13	-3,100
Accumulated investments	-9	-1,202
Realized value growth	**-11**	**4,806**

alternative performance measures, continued

development of EBITDA

EUR million	Dec 2021–Dec 2022
EBITDA, Dec 31, 2021	**82**
Like-for-like rental income	26
Like-for-like operating expenses and maintenance	-7
Like-for-like net operating income	**19**
Purchase and sales rental income	47
Purchase and sales operating expenses and maintenance	-25
Purchase and sales net operating income	**22**
Exchange differences	8
Central administrative expenses	-6
Other income and expenses	2
EBITDA, Dec 31, 2022	**127**

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.

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 maturities, years

Volume-weighted remaining term of interest-bearing loans and derivatives on the balance sheet date.
It illustrates the company’s refinancing risk.

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.

discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and represents a geographical area.

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.

earning capacity

The earning 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 earning 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.

definitions, continued

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

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.

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.

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.

liquid financial assets

Holdings in listed debt securities and equity securities with an assessed high creditworthiness.
Included in the calculation of *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.

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

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.

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 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.

Head office, Sweden

visiting address,

Engelbreksgatan 9-11

114 32 Stockholm

postal address,

Box 5836

102 48 Stockholm

+46 8 566 130 00

akelius.se

Canada

533 College Street

Toronto M6G 1A8

+1 844 253 5487

akelius.ca

UK

25 Hoiser Lane

London EC1A 9LQ

+44 800 014 8579

akelius.co.uk

France

37-41 Rue du Rocher

75008 Paris

+33 805 081 163

akelius.fr

US

300 A Street, 5th Floor

Boston, MA 02210

+1 857 930-39 00

akelius.us