

Interim report

January to March 2010



Akelius Fastigheter AB (publ)

Registered company number: 556156-0383

Interim Report January to March 2010

- Rental income amounted to SEK 618 m (734)
- Proceeds from the sale of properties totalled SEK 466 m (12)
- Profit for the period was SEK 483 m (21)

The group

Operations

Akelius Fastigheter's business concept entails the long-term ownership and management of properties that can generate a reliable cash flow. The share of residential properties ought to be 90 percent measured as a percentage of the market value of the properties. Properties for commercial and public operations shall be let under long and stable rental agreements. Low financial risk is achieved through long-term fixed interest rates and capital tied-up for long-term.

This interim report covers three months, namely the financial period 1 January to 31 March 2010. The comparative periods refer to the corresponding period in 2009 and to the previous financial year (1 July 2008 to 31 December 2009). Comparisons with regard to assets and liabilities refer to the most recent end of the financial year, 31 December 2009.

At the end of the financial period, the Group owned properties in Sweden and Germany with an assessed market value of SEK 27,782 m. The properties are concentrated in locations that exhibit high growth rates. In compliance with the Company's strategy, the share of residential properties was high. At the end of the period, residential properties accounted for 88 percent in terms of market value. The rentable area of the properties totalled 2,427,807 square metres

(2,527,326), with a book value of SEK 23,487 m (24,463). The rentable properties comprised 31,580 apartments (32,988), with 7,907 (7,907) of these apartments in Germany.

Akelius Fastigheter AB is the Parent Company of the Group, with the properties owned directly by the Parent or else through subsidiaries.

Turnover and profits

The Group's rental income for the financial period decreased by SEK 116 m to SEK 618 m (734), the result of reduced property holdings. The rental market remains strong and the occupancy rate was 98.5 percent (98.6) at the end of March. Vacancies are mostly attributable to commercial properties. The vacancy rate for residential properties was 0.9 percent (0.9), mostly comprising vacancies due to tenants moving.

Property costs were SEK 327 m (382), corresponding to a reduction of SEK 55 m. Of property costs, SEK 47 m (60) comprised maintenance, corresponding to an average annual cost of SEK 77 per square metre. The operating surplus for the period fell by SEK 61 m to SEK 291 m (352). The operating surplus margin fell to 47.1 percent (48.0). The lower operating surplus margin was mostly attributable to higher

snow clearing and heating costs due to the unusually cold winter.

Planned write-offs, write-downs and reversals of intangible and tangible fixed assets totalled SEK 44 m (67). Write-downs and reversals comprised a total of SEK 0 m (16).

Property sales

During the period, properties were sold for a total of SEK 1,191 m (21), generating proceeds of SEK 466 m (12). The total selling price was greater than the assessed market value as per 31 December 2009.

Financial items

Interest income for the period, including interest subsidies, was SEK 35 m (12) and financial expenses for the year were SEK 269 m (286).

Profit for the period

After-tax profit for the period increased by SEK 462 m to SEK 483 m (21). Pre-tax profit – excluding proceeds from the sale of properties, write-downs and reversals – decreased by SEK 21 m to SEK 1 m (22).

Property portfolio

No properties were acquired during the first quarter of 2010. During the corresponding period the previous year, a property was acquired in Sweden at a cost of SEK 268 m.

Investments in existing properties totalled SEK 159 m (101), of which SEK 50 m (0) was attributable to the construction of new housing.

Market valuation of property holdings

As of closing day, the market value of all properties was assessed by internal valuation. The valuations are based on a cash flow model for each individual property, with individual assessments of future earning ability and required returns. The cash flow model is based on actual income and expenses adjusted for a normalised future cash flow. Properties acquired during the year have been valued at acquisition value. In order to guarantee the valuations, CB Richard Ellis examines and verifies the internally estimated values. A selection has been made in order to reflect the composition of the property holdings in terms of geographic locations and property categories.

The assessed market value of the Group's entire property holdings as per closing day was SEK 27,782 m (29,286), which entails a decrease of SEK 1,504 m compared to the value as per 31 December 2009. The drop in market value is a consequence of net sales during the year. In total, properties were sold for SEK 1,191 m (21) and acquired for SEK 0 m (268). Adjusted for investments, sales and altered foreign exchange rates, the assessed market value entails a drop in value of SEK 472 m (previous year: an increase in value of SEK 254 m). The market value is SEK 4,295 m (5,927) higher than the book value. Of the total market value, SEK 21,429 m (22,664) comprises properties in Sweden and SEK 6,353 m (6,622) properties in Germany. All in all, residential properties represent 88 percent of the market value, which is in line with the Group's goal of residential properties comprising at least 90 percent.

Financial position

At the end of the period, the Group's interest-bearing liabilities totalled SEK 19,473 m (20,236), of which SEK 15,717 m (16,831) was attributable to credit on landed property and SEK 3,756 m (3,405) to unsecured loans. Credit on landed property refers to loans raised with properties as security. Of credit on landed property, SEK 2,257 m (2,579) had an interest rate fixed for less than one year and SEK 10,220 m (11,187) had an interest rate fixed for more than five years. Credit on landed property had an average interest rate of 4.94 percent (4.84) and capital tied-up for an average of 4.2 years (5.7).

At the end of the financial year, available funds in the form of cash and granted but unutilised credit facilities totalled SEK 2,147 m (1,450). Unutilised credit facilities totalled SEK 3,650 m (2,485).

During the period, the Group's equity increased by SEK 464 m and, at the end of the financial period, totalled SEK 4,683 m (4,219), corresponding to an equity/assets ratio of 18.1 percent (16.0). Adjusted equity, which includes the excess value of the property holdings, less deductions of 26.3 percent for deferred tax, totalled SEK 7,775 m (7,692). The adjusted equity/assets ratio was 25.8 percent (24.7).

Events after the end of the financial period

After the end of the financial period, six properties in Sweden were sold for a total of SEK 46 m. The selling price was on a par with the market value as per 31 March 10.

Stockholm, Sweden, 29 May 2010

Pål Ahlsén
Managing Director

Income Statements

Group, amounts in SEK m	2010 Jan-March 3 months	2009 Jan-March 3 months	2008/09 July-Dec 18 months
Rental income	618	734	4,182
Operating expenses	-268	-304	-1,523
Maintenance	-47	-60	-529
Property tax and site leasehold fee	-12	-18	-103
Property costs	-327	-382	-2,155
Operating surplus	291	352	2,027
Write-off/down, reversals	-44	-67	-341
Gross profit	247	285	1,686
Other income	2	0	2
Central administration expenses	-14	-5	-58
Profit from sales	466	12	857
Operating profit	701	292	2,487
Financial income	35	12	144
Financial expenses	-269	-286	-1,723
Pre-tax profit	467	18	908
Income tax (incl. minority)	16	3	176
Profit for the period	483	21	1,084

Balance Sheets

Group, amounts in SEK m	2010-03-31	2009-03-31	2009-12-31
Properties	23,487	27,754	24,463
Other assets	2,269	1,486	1,833
Liquid assets	142	75	24
Total assets	25,898	29,315	26,320
Restricted equity	1,135	927	1,039
Profit brought forward	3,065	3,185	2,096
Profit for the period	483	189	1,084
Total equity	4,683	4,301	4,219
Provisions	1,135	1377	1,152
Interest-bearing liabilities without security	3,756	2,789	3,405
Interest-bearing liabilities secured against properties	15,717	20,130	16,831
Other liabilities	607	718	713
Total equity and liabilities	25,898	29,315	26,320

**Cash Flow Statements
amounts in SEK m**

	2010 Jan-March 3 months	2009 Jan-March 3 months	2008/09 July-Dec 18 months
Cash flow from continuing operations	599	375	793
Cash flow from investing activities	-80	-455	1,061
Cash flow from financing activities	-401	132	-1,885
Cash flow for the period	118	52	-31
Liquid assets, close of period	142	75	24

Interest-bearing credit on landed property, 31-03-2010

Duration Years	Amount loaned SEK m	Share %	Average interest %
0-1	2,257	14	2.26
1-2	8	0	5.85
2-3	735	5	3.96
3-4	714	5	6.03
4-5	1,783	11	5.42
5-6	1,756	11	5.31
6-7	2,503	16	5.10
7-8	1,740	11	5.72
8-9	2,150	14	5.65
9-10	1,837	12	5.67
10 -	234	1	4.63
Total	15,717	100	4.94



Ymer, Täby

Change i market value amounts in SEK m	2010 31 March 3 months	2009 31 March 3 months	2008/09 31 Dec 18 months
Market value, start of period	29,286	33,054	31,095
Acquisitions and investments for the year	159	395	2,851
Change in value	-472	254	372
Divestments for the year	-1,191	-21	-5,032
Market value, close of period	27,782	33,682	29,286

Key ratios	2010 31 March 3 months	2009 31 March 3 months	2008/09 31 Dec 18 months
Reported equity/assets ratio, %	18.08	14.67	16.03
Adjusted equity/assets ratio, %	25.75	24.31	24.70
Adjusted loan to value ratio, %	70.09	68.05	69.10
Interest coverage ratio	1.17	1.26	1.23
Vacancy rate, total, %	1.46	1.40	1.41
Vacancy rate, residential, %	0.92	0.92	0.88

Property holdings as per 31-03-2010

Region	Number of apartments	Residential properties	Rentable area, square meters			Share
			Public	Commercial	Total	
Southern Sweden	10,513	655,412	80,563	148,580	884,555	36
Northern Sweden	13,160	904,002	69,560	71,645	1,045,207	43
Sweden	23,673	1,559,414	150,123	220,225	1,929,762	79
Germany	7,907	478,726	0	19,319	498,045	21
Total	31,580	2,038,140	150,123	239,544	2,427,807	100

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