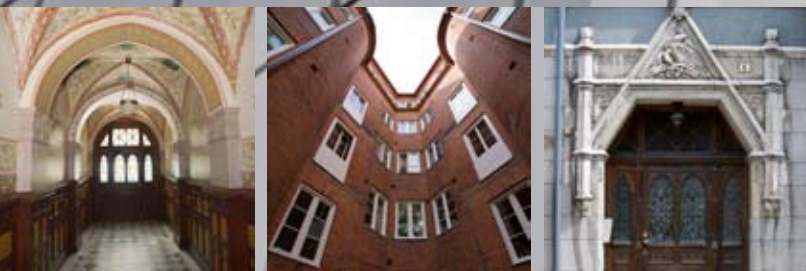


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2005



Akelius Fastigheter AB
(publ)

Year end report
2005

Akelius

Akelius Fastigheter AB (publ)

Corporate Identity Number 556156-0383

Year end report 2005

- Rental income increased to MSEK 1,944 (1,767)
- Income from management of properties increased by MSEK 92 to MSEK 157 (65)
- Profits from the sale of properties amounted to MSEK 366 (194)
- Net profit for the year amounted to MSEK 493 (259)
- The increase of the properties market value amounted to MSEK 1,463 (1,377)
- The market values of properties increased to MSEK 18,851 (16,096)
- The adjusted equity/assets ratio increased to 23 percent (17)

THE GROUP

Operations

- Akelius Fastigheter shall, during this century, own and administer a diversified property portfolio, with the ability to generate a stable cash flow.
- Residential properties shall account for a minimum of 75 percent of the total market value of all properties held.
- In the holdings of properties for community and commercial operations, the goal will be to achieve long-term and secure lease contracts.
- A low-level of financial risk will be achieved by borrowings with long-term fixed interest rates and ensuring that there is a long-term capital structure (capital tied-up in property loans).

At the end of the year, the Group owned properties with a rental area of 2,370,000 square metres (2,463,000) and a book value of MSEK 15,619 (14,585). The residential property portfolio included 25,500 apartments (24,400). The head office is located in Danderyd and regional offices are located in Gothenburg and Malmö.

Akelius Properties AB is the Parent Company of the Group and the Group's property portfolio is 100 percent owned directly by the Parent Company or by wholly-owned subsidiaries.

Net sales and income

Rental income for the Group increased during the year by MSEK 176 and amounted to MSEK 1,943 (1,767), which corresponds to an increase of 10 percent. The increase in income is primarily due to the increase in the property portfolio through acquisitions, but elevated rental levels have also had a positive impact on income.

The financial rental ratio moving continues to be high and vacancies primarily refer to commercial premises. At the end of the year, the total vacancy rate was 2.9 percent (2.5). The vacancies in residential properties

amounted to 1.5 percent (1.0) and are consist primarily of vacancies after moves.

Property costs amounted to MSEK 974 (962), which is equivalent to an increase of MSEK 12, or 1.3 percent compared with the previous year. Expenses for property maintenance amounted to MSEK 233 (280).

The operational surplus for the year increased with 20 percent and amounted to MSEK 969 (805). The profit margin was 50 percent (46).

Depreciation according to plan of tangible fixed assets amounted to 119 MSEK (102). The increase can be primarily attributed to an increase in property holdings. Reversals for the year of previous years' write-downs amounted to MSEK 30 (48).

The costs for central administration amounted to MSEK 16 (14).

Sale of properties

In 2005, 67 Properties (27) were sold for a total purchase price of MSEK 1,981 (1,251). The total profit from the sale of properties amounted to MSEK 336 (194). Property sales took place within the framework of the company's strategy to primarily own residential properties in growth regions. Sales were also executed in order to utilise the strong market for sales of residential properties for conversion of tenant-owner's rights.

Net financial income

The interest expenses, including received interest contribution, for the year were MSEK 9 (20). The Group's financial expenses amounted to MSEK 717 (662). Increased costs are primarily due to increased borrowing in order to finance the purchase of properties.

Net profit for the year

Net profit/loss for the year after tax has increased with

MSEK 234 to MSEK 493 (259). The improvement in results is due to increased profits from property sales and an improved management result, i.e. net profit/loss for the year excluding profits from property sales. The management result has increased with MSEK 92 to MSEK 157 (65). Excluding reversals and write-downs, income from property management has increased by MSEK 69 to MSEK 127 (58).

The focus on growth regions, with an emphasis on residential properties

During the year, properties were acquired for a total of MSEK 2,757. Through the purchases, the property portfolio gained an additional 3,659 apartments and a leasable area of 291,000 square metres.

Major purchases were:

City	Number of apartments
Enköping	457
Malmö	774
Luleå	303
Västerås	799
Östersund	1,059
Other	267
Total	3,659

The purchases and the sales has increased the company's overall property portfolio by 1,115 apartments. The lettable area has been reduced by 145,000 square metres, mainly through sales of commercial properties. A total of MSEK 268 (148) has been invested in existing properties.

Market value of the property portfolio

Svefa AB and Newsec Analys AB valued the market value of the total property portfolio at year-end 2005/06. The majority of the properties have been appraised by Svefa. The assessed market value for the Group's total property portfolio amounted to SEK 18.9 billion (16.1), which is equivalent to an increase with SEK 2.8 billion compared with the previous year. Adjusted for effects of acquisitions, investments and sales, this valuation implies an increase in value of 8.4 percent since the previous year-end. The valuation indicates a surplus value excluding tax in the property portfolio of MSEK 2,949 (1,511), or 18.5 percent (10.4).

Financial position

The Group's interest-bearing liabilities amounted at year-end 2005 to MSEK 12,211 (11,435), of which MSEK 9,699 (9,313) referred to property loans, i.e., bank loans raised against collateral in properties, and MSEK 2,512 (2,122) referred to loans without collateral. These property loans had an average fixed interest rate period of 4.6 years (4.5) and average interest rate

amounted to 4.92 percent (5.62). Capital tied up in property loans had an average tenure of 5.7 years (5.0).

During the year, Akelius has signed a long-term credit agreement at a volume of MSEK 3,254 and issued secure bonds, through securitization, at a volume of MSEK 2,558. Bonds amounting to MSEK 1,842 received the highest possible credit rating AAA and Aaa respectively from the rating institute Standard & Poors and Moodys. The quality of the property holdings make it possible to receive advantageous financing in this manner.

Available funds in the form of secured but unutilised credit agreements amounted at year-end 2005/06 to MSEK 965 (863).

During the year, equity has increased with MSEK 490 and totalled at year-end MSEK 2,217 (1,727), which is equivalent to a noticeable equity/assets ratio of 13.7 percent (11.7). The adjusted solidity, which includes the surplus value of the property holdings after deductions for 28 percent deferred tax, was at year-end 22.7 percent (17.3).


Dividend

The Board of Directors propose dividends with 100 SEK/share. The proposed dividends reduces the Group's equity/assets ratio to 11.2 percent and the company's equity/assets ratio to 17.7 percent. The dividends proposal is, according to the Board's assessment, justifiable with regard to the demands on the Group's and the company's need of equity and is assessed to provide for the company's future capital needs for continued development of operations. The proposed dividends can thereby be justified with regard to what is stated in ABL Chapter 17 Section 3 second and third paragraph.

Significant events after the end of the financial year

At the end of the financial year, agreements have been signed regarding purchase of residential properties in Berlin for MSEK 137 comprising of 402 apartments. The investment in Germany follows Akelius' strategy to own properties that give a long-term stable return.

Stockholm, 31 March 2006



Jan-Erik Höjvall
Managing Director

INCOME STATEMENTS

Group, amounts in MSEK	2005 Jan-Dec	2004 Jan-Dec
Rental income	1,944	1,767
Operating costs	-678	-622
Maintenance	-233	-279
Property tax and site leasehold fee	-64	-61
Total property costs	-975	-962
Operating surplus	969	805
Depreciation	-119	-102
Write-downs and reversals	30	7
Gross profit	880	710
Central administrative expenses	-16	-13
Income from sales	336	194
Operating profit	1,200	891
Income from associated company	-	9
Financial income	9	20
Financial expenses	-717	-662
Profit	492	258
Tax	1	1
Profit for the year	493	259

BALANCE SHEETS

Group, amounts in MSEK	31 Dec 2005	31 Dec 2004
Properties	15,903	14,585
Other assets	166	121
Liquid funds	132	97
Total assets	16,201	14,803
Equity	1,724	1,468
Income for the period	493	259
Total equity	2,217	1,727
Provisions	1,288	1,171
Interest-bearing liabilities without collateral	2,512	2,122
Interest-bearing liabilities against collateral in properties	9,699	9,313
Other liabilities	485	470
Total equity and liabilities	16,201	14,803

Batteriet 13, Halmstad

Cash Flow Statement, amounts in MSEK	2005	2004
	Jan-Dec	Jan Dec
Cash flow from operating activities	217	194
Cash flow from investing activities	-958	-1,796
Cash flow from financing activities	776	1,445
Cash flow for the year	35	-6
Cash and cash equivalents at the end of the year	132	97

Fixed-interest rate structure of property loans

Tenure	Loans MSEK	Average interest %	Percentage %
0 - 1 year	2,249	3.12	23
1 - 2	106	4.89	1
2 - 3	1,119	5.43	12
3 - 4	429	5.96	4
4 - 5	1,836	5.24	19
5 - 6	1,306	6.41	14
6 - 7	679	6.63	7
7 - 8	-	-	-
8 - 9	400	4.56	4
9 -	1,575	4.62	16
Total	9,699	4.92	100

Valnöten 3-4, Malmö

Change in market value, amounts in MSEK		Key figures	2005	2004
Market values 2004/05	16,096	Adjusted equity ratio, %	22.6	17.3
Less sales	-1,920	Loan to value, %	65.0	71.0
Investments and acquisitions for the year	33,212	Interest cover	1.7	1.4
Change in values	1,463	Total vacancy, %	2.9	2.5
Market value 2005/06	18,851	Vacancy apartments, %	1.5	1.0

Property portfolio as per 31 December 2005

Region	Number of apartments	Lettable area, square meters		Total	Percentage
		Residential properties	Commercial		
Akelius Samhälle	79	7,052	243,324	250,376	11
Southern Sweden	7,501	518,345	160,970	679,315	29
Western Sweden	6,815	441,795	136,986	578,781	24
Eastern Sweden	11,120	807,605	53,275	860,880	36
Total	25,515	1,774,797	594,555	2,369,352	100

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The logo for Akelius, featuring the word "Akelius" in a bold, sans-serif font. The letter "e" is stylized with a red dot and a blue outline, while the rest of the letters are blue.