



Interim report

4, 2006

Akelius Fastigheter AB

Corporate Identity Number 556156-0383

Interim report for January to December 2006

- Profits after tax increased to SEK 644 million (493), the company's highest reported earnings ever
- The market value of the properties increased to SEK 22.1 billion (18.9)
- Adjusted equity/assets ratio increased to 24.6 percent (22.7)
- Vacancies reduced to 0.9 percent (1.5)

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.

At an extraordinary general meeting in November 2006, the company decided to extend the financial year to 30 June 2007. Comparisons in parentheses relate to the equivalent period the previous year.

At the end of the year, the group owned diversified property holdings in Sweden and in Germany, concentrated in growth areas. In accordance with the company's strategy the share of housing was high and amounted to 87 percent at the end of the year, measured as a share of the properties' market value. Of the share of commercial properties, community related properties amounted to 30 percent. The property holdings' rentable area was 2,430,000 m² (2,369,000) with a book value of SEK 17,823 million (15,903). The housing stock consists of 29,100 apartments (25,500), of which 1,900 apartments in Germany.

Rental income and operating surplus

The group's rental income for 2006 increased by SEK 85 million amounting to SEK 2,029 million (1,944), an increase of 4 percent. The economic vacancies reduced during the year and were 2 percent at the end of the year, an improvement of 0.9 percentage point. Housing vacan-

cies was 0.9 percentage points, which is an improvement of 0.6 percentage points. Housing vacancies is mainly made up of moving vacancies.

Property costs were SEK 1,069 million (975), which is the equivalent of an increase of SEK 94 million, or 9.7 percent compared to the previous year. Property maintenance costs increased by SEK 27 million to SEK 260 million, which is the equivalent of approximately 110 SEK/m². The costs for heating, water, refuse collection etc. have increased by SEK 29 million, or 8 percent, to SEK 387 million. This cost increase is primarily due to increasing energy prices.

The total operating surplus for 2006, was SEK 960 million (969). The surplus degree has reduced from 50 percent to 47 percent. This reduction is due mainly to an increased amount of residential property, which has a lower surplus degree compared to commercial properties.

Depreciation and central administration

Depreciation according to plan on tangible fixed assets was SEK 120 million (119). This year's reversals of the previous year's depreciations was SEK 13 million (30). The cost of central administration was SEK 16 million (16).

Property sales

A total of 75 (67) properties were sold during the period for a total value of SEK 2,397 million (1,714). This year's sales provided a total profit of SEK 601 million (366). Property sales have taken place within the guidelines of the company's strategy which in principle is to own residential property in growth areas. Sales were also carried out in order to safeguard the strong interest from tenants of owning their own property via tenant-owners' associations.

Net financial income

Net interest income and interest costs increased by SEK 29 million and amounted to SEK -721 million (-693). Interest costs were SEK 42 million due to premature redemption of loans, which will reduce future interest costs by the same amount. Adjusted for this item, net interest earnings improved by SEK 13 million, which is due to lower interest rate levels. Other financial costs have increased to SEK 32 million (16), mainly due to costs associated with charges for mortgage bonds. In total, the net financial income was SEK -753 million (-709).

Profit for the period

Profit before taxes increased by SEK 194 million to SEK 686 million (492). For 2006, a tax cost is reported of SEK -42 million (1). Profit after tax increased by SEK 155 million to SEK 644 million (493), which is due to increased profits from property sales.

The property portfolio

Throughout the year, properties have been purchased for a total of SEK 3,234 million (2,757). A total of 4,423 apartments were added to the property portfolio as a result of these purchases, with a rentable area of 356,368 m². Of this year's purchases, SEK 890 million was spent on properties in Germany. The property portfolio at the end of the year comprised 27,200 apartments in Sweden and 1,900 apartments in Germany.

The year's investment in existing properties was SEK 567 million (268), of which SEK 349 million was for the production of new residential properties.

This year's purchases and sales have added 3,433 apartments to the property portfolio. The rentable area has increased by 31,500 m² to 2,430,000 m².

Market value

Svefa AB at the end of 2006/beginning of 2007 conducted a market evaluation of the properties purchased before 1 January 2006. Regarding the properties purchased during 2006, the market value is estimated to be at the same level as the purchase price.

The estimated market value of the group's total real estate holdings was SEK 22.1 billion, which is the equivalent of an increase of SEK 3.2 billion. Adjusted for purchases, sales and investments, the evaluation means an increase in value of SEK 1.9 billion, or 9.6 percent, in relation to the value at the previous year-end. Of the increase in value, SEK 176 million was realised via sales.

The estimated market value is greater than the book value by the sum of SEK 4,263 million (2,949) or 22.8 percent (18.5).

Equity

Equity has increased to SEK 2,464 million (2,217), which is the equivalent of an equity/assets ratio of 13.6 percent (13.7). Equity and the equity/assets ratio during the period have increased as a result of the period's profits, SEK 644 million and foreign currency translation differences, SEK 3 million, and reduced as a result of dividends of MSEK 400 million.

Adjusted equity, which includes the overvaluation of the property portfolio after deductions of 28 percent deferred taxes, has increased by SEK 1,180 million to SEK 5,523 million (4,343). The adjusted equity/assets ratio was at year-end 24.6 percent (22.7), an increase of 1.9 percentage points.

Interest-bearing debts

The group's interest-bearing debts increased by SEK 1,542 million to SEK 13,753 million (12,211), of which SEK 11,408 million (9,699) relate to real estate credits with security in properties. Interest-bearing debts without security reduced to SEK 2,345 million (2,512).

Real estate credits at year-end had an average fixed interest rate period of 3.4 years (4.6) and the average interest rate was 4.63 percent (4.92). Capital tie-up amounted to 5.4 (5.7) years.

Available funds in the form of liquid assets and unused credit agreements was SEK 1,135 million (1,097).

Important events after the end of period

In January, Akelius Fastigheter purchased the property Hägern 12, Luleå which has 486 apartments and a rentable area of 33,000 m².

Stockholm, 16 April 2007



Jan-Erik Höjvall
Managing Director

INCOME STATEMENTS

Group, amounts in MSEK	2006 Jan-Dec	2005 Jan-Dec
Rental income	2,029	1,944
Operating costs	- 741	- 678
Maintenance	- 261	- 233
Property tax and site leasehold fees	- 68	- 64
Total property costs	- 1,069	- 975
Operating surplus	960	969
Depreciation and reversals	- 107	- 89
Gross profit	853	880
Central administration expenses	- 16	- 16
Income from sales	601	336
Operating profit	1,439	1,200
Financial income	15	9
Financial costs	- 769	- 717
Profit before taxes	686	492
Taxes	- 42	1
Earnings after taxes	644	493

BALANCE SHEETS

Group, amounts in MSEK	31 Dec 2006	31 Dec 2005
Properties	17,823	15,903
Other assets	334	166
Liquid funds	6	132
Total assets	18,163	16,201
Equity	1,820	1,724
Income for the period	644	493
Total equity	2,464	2,217
Provisions	1,305	1,288
Interest bearing liabilities without collateral	2,345	2,512
Interest-bearing liabilities with collateral in properties	11,408	9,699
Other liabilities	641	485
Total equity and liabilities	18,163	16,201

Batteriet 13, Halmstad

Cash Flow Statement, amounts in MSEK

	2006	2005
	Jan-Dec	Jan Dec
Cash flow from operating activities	-247	217
Cash flow from investment activities	-1,421	- 958
Cash flow from financing activities	1,542	776
Cash flow for the period	-126	35
Cash and cash equivalents at the end of the period	6	132

Fixed-interest term real estate credits

Tenure	Loans MSEK	Average interest %	Percentage %
0 – 1 years	4,895	3.50	43
1 – 2	447	7.04	4
2 – 3	423	6.02	4
3 – 4	1,397	5.47	12
4 – 5	829	6.38	7
5 – 6	652	6.65	6
6 – 7	-	-	-
7 – 8	400	4.54	4
8 – 9	575	5.11	5
9 –	1,700	4.49	15
Total	11,408	4.63	100



Mälardalen University, Eskilstuna

Change of market value, amounts in MSEK

Market value 2005/06	18,851
This year's investments and acquisitions	3,779
Change in value	1,853
Less sales	-2,397
Market value 2006/07	22,086

Key ratios

	2006	2005
Adjusted equity/assets ratio, %	24.6	22.6
Loan ratio %	62.0	65.0
Interest coverage ratio.	1.8	1.7
Vacancies, %	2.0	2.9
Vacancies housing, %	0.9	1.5

Property portfolio as per 31 December 2006

Region	Number of apartments	Lettable area, square meters		Total	Percentage
		Residential properties	Commercial		
Southern Sweden	7,813	526,658	155,357	682,015	28
Western Sweden	6,927	448,121	108,665	556,786	23
Eastern Sweden	10,570	789,622	146,139	935,761	38
Northern Sweden	1,886	113,574	27,076	140,650	6
Germany	1,893	113,724	657	114,381	5
Total	29,089	1,991,699	437,894	2,429,593	100

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