

# Interim report

5, 2006/07



# Akelius Fastigheter AB

Corporate Identity Number 556156-0383

Interim report for January 2006 to March 2007

- Rental income increased to SEK 2,566 million (1,944)
- Profits from the sale of properties amounted to SEK 618 million (336)
- Profits after tax increased to SEK 683 million (493)

## 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. The summarised financial statements relate to the reporting period from January 2006 to March 2007. Comparisons in parentheses relate to the period from January to December 2005.

At the end of the period, the group owned diversified property holdings in Sweden and in Germany, concentrated in growth areas. In accordance with the company's strategy, the amount of properties was high and exceeded 85% at the end of the period, measured as a share of the properties' market value. The property holdings' rentable area was 2,521,000 m<sup>2</sup> (2,369,000) with a book value of SEK 18,934 million (15,903). The housing stock consists of 30,300 apartments (25,500), of which 2,200 apartments in Germany.

### Rental income and operating surplus

The group's rental income for the period January 2006 to March 2007 amounted to SEK 2,566 million (1,944).

The economic vacancies during the period reduced by 1.3 percentage points to 1.6%. Housing vacancies was 0.9%, which is an improvement of 0.6 percentage points. Housing vacancies is mainly made up of moving vacancies.

The total operating surplus for the period was SEK 1,212 million (969). The capital replacement margin (gross profits excluding depreciations divided by rent receipts) has reduced from 50% to 47%. This reduction is due mainly to an increased amount of residential property, which has a lower capital replacement margin compared to commercial properties.

### Depreciation and central administration

Depreciation according to plan on tangible fixed assets was SEK 136 million (119). This period's reversals of the previous years' depreciations was SEK 13 million (30).

The cost of central administration was SEK 19 million (16).

### Sale of properties

During the period, properties have been sold for a total value of SEK 2,561 million (1,714). Their sale produced a total profit of SEK 618 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

The group's net interest earnings for the period was SEK -905 million (-693). Additional interest costs were

SEK 42 million due to premature redemption of loans, which will reduce future interest costs by the same amount. Lower interest rates have affected net interest earnings positively. Other financial costs have increased to SEK 38 million (16), mainly due to costs associated with charges for mortgage bonds. Net financial income was a total of SEK -942 million (-708).

### Income for the period

Profit before taxes increased by SEK 228 million to SEK 720 million (492). The period reports a tax cost of SEK -37 million (1). Profit after tax increased by SEK 190 million to SEK 683 million (493), which is due to increased profits from property sales.

### The property portfolio

Throughout the period, properties have been purchased for a total of SEK 4,392 million (2,757). A total of 5,500 apartments has been added to the property portfolio as a result of these purchases, with a rentable area of 446,600 m<sup>2</sup>. Of this year's purchases, SEK 1,101 million was spent on properties in Germany. The property portfolio at the end of the year comprised 28,100 apartments in Sweden and 2,200 apartments in Germany.

The period's investments in existing properties was SEK 675 million (268).

Purchases and sales have added a net amount of 4,655 apartments to the property portfolio. The rentable area has increased by 123,000 m<sup>2</sup> to 2,521,000 m<sup>2</sup>.

### Equity

Equity has increased to SEK 2,507 million (2,217), which is the equivalent of an equity/assets ratio of

13.0% (13.7). Equity and the equity/assets ratio during the period have increased as a result of the period's profits, SEK 683 million and foreign currency translation differences, SEK 7 million, and reduced as a result of dividends of SEK 400 million.

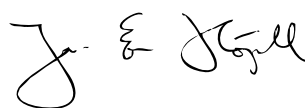
### Interest/bearing debts

The group's interest-bearing debts during the period have increased to SEK 14,890 million (12,211), of which SEK 12,562 million (9,699) relate to real estate credits with security in properties. Interest-bearing debts without security reduced to SEK 2,328 million (2,512).

Real estate credits at the end of March had an average fixed interest rate period of 3.6 years (4.6) and the average interest rate was 4.59% (4.92). Capital tie-up amounted to 4.8 (5.7) years.

Available funds in the form of liquid assets and unused credit agreements was SEK 265 million (1,097).

Stockholm, June 29, 2007



Jan-Erik Höjvall  
Managing Director

## INCOME STATEMENTS

Group, amounts in MSEK	3 months Jan-Mar 2007	3 months Jan-Mar 2006	15 months Jan-Mar 2006/07	12 months Jan-Dec 2005
<b>Rental income</b>	<b>537</b>	<b>530</b>	<b>2,566</b>	<b>1,944</b>
Operating costs	- 219	-200	-959	- 678
Maintenance	- 51	- 48	- 312	- 233
Property tax and site leasehold fee	- 15	- 17	- 83	- 64
<b>Total property costs</b>	<b>- 285</b>	<b>- 265</b>	<b>-1,354</b>	<b>- 975</b>
<b>Operating surplus</b>	<b>252</b>	<b>265</b>	<b>1,212</b>	<b>969</b>
Depreciation and reversals	- 42	- 30	- 149	- 89
<b>Gross profit</b>	<b>210</b>	<b>235</b>	<b>1,063</b>	<b>880</b>
Central administration expenses	- 3	- 4	- 19	- 16
Income from sales	17	62	618	336
<b>Operating profit</b>	<b>224</b>	<b>293</b>	<b>1,662</b>	<b>1,200</b>
Financial income	4	1	20	9
Financial costs	- 194	- 179	- 962	- 717
<b>Profit before taxes</b>	<b>34</b>	<b>115</b>	<b>720</b>	<b>492</b>
Tax	5	4	- 37	1
<b>Earnings after taxes</b>	<b>39</b>	<b>119</b>	<b>683</b>	<b>493</b>

## BALANCE SHEETS

Group, amounts in MSEK	31 Mar 2007	31 Dec 2006	31 Dec 2005
Properties	18,933	17,823	15,903
Other assets	244	334	166
Liquid funds	41	6	132
<b>Total assets</b>	<b>19,219</b>	<b>18,163</b>	<b>16,201</b>
Equity	1,824	1,820	1,724
Income for the period	683	644	493
<b>Total equity</b>	<b>2,507</b>	<b>2,464</b>	<b>2,217</b>
Provisions	1,332	1,305	1,288
Interest bearing liabilities without collateral	2,328	2,345	2,512
Interest-bearing liabilities with collateral in properties	12,562	11,408	9,699
Other liabilities	490	651	485
<b>Total equity and liabilities</b>	<b>19,219</b>	<b>18,163</b>	<b>16,201</b>

*Batteriet 13, Halmstad*

<b>Cash Flow Statement, amounts in MSEK</b>	<b>15 months 2006/07 Jan-Mar</b>	<b>12 months 2005 Jan-Dec</b>
Cash flow from operating activities	-264	217
Cash flow from investment activities	-2,506	- 958
Cash flow from financing activities	2,679	776
<b>Cash flow for the period</b>	<b>-91</b>	<b>35</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>41</b>	<b>132</b>

#### Fixed-interest term real estate credits

Tenure	Loans MSEK	Average interest %	Percentage %
0 – 1 years	5,317	3.48	42
1 – 2	444	7.05	4
2 – 3	423	6.03	3
3 – 4	1,387	5.48	11
4 – 5	828	6.38	7
5 – 6	647	6.65	5
6 – 7	-	-	-
7 – 8	400	4.54	3
8 – 9	1,175	4.74	9
9 –	1,941	4.58	16
<b>Total</b>	<b>12,562</b>	<b>4.59</b>	<b>100</b>



*The English School, Eskilstuna*



*Mälardalen University, Eskilstuna*

### Property portfolio as per 31 Mar 2007

Region	Number of apartments	Lettable area, square meters		Total	Percentage
		Residential properties	Commercial		
Southern Sweden	7,958	528,564	165,085	693,649	28
Western Sweden	7,111	461,060	112,169	573,229	23
Eastern Sweden	10,718	798,394	146,188	944,582	37
Northern Sweden	2,368	146,981	29,446	176,427	7
Germany	2,156	132,054	1,117	133,171	5
<b>Total</b>	<b>30,311</b>	<b>2,067,053</b>	<b>454,005</b>	<b>2,521,058</b>	<b>100</b>

**HEADQUARTER**

Svärdvägen 3A  
Box 104  
182 12 DANDERYD  
tel +46 (0) 8 566 130 00  
fax +46 (0) 8 566 130 80

**SOUTHERN SWEDEN**

Föreningsgatan 15  
Box 17199  
200 10 MALMÖ  
tel +46 (0) 40 330 400  
fax +46 (0) 40 330 415

**WESTERN SWEDEN**

Reutersgatan 4  
Box 7284  
402 35 GÖTEBORG  
tel +46 (0) 31 708 61 00  
fax +46 (0) 31 708 61 01

**EASTERN SWEDEN**

Svärdvägen 3A  
Box 104  
182 12 DANDERYD  
tel +46 (0) 8 566 130 00  
fax +46 (0) 8 566 130 80

**NOTHERN SWEDEN**

Residensgatan 4E  
972 36 LULEÅ  
tel +46 (0) 920-255 255  
fax +46 (0) 920-255 183

**GERMANY**

Akelius GmbH  
Potsdamer Platz 11  
D-10785 BERLIN  
tel +49 (0) 30 2589-4527  
fax +49 (0) 30 2589-4136

**info@akelius.se**  
**www.akelius.se**