

**SUPPLEMENT DATED 6 NOVEMBER 2017 TO THE BASE PROSPECTUS
DATED 12 MAY 2017**



AKELIUS RESIDENTIAL PROPERTY AB (PUBL)

(incorporated in the Kingdom of Sweden as a public company with limited liability)

€2,500,000,000

Euro Medium Term Note Programme

This supplement (the "**Base Prospectus Supplement**") to the Base Prospectus dated 12 May 2017 as supplemented by the base prospectus supplement dated 31 August 2017 (together, the "**Base Prospectus**") constitutes a base prospectus supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Terms defined in the Base Prospectus have the same meaning when used in this Base Prospectus Supplement.

This Base Prospectus Supplement is supplemental to and should be read in conjunction with the Base Prospectus. The purpose of the Base Prospectus Supplement is to:

- (a) disclose an increase in the amount of the Euro Medium Term Note Programme (the "**Programme**");
- (b) incorporate by reference into the Base Prospectus the unaudited interim consolidated financial statements of the Issuer in respect of the nine-month period ended 30 September 2017 (the "**2017 Third Quarter Interim Financial Statements**") as set out on pages 21–25 (inclusive), pages 33–34 (inclusive) and pages 35–36 (inclusive) of the Issuer's interim report for the first nine months of 2017;
- (c) update the section entitled "Risk Factors" in the Base Prospectus;
- (d) update the section entitled "Description of the Issuer and the Group" in the Base Prospectus, including updating the disclosure to indicate that Akelius Residential Property AB (publ)'s credit rating by Standard & Poor's Credit Market Services Europe Limited has been upgraded from BBB- to BBB; and
- (e) update the section entitled "General Information" in the Base Prospectus.

This Base Prospectus Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

Akelius Residential Property AB (publ) accepts responsibility for the information contained in this Base Prospectus Supplement. To the best of the knowledge of Akelius Residential Property AB (publ), having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus Supplement is in accordance with the facts and contains no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Base Prospectus Supplement or any statement incorporated by reference into the Base Prospectus by this Base Prospectus Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statement in (a) above will prevail.

Save as disclosed in this Base Prospectus Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme since the publication of the Base Prospectus.

Any websites referred to within this Base Prospectus Supplement, including <http://mb.cision.com/Main/3302/2372985/739847.pdf> do not form part of this Base Prospectus Supplement.

INCREASE OF PROGRAMME AMOUNT

The amount of the Programme is increased from €1,500,000,000 to €2,500,000,000 as from the date of this Base Prospectus Supplement.

AMENDMENTS TO THE "INFORMATION INCORPORATED BY REFERENCE" SECTION

With effect from the date of this Base Prospectus Supplement, the first paragraph of the "Information Incorporated by Reference" section on page 20 of the Base Prospectus is updated by adding the following paragraph:

"5. the unaudited interim consolidated financial statements of the Issuer in respect of the nine-month period ended 30 September 2017 (the "**2017 Third Quarter Interim Financial Statements**") as set out on pages 21–25 (inclusive), pages 33–34 (inclusive) and pages 35–36 (inclusive) of the Issuer's interim report for the first nine months of 2017:

<http://mb.cision.com/Main/3302/2372985/739847.pdf>

For the avoidance of doubt, any information, agreements, and/or documents expressed to be incorporated by reference in the information incorporated by reference from 5. above, shall not be incorporated in or to form part of, the Base Prospectus. Any information, agreements and/or documents contained in the document specified in 5. above which is not incorporated by reference in the Base Prospectus is either not relevant for an investor or is covered elsewhere in the Base Prospectus."

Additionally, with effect from the date of this Base Prospectus Supplement, the fourth paragraph of the "Information Incorporated by Reference" section on page 20 of the Base Prospectus is updated by deleting the wording and replacing it with the following:

"The 2015 Financial Statements, 2016 Financial Statements, 2017 Interim Financial Statements, 2017 Half Year Interim Financial Statements and 2017 Third Quarter Interim Financial Statements are English translations of the Swedish financial statements prepared for and used in the Kingdom of Sweden."

AMENDMENTS TO THE "RISK FACTORS" SECTION

With effect from the date of this Base Prospectus Supplement, the following paragraphs of the "Risk Factors" section starting on page 5 of the Base Prospectus are updated by deleting the wording and replacing it with the following:

"Interest rate risks may reduce the Group's net return

Aside from equity contributions, the Group's operations are largely financed by borrowings, including loans from credit institutions and listed bonds and, as a result, the cost of interest payments on such debts is one of the Group's main expenses. Changes in interest rates can affect the Group's profitability by affecting the spread between, among other things, the income on its assets and the expense of its interest-bearing liabilities, the value of any interest-earning assets, its ability to make acquisitions and its ability to realise gains from the sale of its assets. Market interest rates are highly sensitive to many factors, including the expected inflation rate, governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, regulatory requirements and other factors beyond the Group's control. The short-term interest rates are mainly determined by reference to the respective national bank's repo rate, which is a monetary policy rate. In times of increasing inflation expectations, the interest rate can be expected to increase and in times of decreasing inflation expectations, the interest rate can be expected to decrease.

The Group's interest costs are mainly affected by the current market interest rate, the margin imposed by credit institutions and the method for determining the rate of interest on the debts entered into by the Group. As at 30 September 2017, the loans of the Group carried an average interest rate of 2.58 per cent. and the average interest rate hedge was 5.0 years. As at 30 September 2017, 16 per cent. of the Group's borrowings carried an interest rate with a term of less than one year. With respect to fixed rate debt, a longer average fixed interest term on the Group's debts means that the Group is tied to a fixed interest rate that may or may not be in line with the prevailing market interest rate. With respect to floating rate debt, the Group's floating rate loan expenses may increase with a rise in market interest rates. An increase in interest rates may increase the Group's interest expense and this could have a material adverse impact on the Group's operations, earnings and financial position.

The Group may not be able to secure financing in the future

The Group is exposed to the risk of not being able to obtain new financing or to re-finance existing debt obligations. In addition, the terms and conditions on which future funding or re-financing may be made available may not be acceptable to the Group. As at 30 September 2017, the Issuer's interest-bearing debt amounted to a total of SEK 43,526 million. There is a risk that these lenders in the future do not want or have the possibility to continue with the current financing.

During the financial crisis in 2008-2009, there was severe volatility and disturbance in the financial and credit markets, with decreased liquidity and increased credit risk premiums for many credit institutions. Even though the Group currently believes that its refinancing risk is small, there is no guarantee that future refinancing can be obtained on commercially acceptable terms, and this could have a material adverse impact on the Group's operations, earnings and financial position.

The Group's inability to procure sufficient financing for its property acquisitions or development projects could adversely affect its ability to expand its business and may result in unexpected costs for the Group. If such circumstances occur, it could also result in development projects not being completed before the Group's loan repayments are due, or that such increased costs in the development project not being covered by the credit facilities in place. If the Group is not able to obtain new financing with respect to its property acquisitions or development projects, or an extension or increase of existing financing arrangements, or is only able to obtain such financing on terms that are disadvantageous, it could have a material adverse impact on the Group's operations, earnings and financial position.

The Group may be forced to refinance its debt or may forfeit secured assets if it fails to meet the obligations and requirements under its loan agreements and debt securities

The Group is financed from a variety of sources. In total, the Group has loans with 35 banks in different countries and it has eight listed bonds.

The Group has provided security and guarantees for a large proportion of its loans. As at 30 September 2017, the Group had total borrowings, including bonds and bank loans, with a nominal value of SEK 43,526 million, of which SEK 21,816 million was secured. Some of the loan agreements and terms of the bonds contain financial covenants which, among other things, cover (i) the ownership of the company that has raised the loan and (ii) the Group's equity ratio and certain other financial ratios. In this context, it should be noted that some of the Group's financial ratios, at least in the short term, are negatively affected when a company within the Group acquires properties which are financed through loans from external creditors. Accordingly, such acquisitions (which constitute a part of the Group's business model) could increase the Group's risk of breaching such financial covenants. If any of the financial covenants set out in the loan agreements and the terms of the bonds are breached, it could result in the acceleration of the loans and/or bonds and/or the realisation of the security granted to the relevant credit institutions, which could, in turn, have a material adverse impact on the Group's operations, earnings and financial position."

AMENDMENTS TO THE "DESCRIPTION OF THE ISSUER AND THE GROUP" SECTION

With effect from the date of this Base Prospectus Supplement, the section entitled "Description of the Issuer and the Group" starting on page 72 of the Base Prospectus is updated by deleting the section and replacing it with the following:

"DESCRIPTION OF THE ISSUER AND THE GROUP"

Introduction

Akelius Residential Property AB (publ) is a public limited liability company incorporated under the laws of the Kingdom of Sweden and registered in the Kingdom of Sweden with registration number 556156-0383, having its registered address at Svärdvägen 3A, P.O. Box 104, SE-182 12 Danderyd, Kingdom of Sweden. The Issuer's telephone number is +46 8 566 130 00. The Issuer was formed on 9 August 1971 and registered with the Swedish Companies Registration Office on 29 December 1971. The Issuer is subject to a number of Swedish corporate and financial legislative acts including, but not limited to, the Swedish Companies Act (Sw: *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw: *årsredovisningslagen (1995:1554)*). The Issuer has been incorporated for an indefinite period of time.

Share capital, shares and ownership structure of the Issuer

According to its articles of association, the Issuer's share capital shall be no less than SEK 1,080,000,000 and not more than SEK 4,320,000,000 divided into not less than 1,800,000,000 shares and not more than 7,200,000,000 shares. The Issuer's share capital, as at the date of this Base Prospectus Supplement, amounts to SEK 1,850,649,004 divided among 3,084,415,006 shares (3,065,579,400 ordinary shares and 18,835,606 preference shares). The Board of Directors of the Issuer (the "**Board**") has been given the authorisation from the annual general meeting 2017 to issue, on one or more occasions prior to the annual general meeting in 2018, a maximum amount of 6,000,000 preference shares, after which the total number of preference shares in the company may not exceed 24,835,606. Each ordinary share entitles the holder to one vote and each preference share entitles the holder to one-tenth of a vote at general meetings. The Issuer's preference shares are listed on the multilateral trading facility Nasdaq First North and are, thus, publicly traded. Nasdaq First North is an alternative marketplace, operated by Nasdaq Stockholm, and is an unregulated market for the purposes of the Directive 2004/39/EC (as amended).

As at the date of this Base Prospectus Supplement, all ordinary shares in the Issuer, accounting for approximately 99.39 per cent. of the total share capital, are held by Akelius Apartments Ltd, Cyprus, reg. no. 84077, Xange Holding Ltd, Cyprus, reg. no. 313781 and Giannis Beta Ltd, Cyprus, reg. no. 342009. Akelius Apartments Ltd holds approximately 84.48 per cent., Xange Holding Ltd holds approximately 9.94 per cent. and Giannis Beta Ltd holds approximately 4.97 per cent. of the total share capital of the Issuer. The Issuer, therefore, is controlled by its Cypriot parent company Akelius Apartments Ltd, which is, in turn, controlled by the Akelius Foundation, a humanitarian foundation, registered in the Bahamas, with five council members and the purpose of which is to act under its charter and articles. The foundation is set up to achieve charitable purposes, including assistance of people in need, advancement of education and research, and other philanthropic purposes and its main beneficiary is SOS Children's Villages. As at the date of this Base Prospectus Supplement, the council members of the Akelius Foundation (which holds all the shares in Akelius Apartments Ltd) are: Roger Akelius, Igor Rogulj, Fredrik Lindgren, Tove Andersson and Johan Warodell. None of the council members are beneficiaries of the Akelius Foundation.

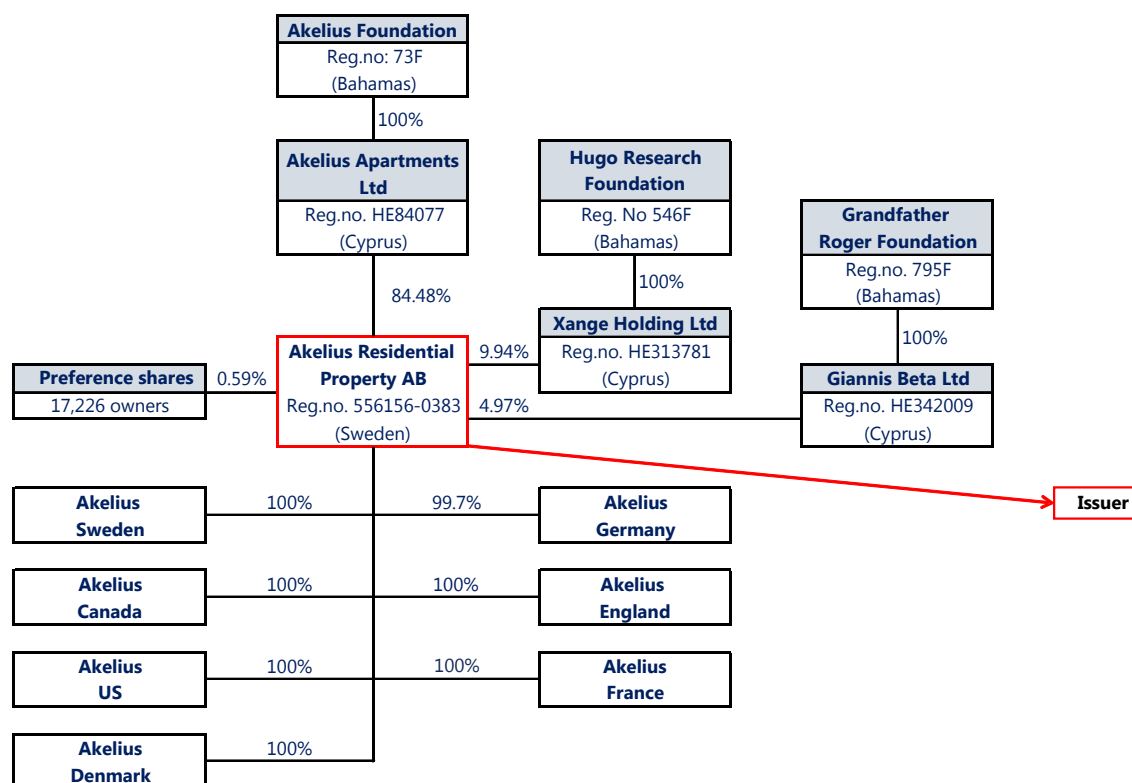
To ensure that the control over the Issuer is not abused, the Issuer complies with the Swedish Companies Act (Sw: *aktiebolagslagen (2005:551)*). In addition, the Issuer acts in accordance with the rules of procedure of its Board of Directors and the instructions for the committees and the chief executive officer adopted by the Issuer's Board of Directors. As far as the Issuer is aware, there are no shareholder agreements' or other agreements which could result in a change of control of the Issuer.

Group structure

The Issuer is the holding company of the Group. Its main functions include the overall strategic management of the Group, the determination of the objectives and strategies of the Group, central co-ordination of the activities of the Group companies and central allocation of resources as well as monitoring of Group activities.

As at 30 September 2017, the Issuer had a total of 445 subsidiaries. The subsidiaries comprise real estate holding companies and management companies in all of the countries in which the Group has its operations or assets. The Issuer does not directly hold properties. Generally, the purpose of each real estate holding company within the Group is to hold one or more properties of the Group in the relevant country.

The following chart sets out the Group's simplified corporate structure and the ownership structure of the Issuer as at the date of this Base Prospectus Supplement.



The table below sets out details regarding the Group's holding companies in each jurisdiction of its operations, including the Issuer's percentage ownership (direct or indirect) in each:

Branch	Holding Company	Registration number	Date of registration	Date of acquisition	Effective ownership (%)
Sweden.....	Akelius Lägenheter AB (Stockholm, Kingdom of Sweden)	556549-6360	19 November 1997	01 September 2003	100
Germany.....	Akelius GmbH (Berlin, Germany)	HRB 101392B	07 April 2006	N/A	99.7
Canada.....	Akelius Real Estate Management Ltd (Toronto, Canada)	659852	03 October 2011	31 December 2013 (originally owned by Akelius Canada AB, (subsidiary to Akelius Apartments Ltd))	100
England.....	Akelius Residential Ltd (United Kingdom, London)....	7954505	17 February 2012	31 March 2014 (originally owned by Akelius Apartments Ltd)	100
France.....	Akelius France Holding SAS (France, Paris)	804 104 537	18 August 2014	N/A	100
USA.....	Akelius US LLC (USA, Delaware)	364803632	09 February 2015	N/A	100
Denmark.....	Akelius Bolig Holding ApS (Copenhagen, Denmark)	37222119	06 November 2015	N/A	100

Business strategy and operations

The Group operates in the real estate sector and its operations comprise of investing in, developing and managing residential properties across a number of cities in Europe and North America. The Group acquired its first residential properties in Gothenburg, Helsingborg and Trollhättan in the Kingdom of Sweden in 1994. In subsequent years, the Group expanded through reinvestments of profits in real estate properties in the Kingdom of Sweden. In 2003, by acquiring Mandamus Fastigheter AB, a Swedish listed real estate company, which is now the unlisted Swedish holding company Akelius Lägenheter AB, the Issuer increased its property portfolio to SEK 15,000 million. In 2006, the Group entered the German market acquiring 402 residential units in Berlin followed by properties in Hamburg and other German cities. An affiliated company of the Group first acquired properties in Toronto in 2011. This affiliated company was acquired by the Group in December 2013. In 2015 the Group entered the residential market in Montreal. An affiliated company of the Group first acquired residential properties in London in 2011 and these properties were acquired by a subsidiary of the Issuer in 2014. The Group acquired its first properties in Paris in 2014. In 2015, the Group entered into the US market through its acquisitions of property in New York, Boston and Washington. In 2016, the Group entered the Danish market through its acquisitions of property in Copenhagen.

The Group's business strategy is based on the long-term ownership and management of residential properties that generate a steadily growing cash flow. In this respect, the Group particularly focuses on the total return from the properties over ten years rather than the initial short-term yield. The Group's business strategy is centred around properties located in cities that evidence a growing economy and population and stable rent growth, and within those cities, the Group targets properties that are in districts and suburbs that are either well established residential areas or that are undergoing regeneration or development. For example, with respect to well established residential areas, WalkScore provides a metric that assesses how easy it is to run daily errands by foot from a certain location. As at 30 September 2017, the WalkScore assessment of Akelius property portfolio was 86¹ out of 100. With respect to cities evidencing a growing population, the average population growth over the previous ten years in the metropolitan areas where a large proportion of the Group's portfolio is located (namely, Stockholm, Malmö, Berlin, Hamburg, Munich, London, Paris, Toronto, Montreal and New York) was approximately 12 per cent. By comparison, the average population growth over the previous 10 years in the countries where those cities are based (namely, Kingdom of Sweden, Germany, United Kingdom, France, Canada, the USA and Denmark) was approximately 7 per cent.² The Group also seeks to invest in properties that can benefit from, and generate greater returns as a result of, an upgrade of such properties by the Group to a "first class" standard (as discussed below in "*Development projects*"). The Group believes that the combination of residential properties in established locations in metropolitan areas with growing populations minimises the property vacancy risk and provides strong growth in rent and net operating income. The Group regularly reinvests its profits and applies its profits to the upgrading of the Group's current properties to a "first class" standard and to the acquisition of new properties (as discussed below in "*Acquisition process*").

As at 30 September 2017, the Group had 832 employees and a property portfolio of 45,909 residential units with an aggregate fair value of SEK 97,116 million. Germany is the Group's largest market and, as at 30 September 2017, accounted for approximately 37 per cent. of the Group's property portfolio, while Sweden accounted for approximately 31 per cent., the United States accounted for 11 per cent., Canada accounted for 9 per cent., the United Kingdom accounted for 7 per cent., France accounted for 2 per cent. and Denmark accounted for 3 per cent.

¹ Source: The Walkscore assessment figure has been calculated by the Issuer internally and has been derived from the Walkscore result for each residential property owned by the Group (such result being available at www.walkscore.com).

² Source: Statistics Sweden, Statistics Denmark, Statistics Canada, INSEE, Office for National Statistics, Statistisches Bundesamt, US Census Bureau, London data store and several local Bundesländer statistics offices.

Financial highlights

The following table sets out certain of the Group's financial highlights for the nine-month periods ended 30 September 2017 and 30 September 2016 and for the years 2016 and 2015:

	2017 ¹	2016 ²	2016 restated ⁵	2016 ³	2016 restated ⁵	2015 ⁴	2015 restated ⁵
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
Rental income, SEK millions	3,051	3,351	3,095	4,473	4,109	4,339	3,988
Net operating income, SEK millions.....	1,792	1,772	1,772	2,311	2,311	2,175	2,175
Operating profit, SEK millions.....	8,003	9,485	9,485	14,809	14,809	9,977	9,977
Profit before tax, SEK millions	7,197	8,091	8,091	13,320	13,320	9,206	9,206
Earnings per share before and after dilution, SEK	1.90	2.12	2.12	3.37	3.37	2.33	2.33

¹ The financial highlights for the nine-month period ended 30 September 2017 are contained in the 2017 Third Quarter Interim Financial Statements.

² The financial highlights for the nine-month period ended 30 September 2016 are contained in the unaudited interim consolidated financial statements of the Issuer in respect of the nine-month period ended 30 September 2016.

³ The financial highlights for the year 2016 are contained in the 2016 Financial Statements.

⁴ The financial highlights for the year 2015 are contained in the 2015 Financial Statements

⁵ From 1 January 2017, revenue from utility expenses and other property taxes invoiced to the tenants is netted from expenses that are reported as operating expenses. Rental income for prior years has been restated accordingly and, unless otherwise stated, the restated figures are used within the descriptive part of this section "Description of the Issuer and the Group".

In general terms, the Group's profit is largely generated from rental income and from the increase in value of its property portfolio. The Group's consolidated rental income for the year 2016 was SEK 4,109 million³, which represents an increase of SEK 121 million⁴ as compared to the year 2015. The rental income for comparable properties for the year 2016, adjusted for changes in exchange rates, increased by 4.1 per cent. as compared to the year 2015. In the first nine months of 2017, the Group's consolidated rental income was SEK 3,051 million, which represents a decrease of SEK 44 million as compared to the first nine months of 2016. The rental income for comparable properties for the first nine months of 2017, adjusted for changes in exchange rates, increased by 5.1 per cent. compared to the same period in 2016. The Group's net profit before tax for the year 2016 was SEK 13,320 million, which was an increase of SEK 4,114 million compared with the figure from 2015, principally as a result of the increase in the fair value of the Group's properties due to a lower required yield resulting from the low interest rate environment. In the first nine months of 2017, the Group's net profit before tax was SEK 7,197 million, which was a decrease of SEK 894 million as compared to the same period in 2016. This decrease was principally a result of lower value growth in the fair value of the Group's properties.

Acquisition process

The Group selectively acquires residential properties through numerous smaller transactions (so called "cherry-picking") rather than making fewer purchases of large portfolios of properties. Acquisitions of properties follow a strict procedure based on established criteria and appropriate commercial, financial, tax, legal and technical diligence. In the acquisition process, the Group aims to exploit its market knowledge and years of experience in the real estate sector and, as a result, acquisitions are predominantly made in city districts or blocks where the Group already owns or has previously owned properties. This assists the Group in making assessments as to the rent, vacancy, price and return levels of the properties. Acquisitions are completed locally by the regional office in the city or area where the property is located. Following an acquisition, each regional office must follow up on the assumptions made during the purchase and it is responsible for any deviations between the initial assumptions and the actual performance. Any necessary financing is also secured prior to the acquisitions being made.

In 2016, the Group acquired properties for a total price of SEK 6,094 million compared to SEK 12,093 million in 2015. In 2016, properties for SEK 1,749 million were acquired in Boston, SEK 850 million in Montreal, SEK 721 million in Paris, SEK 535 million in Stockholm, SEK 480 million in New York, SEK 412 million in Copenhagen, SEK 342 million in Hamburg, and SEK 1,005 million in the other large cities such as Düsseldorf, Washington and Berlin.

³ Amounts of rental income for the year 2016 are restated.

⁴ Amounts of rental income for the year 2015 are restated.

During the first nine months of 2017, the Group acquired properties for a total price of approximately SEK 9,554 million and this represented an increase of 148 per cent. as compared to the first nine months of 2016. Properties for SEK 1,963 million were acquired in Copenhagen, SEK 1,831 million in London, SEK 1,606 million in New York, SEK 1,080 million in Stockholm, SEK 804 million in Toronto, SEK 529 million in Berlin, SEK 493 million in Washington, SEK 340 million in Montreal, SEK 272 million in Boston, SEK 247 million in Paris, SEK 198 million in Malmö and SEK 191 million in Hamburg. Sales during the same period amounted to SEK 7.0 billion and consisted mainly of residential properties in Sweden.

Description of the Group's property portfolio

In 2009, the Group's property portfolio was spread across 46 cities. Since then, the Group has disposed of all of its property holdings in 35 cities and has acquired properties in eight new cities (London, Toronto, Montreal, Paris, New York, Boston, Washington and Copenhagen), leaving the Group with a property portfolio spread across 19 cities. This shift in focus is a reflection of the Group's strategy to target established metropolitan cities that evidence growing income and population.

The following table provides a breakdown of the Group's property portfolio (including a breakdown for the countries in which the Group operates) as at 30 September 2017.

		Kingdom of Sweden	Germany	Canada	UK	France	USA	Denmark	Total
Residential units		13,758	20,180	5,104	1,712	1,077	3,047	1,031	45,909
	Residential								
	Commercial	959	1,228	303	74	31	203	83	2,881
Lettable space, thousand sqm.....		174	91	4	3	4	1	6	283
	Total	1,133	1,319	307	77	35	204	89	3,164
Fair value.....	SEK millions	29,858	36,229	8,738	6,408	2,244	11,138	2,502	97,116
	SEK/sqm	26,359	27,463	28,402	82,969	64,455	54,505	28,273	30,690
Required yield, %		3.14	3.55	4.30	4.13	4.17	4.37	3.25	3.64
Vacancy rate, residential, %	Total vacancy	1.0	6.0	4.0	10.6	45.0	15.8	5.4	6.0
	Real vacancy	0.0	1.0	1.1	1.4	1.7	2.1	0.5	0.8
		SEK 1,275	EUR 8.88	CAD 1.94	GBP 2.64	EUR 22.92	USD 2.74	DKK 930	SEK 1,373
Average residential rent	sqm/year	sqm/month	sqft/month	sqft/month	sqm/month	sqft/month	sqm/year	sqm/year	
Rent potential ¹ , %		18.4	61.3	16.9	-1.6	89.8	23.2	84.6	52.4

¹ Rent potential is the ratio between the new lease rent level for the period from 2 January 2017 to 1 October 2017 and the average rent level as at 1 October 2017, excluding sold properties.

The following two tables provide the current state and development of some key performance indicators for the Group's property portfolio in the primary metropolitan areas in which the Group operated as at 30 September 2017.

	Fair value		Capitalisation Rate ⁽¹⁾	Discount Rate ⁽²⁾	Walk score ⁵	
	(%)	(SEK billion)	(SEK per sqm)	(%)	(%)	(scale 1-100)
Berlin	23	22.0	25,624	3.41	5.41	91
Stockholm.....	20	19.6	27,602	3.04	5.04	57
Malmö.....	9	9.0	25,608	3.21	5.20	89
Hamburg.....	8	7.7	31,250	3.78	5.78	87
London.....	7	6.4	82,969	4.13	6.13	84
Toronto	6	6.1	32,609	4.22	6.22	83
New York	6	6.0	62,493	4.26	6.26	97
Paris.....	2	2.2	64,455	4.17	6.17	97
Other.....	19	18.1	29,937	4.02	6.01	91
Total.....	100	97.1	30,690	3.64	5.63	86

⁽¹⁾ "Capitalisation Rate" is the expected eternal yield from the property portfolio minus the growth rate of net operating income.

⁽²⁾ "Discount Rate" is the expected eternal yield from the property portfolio including the growth rate of net operating income.

	Units	Proportion upgraded	Real vacancy	Rent growth ³	In place	New lettings ⁴	Rent potential
	(units)	(%)	(%)	(%)	SEK/sqm/year	SEK/sqm/year	(%)
Berlin ¹	12,583	35	1.0	5.9	913	1,664	82
Stockholm.....	9,195	45	0.0	2.2	1,260	1,482	18
Malmö.....	4,063	47	0.0	2.2	1,308	1,548	18
Hamburg ¹	4,161	50	1.3	5.0	1,216	1,651	36
London.....	1,712	54	1.4	4.1	3,712	3,653	-2
Toronto	3,410	47	0.9	5.1	1,792	2,310	29
New York	1,454	23	2.1	5.9	2,853	4,336	52
Paris ¹	1,077	17	1.7	12.9	2,631	4,994	90
Other ²	8,254	41	1.2	4.9	1,545	2,129	38
Total.....	45,909	41	0.8	5.3	1,373	2,092	52

¹ Excludes ancillary costs.

² Partly excludes ancillary costs.

³ Like for like 1 October 2016 to 1 October 2017.

⁴ From 2 January 2017 to 1 October 2017, excluding sold properties.

The rent potential for the Group's properties was 52 per cent. as at 30 September 2017. 25 percentage points, equivalent to an annual rent of SEK 1,004 million, can be achieved without investments when there is a turnover of tenants. The remaining 27 percentage points, equivalent to an annual rent of SEK 1,084 million, can be reached if the company invests SEK 15 billion and upgrades the properties to a "first class" standard.

Given the rental regulations in Sweden, Akelius estimates that the rent potential in Stockholm and Malmö, had there been no rental regulations, would have been 71 and 48 per cent., respectively.

⁵ Source: The Walkscore assessment figure has been calculated by the Issuer internally and has been derived from the Walkscore result for each residential property owned by the Group (such result being available at www.walkscore.com).

The following table provides a breakdown of the Group's property portfolio in the countries in which the Group operated as at 31 December 2016.

		Kingdom of Sweden	Germany	Canada	UK	France	USA	Denmark	Total
Residential units.....		17,381	19,932	4,513	1,224	941	2,309	216	46,516
Lettable space, thousand sqm	Residential	1,205	1,211	268	54	27	165	15	2,945
	Commercial	192	92	1	3	3	0	0	291
	Total	1,397	1,303	269	57	30	165	15	3,236
Fair value	SEK millions	32,357	32,176	7,055	4,524	1,848	9,362	417	87,739
	SEK/sqm	23,163	24,708	26,242	79,157	61,332	56,725	27,135	27,116
Required yield, %.....		3.43	3.84	4.36	4.11	4.2	4.42	3.42	3.82
Vacancy rate, residential, %.....	Total vacancy	1.2	4.8	7.1	12.4	46.2	10.6	1.9	5.0
	Real vacancy	0.1	1.1	3.4	3.7	3.7	1.7	0.0	1.1
Average residential rent	SEK	1,246	EUR 8.56	CAD 1.89	GBP 2.55	EUR 20.99	USD 2.51	DKK 916	SEK 1,309
	sqm/year	sqm/year	sqm/month	sqft/month	sqft/month	sqm/month	sqft/month	sqm/year	sqm/year

The following table provides a breakdown of the Group's property portfolio in the countries in which the Group operated as at 31 December 2015.

		Kingdom of Sweden	Germany	Canada	UK	France	USA	Total
Residential units....		23,520	20,307	3,999	1,404	467	1,534	51,231
Lettable space, thousand sqm.....	Residential	1,617	1,232	226	67	14	111	3,267
	Commercial	233	79	1	5	2	1	320
	Total	1,850	1,311	227	72	16	112	3,587
Fair value.....	SEK millions	31,727	24,892	4,859	4,840	995	5,451	72,764
	SEK/sqm	17,148	18,986	21,424	67,660	62,640	48,769	20,284
Required yield, %..		4.30	4.35	4.37	4.22	4.21	4.47	4.33
Vacancy rate, residential, %.....	Total vacancy	1.5	4.9	11.1	8.0	35.3	9.8	4.3
	Real vacancy	0.1	2.0	3.6	2.8	1.3	2.8	1.3
Average residential rent	SEK	1,184	EUR 8.13	CAD 1.79	GBP 2.07	EUR 22.5	USD 2.26	SEK 1,173
	sqm/year	sqm/year	sqm/month	sqft/month	sqft/month	sqm/month	sqft/month	sqm/month

As at 30 September 2017, the Group owned 45,909 residential units situated in the Kingdom of Sweden, Germany, Canada, the United Kingdom, France, the USA and Denmark. As at 30 September 2017, 92 per cent. of the property portfolio's market value, as assessed internally, was located in the Greater Stockholm area, Malmö, Berlin, Hamburg, London, Paris, New York, Boston, Washington, Toronto, Montreal and Copenhagen. The remaining part of the Group's property portfolio is located in Swedish regional cities and larger German cities. As at 30 September 2017, the Group's property portfolio offers 2,881,287 square metres of residential lettable space and 283,161 square metres of commercial lettable space. The commercial lettable space predominantly forms part of the ground floor of primarily residential properties.

Internally, Akelius categorises its property portfolio across the following five types: "Luxury", "Prime", "Mid", "Entry" and "Discount" and the respective distribution of these property types across the Akelius property portfolio as at 30 September 2017 was 0 per cent., 43 per cent., 36 per cent., 21 per cent. and 0 per cent. Luxury properties, as defined by Akelius, are located in A+ locations and the buildings and service are considered extraordinary. Prime properties are located in A+ to B+ locations and the buildings are attractive, while Mid are ordinary properties in B+ to B locations. Entry properties are located in B to B- locations and the buildings are considered to be regular, an example is the German "Plattenbau" buildings. Discount properties are those in C+ to C- locations and are properties located in socially challenging areas.

The fair value of the Group's property portfolio as at 30 September 2017 was SEK 97,116 million, which represented an increase of SEK 9,377 million as compared to 31 December 2016. The assessed value per square metre of the Group's property portfolio as at 30 September 2017 was SEK 30,690, which represented an increase of SEK 3,574 as compared to 31 December 2016. The Issuer's assessment is that the cost for new construction of similar properties in similar locations to the properties in the Group's property portfolio is significantly higher than SEK 30,690 per square metre.

During the first nine months of 2017, the property portfolio had a positive revaluation of SEK 6,397 million, mainly as a result of a lower required yield. From 1 January to 30 September 2017, the value of the Group's property investments was SEK 1,883 million, the value of net purchases was SEK 2,515 million and the effect due to changes in currency levels amounted to SEK -1,418 million.

The fair value of the Group's property portfolio as at 31 December 2016 was SEK 87,739 million, which represented an increase of SEK 14,975 million as compared to 31 December 2015. During 2016, the property portfolio had an increase in fair value of SEK 12,715 million, mainly due to increased rental income. In 2016, the value of the Group's property investments was SEK 2,989 million, the value of net sales was SEK 2,967 million and the effect due to changes in currency levels amounted to SEK 2,238 million. In the event of a crisis (in other words, a situation where the Group's ability to raise new funding is limited), the Group's total property investments could be reduced to SEK 150 million, on an annual basis, as most of the investments carried out are optional and undertaken for profit.

The fair value of the properties is determined by internal valuations by the Group. The properties are valued using the yield method, which means that each property is valued by discounting its estimated future cash flows. The estimated future cash flows are based on actual rent adjusted for potential growth and actual operating and maintenance expenses adjusted for inflation. Vacancies are considered for each individual property on the basis of the current situation adjusted to a market vacancy level. The property's fair value comprises the sum of the discounted cash flows during the calculation period and the residual value. The valuation is made under IFRS 13, level 3 – see Note 19 - *Financial Instruments - Fair value hierarchy of the 2016 Annual Report* for further information. In order to verify the internal valuation, the Group engages external valuers, primarily local branches of CBRE Group, Inc., ("**CBRE**") to estimate at least one third of the portfolio each year. In 2016, external valuers reviewed 311 properties out of 897 properties owned by the Group, which corresponded to 35 per cent. of the number of properties and 35 per cent. of the fair value. External valuers' estimate was SEK 265 million, or 0.9 per cent., lower than the Group's internal valuation.

In the ordinary course of its business, the Group regularly reviews and analyses the existing property portfolio with the aim of identifying assets which require upgrading, refurbishment or extension, or to dispose of the properties which do not continue to meet the Group's business objectives. The Group often reinvests the proceeds of such property disposals by acquiring new properties that it has identified.

In the first nine months of 2017 the Group sold properties for a total price of SEK 7.0 billion and the sales price was 8 per cent. above the fair value of the properties as measured at the beginning of the year. In 2016, the Group sold properties for a total price of SEK 9.1 billion and the sales price was 13 per cent. above the fair value of the properties as measured at the beginning of the year.

As at 30 September 2017, the total vacancy rate for residential properties of the Group was 6.0 per cent. (as compared to 5.0 per cent. as at 31 December 2016 and 4.3 per cent. as at 31 December 2015), of which 86 percentage units was the result of upgrades and intended sales of residential units. As at 30 September 2017, the real vacancy rate decreased to 0.8 per cent. as compared to 1.1 per cent. as at 31 December 2016 and 1.3 per cent. as at 31 December 2015, principally as a result of upgrades/refurbishments to properties, strategic sales of properties and due to local rent regulations. The difference between the real vacancy rate and the vacancy rate is that the real vacancy rate does not include residential units that are left vacant as a result of upgrades or sales.

The tables below provide the average annual rental income and net operating income growth for comparable portfolio, adjusted for changes in exchange rates, of the Group and each country for the years 2013 to 2016 and for the nine-month periods ended 30 September 2017 and 2016. A "comparable portfolio" refers to the properties owned during the periods being compared. This means that the properties acquired or sold during any of the periods being compared are excluded. These measures are used to (i) (in the case of rental income growth for a comparable portfolio) illustrate the growth of the Group's ongoing turnover capacity from property management and (ii) (in the case of net operating income for a comparable portfolio) illustrate the growth of the ongoing earnings capacity from property management.

	Sweden			Germany			Total		
	Jan-Dec 2014	Jan-Dec 2013	Growth in per cent.	Jan-Dec 2014	Jan-Dec 2013	Growth in per cent.	Jan-Dec 2014	Jan-Dec 2013	Growth in per cent.
	<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>		
Rental income	2,101	2,038	3.1	1,249	987	26.5	3,350	3,025	10.8
Exchange differences		0			51		0	51	
Purchase/Sale	-354	-349		-462	-274		-816	-623	
Rental income for comparable property portfolio	1,747	1,688	3.5	787	764	3.1	2,534	2,452	3.4
Net operating income	1,063	1,018	4.3	710	561	26.5	1,772	1,579	12.2
Exchange differences		0			29		0	29	
Purchase/Sale	-159	-181		-106	-19		-265	-200	
Net operating income for comparable property portfolio	904	837	8.0	604	571	5.8	1,508	1,408	7.1

	Sweden			Germany			Canada			England			Total		
	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.	Jan-Dec 2015	Jan-Dec 2014	Growth in per cent.
	<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>		
Rental income	2,216	2,101	5.5	1,531	1,249	22.6	276	158	74.7	190	93	104.3	4,339	3,602	20.5
Exchange differences		0			36			10			13			59	
Purchase/Sale	-327	-267		-642	-445		-130	-28		-80	-10		-1,305	-752	
Rental income for comparable property portfolio	1,889	1,834	3.0	889	839	6.0	146	140	4.1	110	96	15.1	3,034	2,909	4.3
Net operating income	1,111	1,063	4.5	847	710	19.3	96	54	77.8	114	57	100.0	2,175	1,882	15.6
Exchange differences		0			20			3			8			32	
Purchase/Sale	-157	-126		-182	-90		-34	-8		-43	-8		-423	-229	
Net operating income for comparable property portfolio	954	937	1.8	665	640	3.9	62	50	25.1	71	58	23.0	1,752	1,684	4.0

	France			United States			Denmark ²		
	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.
	<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>		
Rental income	40	20	125.0	334	106	0	5	0	
Exchange differences		2						0	
Purchase/Sale ¹	-33	-17		-334	-106		-5	0	
Rental income for comparable property portfolio	7	5	11.9	0	0	0	0	0	
Net operating income	-7	-14	-50.0	102	21	0	2	0	
Exchange differences		1			0			0	
Purchase/Sale	8	11		-102	-21		-2	0	
Net operating income for comparable property portfolio	1	-2	241.1	0	0	0	0	0	

	Sweden			Germany			Canada			England			Total		
	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.	Jan-Dec 2016	Jan-Dec 2015	Growth in per cent.
	<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>		
Rental income	1,956	2,216	-11.7	1,587	1,531	3.7	376	276	36.2	175	190	-7.9	4,473	4,339	3.1
Exchange differences					19			-6			-20			-5	
Purchase/Sale ¹	-371	-660		-463	-493		-129	-39		-59	-62		-1,394	-1,377	
Rental income for comparable property portfolio	1,585	1,556	1.9	1,124	1,057	6.3	247	231	7.0	116	108	7.5	3,079	2,957	4.1
Net operating income	1,016	1,111	-8.7	912	847	7.7	172	96	79.2	118	114	3.5	2,311	2,175	6.3
Exchange differences					10			-2			-12		0	-3	
Purchase/Sale	-190	-304		-65	-89		-56	-4		-37	-32		-440	-439	
Net operating income for comparable property portfolio	826	807	2.4	847	768	10.3	116	90	29.0	81	70	15.4	1,871	1,733	8.0

¹ Including adjustment for revenue from utility expenses and other property expenses in Germany.

² As the Issuer only purchased properties in Denmark in 2016, no comparison figures are available for 2015.

	Sweden			Germany			Canada			England		
	Jan-Sep 2017	Jan-Sep 2016	Growth in per cent.	Jan-Sep 2017	Jan-Sep 2016	Growth in per cent.	Jan-Sep 2017	Jan-Sep 2016	Growth in per cent.	Jan-Sep 2017	Jan-Sep 2016	Growth in per cent.
	<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>		
Rental income	1,213	1,532	-20.8	936	895	4.6	324	272	19.1	154	133	15.8
Exchange differences	0	0		0	24		0	0		4	4	
Purchase/Sale ¹	-204	-559		-46	-53		-52	-25		-18	-18	
Rental income for comparable property portfolio	1,009	973	3.7	890	866	2.8	272	247	10.2	136	119	14.3
Net operating income	662	828	-20.0	689	664	3.8	174	124	40.3	99	88	12.5
Exchange differences	0	0		15	15		0	0		0	0	
Purchase/Sale	-115	-312		-28	-31		-30	-17		-11	-9	
Net operating income for comparable property portfolio	547	516	6.1	661	648	2.0	144	107	34.8	88	79	11.0
	France			United States			Denmark			Total		
	Jan-Sep 2017	Jan-Sep 2016	Growth in per cent.	Jan-Sep 2017	Jan-Sep 2016	Growth in per cent.	Jan-Sep 2017	Jan-Sep 2016	Growth in per cent.	Jan-Sep 2017	Jan-Sep 2016	Growth in per cent.
	<i>(SEK million)</i>			<i>(SEK million)</i>			<i>(SEK million)</i>					
Rental income	37	26	42.3	338	237	42.6	49	0	0	3,051	3,095	-1.4
Exchange differences		5			4			0	0	0	36	
Purchase/Sale	-16	-9		-118	-44		-49	0	0	-503	-707	
Rental income for comparable property portfolio	21	22	-5.2	220	197	11.2	0	0	0	2,548	2,424	5.1
Net operating income	0	0	0	144	68	111.8	24	0	0	1,792	1,772	1.1
Exchange differences	0	0		2	2		0	0		0	17	
Purchase/Sale	5	6		-53	-17		-24	0		-256	-380	
Net operating income for comparable property portfolio	5	6	-22.6	91	53	73.0	0	0	0	1,536	1,409	9.0

The average annual rental growth for comparable properties of the Group for the period 2013 to 2016 was 4.4 per cent. The average net operating income growth for comparable properties of the Group for the period 2013 to 2016 was 6.4 per cent.

The annual growth in the average rent level for comparable properties of the Group, in the years 2012, 2013, 2014, 2015 and 2016 was 5.0 per cent., 5.8 per cent., 4.3 per cent., 3.8 per cent. and 4.5 per cent., respectively.

In the same years, the inflation (using data from the World Bank), as weighted by the exposure of the Group in fair value terms in each of the countries where it operates as at 30 September 2017, was 1.69 per cent., 1.01 per cent., 0.76 per cent., 0.20 per cent. and 0.81 per cent. respectively. With respect to the period 1 October 2016 to 1 October 2017, the growth in the "in-place rent" (the average rent per square metre paid by the tenant currently occupying the property) for comparable properties was 5.3 per cent., of that 4.0 percentage points was attributable to new lettings and 1.3 percentage points attributable to renegotiations.

An important part of the Group's strategy is to optimise the new lease level while keeping the number of days in which apartments are vacant to a minimum. The table below demonstrates the level of rent increase across different apartment types over the period 2 October 2016 to 1 October 2017 (those that were not upgraded at the time tenants moved out and were not upgraded for the new lease, those that were already upgraded at the time tenants moved out and finally those that were upgraded between the time tenants moved out and the new lease).

	Residential units	Proportion	Average size	Move out rent	Move in rent	Change
	<i>(Units)</i>	<i>(%)</i>	<i>(Sqm)</i>	<i>(SEK/sqm/ye ar)</i>	<i>(SEK/sqm/ye ar)</i>	<i>(%)</i>
Not upgraded	206	3	68	1,622	1,649	1.7
Already upgraded	3,352	54	57	1,947	2,002	2.8
Upgraded between move out and move in	2,658	43	61	1,393	1,963	40.9
Total	6,216	100	59	1,688	1,971	16.8

As at 30 September 2017, 86 per cent. of the apartments owned by the Group had a current rent level that was below the market rent level. Of that 86 per cent., the relative distance of the current rent level of such apartments from the market rent level was distributed as follows: (i) 13 percentage units of the apartments were 0 to 10 per cent. below the market rent level; (ii) 11 percentage units of the apartments were 10 to 20 per cent. below the market rent level; (iii) 20 percentage units of the apartments were 20 to 30 per

cent. below the market rent level; and (iv) 42 percentage units of the apartments were more than 30 per cent. below the market rent level.

The distance from the market rent level for each occupied apartment within the Group has been based on the average new lease level per square metre for each respective property during the period October 2016 to September 2017, in relation to the rent per square metre for each occupied apartment, as at 30 September 2017. Given the rental regulation laws in Sweden, the distance has been estimated to be larger than 30 per cent. below the market rent level in the Stockholm region and 20 to 30 per cent. below for apartments in the Malmö region, based on rents for newly built houses, which is a reasonably accurate proxy to market rent in Sweden.

In properties that the Group held as at 30 September 2017, the annual rental value for new leases during 1 January 2017 to September 2017 amounted to SEK 592 million and the rental value for leases that ended during 1 January 2017 to September 2017 amounted to SEK 514 million.

In the countries where the Group operates, the fair value of residential properties has generally been more resilient towards value losses in economic downturns as compared to office buildings, in the past 25 years. The spread of the Group's portfolio across a number of countries further mitigates any potential property value losses. In the periods 1991-1992 and 2008-2009, the estimated loss in value of the properties for the Group, as weighted by the exposure of the Group in fair value terms in each of the countries where it operates as at 30 September 2017, would have been 4 per cent. and 6 per cent., respectively.

A brief description of the property portfolio of the Group in each country in which the Group operates is set out below.

Kingdom of Sweden

The table below provides a breakdown of the Group's property portfolio by city in the Kingdom of Sweden as at 30 September 2017, 31 December 2016 and 31 December 2015.

	30 September 2017				31 December 2016				31 December 2015			
	Residential lettable space	Real vacancy rate residenti al	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residenti al	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residenti al	Fair value	Share of total ¹
	(Sqm, thousands)	(%)	SEK, million	(%)	(Sqm, thousands)	(%)	SEK, million	(%)	(Sqm, thousands)	(%)	SEK, million	(%)
Greater Stockholm.....	664	0.0	19,598	20	644	0.1	17,059	19	666	0.1	13,168	18
Malmö.....	266	0.0	8,952	9	260	0.1	7,844	9	260	0.0	6,142	8
Helsingborg.....	n.a.	n.a.	n.a.	n.a.	165	0.3	3,412	4	168	0.3	3,042	4
Gothenburg.....	14	0.0	399	1	14	0.0	379	1	73	0.0	1,555	2
Halmstad.....	n.a.	n.a.	n.a.	n.a.	70	0.0	1,887	2	70	0.1	1,504	2
Borås.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	100	0.0	1,393	2
Östersund.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	61	0.1	1,065	2
Other.....	15	0.0	909	1	52	0.2	1,757	2	219	0.2	3,859	6
Total.....	959	0.0	29,858	31	1,205	0.1	32,357	37	1,617	0.1	31,727	44

¹ Share of total represents the share of the fair value of the Group's total portfolio.

In the Kingdom of Sweden, as at 30 September 2017, the Group had a portfolio of 13,758 residential units with residential lettable space of 958,659 square metres (as compared to 17,381 residential units and 1,204,977 square metres of residential space as at 31 December 2016). Most of the Group's properties are located in fast-growing cities in Greater Stockholm and the Öresund Region. Over the past 30 years, the major cities in Sweden have experienced a 38 per cent. growth in population, the suburbs of two major cities have experienced a growth of 41 per cent., while the population of mid-sized cities has grown by 23 per cent., small cities by 4 per cent. and rural areas have seen their population decrease by 19 per cent.⁶

As at 30 September 2017, the Group's properties in the Kingdom of Sweden were managed by approximately 117 employees in three local offices. As at 30 September 2017, the average residential rent

⁶ Source: Statistics Sweden. Definitions of major cities, suburbs to major cities, large cities and rural areas are all defined by SCB. The other six categories that SCB defines, all of which typically have a population of 5,000 - 50,000, are categorized as "small cities" above.

for the properties was SEK 1,275 per square metre per year, which represented an increase as compared to 31 December 2016 (SEK 1,246 per square metre per year) and 31 December 2015 (SEK 1,184 per square metre per year). Slightly more than half of this growth is attributable to increased levels of rent, due to the upgrading of the residential units, while the rest was the result of the annual rent negotiations with the Swedish Union of Tenants.

In the Kingdom of Sweden, the rental levels of residential properties have generally increased steadily over the last 31 years, evidencing a growth of approximately 273 per cent. during the period 1985-2016.⁷ During the same period, the rental levels of offices in Stockholm generally increased by approximately 130 per cent.⁸

The fair value of the properties amounted to SEK 29,858 million as at 30 September 2017, which represented a slight decrease as compared to 31 December 2016 (SEK 32,357 million) and 31 December 2015 (SEK 31,727 million).

During the first nine months of 2017, the Group has purchased 11 properties in Sweden, totalling 441 units. The purchase price was SEK 1,278 million, at an average price per square metre of SEK 40,200.

In the Kingdom of Sweden, the fair value of residential properties has generally been more resilient towards value losses in economic downturns as compared to office buildings in the past 25 years. In the periods 1991-1992, 2000-2004 and in 2008, residential properties lost 24 per cent., gained 26 per cent., and lost 7 per cent., respectively in property value, whereas office buildings, in the periods 1991-1994, 2000-2004 and 2008-2009 lost 50 per cent., lost 17 per cent. and lost 13 per cent., respectively in property value.⁹

Germany

The table below provides a breakdown of the Group's property portfolio by city in Germany as at 30 September 2017, 31 December 2016 and 31 December 2015.

	30 September 2017				31 December 2016				31 December 2015			
	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹
	(Sqm, thousands)	(%)	SEK, million	(%)	(Sqm, thousands)	(%)	SEK, million	(%)	(Sqm, thousands)	(%)	SEK, million	(%)
Berlin.....	791	1.0	21,951	23	775	1.0	19,295	22	773	1.3	14,108	19
Hamburg.....	234	1.3	7,677	8	234	1.2	6,926	8	232	3.8	5,719	8
Munich.....	41	0.4	1,702	2	40	2.0	1,561	2	40	1.2	1,255	2
Cologne.....	37	1.0	1,088	1	37	0.7	972	1	37	0.9	780	1
Frankfurt.....	40	0.6	1,496	1	39	0.8	1,329	1	39	1.3	1,063	1
Düsseldorf.....	60	1.2	1,576	1	60	0.8	1,441	2	43	2.2	836	1
Other.....	25	0.7	739	1	26	0.7	652	1	68	2.9	1,131	2
Total.....	1,228	1.0	36,229	37	1,211	1.1	32,176	37	1,232	2.0	24,892	34

¹ Share of total represents the share of the fair value of the Group's total portfolio.

In Germany, as at 30 September 2017, the Group had a portfolio of 20,180 residential units with residential lettable space of 1,228,393 square metres. At 30 September 2017, most of the Group's properties were located near city centres and 94 per cent. of the residential units were located in some of the largest cities in Germany: Berlin, Hamburg, Munich, Cologne and Frankfurt. The majority of the German apartments are located in Berlin. For the Group's Berlin portfolio, the new lease level was EUR 14.31 per square metre per month between October 2016 to September 2017, which represents an increase compared to the new lease level during 2016 (EUR 12.60 per square metre per month) and 2015 (EUR 11.19 per square metre per month).

⁷ Source: Boverket, the Swedish National Board of Housing, Building and Planning and Statistics Sweden.

⁸ Source: Cushman & Wakefield.

⁹ Source: MSCI Inc.(IPD).

Over the past 20 years, the metropolitan areas in Germany have experienced a 9 per cent. growth in population, while other big cities have seen their population increase by 1 per cent., mid-sized cities have had an increase of 2 per cent. and rural areas have had a decrease of 1 per cent.¹⁰

As at 30 September 2017, the average residential rent for the Group's properties in Germany was EUR 8.88 per square metre per month, which represented an increase as compared to 31 December 2016 (EUR 8.56 per square metre per month) and 31 December 2015 (EUR 8.13 per square metre per month). The average residential rent for upgraded apartments as at 30 September 2017 was EUR 12.28 per square metre per month (EUR 11.75 at 31 December 2016), and the average residential rent for apartments which have not been upgraded was EUR 6.74 per square metre per month (EUR 6.69 at 31 December 2016). The average like-for-like growth rate from 2011 to 2016 was 5.6 per cent. for the German Akelius portfolio.

As at 30 September 2017, the properties were managed by approximately 234 employees in seven local offices. During the first nine months of 2017, the Group conducted 15 transactions involving a total purchase of 16 properties containing 411 residential units. The price was SEK 719 million at an average property price per square metre of SEK 24,949. The fair value of the properties amounted to SEK 36,229 million as at 30 September 2017, which represented an increase as compared to 31 December 2016 (SEK 32,176 million) and 31 December 2015 (SEK 24,892 million).

In Germany, the rental levels of residential properties have generally increased steadily over the last 26 years, evidencing a growth of approximately 89 per cent. during the period 1990-2016. During the same period, the rental levels of commercial property have generally decreased by approximately 3 per cent.¹¹

In Germany, the fair value of residential properties has generally been more resilient towards value losses in economic downturns as compared to office buildings in the past 25 years. In the periods 1990-1998, 2002-2005 and in 2008, residential properties gained 70 per cent., lost 4 per cent. and lost 0 per cent., respectively in property value, whereas office buildings, in the periods 1990-1998, 2002-2005 and 2008-2009 gained 6 per cent., lost 11 per cent. and lost 6 per cent., respectively in property value.¹²

Canada

The table below provides a breakdown of the Group's property portfolio by city in Canada as at 30 September 2017, 31 December 2016 and 31 December 2015.

	30 September 2017				31 December 2016				31 December 2015			
	Residential lettable space <i>(Sqm, thousands)</i>	Real vacancy rate residential <i>(%)</i>	Fair value <i>SEK, million</i>	Share of total ¹ <i>(%)</i>	Residential lettable space <i>(Sqm, thousands)</i>	Real vacancy rate residential <i>(%)</i>	Fair value <i>SEK, million</i>	Share of total ¹ <i>(%)</i>	Residential lettable space <i>(Sqm, thousands)</i>	Real vacancy rate residential <i>(%)</i>	Fair value <i>SEK, million</i>	Share of total ¹ <i>(%)</i>
Toronto	182	0.9	6,070	6	163	2.3	4,936	6	164	2.3	4,007	6
Montreal	121	1.7	2,668	3	105	5.7	2,119	2	62	8.1	852	1
Total	303	1.1	8,738	9	268	3.4	7,055	8	226	3.6	4,859	7

¹ Share of total represents the share of the fair value of the Group's total portfolio.

In 2015, the Group increased its portfolio to 3,999 residential units in Canada by the purchase of 811 residential units in Toronto and entered the residential property market in Montreal by purchasing 425 residential units. In Canada, as at 30 September 2017, the Group had a portfolio of 5,104 residential units with residential lettable space of 303,499 square metres (as compared to 4,513 residential units and 267,876 square metres of residential lettable space as at 31 December 2016). As at 30 September 2017, the Group had a total of 143 employees in Toronto and Montreal.

¹⁰ Source: Destatis – Based on population development of “Kreise” and “kreisfreie Städte”. Rural area: <80 000, Mid-sized city: <150 000, Big city: <650 000, Metropolitan area:>650 000. Year for determining city category:1995.

¹¹ Source: Bulwiengesa AG.

¹² Source: MSCI Inc.(IPD) and Spiegel Online International.

Over the past 25 years, the major cities in Canada have experienced a strong growth in population, 50 per cent., while large cities have seen their population increase by 39 per cent., mid-sized cities have had an increase of 19 per cent. and small cities have had an increase of 8 per cent.¹³

As at 30 September 2017, the average residential rent for the Group's properties in Canada was CAD 1.94 per square foot per month, which represented an increase as compared to 31 December 2016 (CAD 1.89 per square foot per month) and as compared to 31 December 2015 (CAD 1.79 per square foot per month).

In Canada, the residential rent level has generally increased steadily over the last 26 years, evidencing a growth of approximately 81 per cent. during the period 1990-2016.¹⁴ During the same period, the rental levels of offices in Canada generally increased by approximately 22 per cent.¹⁵

In the first nine months of 2017, the Group purchased 14 properties in Canada, totalling 591 residential units. The purchase price was SEK 1,145 million, at an average square metre price of SEK 29,507. The fair value of the existing properties in the portfolio amounted to SEK 8,738 million as at 30 September 2017, which represented an increase as compared to 31 December 2016 (SEK 7,055 million) and 31 December 2015 (SEK 4,859 million).

In Canada, the fair value of residential properties has generally been more resilient towards value losses in economic downturns as compared to office buildings, in the past 25 years. In the periods 1991-1992, 2003-2004 and in 2009, residential properties lost 0 per cent., lost 1 per cent. and lost 4 per cent., respectively in property value, whereas office buildings, in the periods 1991-1992, 2002-2003 and in 2009 lost 18 per cent., lost 5 per cent. and lost 9 per cent., respectively in property value.¹⁶

United Kingdom

The table below provides a breakdown of the Group's property portfolio by city in the United Kingdom as at 30 September 2017, 31 December 2016 and 31 December 2015.

	30 September 2017				31 December 2016				31 December 2015			
	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹
	(Sqm, thousands)	(%)	SEK, million	(%)	(Sqm, thousands)	(%)	SEK, million	(%)	(Sqm, thousands)	(%)	SEK, million	(%)
Greater London	74	1.4	6,408	7	54	3.7	4,524	5	51	2.8	4,354	6
Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	16	2.5	486	1
Total	74	1.4	6,408	7	54	3.7	4,524	5	67	2.8	4,840	7

¹ Share of total represents the share of the fair value of the Group's total portfolio.

In March 2014, a subsidiary of the Issuer purchased 900 residential units in the United Kingdom from an affiliated company of the Group and an additional 300 residential units, all of which are located in the central parts of London. In the United Kingdom, as at 30 September 2017, the Group had a portfolio of 1,712 residential units with residential lettable space of 73,914 square metres (as compared to 1,224 residential units and 54,477 square metres of residential lettable space as at 31 December 2016). As at 30 September 2017, 34 people were employed in London.

As at 30 September 2017, the average residential rent for the Group's properties in the United Kingdom was GBP 2.64 per square foot per month, which represented an increase as compared to 31 December 2016 (GBP 2.55 per square foot per month) and 31 December 2015 (GBP 2.07 per square foot per month).

¹³ Source: Statistics Canada – Based on population development of divisions (around 300 in total in Canada). Small city: <50 000, Mid-sized city: <150 000, Large city: <500 000, Major city: >500 000. Year for determining city category: 1990.

¹⁴ Source: Canada Mortgage and Housing Corporation.

¹⁵ Source: CBRE Ltd.

¹⁶ Source: MSCI Inc. (IPD), National Bank of Canada (CREA) and BIS Quarterly Review, September 2002 (Russell Canadian Property Index (RCPI)).

In the United Kingdom, the residential rent level has generally increased over the last 31 years, evidencing a growth of approximately 316 per cent. during the period 1985-2016. During the same period, the rental levels of offices generally increased by approximately 91 per cent.¹⁷

In the first nine months of 2017, the Group purchased 30 properties in the United Kingdom, totalling 436 units, for SEK 1,831 million, corresponding to an average square metre price of SEK 92,494.

The fair value of the properties amounted to SEK 6,408 million as at 30 September 2017, compared to SEK 4,524 million at 31 December 2016 and SEK 4,840 million at 31 December 2015.

In the United Kingdom, the fair value of residential properties has generally been more resilient towards value losses in economic downturns as compared to office buildings in the past 25 years. In the periods 1990-1991, 1995-1996, 2002-2003 and in 2008, residential properties lost 14 per cent., gained 23 per cent., gained 21 per cent. and lost 17 per cent., respectively in property value, whereas office buildings, in the periods 1990-1992, 1995-1996, 2002-2003 and 2008-2009 lost 40 per cent., lost 6 per cent., lost 8 per cent. and lost 31 per cent., respectively in property value.¹⁸

France

The table below provides a breakdown of the Group's property portfolio in France as at 30 September 2017, 31 December 2016 and 31 December 2015.

	30 September 2017				31 December 2016				31 December 2015			
	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹
	(Sqm. thousands)	(%)	SEK. million	(%)	(Sqm. thousands)	(%)	SEK. million	(%)	(Sqm. thousands)	(%)	SEK. million	(%)
Paris	31	1.7	2,244	2	27	3.7	1,848	2	14	1.3	995	1
Total	31	1.7	2,244	2	27	3.7	1,848	2	14	1.3	995	1

¹ Share of total represents the share of the fair value of the Group's total portfolio.

The Group first acquired a selection of 40 residential units in September 2014 located in the 18th district in Paris. In December 2014, the Group bought its second Parisian property comprising 50 residential units and in 2015, it purchased an additional 374 residential units in Paris. In France, as at 30 September 2017, the Group had a portfolio of 1,077 residential units with residential lettable space of 31,087 square metres (as compared to 941 residential units and 27,084 square metres of residential lettable space as at 31 December 2016).

As at 30 September 2017, the average residential rent was EUR 22.92 per square metre per month, which represented an increase as compared to 31 December 2016 (EUR 20.99 per square metre per month) and 31 December 2015 level (EUR 22.50 per square metre per month). As at 30 September 2017, 34 people were employed in France.

In Paris, the residential rent level has generally increased over the last 26 years, evidencing a growth of approximately 96 per cent. during the period between 1990-2016.¹⁹ During the same period, the rental levels of offices in Paris' central business district generally increased by approximately 15 per cent.²⁰

In the first nine months of 2017, the Group purchased nine properties in France for SEK 247 million at an average property price per square metre of SEK 50,896. The fair value of the properties amounted to SEK 2,244 million as at 30 September 2017, which represented an increase as compared to 31 December 2016 (SEK 1,848 million) and 31 December 2015 (SEK 995 million).

In Paris, the fair value of residential properties has generally been more resilient towards value losses in economic downturns as compared to office buildings in the past 25 years. In the periods 1992-1997,

¹⁷ Source: MSCI Inc.(IPD), ONS and JLL.

¹⁸ Source: MSCI Inc.(IPD).

¹⁹ Source: OLAP (Observatoire des loyers de l'Agglomération Paris).

²⁰ Source: La Française (CBRE, INSEE).

2002-2003 and in 2008-2009, residential properties lost 29 per cent., gained 24 per cent. and lost 9 per cent., respectively in property value, whereas office buildings, in the periods 1990-1996, 2002-2003 and 2008-2009 lost 61 per cent., lost 12 per cent. and lost 41 per cent., respectively in property value.²¹

United States of America

The table below provides a breakdown of the Group's property portfolio by city in the United States of America as at 30 September 2017, 31 December 2016 and 31 December 2015.

	30 September 2017				31 December 2016				31 December 2015			
	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹
	(Sqm, thousands)	(%)	SEK, million	(%)	(Sqm, thousands)	(%)	SEK, million	(%)	(Sqm, thousands)	(%)	SEK, million	(%)
New York	95	2.1	6,013	6	75	1.0	4,733	6	62	0.3	3,389	5
Boston	59	2.4	3,766	4	57	2.8	3,736	4	25	12.2	1,583	2
Washington	49	1.9	1,359	1	33	0.9	893	1	24	0	479	0
Total	203	2.1	11,138	11	165	1.7	9,362	11	111	2.8	5,451	7

¹ Share of total represents the share of the fair value of the Group's total portfolio.

In 2015, 1,534 units were acquired in New York, Boston and Washington, at an average property price per square metre of SEK 48,500. The properties are situated in Manhattan, Brooklyn, city of Boston and Falls Church. In 2016, 777 units were acquired for SEK 2,530 million, corresponding to a square metre price of SEK 51,200.

In the first nine months of 2017, the Group purchased ten more properties, five in New York, one in Boston and four in Washington for a total of SEK 2,371 million at an average property price per square metre of SEK 60,113.

In the USA, as at 30 September 2017, the Group had a portfolio of 3,047 residential units with residential lettable space of 203,096 square metres. As at 30 September 2017, the average residential rent was USD 2.74 per square foot per month, which represented an increase as compared to 31 December 2016 (USD 2.51 per square foot per month) and 31 December 2015 (USD 2.26 per square foot per month). As at 30 September 2017, 159 people were employed in the USA.

In the USA, the residential rent level has generally increased over the last 26 years, evidencing a growth of approximately 131 per cent. during the period between 1991-2016.²² During the same period, the rental levels of offices in the USA generally increased by approximately 55 per cent.²³

The fair value of the properties amounted to SEK 11,138 million as at 30 September 2017, which represented an increase as compared to 31 December 2016 (SEK 9,362 million) and 31 December 2015 (SEK 5,451 million).

In the USA, the fair value of residential properties has generally been more resilient towards value losses in economic downturns as compared to office buildings in the past 25 years. In the periods 1991-1992, in 2001 and in 2007-2010, residential properties lost 1 per cent., gained 4 per cent. and lost 20 per cent., respectively in property value, whereas office buildings, in the same periods lost 12 per cent., lost 6 per cent. and lost 28 per cent., respectively in property value.²⁴

Denmark

The table below provides a breakdown of the Group's property portfolio in Denmark as at 30 September 2017 and 31 December 2016.

²¹ Source: La Française Groupe (CBRE, INSEE), MeilleursAgents and INSEE.

²² Source: US Census Bureau.

²³ Source: Jones Lang LaSalle.

²⁴ Source: Moody's/RCA CPPI, CoStar group, and David Geltner, MIT (NCREIF and Robert Schiller).

	30 September 2017				31 December 2016			
	Residential lettable space	Real vacancy rate residential	Fair value	Share of total ¹	Residential lettable space	Real vacancy rate residential	Fair value	Share of total
	(Sqm, thousands)	(%)	SEK, million	(%)	(Sqm, thousands)	(%)	SEK, million	(%)
Copenhagen.....	83	0.5	2,502	3	15	0.0	417	0
Total.....	83	0.5	2,502	3	15	0.0	417	0

¹ Share of total represents the share of the Group's total portfolio

As at 1 October 2016, the Group acquired its first three properties in Copenhagen, with 216 apartments for SEK 416 million.

During the first nine months of 2017, the Group purchased 14 more properties in Denmark for a total of SEK 1,963 million at an average property price per square metre of SEK 27,110.

As at 30 September 2017, the Group owned 1,031 apartments in Copenhagen with an average rent per square metre and year of SEK 930. The fair value of the property portfolio was SEK 2,502 million. As at 23 September 2017, 7 people were employed in Denmark.

In Denmark, the residential rent level has generally increased over the last 26 years, evidencing a growth of approximately 86 per cent. during the period between 1990-2016.²⁵ During the same period, the rental levels of offices in Copenhagen's central business district has not changed in nominal terms.²⁶

In Denmark, the fair value of residential properties has generally been more resilient towards value losses in economic downturns as compared to commercial properties in the past 25 years. In the periods 1990-1992 and 2009-2011, residential properties in Denmark lost 9 per cent. and lost 17 per cent., respectively in property value, whereas commercial properties in Copenhagen, in the periods 1991-1993 and 2008-2012, lost 30 per cent. and lost 17 per cent., respectively in property value.²⁷

Rental regulations

The ability of the Group to increase the rent payable by tenants of its properties is regulated differently in the jurisdictions in which the Group operates. In some countries (such as the United Kingdom), the Group is, in the majority of cases, able to increase rent freely in accordance with market practice, whereas in others (such as the Kingdom of Sweden) the ability to increase rent is subject to restrictions. In the regulated markets, the rent level normally fluctuates less and the rental income is more predictable. A brief description of the rental regulations in each country in which the Group operates is set out below.

Kingdom of Sweden

Rents in the Kingdom of Sweden are negotiated between the landlord and the Swedish Union of Tenants in accordance with the system of "utility value" (Sw. *Bruksvärdesystemet*). If an agreement between the landlord and the Swedish Union of Tenants is not met, the landlord can enter an agreement directly with the tenant. The rent level may then be challenged and the rent tribunal will decide in accordance with the system of "utility value". This system implies that rent levels should be proportionate to the standard and location of the property in question and can only be increased to a level that is in line with the rent that is charged on other comparable residential units (in other words, rents can normally only be subject to more significant above-inflation increases when the residential units have been upgraded). This rental regulation has resulted in low rent levels in the Kingdom of Sweden, which in turn leads to fewer new rental residential units and a housing shortage in growing cities such as Stockholm and Malmö. In the Kingdom of Sweden, rental regulation has also resulted in lower risks for property owners in relation to vacancy rates and rental income.

²⁵ Source: Statistics Denmark.

²⁶ Source: Saddin & Albaek.

²⁷ Source: Sadolin & Albaek and Statistics Denmark.

Germany

In Germany, the parties to a new rental agreement are in general freely able to agree on the rent. However, in cities with a tense housing market situation, the rent may be restricted to the locally prevailing comparable market rents plus 10 per cent. This restriction does not apply to extensively upgraded residential units. Increases in the rent of current tenants can be conducted by different methods. Since 2012, the Group has used indexation according to the consumer price index as the method for setting levels of rent in new lease contracts. If the lease contract does not include such indexation, the rent is set by a comparison to the locally prevailing rents set forth in rent indices (Ge: *Mietspiegel*). The index rent is calculated by local authorities to reflect the standard and location of the properties. Increases in rent by comparison to the rent mirror are capped at 15 per cent. for every three-year period. Following any upgrades to the residential units, landlords are allowed to increase the rent of an existing tenant by a total of 11 per cent. of the modernisation cost incurred.

Canada

In Toronto, the parties to a new rental agreement are freely able to agree on the rent but increases for current tenants are controlled by the local authorities. The rent increase normally follows the level of inflation. As a result of extensive renovations or improvements to residential units, increased taxes or tariffs on utility costs, landlords are allowed to increase the rent of an existing rent contract by up to 9 per cent. over a period of three years.

In Montreal, the parties to a new rental agreement are freely able to agree on the rent but the new tenants are entitled to a court assessment of the rent. Landlords are allowed to increase the rent of an existing tenant when the landlord's costs increase and costs incurred for upgrades can to some extent be passed on to the tenants.

United Kingdom

In the United Kingdom, rental regulations are in place only for tenancies that were granted prior to 1988. Such tenancies comprise 2 per cent. of the Group's portfolio as at 30 September 2017. The most common residential lease contract in England is an assured shorthold tenancy with an average duration of 12 months. Parties to such contract are freely able to renew the contract at market rent after expiry. Because of the high fluctuation and short duration of the lease contracts, the rent levels are usually close to market rents. By upgrading the residential units and the common areas, landlords are able to increase rents above the market rent.

France

In France, new leases can be set with a free rent level only if one of the following conditions is fulfilled: (i) first letting of the residential unit, (ii) the residential unit has been vacant for the past eighteen months, (iii) the residential unit has been renovated within the last six months with a total cost of works that exceeds the previous annual rent. Current leases can be renegotiated after six years of tenancy only if the rent level is significantly below the market rent. In that case, the landlord can increase the rent based on one of the following methods: (i) 50 per cent. of the difference between the locally prevailing rents observed in the neighbourhood (Fr: *Loyer de référence*) and the current rent at the renewal date, or (ii) 15 per cent. of the improvement works (including value added tax) performed in the common or private areas during the lease period and if the total costs of those works exceed the previous annual rent. During the first six years of tenancy following the acquisition date for existing contracts, the annual rental increase cannot exceed the variation of the reference rent index (Fr: *L'Indice de Référence de Loyers*).

USA

In the USA, the rental regulations vary significantly from city to city. In New York, rent systems comprise three types. Controlled rent exists when the landlord is generally not entitled to any significant increase of the rent level for existing tenants but can increase the rent when there is a change of tenant and the new tenant is not a lawful successor. The landlord can apply to a current tenant for an increased rent, but the tenant has the opportunity to challenge this request. Stabilised rent exists when the landlord can increase the rent annually according to a guideline which is approximately in line with the consumer price index. When there is a change in the tenant, the rent can be increased by at least 18.25 per cent. and the rent can further be increased by an additional sum not exceeding 20 per cent. of any improvement

costs incurred. Free market rent exists when the rent is fixed according to the contract and upon renewal, the lease can be set freely at market rent.

In Boston, the rent level in current rental agreements is either free or income restricted. The parties to a new rental agreement for market rate apartments are freely able to agree on the rent. In income restricted units, rent level follows a local consumer price index determined by the local housing authority and is adjusted once a year for all income restricted units.

In Washington, rent control does not apply to buildings constructed after 1975. For buildings built before 1975, existing tenants are subject to a maximum increase of 2 per cent. plus the consumer price index. For vacant units, an automatic increase of 10 per cent. is allowed. Rent levels can be increased by up to 30 per cent. if a similar unit in the building exists with a rent level that high. Voluntary agreements allow for rent to be raised above rent control guidelines in exchange for negotiated capital improvements, services, repairs, and maintenance. This agreement requires approval by 70 per cent. of the residents occupying the property.

In Virginia there is no rent control. Rental levels can be raised to market upon expiration of the lease term, as long as notice of at least thirty days is given.

Denmark

The rental system in Denmark can be divided into three main parts.

In the cost-based rent system, the rent is calculated as the sum of the operating costs plus an owner's yield in the range of 7 to 14 per cent. The owner's yield is based on either (i) the unadjusted property value as of 1 April 1973 or (ii) the construction costs if the property is constructed after 1 April 1973. On a yearly basis, the rent will fluctuate with the operating costs. If the cost increases from one year to another, this will be apportioned between the owner and the tenant through an increase in rent.

If an apartment is substantially improved, the landlord is allowed to change to the utility value rent system, where the rent levels reflect the utility value of the apartment. The rent level is determined by a comparison of similar properties in similar locations. Yearly rent increases are made by adjusting the lease agreements and connecting the rent to an index; normally the consumer price index NPI (Dk: *Nettoprisindeks*).

For buildings constructed after 1991 the new lease rent level is free. This includes conversion of commercial buildings as well as attic extensions. Yearly rent increases are made by adjusting the lease agreements and connecting the rent to an index; normally the consumer price index NPI (Dk: *Nettoprisindeks*).

Property management

The Group's property management teams at a local level are dedicated to the management of properties in a given country. The Group's property management is organised into six units, one for each country in which the Group owns properties, except for Denmark which is a region managed by the Scandinavian unit. The Group manages each of the six units separately and dedicates a country manager to each unit. Each country manager is responsible for managing tenants, lettings, services, upgrades, projects, purchases and sales, property valuations, and monitoring compliance with regulatory and accounting requirements, including tax and value added tax returns. The country managers provide insight into the local requirements and market dynamics and aim to ensure profitability in their respective countries. The Group has dedicated administration teams responsible for the Group's overall activities which supports the units in their local operations.

Development projects

The Group also seeks to enhance the value of its properties by carrying out projects that are designed to develop and upgrade its residential units and real estate properties. The Group's overarching project in this respect is the upgrading of its properties of all types (in particular the apartments, stairwells, entrances and gardens within those properties) to a "first class" standard. The concept is oriented towards upgrading vacant rental residential units to the standard of newly-built condominiums. The costs associated with these upgrades are, to a certain extent, recovered through increases to the rent payable for such properties. By upgrading only its vacant residential units, the Group ensures that its current tenants

are not obliged to accept a higher standard and, respectively, higher rents. In 2016, the Group upgraded 3,930 residential units for a total investment of SEK 1 billion and upgraded the communal areas of some of its properties for a total investment of SEK 2 billion. The share of upgraded apartments represented 41 per cent. of the Group's total portfolio as at 31 December 2016 (compared to 36 per cent. as at 31 December 2015). Of the remaining apartments, only around three percentage points are deemed necessary to upgrade before re-let, in order to attract a new tenant. The rest of the apartments will be upgraded if the yield is greater than seven per cent., but it is not necessary to upgrade in order to re-let the apartments at the same or higher rent level than before.

The Group also invests significantly in development projects that seek to maximise the energy efficiency of its properties and in projects that convert commercial premises into residential units.

The Group commits to centralised and standardised purchasing of construction materials (so called "**StreamLine Production**"). This ensures consistency in terms of quality and provides opportunities for volume discounts. In 2014, the Group introduced a fully-developed support system which manages the logistics and the administration of its development projects. This system simplifies, among other things, the logistics and cost control processes associated with the projects. The Group continuously focuses on effective internal coordination in order to reduce both the time and the cost of its development projects.

Finance

The following table sets out the key figures in relation to the Group's consolidated equity and interest-bearing liabilities as at 30 September 2017, 31 December 2016 and 31 December 2015:

	30 September	31 December	
	2017	2016	2015
Equity			
Equity, SEK million.....	45,776	40,937	30,667
Equity to assets ratio, per cent.....	46	46	41
Interest-bearing liabilities			
Loan-to-value, secured loans, per cent	21	24	36
Loan-to-value, total loans, per cent	43	43	48
.....			
Interest coverage ratio, excluding realised value growth.....	2.1	1.9	1.6
Interest coverage ratio, including realised value growth.	6.0	4.5	3.0
Interest rate hedge total loans, year ¹	5.0	4.5	4.3
Capital tied up total loans, year ²	5.3	5.0	5.7

¹ "**Interest rate hedge total loans**" refers to volume weighted remaining term for interest rates on the Group's interest-bearing liabilities and derivatives on the balance sheet date. This measure is used to analyse the Group's financial risk.

² "**Capital tied up total loans**" refers to volume weighted remaining term of the Group's interest-bearing liabilities and derivatives on the balance sheet date. This measure is used to analyse the Group's financial risk.

Please see "*Description of alternative performance measures*" below for a further description of the method of calculating certain of the financial measures set out in the table above.

The current published financial policy of the Group is aimed at minimising the impact of a financial crisis on the Group and it sets a background objective that the Group should be able to withstand (i) a 25 per cent. drop in property values, (ii) an interest rate increase of 5 percentage points and (iii) fluctuations in foreign exchange rates. Pursuant to this policy, the Group aims to achieve the following targets: (a) a loan-to-value ratio of less than 50 per cent.; (b) a secured loan-to-value ratio of less than 25 per cent. from 1 October 2017; (c) an interest coverage ratio excluding realised value growth that exceeds 1.8 and (d) a liquidity reserve that amounts to at least SEK 3,000 million.

In addition, the Group aims to maintain more cash sources than cash uses. The Group defines "cash sources" as liquidity (available funds in the form of cash and unutilised and available credit facilities) plus profit before tax and revaluation plus signed property sales. As at 30 September 2017, liquidity totalled SEK 6,222 million, profit before tax and revaluation for the 12 months ending 30 September 2017 amounted to SEK 1,111 million and signed property sales at 30 September 2017 amounted to SEK 145 million: therefore, cash sources totalled SEK 7,478 million. The Group defines "cash uses" as up-started investments on its properties plus short-term loans plus signed property purchases. The Group estimates that the remaining payments due on its up-started investments as at 30 September 2017 are approximately

SEK 500 million, short term loans as at 30 September 2017 amounted to SEK 3,771 million and signed property purchases as at 30 September 2017 amounted to SEK 924 million: therefore, cash uses totalled approximately SEK 5,195 million.

The Group's investments, operations and development projects are financed by a variety of sources. During 2016, the Group's profit for the year was SEK 10,362 million and the Group increased its consolidated equity by SEK 10,270 million, which amounted to SEK 40,937 million as at 31 December 2016 (as compared to SEK 30,667 million as at 31 December 2015). The Group's equity to assets ratio was 46 per cent. as at 31 December 2016, as compared to 41 per cent. as at 31 December 2015. As at 30 September 2017, the Group's consolidated equity increased by SEK 4,839 million to SEK 45,776 million and the equity to assets ratio was unchanged at 46 per cent. In 2014, Akelius GmbH (a subsidiary of the Issuer) issued a hybrid bond in an aggregate principal amount of EUR 150 million, which was fully subscribed for by the Issuer's main shareholder, Akelius Apartments Ltd. In 2016, Akelius Berlin GmbH (a subsidiary of the Issuer) issued a hybrid bond in an aggregate principal amount of EUR 60 million, which was fully subscribed for by the Issuer's main shareholder, Akelius Apartments Ltd. As at 31 March 2017, these hybrids were classified as equity in the Group's consolidated financial statements and the respective obligations of Akelius GmbH and Akelius Berlin GmbH under such hybrid bonds were subordinated to all of Akelius GmbH's, Akelius Berlin GmbH's and the Issuer's existing and future obligations to its more senior creditors. On 21 April 2017, these hybrid bonds were redeemed (see "*Recent Developments*" below). The Issuer raised a total of SEK 6,020 million (gross proceeds) through the issue of 19 million preference shares in 2014 and 2015. The total voting power in the Issuer for the owners of preference shares is 0.06 per cent. of the total votes as a result.

The Group believes in diversification and has developed relationships with a number of credit institutions in the respective markets in which it operates. As at 30 September 2017, the Group had entered into financing arrangements with 35 banks across the Kingdom of Sweden, Germany, the United Kingdom, Canada, France and the USA. The Group uses its long-term debt to reduce refinancing and interest rate risk. The Issuer does not usually distribute dividends to its ordinary shareholders and regularly reinvests the Group's profits, thus effectively increasing the size of the Group's property portfolio without increasing the loan-to-value ratio. There are no mandatory rules on the Issuer distributing dividends to its preference shareholders and, while the Issuer does not maintain a prescriptive strategy in this respect, it does intend to defer the distribution of dividends when required in accordance with the Group's business strategy. During the first nine months of 2017, the Issuer distributed dividends on its preference shares in an aggregate amount of SEK 282 million. The Group's secured loans amounted to SEK 21,816 million as at 30 September 2017, an increase of SEK 334 million as compared to SEK 21,482 million as at 31 December 2016. The Group's secured loans amounted to SEK 27,126 million as at 31 December 2015. During the first nine months of 2017, the Group's total borrowings increased by SEK 5,431 million to a total of SEK 43,526 million as compared to SEK 38,095 million as at 31 December 2016. The Group's total borrowing amounted to SEK 35,955 million as at 31 December 2015. As at 30 September 2017, the Group's total loan-to-value ratio remained unchanged at 43 per cent. This follows on from decrease of the loan-to-value ratio from 48 per cent. to 43 per cent. during 2016, which is a reflection of the Group's strategy to maintain a strong financial position.

The Group's secured loan-to-value ratio was 21 per cent. as at 30 September 2017, a decrease from a secured loan-to-value ratio of 24 per cent. as at 31 December 2016 and 36 per cent. as at 31 December 2015. This is in line with the Group's ambition to maintain a low overall share of its secured lending. The Group's total loans were on average tied up for 5.3 years as at 30 September 2017, as compared to 5.0 years as at 31 December 2016 and 5.7 years as at 31 December 2015. As at 30 September 2017, the total loans of the Group carried an average interest rate of 2.58 per cent., as compared to 2.62 per cent. as at 31 December 2016 and 3.44 per cent. as at 31 December 2015. The average interest rate for new loans entered into during 2016 was 1.6 per cent. The average interest rate hedge for total loans was 5.0 years as at 30 September 2017, as compared to 4.5 years as at 31 December 2016 and 4.3 years as at 31 December 2015. The average interest on loans that were obtained during 2017 was 2.06 per cent. as at 30 September 2017.

The Group's interest coverage ratio excluding realised value growth was 2.1 as at 30 September 2017, as compared to 1.9 as at 31 December 2016 and 1.6 as at 31 December 2015. These increases were principally as a result of decreases in the interest rates. The Group's interest coverage ratio including realised value growth was 6.0 as at 30 September 2017, as compared to 4.5 as at 31 December 2016. The increase was principally a result of successful divestments of properties in Sweden during the nine

months ending 30 September 2017 as compared to the full year 2016. The Group's interest coverage ratio including realised value growth was 3.0 as at 31 December 2015. As at 30 September 2017, available funds in the form of cash and unutilised and available credit facilities totalled SEK 6,222 million, as compared to SEK 6,996 million as at 31 December 2016 and SEK 7,704 million as at 31 December 2015. This decrease was principally a result of major acquisitions during the year. As at 30 September 2017, the unleveraged share of the properties' fair value was SEK 75,300 million. As at the date of this Base Prospectus Supplement, the Issuer has issued eight unsecured bonds that remain outstanding, one of SEK 1,350 million (maturing in March 2018), one of SEK 1,400 million (maturing in March 2019), one of EUR 300 million (maturing in September 2020), one of EUR 600 million (maturing in January 2022), one of EUR 600 million (maturing in February 2025), one of GBP 300 million (maturing in August 2025), one of SEK 1,000 million (maturing in October 2021) and one of SEK 500 million (maturing in October 2021). The first two-mentioned bonds are listed on the regulated market of the NASDAQ OMX Stockholm AB and the six others are listed on the Main Securities Market of the Irish Stock Exchange.

Recent developments

Third quarter developments

After 30 September 2017, the Group acquired 395 apartments in London for GBP 73.2 million, or SEK 790 million.

Second quarter developments

The Group sold 61 properties, comprising 4,300 apartments in Helsingborg, Sweden and completion of this sale took place in September 2017. As of 30 June 2017, the disposal group consisted of assets of SEK 3,780 million. These consisted of SEK 3,775 million in investment properties and SEK 5 million in other assets. Liabilities amounted to SEK 562 million, consisting of a deferred tax liability of SEK 530 million and other liabilities of SEK 32 million.

After 30 June 2017, the Group acquired 128 apartments in Copenhagen, 168 apartments in Washington, 211 apartments in London and 198 apartments in Toronto. The total price of these acquisitions was SEK 2.2 billion.

First quarter developments

In April 2017, in accordance with the resolution of the Issuer's Annual General Meeting, the Issuer issued 134,810,000 ordinary shares in an amount of SEK 74.6 per share totalling SEK 10,057 million and the ordinary shares were subscribed for by the Issuer's existing ordinary shareholders (or a *pro rata* basis according to their current shareholding percentage). At the same time, the Issuer also paid a dividend on ordinary shares amounting to SEK 8,060 million. In addition, on the same date, the Issuer repurchased from Akelius Apartments Ltd. the EUR 150 million hybrid bond issued by Akelius GmbH and the EUR 60 million hybrid bond issued by Akelius Berlin GmbH. The hybrid bonds were accounted as equity as at 31 March 2017 for an amount of SEK 2,005 million. Based on this, the net effect of the ordinary share issue, dividend payment and hybrid repurchase is a reduction in the Group's consolidated equity of approximately SEK 8 million.

Description of alternative performance measures

This section provides further information relating to alternative performance measures ("**APMs**") for the purposes of the guidelines (the "**Guidelines**") published by the European Securities and Markets Authority ("**ESMA**"). Certain of the financial measures included in the "*Description of the Issuer and the Group*" above can be characterised as APMs and we set out below further clarifications as to the meaning of such measures (and any associated terms) and tables which illustrate the basis for their calculation and provide comparative data for such measures for previous financial periods.

Definitions

" Available-for-sale investments "	Consists of highly liquid, fixed-income and money-market investments, bonds and shares.
" EBITDA "	Net operating income plus central administrative expenses, other income and expenses with add back of depreciation and

	impairment charges and operating exchange rate differences.
	This measure is used to illustrate the Group's current cash flow capacity from property management.
"Equity-to-assets ratio"	The ratio of (i) total equity to (ii) total assets. This measure highlights the Group's financial stability.
"Interest coverage ratio, including realised value growth"	The ratio of (i) net operating income plus central administrative expenses, other income and expenses (operating exchange rate differences are excluded for the whole year 2016), other financial income and expenses, realised value growth with add back of depreciation and impairment charges to (ii) net interest. This measure is used to illustrate the Group's sensitivity to interest rate changes.
"Interest coverage ratio, excluding realised value growth"	The ratio of (i) net operating income plus central administrative expenses, other income and expenses (operating exchange rate differences are excluded for the year 2016), other financial income and expenses with add back of depreciation and impairment charges to (ii) net interest. This measure is used to illustrate the Group's sensitivity to interest rate changes.
"Loan-to-value, total loans"	The result of the following calculation: (i) net debt <i>divided by</i> (ii) total assets minus cash, pledged cash and liquid assets. This measure is used to illustrate the Group's financial risk.
"Loan-to-value, secured loans"	The result of the following calculation: (i) net debt reduced by unsecured interest bearing debt <i>divided by</i> (ii) total assets minus cash, pledged cash and liquid assets. This measure is used to illustrate the Group's financial risk.
"Net Debt"	The result of the following calculation: (i) interest bearing debts <i>minus</i> (ii) cash, pledged cash and liquid assets. This measure is used to illustrate the Group's financial risk.
"Net operating income growth for comparable portfolio"	The growth during the year of rental income less property costs for the properties owned during the periods being compared. This means that the properties acquired or sold during any of the periods being compared are excluded. This measure is used to illustrate the growth of the Group's ongoing earnings capacity from property management. <i>Please see pages 12 to 13 above for a table indicating the basis for calculating this measure.</i>
"Profit before tax and revaluation"	EBITDA less net interest expenses and less other financial income and expenses. This measure is used to illustrate the Group's current cash flow capacity from property management adjusted for interest charges.
"Realised value growth"	The proceeds from the sale of investment properties <i>minus</i> acquisition costs, accumulated investments and costs of sale.

This measure analyses the realised value growth of properties sold.

"Rental income growth for comparable portfolio"

The growth during the year of rental income for the properties owned during the periods being compared. This means that the properties acquired or sold during any of the periods being compared are excluded.

This measure is used to illustrate the growth of the Group's ongoing turnover capacity from property management.

Please see pages 12 to 13 above for a table indicating the basis for calculating this measure.

Illustrative tables

Realised value growth

	January - September		January - December			
	2017	2016	2016	2015	2014	2013
	<i>(SEK million)</i>					
Proceed from the sale of investment properties.....	7,039	8,715	9,061	5,755	1,084	1,801
Cost of property sale.....	-59	-78	-109	-121	-20	-36
Acquisition cost.....	-2,736	-4,615	-4,775	-3,126	-666	-1,248
Accumulated property investments.....	-1,109	-1,266	-1,301	-696	-207	-182
Realised value growth.....	3,135	2,756	2,876	1,812	191	335

Interest coverage ratio

	January September		January – December			
	2017	2016	2016	2015	2014	2013
	<i>(SEK million)</i>					
Net operating income.....	1,792	1,772	2,311	2,175	1,882	1,579
Central administration.....	-124	-92	-134	-112	-54	-54
Other income and expenses	6	10	16	-1	5	-49
Less depreciation and impairment.....	14	10	15	10	8	32
EBITDA.....	1,688	1,700	2,208	2,072	1,841	1,507
Net interest expense.....	-804	-882	-1,135	-1,273	-1,184	-1,195
Other financial income and expenses.....	-26	-24	-33	-31	-39	-54
Profit before tax and revaluation.....	858	794	1,040	768	618	258
Realised value growth.....	3,135	2,756	2,876	1,812	191	335
Interest coverage ratio including realised value growth.....	6.0	5.0	4.5	3.03	1.68	1.49
Interest coverage ratio excluding realised value growth.....	2.1	1.9	1.9	1.60	1.52	1.21

Total assets minus cash, pledged cash and liquid assets

	30 September		31 December			
	2017	2016	2016	2015	2014	2013
	<i>(SEK million)</i>					
Total assets.....	99,256	80,336	88,438	74,024	58,789	45,692
Cash and liquid assets.....	-1,100	-140	-137	-238	-278	-59
Pledged cash assets.....	-51	-30	-16	-358	-108	-116
Total assets minus cash, pledged cash and liquid assets.....	98,105	80,166	88,285	73,428	58,403	45,517

Loan to value

	30 September		31 December			
	2017	2016	2016	2015	2014	2013
	(SEK million)					
Total interest bearing liabilities.....	43,526	34,389	38,095	35,955	30,336	25,520
Cash and liquid assets.....	-1,100	-140	-137	-238	-278	-59
Pledged cash assets.....	-51	-30	-16	-358	-108	-116
Net Debt.....	42,375	34,219	37,942	35,359	29,950	25,345
Loan to value						
Net Debt.....	42,375	34,219	37,942	35,359	29,950	25,345
Total assets minus cash, pledged cash and liquid assets.....	98,105	80,166	88,285	73,428	58,403	45,517
Loan to value, total loans.....	43%	43%	43%	48%	51%	56%
Net Debt.....	42,375	34,219	37,942	35,359	29,950	25,345
Less unsecured debt.....	-21,710	-10,593	-16,613	-8,829	-2,670	-3,049
Secured debt excl cash and pledged cash and liquid assets.....	20,665	23,626	21,329	26,530	27,280	22,296
Total assets minus cash, pledged cash and liquid assets.....	98,105	80,166	88,285	73,428	58,403	45,517
Loan to value, secured loans.....	21%	29%	24%	36%	47%	49%

Adjusted Profit Before Taxes

	October 2016- September 2017	Jan-Dec 2016
		(SEK million)
Profit/loss before tax.....	12,426	13,320
Depreciations.....	18	14
Impairments.....	0	0
Expenses for property sales.....	90	109
Total interest expenses.....	1,059	1,138
Change in value of investment properties.....	-11,238	-12,715
Exchange rate differences that are included in the profit before taxes.....	6	-9
Change in value of derivative instruments.....	-190	322
Change in value of available-for-sale investments.....	0	0
Adjusted Profit Before Taxes.....	2,171	2,180
Total interest expenses.....	1,059	1,138
Ratio of Adjusted Profit Before taxes to Total Interest Expenses.....	2,05	1,92

Credit rating

The long-term obligations of the Issuer are rated BBB by Standard & Poor's Credit Market Services Europe Limited ("S&P"). S&P is established in the European Union and registered under Regulation (EC) No 1060/2009, as amended.

Board of Directors, management and auditors

The business address for all members of the Board and the management of the Issuer is: Akelius Residential Property AB, Svärdvägen 3A, P.O. Box 104, SE-182 12 Danderyd, Kingdom of Sweden. The Board currently consists of five members. The Board has also established, among others, a business committee, a finance committee and an audit committee. The role of the business committee is to approve property transactions not exceeding SEK 1,000 million and the role of the finance committee is to approve financial decisions not exceeding SEK 1,000 million. The obligations of the audit committee to monitor the Issuer's financial reporting are required by law. The Issuer's internal auditor, appointed by the Board, has a broad role in overseeing and auditing the Group's work streams, its development projects, IT, information security, accounting procedures and accounting systems. Information on the members of the Board and the management, including significant assignments outside the Issuer which are relevant for the Issuer, is set out below.

Board of Directors

Leif Norburg, chairman of the Board

Leif Norburg is currently chairman of the Board of Directors of Akelius Apartments Ltd, Arbetshälsa Gruppen Sverige AB, Kungsposten Utveckling AB, Kungsposten Trygghetsboende AB, Påverka Nu Sverige AB and Stiftelsen Nyström & Norburg i Gnosjö. Leif Norburg is a member of the Board of Directors, owner and managing director of Lunor Konsult AB and deputy member of the Board of Directors of Arbetshälsa i Sverige AB and Peter Norburg Förvaltning AB.

Pål Ahlsén, member of the Board

Pål Ahlsén is chief executive officer of the Issuer. Pål Ahlsén also is the chairman of the Board of Directors of Akelius Lägenheter Aktiebolag, Akelius Fastigheter i Haninge AB and Akelius France Holding. Pål Ahlsén also is a member of the Board of Directors of Akelius US LLC, Akelius Real Estate Management LLC and Akelius Systems AB. Pål Ahlsén is also a deputy member of the Board of Directors of Tobias Frick Fastighet AB.

Igor Rogulj, member of the Board

Igor Rogulj is currently a council member of Akelius Foundation, member of the Board of Directors of Akelius Apartments Ltd, Torpet Sweden Ltd and Xange Holding Ltd as well as a partner in Vukovic+Rogulj Gesellschaft von Architekten mbH.

Anders Lindskog, member of the Board

Anders Lindskog is the owner and managing director of Anders Lindskog Byggkonsult AB. Anders Lindskog is also currently being engaged as Project Manager at Frank Projektpartner AB.

Lars Åhrman

Lars Åhrman is the owner and managing director of Åhrman Consulting AB. Lars Åhrman is also chairman of the Board of Directors of Anna Ahrenbergs foundation, Karin and John Drumms foundation, Signhild Ekmans foundation, Ernst Wallins foundation, Eleonore Dicksons foundation and Karin Karlings Scholarship foundation. Lars Åhrman is member of the Board of Directors of Douglas and Caroline Kennedys foundation, Emil and Maria Palms foundation, Per-Olof Ahls foundation and John and Britt Wennerströms foundation and deputy member of the Board of Directors of Foundation for Stroke Research.

Management

Pål Ahlsén, Chief Executive Officer of the Group

Pål Ahlsén is chief executive officer of the Issuer. Pål Ahlsén also is the chairman of the Board of Directors of Akelius Lägenheter Aktiebolag, Akelius Fastigheter i Haninge AB and Akelius France Holding. Pål Ahlsén also is a member of the Board of Directors of Akelius US LLC, Akelius Real Estate Management LLC and Akelius Systems AB. Pål Ahlsén is also a deputy member of the Board of Directors of Tobias Frick Fastighet AB.

Leiv Synnes, Chief Financial Officer

Leiv Synnes is currently a member and/or chairman of the Board of the Directors of the majority of the subsidiaries of the Issuer and a member of the Board of Directors and chairman of both Akelius Systems AB and Akelius Språkkurs AB.

Lars Lindfors, Group Vice President

Lars Lindfors is the Group manager for the following departments: Architecture and Design, Construction, Customer, Procurement, Property, Logistics, Staff and University. Lars Lindfors is a member of the Board of Directors in all Swedish and Danish Akelius-companies and in Akelius Språkkurs AB.

Andreas Wallén, Head of the Group's IT and Administration

Andreas Wallén does not hold any significant assignments outside of the Issuer which are relevant for the Issuer.

Pär Hakeman, Head of Operations Germany

Pär Hakeman is currently a member of the Board of Directors of Akelius GmbH and all its German subsidiaries. From 1 January 2018 Pär Hakeman will assume the role of Dean of Akelius University.

Peter Ullmark, Head of Operations Scandinavia

Peter Ullmark is currently the managing director of Akelius Lägenheter AB, Akelius Holding Bolig Aps and all its Danish subsidiaries.

Ralf Spann, Head of Operations USA

Ralf Spann is currently the managing director in all Akelius US subsidiaries of the Issuer. Ralf is also Vice President for all German Akelius entities. From 1 January 2018 Ralf Spann will assume the role of Head of operations Europe.

Shelly Lee, Head of Operations Canada

Shelly Lee is currently a member of the Board of Directors of Akelius Real Estate Management Ltd and all its Canadian subsidiaries. From 1 January 2018 Shelly Lee will assume the role of Head of operations North America.

Andrew Speller, Head of Operations the United Kingdom

Andrew Speller is currently a member of the Board of Directors of Akelius Residential Ltd and all its English subsidiaries. From 1 January 2018 Andrew Speller will assume the role of City Manager London.

Bertrand Lahitte, Head of Operations France

Bertrand Lahitte is currently a member of the Board of Directors of Akelius France Management SAS and all French property subsidiaries. From 1 January 2018 Bertrand Lahitte will assume the role of City Manager Paris.

Conflicts of interests

To the Issuer's knowledge, there are no potential conflicts of interest between any duties owed to the Issuer by the members of the Board or the management of the Issuer and their private interests and/or other duties.

Although the Issuer is not currently aware of any potential conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the Board and members of the management have duties, as described above, and the Issuer.

Auditors

The Issuer's auditor, Öhrlings PricewaterhouseCoopers AB, was reappointed at the annual general meeting held on 11 April 2017. The current auditor-in-charge is Helena Ehrenborg who was appointed on 11 April 2017 and replaced the previous auditor-in-charge Stina Carlson. Helena Ehrenborg and Stina Carlson are members of the institute for the accountancy profession in the Kingdom of Sweden - FAR (Sw: *Föreningen Auktoriserade Revisorer*). The business address for Helena Ehrenborg is Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, SE-113 97 Stockholm, Kingdom of Sweden.

Unless otherwise explicitly stated, no information contained in this Base Prospectus Supplement has been audited or reviewed by the Issuer's auditors.

Financial interests

Several members of the Board and management of the Issuer have a financial interest in the Issuer through their holdings of preference shares in the Issuer."

AMENDMENT TO THE "GENERAL INFORMATION" SECTION

With effect from the date of this Base Prospectus Supplement, paragraph 4 (Significant/Material Change) of the section entitled "General Information" starting on page 104 of the Base Prospectus is updated by deleting the section and replacing it with the following:

- "4. Save as disclosed in the section of this Base Prospectus entitled "*Description of the Issuer and the Group – Recent Developments*", there has been no significant change in the financial or trading position of the Issuer or of the Group since 30 September 2017. There has been no material adverse change in the prospects of the Issuer or of the Group since 31 December 2016."