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Akelius Residential Property AB

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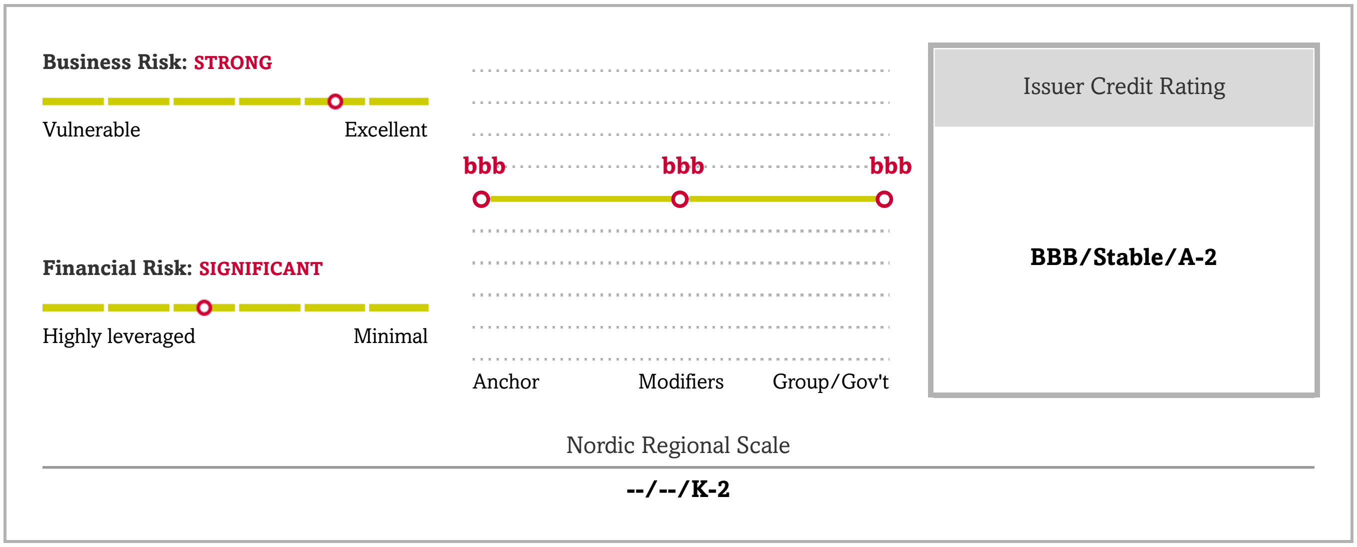
Akelius Residential Property AB



Credit Highlights

Overview

Key strengths	Key risks
Globally well-diversified income-producing portfolio, with real estate in large metropolitan cities where demand outpaces supply and prices are rising.	Lower-than-peers' EBITDA interest coverage of about 2.0x at end 2020, due to a low-yield environment and a relatively high cost base.
Large asset portfolio valued at approximately €12 billion at end-2020, spread across 44,835 apartments with a large tenant base.	Debt to EBITDA of above 20x at end-2020, weaker than that of peers at the same rating level.
Strong operational track record, with like-for-like rental income growth of 3.6% in 2020, and a high and stable real occupancy rate of 98.3%.	Revised maximum reported loan-to-value of 45% versus 40% previously, allowing a stronger debt-dependent growth strategy.
Good access to diversified funding sources, including capital markets.	

We anticipate that Akelius' leverage ratios will increase because of its updated financial policy. In February 2021, Akelius announced that it had amended its financial policy, with its maximum reported loan-to-value ratio raised to 45% from 40%. This translates into S&P Global Ratings-adjusted debt to debt plus equity of about 55%, the downside threshold for the current 'BBB' rating on the company. In line with the new strategy, we expect Akelius' adjusted ratio of debt to debt plus equity ratio to increase to about 52.0%-53.0% in 2021 from 47.5% in 2020, maintaining sufficient headroom under its target. We expect the company will use a balanced mix of equity and debt for any future acquisitions.

Akelius is likely to expand its portfolio in the next 12-24 months in line with its recently revised business model, which includes an enhanced focus on cost efficiency. In August 2020, Akelius revised its business model and now plans to double the size of its current real estate portfolio of about €12.14 billion over the next 10 years. The company is shifting strategy to acquisitions of higher-yielding rental properties with strong cash flows as opposed to purchasing assets with strong appreciation potential through extensive upgrading. Consequently, this will lead to a reduction in the amount invested in current buildings. We expect Akelius to expand further its residential portfolio, particularly in markets with solid fundamentals and keeping a good balance between regulated and unregulated residential markets. The new business model also includes a restructuring program to become a leaner organization, and the company aims for annual cost-savings of around €42 million annually. Moreover, the personnel headcount will slim to 1,100 by end-2022 from 1,280 at end-2020.

Akelius' business has shown limited damage from COVID-19 fallout so far. In the wake of a difficult macro-economic environment in 2020, Akelius recorded positive like-for-like rental growth of 3.6% while retaining a strong real occupancy rate of about 98.3% (excluding premises vacant for renovation). Furthermore, on an aggregated level, Akelius' rent collection is at the same level as before the pandemic and we note a small but positive revaluation of 0.3%. We view the resilience of the portfolio attributable to exposure to residential assets, which are less volatile than for instance commercial assets and to a well-diversified portfolio globally with a material exposure to regulated markets, such as Sweden, Germany, and Canada.

That said, we note that Akelius' assets in London and cities in North America have taken a harder hit. Like-for-like rental income growth in New York and Boston was negative, at -1.9% and -2.7%, respectively and the average rent per square meter on a like-for-like basis declined in New York (- 2.2%), Boston (-1.4%), and London (-0.6%). Like-for-like portfolio revaluation was negative in New York (-4.98%), Boston (-0.76%), and London (-2.13%), and vacancies have markedly increased in Boston (10.7% compared with 5% in 2019) and Washington, D.C. (10.7% compared with 2.2% in 2019). The exodus of renters from the city to suburban markets, alongside a large influx of short-term lets to the long-term letting market (e.g. through Airbnb), has hurt rental and occupancy rates for landlords in those metropolitan areas.

Outlook: Stable

The stable outlook reflects our expectation of continued favorable demand for midsize residential apartments in most of Akelius' markets, where new supply remains limited. We also anticipate that Akelius' leverage will increase but remain in line with its financial policy, with our adjusted ratio of debt to debt plus equity at around 53% and EBITDA interest coverage remaining broadly stable at 2.0x-2.2x over the next 12-24 months.

Downside scenario

We could lower the rating if Akelius' leverage increased, with debt to debt plus equity well above 55%, because of rising operational costs or debt-funded acquisitions, or if EBITDA interest coverage declined back to 1.5x or below. This could result from further material disposals or an increase in the cost structure, causing a reduction in the overall EBITDA base that cannot be offset by organic growth.

Upside scenario

We would raise the rating if Akelius sustainably improved its EBITDA interest coverage ratio close to 2.4x or above while maintaining its ratio of debt to debt plus equity below 50%. This could stem from strong rental income growth from renovated or newly acquired properties, while related operating costs remained stable.

Our Base-Case Scenario

Assumptions

- Low but positive annual like-for-like rental income growth of 1% to 2% over the next 2 years, on the back of low inflation in their operating economies as well as some positive rent renegotiations and increase in in-place rents.

Our assumptions include the negative impact from Berlin's new rent freeze, which could dent the company's rental income by €23 million in 2021.

- Like-for-like portfolio revaluation to remain positive of 1%-2% in 2021 and 2022.
- Stable capital expenditure (capex) of €300 million-€400 million annually, in line with Akelius' operating strategy.
- We expect Akelius will be a net buyer and expand its portfolio in the coming years with limited asset disposals.
- Stable average cost of debt of approximately 2.0%.

Key metrics

Akelius Residential Property AB--Key Metrics*

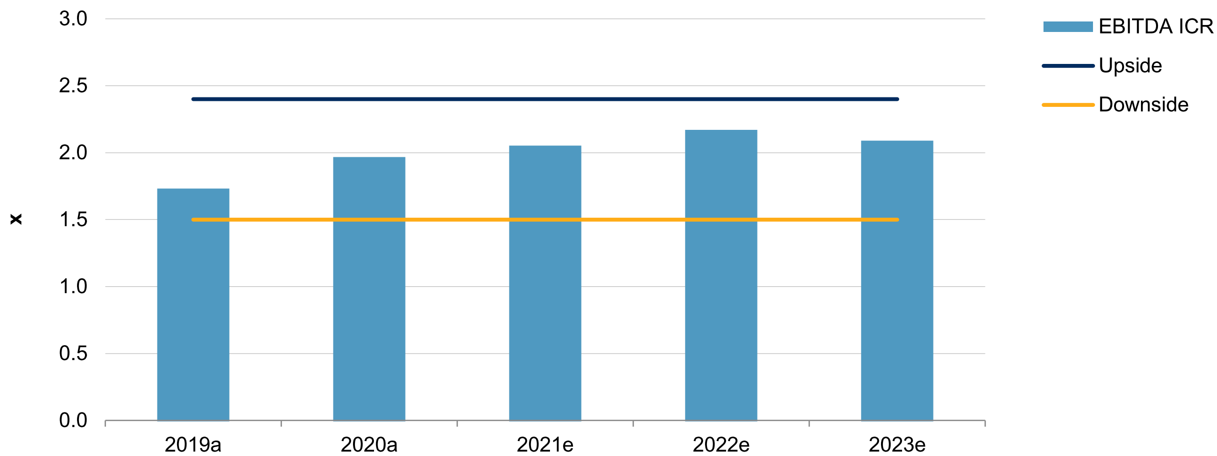
	--Fiscal year ended Dec. 31--				
(Mil. €)	**2019a**	**2020a**	**2021e**	**2022f**	**2022f**
EBITDA	244.0	201.0	235-245	275-295	310-320
EBITDA margin (%)**	49.2	42.7	47-49	48-50	48-50
Debt	5,103.0	5,306.5	6,500-6,700	7,100-7,400	8,000-8,200
Debt to EBITDA (x)	20.9	26.4	26.0-28.0	24.0-26.0	24.0-26.0
Capital expenditure	478.0	392.0	350.0-370.0	240-260	240-260
EBITDA interest coverage (x)	1.7	2.0	2.1-2.2	2.2-2.3	2.2-2.3
Debt to debt plus equity (%)	46.9	47.5	52.0-53.0	52.0-53.0	52.0-53

*All figures adjusted by S&P Global Ratings. **Margin is based on gross revenues. a--Actual. e--Estimate. f--Forecast.

We expect leverage to increase on the back of Akelius' growth plans and updated financial policy. Under its new financial policy Akelius increased the reported loan-to-value (LTV) ratio to a maximum of 45% (translating into our adjusted ratio of debt to debt plus equity of about 55%) from 40% previously to accommodate its growth appetite in the coming years. Akelius still targets an interest coverage ratio of more than 2x, excluding unrealized value growth, by 2021. We anticipate the ratio of debt to debt plus equity will increase to around 52%-53% by year-end 2021, while EBITDA interest coverage will remain close at 2x, following the company's recent refinancing efforts. This, together with the growing yielding portfolio, should mitigate interest burden of higher debt levels. We also believe that debt to EBITDA remains very high, at well above 20x.

Chart 1

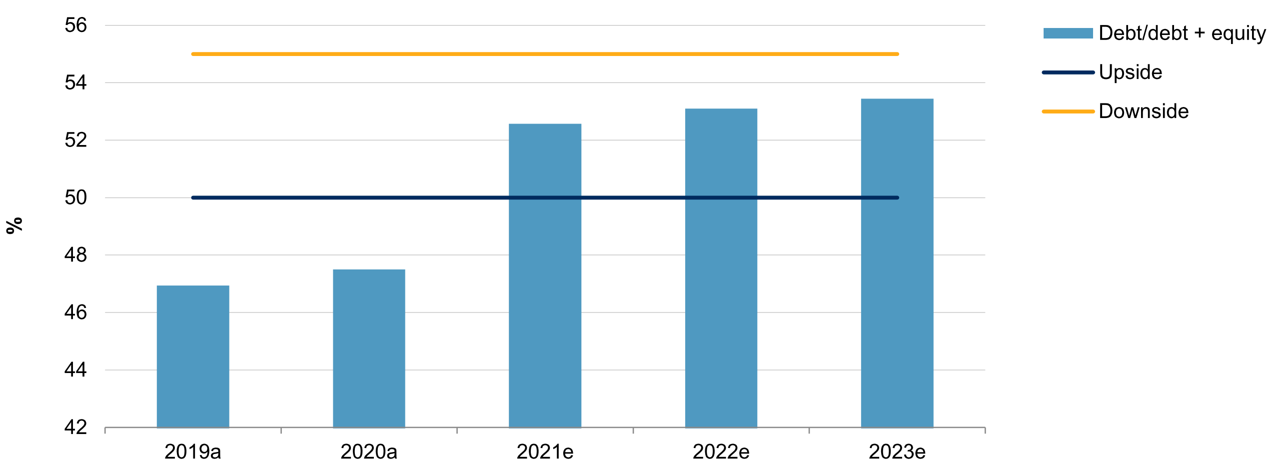
Akelius' EBITDA Interest Coverage Ratio Will Stay Within The Thresholds For The Current Rating In 2021-2023



Note: EBITDA as adjusted by S&P Global Ratings. a--Actual. e--Estimate. ICR--Interest coverage ratio.
Source: S&P Global Ratings.

Chart 2

Despite A Slight Rise, Akelius' Debt To Debt Plus Equity Remains Commensurate With The 'BBB' Rating



Note: Debt to debt plus equity as adjusted by S&P Global Ratings. a--Actual. e--Estimate. Source: S&P Global Ratings.

Company Description

Sweden-based Akelius Residential Property AB is a privately owned real estate company, focusing on residential assets. As of Dec. 31, 2020, the company's portfolio stood at €12.14 billion, with properties in 12 metropolitan cities across seven countries, including Berlin (25%), Stockholm (15%), Malmö (9%), and London (8%). The company focuses on long-term ownership of residential properties, particularly in large metropolitan cities with sound growth prospects and limited new supply.

Akelius Foundation owns 80% of Akelius. The remaining shares are split between Hugo Research Foundation (9%), Grandfather Roger Foundation (5%), and institutional shareholders (6%; through issuance of D-shares in 2019).

Table 1

Akelius Residential Property AB--Portfolio Summary

Segment focus	Residential
Total portfolio value (bil. €)	12.1
Total units owned	44,835.0
Portfolio occupancy* (%)	98.3
Exposure to number of Countries	7.0
Tenant turnover rate (%)	16.0
Proportion of upgraded apartments(%)	50.9
Proportion of apartments below market rent (%)	
Capitalization rate (%)	3.3

All data as of Dec. 31, 2020. *Excluding apartments vacant due to renovation or planned sales.

Peer Comparison

Table 2

Akelius Residential Property AB--Peer Comparison

Industry sector: Real estate investment trust or company

	Akelius Residential Property AB	Vonovia SE	Fastighets AB Balder	Heimstaden Bostad AB	Samhallsbyggnadsbolaget i Norden AB (publ)
Ratings as of April 12, 2021	BBB/Stable/A-2	BBB+/Stable/A-2	BBB/Stable/--	BBB/Stable/--	BBB-/Positive/A-3
	--Fiscal year ended Dec. 31, 2020--				
(Mil. €)					
Revenue	471.0	2,366.2	809.6	669.0	509.7
EBITDA	201.0	1,614.4	548.4	355.1	319.0
Funds from operations (FFO)	95.5	1,096.1	523.0	193.5	211.4
Interest expense	102.5	443.5	115.1	142.6	116.2
Cash flow from operations	126.5	998.7	656.5	157.8	107.7
Capital expenditure	392.0	1,614.0	558.2	297.1	(583.7)

Table 2

Akelius Residential Property AB--Peer Comparison (cont.)

Industry sector: Real estate investment trust or company

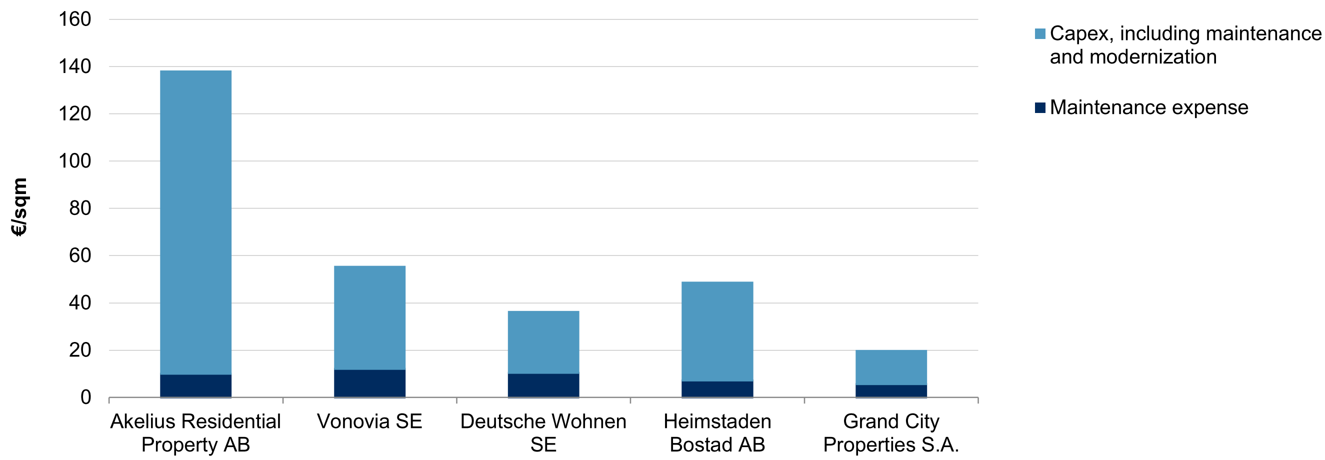
	Akelius Residential Property AB	Vonovia SE	Fastighets AB Balder	Heimstaden Bostad AB	Samhallsbyggnadsbolaget i Norden AB (publ)
Free operating cash flow (FOCF)	(265.5)	(615.3)	98.3	(139.3)	216.5
Dividends paid	127.5	530.8	5.5	178.5	72.6
Discretionary cash flow (DCF)	(393.0)	(1,146.1)	92.8	(317.8)	(872.8)
Cash and short-term investments	250.0	453.4	494.5	760.1	1,354.3
Debt	5,306.5	25,706.3	8,444.8	7,096.5	4,932.2
Equity	5,873.5	23,831.8	6,932.0	7,055.8	4,466.3
Debt and equity	11,180.0	49,538.1	15,376.8	14,152.3	9,398.5
Valuation of investment property	12,021.0	58,807.1	14,849.0	14,442.8	8,976.8
Adjusted ratios - RTM					
Annual revenue growth (%)	(5.0)	10.2	6.9	55.5	156.6
EBITDA margin (%)	42.7	68.2	67.7	53.1	62.6
Return on capital (%)	1.8	3.3	4.3	2.9	3.6
EBITDA interest coverage (x)	2.0	3.6	4.8	2.5	2.7
Debt/EBITDA (x)	26.4	15.9	15.4	20.0	15.5
FFO/debt (%)	1.8	4.3	6.2	2.7	4.3
Debt/debt and equity (%)	47.5	51.9	54.9	50.1	52.5

Business Risk: Strong

Our assessment of Akelius' business reflects our view of its large and well-diversified residential property portfolio, with exposure to real estate markets where demand remains strong and new supply is limited. Compared with other rated residential peers with the same business risk assessment, Akelius is one of the few globally diverse residential property companies. Its portfolio of about €12.14 billion (as of end-December 2020) is spread across locations and countries where both the population and one-to-two-person households are increasing, such as Berlin (25% of total asset value), Stockholm (15%), and Malmö (9%). We estimate that over 80% of the portfolio consists of assets situated in prime locations with good infrastructure that are within 5-10 kilometers from city centers.

Chart 3

Akelius Versus Peers: Maintenance And Capital Expenditures



Capex--Capital expenditure. sqm--Square meter. Source: S&P Global Ratings based on company reports as of Dec. 31, 2020.

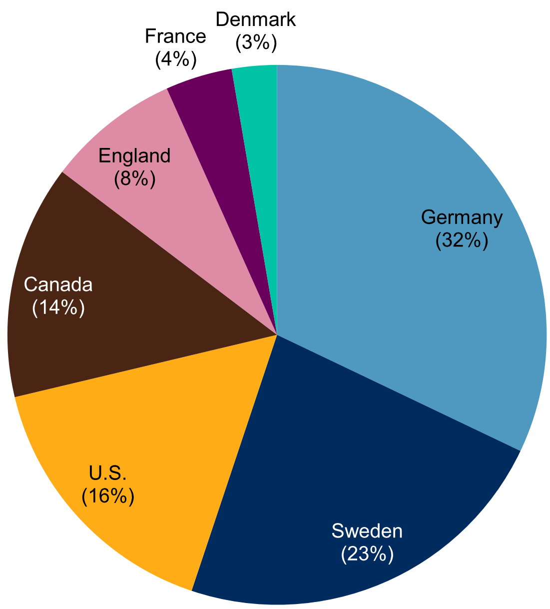
Akelius has broad asset and tenant diversity, with nearly 45,000 units. Asset quality ranges from average to good, and we estimate that the company has modernized approximately 51% of its apartments in recent years. In our view, the company's strategy of long-term ownership of residential properties with no development activities supports its business risk. The average apartment size is 65-70 square meters, which is well in line with what we observe for other rated residential players in Akelius' markets.

In our view, the company has a positive operational track record, with solid like-for-like rental income growth of 3.6% in 2020, coupled with a consistently high occupancy rate of well above 95% in the last few years, excluding vacant premises for renovation.

In Germany, England, and France (together about 44% of the portfolio), Akelius is able to transfer utility costs to the tenant. However, in other countries such as Sweden and Canada, rising utility costs may not be fully covered by tenants. Considering the declining portfolio share in Sweden over recent years because of disposals, overall profitability should not weaken. We expect like-for-like rental income growth to remain solid, yet lower than previously, at 1%-2% in 2021 on the back of expected inflation in the company's operating economies and some positive renegotiation of in-place rents.

Chart 4

Akelius--Geographical Portfolio Spread
% of total portfolio value



Source: S&P Global Ratings based on company report as of Dec. 31, 2020.

Despite the benefits of Akelius' global diversity, we believe that the company can achieve only limited economies of scale in some of its markets compared with its rated peers in the residential segment, particularly those who focus more on single countries and regions. Given Akelius' new strategic direction with expanding to higher yielding assets while reducing renovation and refurbishment needs, we expect much lower capex going forward and an increased focus on cost efficiency.

Thirty-two percent of Akelius' portfolio value is located in Germany, where strong rent and price increases over the past decade, especially in metropolitan areas, have sparked wider social and political debate around affordability. In particular , Berlin is home to about 25% of Akelius portfolio value, or 33% by units and is consequently exposed to the incurred rent-freeze law, which caps residential rents for the five years after the law came into effect in February 2020. We expect the rent freeze will adversely affect about 5% of total portfolio rent in 2021. The final outcome of the new regulations is uncertain, however, as the legitimacy of the new law is under debate in court; the conclusion is expected in summer 2021. Nevertheless, we acknowledge further tensions and regulatory discussions toward German residential sector.

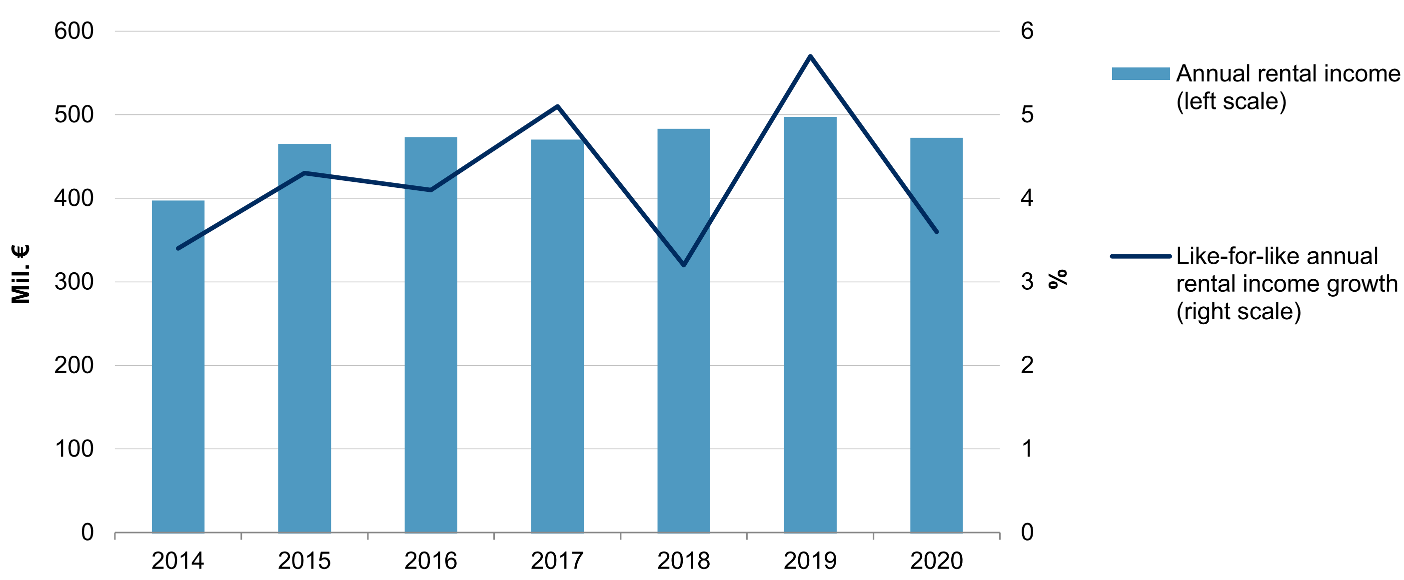
Financial Risk: Significant

In our view, Akelius' financial risk profile is characterized by moderate debt leverage. Debt to debt plus equity stood at 47.5%—(including our adjustments for hybrid bonds) at Dec. 31, 2020—slightly up from 46.9% in 2019. That said, and in line with the company's new financial policy of a reported LTV ratio of max 45% (versus previously 40%), we anticipate leverage to increase to about 52%-53% in 2021. Still, S&P Global Ratings-adjusted debt to debt plus equity should remain well below our rating threshold of 55% since we believe that the company will use a balanced mix of equity and debt to fund any future investments and growth (also see "Real Estate Company Akelius' Updated Financial Policy Aligns With Our Current 'BBB' Rating," published Feb. 8, 2021, on RatingsDirect).

We continue to view Akelius' EBITDA interest coverage ratio of 2x, as well as its ratio of debt to EBITDA of 26.4x as of Dec. 31, 2020, as weaker than peers'. This is mainly due to Akelius operating with prime assets in a low-yield environment, a higher cost structure than peers, and our assessment of its hybrid bonds as having intermediate equity content, with 50% of its related dividend payments viewed as interest expense in our calculation. That said, EBITDA interest coverage has improved in 2020 to 2x from 1.7x in 20219, and we expect the ratio to steadily strengthen further to 2.2x in the next 24 months. This improvement will stem from recent acquisitions and due to the company's recent refinancing activities, with a lower average cost of debt at 1.95% at end 2020 from 2.25% at end-2019. In addition, we forecast the ratio of debt to EBITDA to remain well above 20x.

Chart 5

Akelius--Annual Rental Income And Like-For-Like Rental Growth



Source: S&P Global Ratings based on company report as of Dec. 31, 2020.

Financial summary

Table 3

Akelius Residential Property AB--Financial Summary

Industry sector: Real estate investment trust or company					
	--Fiscal year ended Dec. 31--				
	2020	**2019**	**2018**	**2017**	**2016**
(Mil. €)					
Revenue	471.0	496.0	482.0	469.0	4,109.0
EBITDA	201.0	244.0	236.0	231.0	2,217.0
Funds from operations (FFO)	95.5	82.5	85.5	111.0	735.5
Interest expense	102.5	141.5	154.5	136.0	1,484.5
Cash flow from operations	126.5	42.5	97.5	92.0	550.5
Capital expenditure	392.0	478.0	349.0	288.0	2,989.0
Free operating cash flow (FOCF)	(265.5)	(435.5)	(251.5)	(196.0)	(2,438.5)
Dividends paid	127.5	33.5	834.5	857.0	5,232.5
Discretionary cash flow (DCF)	(393.0)	(1,076.0)	(1,086.0)	(1,053.0)	(7,671.0)
Cash and short-term investments	250.0	19.0	13.0	16.0	137.0
Debt	5,306.5	5,103.0	6,048.0	5,035.4	42,875.0
Equity	5,873.5	5,776.0	5,327.0	4,595.4	36,004.0
Debt and equity	11,180.0	10,879.0	11,375.0	9,630.8	78,879.0
Valuation of investment property	12,021.0	11,891.0	12,340.0	10,589.0	84,634.0
Adjusted ratios					
Annual revenue growth (%)	(5.0)	2.9	2.8	(88.6)	(5.3)
EBITDA margin (%)	42.7	49.2	49.0	49.3	54.0
Return on capital (%)	1.8	2.2	2.2	0.5	3.0
EBITDA interest coverage (x)	2.0	1.7	1.5	1.7	1.5
Debt/EBITDA (x)	26.4	20.9	25.6	21.8	19.3
FFO/debt (%)	1.8	1.6	1.4	2.2	1.7
Debt/debt and equity (%)	47.5	46.9	53.2	52.3	54.4

Reconciliation

Table 4

Akelius Residential Property AB--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €)

	--Fiscal year ended Dec. 31, 2020--							
Akelius Residential Property AB reported amounts								
	Debt	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**S&P Global Ratings' adjusted EBITDA**	**Cash flow from operations**	**Dividends**
Reported	6,042.0	5,292.0	207.0	227.0	117.0	201.0	112.0	113.0
S&P Global Ratings' adjustments								
Cash taxes paid	--	--	--	--	--	(6.0)	--	--
Cash interest paid	--	--	--	--	--	(114.0)	--	--

Table 4

Akelius Residential Property AB--Reconciliation Of Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. €) (cont.)

Reported lease liabilities	14.0	--	--	--	--	--	--	--
Intermediate hybrids reported as debt	(499.5)	499.5	--	--	(14.5)	14.5	14.5	14.5
Accessible cash and liquid investments	(250.0)	--	--	--	--	--	--	--
Nonoperating income (expense)	--	--	--	1.0	--	--	--	--
Noncontrolling interest/minority interest	--	82.0	--	--	--	--	--	--
EBITDA: Gain/(loss) on disposals of PP&E	--	--	(6.0)	(6.0)	--	--	--	--
Depreciation and amortization: Asset valuation gains/(losses)	--	--	--	(24.0)	--	--	--	--
Total adjustments	(735.5)	581.5	(6.0)	(29.0)	(14.5)	(105.5)	14.5	14.5

S&P Global Ratings' adjusted amounts

	Debt	Equity	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Dividends paid
Adjusted	5,306.5	5,873.5	201.0	198.0	102.5	95.5	126.5	127.5

PP&E--Property, plant, and equipment.

Liquidity: Adequate

We assess Akelius' liquidity as adequate. This is based our forecast that the company's liquidity sources will exceed its funding needs by about 1.6x over the next 12 months.

Our liquidity assessment is also supported by Akelius' positive track record of accessing equity and capital markets, and its good relationships with banks in its operating countries.

Principal Liquidity Sources

- Unrestricted cash and cash equivalents of about €273 million as of Dec. 31, 2020;
- About €777 million of undrawn and committed credit lines maturing in more than 12 months;
- Our forecast of positive cash funds from operations of about €90 million-€110 million for the next 12 months; and
- Approximately €17 million of contracted asset sales post reporting period.

Principal Liquidity Uses

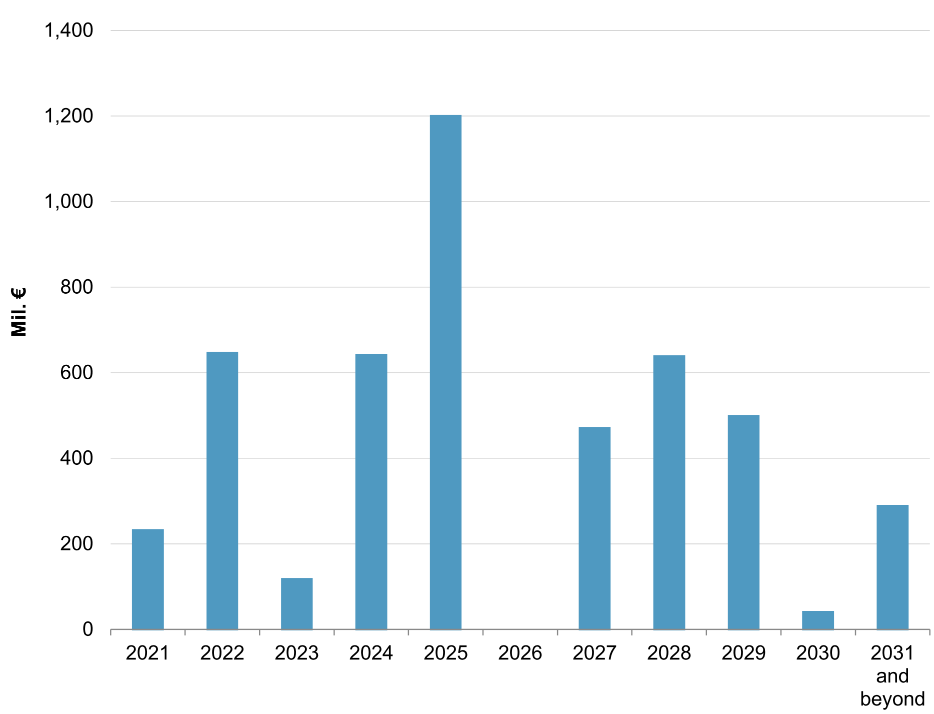
- About €233 million of short-term debt maturities, including amortization from Akelius' bank loans;
- About €50 million of committed capex for the next 12 months; and
- Approximately €112 million of dividends, mainly related to hybrid bondholders.

Debt maturities

- As of Dec. 31, 2020, the average length of Akelius' debt maturities was 5.7 years and the debt maturity is well spread. The company's average cost of debt was 1.95% year-end 2020.

Chart 6

Akelius--Debt Maturity Profile



Source: S&P Global Ratings based on company report as of Dec. 31, 2020.

Covenant Analysis

Compliance expectations

We understand that Akelius has some covenants for its existing bond issuances and credit lines. Most relate to a maximum loan-to-value ratio, a minimum EBITDA interest coverage threshold, or a limit on secured debt to total assets. We estimate that the headroom for these covenants is adequate (at more than 10%) and that the company will maintain sufficient headroom going forward.

Requirements

Akelius has to comply with following incurrence across its bond issues under the EMTN program:

- Net interest bearing debt to total assets of no more than 60%; 39.0% as of 2020.
- Adjusted profit before taxes to total interest expenses of at least 1.5; 2.5x as of 2020.

- Unencumbered assets to unsecured debt > 125%; 189% as of 2020.
- Secured debt to total assets of no more than 45% (incurrence based) 9% as of 2020

Issue Ratings - Subordination Risk Analysis

Capital structure

As of Dec. 31, 2020, the company's debt capital structure comprised 27% of secured debt and 73% of unsecured debt. Unsecured bonds are issued under Akelius Residential Property AB and its financing vehicle Akelius Residential Property Financing B.V.

Analytical conclusions

We assess the issue ratings on Akelius' senior unsecured bonds at 'BBB', in line with the issuer credit rating. This is because the company's exposure to secured debt is limited and its secured debt to total assets ratio is approximately 9%, which is well below our 40% threshold for notching down issue ratings on debt.

Regarding the outstanding subordinated hybrid bond, we lower the issue rating by two notches to 'BB+', one notch for subordination and one for deferability.

Ratings Score Snapshot

Issuer Credit Rating

BBB/Stable/A-2

Business risk: Strong

- **Country risk:** Very low
- **Industry risk:** Low
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/leverage:** Significant

Anchor: bbb

Modifiers

- **Diversification/portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Fair (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry, Feb. 26, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: The Treatment Of Non-Common Equity Financing In Nonfinancial Corporate Entities, April 29, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Bulletin: Real Estate Company Akelius' Updated Financial Policy Aligns With Our Current 'BBB' Rating, Feb. 8, 2021

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	**bbb**	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of April 12, 2021)*

Akelius Residential Property AB	
Issuer Credit Rating	BBB/Stable/A-2
Nordic Regional Scale	--/--/K-2
Senior Unsecured	BBB
Subordinated	BB+

Ratings Detail (As Of April 12, 2021)*(cont.)		
Issuer Credit Ratings History		
03-Nov-2017		BBB/Stable/A-2
03-Mar-2017		BBB-/Positive/A-3
24-Aug-2015		BBB-/Stable/A-3
03-Nov-2017	*Nordic Regional Scale*	--/--/K-2
24-Aug-2015		--/--/K-3

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.