

Bluewashing and Tax Avoidance: Bahamian Private Foundations in the Akelius Group

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Akelius Tenants Network Berlin (part of Stop Heimstaden Berlin as of December 2021)

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Introduction

This report¹ describes the structure and function of the three Akelius private foundations based in the Bahamas. The starting point for this report is the question of how to assess the Akelius Foundation's charitable donations in light of the Akelius Group's proven disregard for human rights. Our research sheds light on the foundations' functions in the Group and on their integration into the Group's structure via overlaps in ownership and personnel.

The Akelius Group claims that its main shareholder, the Akelius Foundation, a private foundation based in the Bahamas, is "a charitable foundation".² This report examines the function of the Akelius Foundation for the important business sectors of financing and refinancing. Furthermore, it examines the information Akelius has published on the structure of the Foundation. The criteria we use to assess Akelius' claims comes from German tax law on recognizing charitable organizations and the "Guiding Principles of Good Practice for Foundations"³ published by the Association of German Foundations. Our main criteria are the *transparency* of funding and business transactions, the *autonomy* of the Foundation in relation to its founder and the Akelius Group, and the commitment and coherence of the Foundation's *objectives*.

This report is addressed to our fellow tenants, to political decision makers and regulators, to journalists, and scholars. It is based entirely on publicly available sources that have been compiled and evaluated to the best of our knowledge. Where not otherwise noted, individuals' connections to the offshore companies in Cyprus were obtained from the commercial register of Cyprus. All authors of this text have themselves been tenants of Akelius. Where we have made mistakes, it was not intentional and we would be happy to correct any mistake upon request.

Summary for Policymakers

- 1 Akelius is a profit-maximizing company. Both the company's structure and operational decisions have always adhered to this goal.
- 2 The main strategies for maximizing profits are tax avoidance, upgrading buildings and apartments, and rent increases.
- 3 The Group is owned by three private foundations in the Bahamas that hold all voting rights and approximately 94 percent of the shares.
- 4 Akelius demonstrably disregards the human rights of their tenants.

1 Disclaimer: This report was originally written in German. We have translated citations into English, but please note that all translations are based on citations as cited in our original German version of this report, as we did not re-check all cited pages for English versions.

2 The German word for "charitable" used by Akelius ("*gemeinnützig*") is ambiguous and could also be translated as "non-profit." See the German "About" page of Akelius Group, <https://akelius.com/de/akelius/about> (Feb. 21, 2021), archived: <https://web.archive.org/web/20210221123326/https://akelius.com/de/akelius/about>

3 Bundesverband Deutscher Stiftungen: Guiding Principles of Good Practice for Foundations, Adopted by the General Assembly of the Association of German Foundations on June 6, 2019, https://www.stiftungen.org/fileadmin/stiftungen_org/en/Foundations-Germany/Guiding-Principles-of-Good-Practice-for-Foundations.pdf, (Download 20.7.2022)

- 5 Through the Akelius Foundation, Roger Akelius donates money to the organizations SOS Children's Villages, Doctors Without Borders, UNICEF, and UNHCR.
- 6 Akelius claims that the foundations in the Bahamas are primarily charitable foundations. However, the foundations' central function in the Group's tax avoiding and finance strategies is not openly disclosed. The foundations' specific objectives and corresponding contribution have not been made transparent.
- 7 Publicly available information shows that the foundations' non-profit designation ("*gemeinnützig*") is misleading and the foundations' charitable designation is only partially accurate.

The three Akelius foundations in the Bahamas primarily perform functions for the Akelius Group and for the private assets of Roger Akelius. The ownership structures of the Group, originating with the Swedish parent company, Akelius Residential Property AB (in short: Akelius Residential), and extending to three shell companies in Cyprus and to the three foundations in the Bahamas, most probably are used to avoid taxes.

The **Grandfather Roger Foundation** is part of the private assets of Roger Akelius. It performs important functions in real estate transactions via the intermediary company Giannis Beta Ltd., based in Cyprus. In Germany, Giannis Beta Ltd. is one of two partners that have acted together with Akelius GmbH in several share deals. Since Akelius GmbH and Giannis Beta Ltd. are closely intertwined in terms of business and personnel, it can be assumed that the share deals involving both companies violated the law. Berlin tax authorities have received several reports on such share deals. The tax authorities have not yet commented on the reported cases. The Foundation holds around five percent of the shares in Akelius Residential, corresponding to a value of around 750 million euros.

Little is known about the **Hugo Research Foundation**. Within the Akelius Group, it is part of the Financing and Real Estate Transactions Division. Through the Cyprus-based company Xange Ltd., it holds around 10 percent of Akelius Residential, corresponding to a value of around 1.5 billion euros. Hugo Research Foundation is also the owner of the Cyprus-based company Torpet Sweden Ltd. Like Giannis Beta Ltd., Torpet Sweden Ltd. acted as a second shareholder together with Akelius GmbH in several share deals that took place in Berlin. Due to business and personnel overlaps between Akelius GmbH and Torpet Sweden Ltd., it can be assumed that the two companies are not independent of each other to the extent required by law and that these share deals were used to dodge the land transfer tax applicable to regular asset deals in the real-estate sector (Berlin: 6 percent).

The **Akelius Foundation** is the largest and most important of the three foundations. It holds around 80 percent of the shares in Akelius Residential, corresponding to a value of around 12 billion euros. Donations attributed to Roger Akelius are most often paid and processed by the Foundation. The Foundation has not verified in detail the amount of money it has donated. Apart from Anna Maria Fuxén, daughter of Roger Akelius, all persons on the Foundation's Supervisory Council also hold central decision-making positions in the Akelius Group. The Foundation's purposes are partially incoherent and contradictory. For example, the Foundation's charter excludes all funding for projects that deal with human rights or gender equality. However, both of these are central

issues for UNICEF, an important partner organization and donation recipient of the Akelius Foundation.

The Akelius Foundation acts as the main holder of shares in the Group. Through its ~80 percent shareholding, the Foundation holds a clear majority of voting rights. It thus acts as the main controlling body. Through the members of the Akelius Foundation Council and the two protectors, the Akelius Foundation is closely linked to the Akelius Group in terms of personnel alone. In addition, the Akelius Foundation is the sole owner of the two companies Akelius Invest Ltd. and Akeliusfonder Ltd, both based in the Bahamas. Through bonds and loans, both companies facilitate financial investments that are invested exclusively in the Akelius Group. It is unclear whether the Foundation also uses these companies as a vehicle to reinvest its own money. Raising capital this way is part of a tax-optimizing growth model. This means, for example, that Akelius Invest gives loans to the respective national Akelius companies, e.g., Akelius Canada, enabling them to reduce their profits before tax.

Roger Akelius and the Akelius Group claim that the Akelius Foundation is a "charitable foundation." The German term "*gemeinnützige Stiftung*", used by Akelius Group on their German website, is both a general term and a legal term in German tax law. Foundations that are recognized as charitable by German tax authorities are exempt from certain taxes. However, Akelius Foundation has never been recognized as a charitable foundation in this strict legal sense of the term. Based on the analysis presented here, the claim by Roger Akelius and the Akelius Group, that the Akelius Foundation is a charitable foundation, must be rejected – both with regard to the narrower use of the term as officially recognized by the German tax authorities, and with regard to the general understanding of a charitable foundation. Akelius Foundation is a charitable foundation only in the sense according to which a person or company is charitable if it donates a self-determined portion of its income or profits to a good cause without any obligation. The Council of the Akelius Foundation consists almost exclusively of people who hold important positions in the Akelius Group. The Foundation largely operates non-transparently and only publishes limited reports on its own activities or on the grants it awards. Compared with other foundations, the proportion of distributed profits that the Akelius Foundation gives to charitable causes is small.

Based on the information gathered here, the Akelius Foundation should instead be regarded as a private foundation. Its main function is not charity, but profit optimization, which has not been made transparent in the Akelius Group's presentation of the Foundation. We don't question the charitable actions of the Foundation, but we do question the claim that this is the main purpose of the Foundation. Founder Roger Akelius' strong emphasis on the charitable aspects of the Akelius Foundation and the Akelius Group is part of the Group's PR strategy and is often overstated when viewed in relation to the Foundation's profit-oriented aspects and its function within the Group's financing structure. This attempt to promote the Foundation as predominantly social and charitable can be called bluewashing.⁴

⁴ The activities of the Akelius Group can be described as a prime example of bluewashing. Bluewashing refers to PR strategies that are intended to positively associate a company or brand with social responsibility, without initiating necessary change within the company regarding Corporate Social Responsibility. Bluewashing is derived from the United Nations' signature blue because, as has been

We recommend that journalists reporting on Akelius no longer accept unchecked and unquestioned the Group's claim that they are a charitable or even non-profit foundation, but instead confront the Akelius Group and its founder with the questions raised here about Akelius' private foundations in the Bahamas.

We recommend that political decision-makers involved in dealing with Akelius no longer accept the Akelius Group's claims about the Akelius Foundation, but instead investigate the goals and structure of the foundations and the Group through detailed vetting processes available to lawmakers and regulators.

Sale of Akelius Portfolio to Heimstaden in Fall 2021

In 2021, Akelius surprisingly sold all apartments and buildings in Germany, Denmark, and Sweden to the Heimstaden Group, totaling more than 27,000 apartments. At the time, this was more than half of Akelius' portfolio. The sale totaled 9.1 billion euros. Akelius thus disposed of all its apartments in Germany and Scandinavia in one fell swoop.

The research phase for this report on the Akelius Group was largely completed once the Akelius-Heimstaden-Megadeal was announced. We have updated several details, but where we couldn't update information due to time constraints, this has been noted (e.g., Figure 1: Structure of the Akelius Group). The foundations and associated financial structure of the Akelius Group in Cyprus and the Bahamas have changed only slightly as a result of the mega deal in fall 2021, so only a few details and no key elements of our research into the offshore financial structure of the group were affected.

What happens to all the money? At the annual general meeting on April 8, 2022, a dividend payment to the three Akelius private foundations of around 6 billion euros was approved.⁵ This means that a large portion of the sum generated by the sale will be transferred to accounts based in the Bahamas, a well-known tax haven. The profits will presumably be distributed tax-free, thereby avoiding the usual capital gains tax (30% in Sweden) through the Group's financial structure. Also on the agenda of the annual general meeting was a capital increase. In this way, around 4 billion euros from the foundations was to be reinvested back into the Group.⁶ Akelius has announced plans to expand its portfolio again to 50,000 apartments, which would be roughly the same size as before the sale to Heimstaden. It remains to be seen exactly how the substantial profits from the mega deal with Heimstaden will be used in the future, i.e., what will happen to the money that remains available to the foundations after reinvestment through the capital increase, which amounts to roughly 2 billion Euros.

pointed out by critics of corporate bluewashing, the association of a company or brand with United Nations agencies, such as through commitments or donations, has been an important strategy. See also Peter Seele, "Is Blue the New Green? Colors of the Earth in Corporate PR and Advertisement to Communicate Ethical Commitment and Responsibility," CRR Working Papers 3/2007, http://www.responsibility-research.de/resources/WP_3_Is_blue_the_new_green.pdf.

5 2022 Annual Meeting Announcement, <https://mb.cision.com/Main/3302/3522220/1546629.pdf>.

6 2021 Annual Meeting Announcement, <https://mb.cision.com/Main/3302/3522220/1546629.pdf>.

The Akelius Group

Business Goals

The Akelius Group operates in a financialized housing market and in the financial market.⁷ The company's growth strategy relies on debt or raising capital on the financial market. In 2020, the Group issued bonds of around €1 billion. Akelius offered other investment opportunities through its in-house bank Akelius Spar – until it was liquidated due to violations of Swedish banking law. Akelius Spar was not a bank in the traditional sense. The services provided to customers were entirely tailored to investments in Akelius' real estate business. The bank mainly sold its customers interest-bearing savings deposits, the interest on which was guaranteed by Akelius' profitable use of the deposits in its real estate business. The investment company Akelius Invest Ltd. and the investment fund Akeliusfonder Ltd., which are still active, work similarly, only now the money is channeled through companies in the Bahamas instead of a Swedish company. Customers can invest their money in Akelius either through Akeliusfonder or directly with Akelius Invest. Akelius uses this structure to borrow on the financial markets and avoid taxes (see p. 19). Thus, the primary goal of the financial market is also the main driver of the Group's business actions: profit maximization in the long, medium, and short term. Other goals in dealing with buildings and apartments, such as socially and ecologically sustainable urban development, the needs of tenants and the major task of providing adequate housing for all people, are only taken into account to the extent required by minimal compliance with legal regulations – and possibly not even that. Cansel Kiziltepe (SPD), a member of the German national parliament (*Bundestag*) at the time, who is now also a state secretary at the ministry for housing, has filed a complaint against Akelius with the tax authorities on suspicion of tax evasion in connection with several purchases.⁸

Akelius' business model implies that profits are usually made at the expense of tenants, urban society, and social and environmental prospects. The higher the profits, the more devastating the consequences for the people and places with which and in which these profits are made. Such negative consequences can be seen in Berlin. Here, Akelius has been responsible for shifting thousands of formerly affordable apartments into the high-price brackets and for socially and ecologically unjustifiable upgrades on a large scale, while at the same time neglecting the maintenance necessary for the long-term preservation of the buildings. Why have they focused on modernization instead of preservation? Because modernization costs can, according to housing regulation in Germany, be used to increase rents, while preservation cannot.

7 On the financialization of housing in the context of the human right to housing, see Leilani Farha (UN Special Rapporteur on the right to adequate housing): *Report on the financialization of housing and the right to adequate housing*, Report to the UN Human Rights Council, Geneva 2017, <https://undocs.org/A/HRC/34/51>.

8 The tax authorities' assessment of the facts in the case is still pending. See David Böcking: "Bundestagsabgeordnete zeigt Wohnungskonzern Akelius an", in: Spiegel Online, 4.9.2020, <https://www.spiegel.de/wirtschaft/unternehmen/cansel-kiziltepe-spd-abgeordnete-zeigt-berliner-immobilieninvestor-an-a-b32e9fd4-cce3-4f29-b63a-69fb94f9592a>.

Group Structure

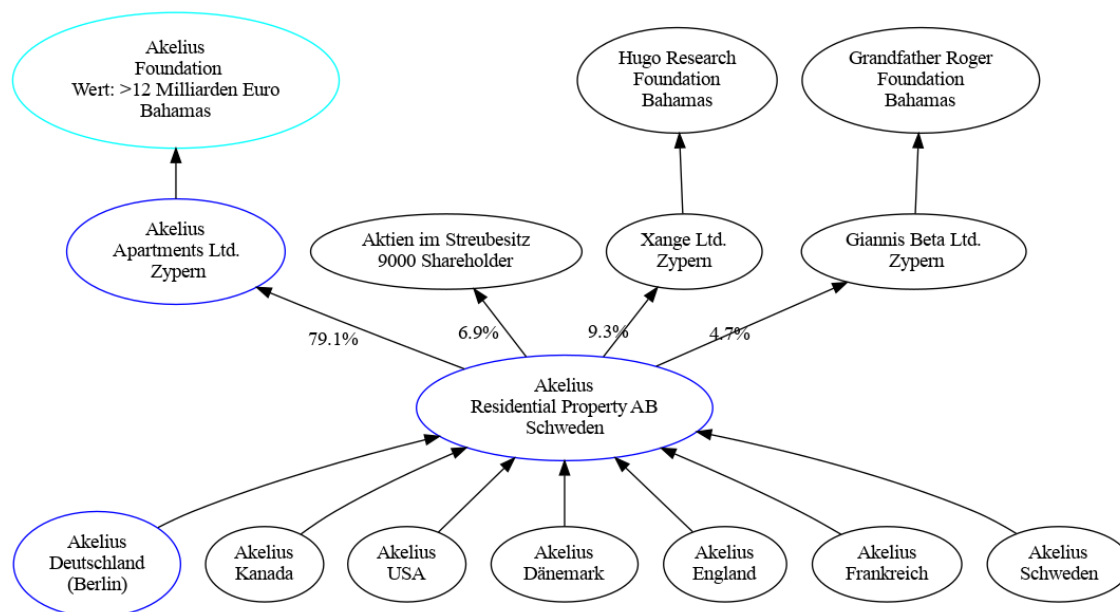


Figure 1: Global Structure of the Akelius Group in October 2021 showing the national level, the main company Akelius Residential Property AB in Sweden, three intermediate companies in Cyprus and the three Bahamian private foundations. Not shown in this diagram: Torpet Sweden Ltd. and the ownership relations between Giannis Beta, Torpet and several Berlin subcompanies.

The structure of the Akelius Group is characterized by an extensive network of companies, consisting of hundreds of small companies at the local level, which in turn are bundled into larger companies at the national level. Until the fall of 2021, Akelius was active in Sweden, Denmark, Germany, France, the UK, Canada, and the US, but has since sold all its holdings in Germany and Scandinavia to the Heimstaden housing group. Akelius Residential is the central company where the influx of cash and the ownership of each individual national company come together. 6.45 percent of the shares in Akelius Residential are traded as Class D shares on the open market. The freely traded shares have no voting rights. The remaining 93.55% are shares with voting rights and are owned by three shell companies based in Cyprus: Akelius Apartments Ltd. (79.51 %), Xange Ltd. (9.36 %), and Giannis Beta Ltd. (4.68 %). These companies are intermediate companies and presumably do not contribute to the regular business operations of Akelius. The owners of the Cyprus-based companies are three private foundations in the Bahamas: Akelius Foundation, Hugo Research Foundation, and Grandfather Roger Foundation. The Bahamas is considered a tax haven due to low taxes on income and assets and a lack of transparency rules. The three private foundations are by far the largest shareholders and by far also receive the largest share of the Group's dividend distributions.

From Sweden to the Tax Haven

The ownership of Akelius Residential AB consists of a complex corporate network, which results in an equally complex personal network of leading managers, supervisory board members, and foundation board members. The companies and private foundations in this network are based in Cyprus or the Bahamas. Two groups can be distinguished in terms of the functions and shareholdings of high-ranking employees in the Group:

Akelius Management

In terms of personnel, the operational management is clearly separated from the Group's ownership structures, which have been outsourced to Cyprus and the Bahamas. With the exception of Fredrik Lindgren, who works both for the operational management and in the offshore structures, there are no direct personnel overlaps. The members of the Supervisory Board of Akelius Residential, on the other hand, are very closely involved in the Group's offshore structures.

Personnel Liaisons

Five people in the researched network stand out because of their connections to several companies in the Akelius Group: Kerstin Engström, Thure Lundberg, Fredrik Lindgren, Igor Rogulj, and Demetris Syllouris. They each fulfill at least two important functions for different companies in the Group. Demetris Syllouris, for example, is connected to almost all Akelius companies in Cyprus and the Bahamas, often as managing director. Igor Rogulj is a member of the Akelius Foundation Council, sits on the Supervisory Board of Akelius Residential and is connected to the four most important Cyprus-based shell companies. Fredrik Lindgren is part of the management of Akelius Residential and is connected to the Cyprus-based shell company Akelius Apartments Ltd., which holds almost 80 percent of the shares. He was also head of Akelius' investment bank Akelius Spar until its dissolution and is a member of the management of Akelius' investment fund Akeliusfonder Ltd. (Bahamas). Thure Lundberg and Kerstin Engström are each a member of the Supervisory Board of Akelius Residential and each sit on the council of a foundation – Engström at the Akelius Foundation and Lundberg at the Hugo Research Foundation.

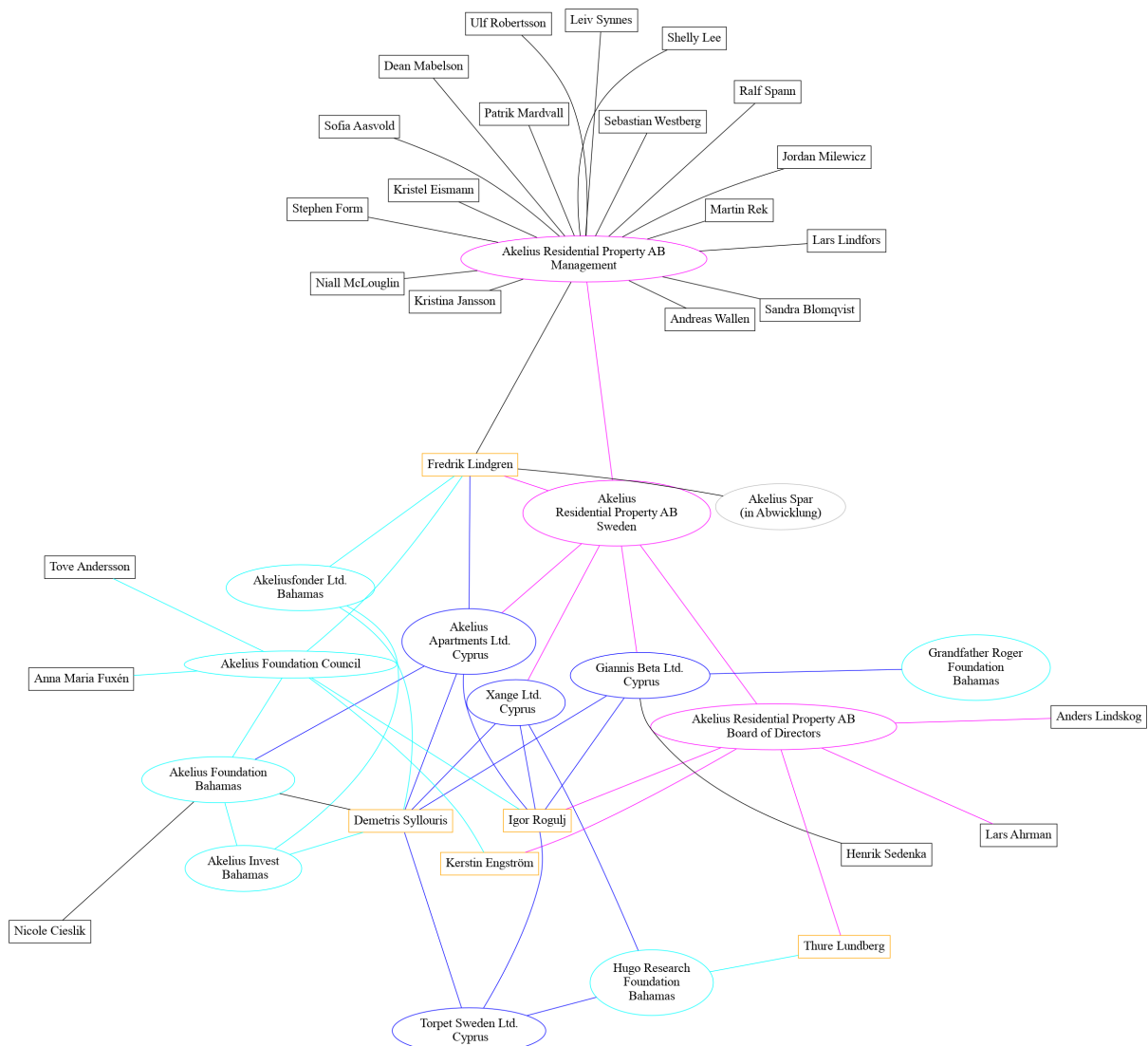


Figure 2: Akelius Group network of companies and management with focus on the companies in Cyprus and the Bahamas (autumn 2021). The board of directors and operative management for Akelius Residential and the Akelius Foundation council are depicted as separate entities.

Magenta: Akelius residential Property AB

Mediterranean Blue: Companies in Cyprus

Cyan: Companies and foundations in the Bahamas

Orange: Persons with several positions and significant control.

Tax Avoidance

Akelius has continued to tweak its tax avoidance strategies. This research sheds light on two main aspects: First, the avoidance of real estate transfer tax through share deals when buying buildings in Germany, and second, the shifting of group profits to three private foundations in the Bahamas.

Share Deals

When buildings are sold or bought in Berlin, a land transfer tax of 6 percent is usually due on the purchase price. In a share deal, the building is initially transferred to a company, usually a limited liability company set up specifically for this purpose, whose sole function is to own this building or a few buildings. The buyer then initially takes over a share of this company, which until June 30, 2021 had to be less than 95 percent (since then it is less than 90 percent). The remainder either remains with the seller or is taken over by a second buyer. Formally, therefore, it is only shares in a company that are sold and not real estate. After a period of currently five years, one of the partners can then take over the company completely. In this way, the purchase can be completed after five years and the payment of real estate transfer tax is not required. Revenues from the real estate transfer tax benefit the federal states (*Länder*). Since real estate trading is hardly regulated in Germany, there are only estimates about how much tax revenue states are missing out on as a result of share deals. Hesse's former Finance Minister Thomas Schäfer (CDU), in 2019, estimated up to one billion euros annually for Germany as a whole.⁹ As of 2018, former Finance Senator Kollatz-Ahnen estimated 100 million euros per year for Berlin.¹⁰ However, given the growing volume of trading on the real estate market, in Berlin as well as elsewhere, these amounts are now likely to be even higher.

Another aspect of share deals is a political one. Share deals are an instrument for real estate groups to fend off regulation from the district authorities, especially regarding the right of the municipal government to block a real estate deal if it is deemed a fundamentally disruption to the social structure of that neighborhood in the short and medium term. Until November 2021, this was used to guard against the negative effects of real estate sales on the social composition of any neighborhood deemed a social preservation area. To achieve this, the boroughs exercised their right of first refusal or tied the waiver of their right of first refusal to agreements with buyers that ensured tenant protection beyond general legal regulations. This practice was stopped by a ruling of the Federal Administrative Court, but an amendment to the federal legislation could make it possible again in the future. As a result, share deals deprive the federal states of tax revenues and block the few control options that the municipalities have to enable socially sustainable urban development.

Legal Implications

One legal condition for a share deal is that the two new shareholders are independent of each other. However, in several verifiable cases Akelius has acquired properties in Berlin through share deals in which the new shareholders were companies that are or were both part of the Akelius Group.

⁹ Stephan Maaß: "Durch dieses Schlupfloch entgeht dem Staat eine Milliarde Euro", *Welt*, Aug. 24, 2019, <https://www.welt.de/finanzen/article199087849/Immobilien-Finanzminister-will-Steuervermeidung-bei-Share-Deals-einschraenken.html> (downloaded Apr. 15, 2021).

¹⁰ Martina Herzog, Julia Kilian: "Eine Frage der Gerechtigkeit" *Süddeutsche Zeitung*, Mar. 1, 2018, <https://www.sueddeutsche.de/geld/share-deals-eine-frage-der-gerechtigkeit-1.3886157> (downloaded Apr. 15, 2021).

In each case, the new main shareholder was a GmbH (limited liability company) that was newly founded by Akelius specifically for this purpose. These companies were named "A.R.O." plus a number, followed by "GmbH," and they were owned by Akelius GmbH, i.e., the central Akelius company in Germany. In each case, the smaller shareholder was either Giannis Beta Ltd. or Torpet Sweden Ltd. The company and personnel structure reconstructed above shows:

Akelius GmbH is 99.7 percent owned by Akelius Residential, which in turn is owned by the three private foundations in the Bahamas via the shell companies in Cyprus.

Both Giannis Beta Ltd. and Torpet Sweden Ltd. belong directly to the Akelius Group. Torpet Sweden Ltd. is owned by one of the three private foundations (Hugo Research Foundation), which in turn holds 9.3 % of the shares in the central stock corporation Akelius Residential. Giannis Beta Ltd. itself holds 4.7 % of the shares in Akelius Residential.

In addition, there are direct personnel links: Igor Rogulj is a member of the Board of Akelius Residential and at the same time holds an executive position at Giannis Beta Ltd. The managing directors of Torpet Sweden Ltd., Igor Rogulj and Demetris Syllouris, hold a number of other management positions within the Akelius Group. Rogulj is a member of the Board of Akelius Residential and a member of the Council for the Akelius Foundation, the largest shareholder of Akelius Residential. Syllouris acts as the person responsible for almost all Akelius shell companies in Cyprus, and he also holds a crucial position in the Akelius Foundation. Furthermore, Thure Lundberg is a member of the Supervisory Board of Akelius Residential and at the same time a member of the Council of the Hugo Research Foundation.

In September 2020, Cansel Kiziltepe, a member of the Bundestag and now also state secretary at the Ministry of Housing, drew the attention of the tax authorities to a specific purchase from Akelius (Boddinstrasse 8, in Berlin) in which the above-mentioned structure was used. Shortly afterwards, Kiziltepe added further buildings to her complaint. Further registrations into the German company register of "A.R.O." companies indicate that there are other such cases that have not yet been investigated. In addition to the company Torpet Sweden Ltd., another Cyprus-based shell company of the Akelius Group plays a role, the company Giannis Beta Ltd. Thus, Giannis Beta Ltd. and Torpet Sweden Ltd. emerge as the two shareholders of a total of ten share deals. There were ten companies that were set up by the Berlin real-estate company Mähren and that were shortly thereafter taken over by Giannis Beta Ltd. and Torpet Sweden Ltd. in a share deal. The ten GmbHs were initially named after their main shareholder (Giannis Beta 1-10), but were then renamed A.R.O. 43-52, presumably in the process of restructuring Akelius' Berlin portfolio.

The company operating under the name A.R.O. 43 GmbH will serve here as an example.¹¹ The company was founded and registered on Oct. 21, 2014 under the name Berlin Mähren Invest Walhalla GmbH. On Jan. 28, 2016, the company was renamed Giannis Beta 1 GmbH and the managing directors changed. Ralf Spann, then still working for Akelius in Berlin and now CEO of the entire Akelius Group, became the new

¹¹ The company has since been renamed to Heimstaden Berlin Residential 155 GmbH.

managing director. In their 2016 annual report, Giannis Beta Ltd. (with 94.9 percent shareholding) and Torpet Sweden Ltd. (no information on shareholding) were named as shareholders. In the 2018 annual report, Akelius GmbH (with 89.9 percent) and Giannis Beta Ltd. (with 10.1 percent) are named as owners. Therefore, the shares once again shifted somewhat within the Group.

Two things are remarkable about this story of A.R.O. 43. First, the disregard for the rule that the two shareholders in a company that was sold in a share deal must be independent of each other. As already shown, according to their annual report, the two shareholders, Giannis Beta Ltd. and Torpet Sweden Ltd., were directly linked to each other in 2016 both in terms of ownership in the Akelius Group and in terms of personnel. And, according to the annual report, once again in 2018, when Torpet Sweden Ltd. was replaced as a shareholder by Akelius GmbH, which is linked to the second shareholder Giannis Beta Ltd. through Akelius Residential.

Secondly, the slight shift in the distribution of shares between the two shareholders from 94.9 + 5.1 percent to 89.9 + 10.1 percent shows that Akelius has already adjusted to the new regulation of share deals that has been planned for some time, although according to the legislators, this new regulation is actually intended to prevent share deals just like this.¹²

Tax Haven Bahamas

With its three private foundations in the Bahamas, Akelius implements tax avoidance strategies. After all, Roger Akelius, the founder of the group, is an expert in tax avoidance.¹³ A detailed analysis of the group's tax avoidance strategies is not part of the scope of this report. We pick out two exemplary strategies that can be identified through the reconstructed network of offshore companies in the Akelius Group. The first strategy is the obvious outflow of almost all group profits into the three Akelius private foundations in the Bahamas. The Bahamas is a tax haven and does not levy any taxes or duties on assets or capital gains. The International Tax Justice Network rates the Bahamas in its *Corporate Tax Haven Index* with a maximum haven score of 100 percent.¹⁴ This index reflects the extent to which a country allows companies to circumvent tax laws.

A second tax avoidance strategy is based on granting loans via the investment arm of the Akelius Group. Here, the surplus from tax avoidance flows not only to Akelius, but also to Akelius investors. One example concerns loans from Akelius Invest to Akelius

12 Also see the cases that MdB Cansel Kiziltepe has reported to the tax investigation. Annette Kammerer and Jan Lukas Strozyk, "Per Anzeigen und Gesetz gegen Share Deals," *tagesschau.de*, 12.4.2021, <https://www.tagesschau.de/investigativ/ndr/share-deals-109.html>, download 19.4.2021, archived: <https://web.archive.org/web/20210412121919/https://www.tagesschau.de/investigativ/ndr/share-deals-109.html>

13 Roger Akelius has written a book with tax avoidance tips for individuals. According to his own statement, the book was a bestseller. This shows that for Roger Akelius, tax avoidance is an important pillar of the Group's massive profits.

14 Tax Justice Network's Illicit Financial Flows Vulnerability Tracker, Bahamas, as of 4/24/2021, <https://iff.taxjustice.net/#/profile/BHS>.

GmbH. In this case, Akelius GmbH takes out a loan with Akelius Invest. Interest is incurred, which Akelius GmbH recognizes as a loss, but which Akelius Invest recognizes as a profit. For Akelius GmbH, the loss reduces the pre-tax profit, i.e., the amount that is taxed in the first place. Consequently, the tax burden is also reduced. Akelius Invest, on the other hand, recognizes interest gains. However, because Akelius Invest is not based in Germany, but in the tax haven of the Bahamas, where no taxes are levied on these profits, Akelius' overall tax burden is reduced. The profits of Akelius GmbH are therefore shifted to the Bahamas even before they are taxed.

Akelius Invest provides loans to various companies in the Akelius Group. The company Akelius Invest is a subsidiary of the Akelius Foundation, which is the main shareholder of the Akelius Group. We cannot verify whether the Akelius Foundation invests its own foundation assets through its company Akelius Invest in order to transfer via interest repayments the profits of the respective subsidiaries to the Bahamas tax-free, because Akelius Invest and the Akelius Foundation are registered in the Bahamas and do not disclose the data that would be necessary for such an audit. Akelius Invest also offers other private investors the opportunity to invest in Akelius and receives commissions for the management of these investments, including for the management of the investment fund Akeliusfonder Ltd. At least through these commissions, Akelius Invest Ltd. and thus also the Akelius Foundation participate in the profits generated by this financial construct.

Disregard for Human Rights

Leilani Farha, who was the Special Rapporteur on the Right to Housing at the UN Human Rights Council until the end of April 2020, has demonstrated in her work for the UN that Akelius' business model and practices disregard human rights, including the right to housing. In the form of an official communication, Farha sent her findings, suggestions, and questions on the matter to Akelius and to the governments of the UK, Canada, and Germany in April 2020.¹⁵ In her letter to Akelius, Farha calls on the corporation to take immediate remedial action in the individually proven cases of displacement and degradation of tenants' lives through unacceptable construction sites and the continued disruption of basic services (e.g., water, heating). Furthermore, she called on them to also establish a human rights *due diligence* office to ensure that the Group's business activities remained in compliance with human rights. Akelius did not officially respond to the UN communication. Instead, since the publication of the communication, several longer interviews with Roger Akelius have appeared in international newspapers. In all of the interviews, Roger Akelius attempted to downplay the factual reports in the UN communications and to discredit the UN expert, Leilani Farha. It is notable that Roger Akelius refuses to make any factual statement on those documented cases in which Akelius has disregarded human rights and – for example, in the case of construction sites that continue to be active – refuses to take actions necessary to comply with human rights. Apart from outright denial or trivialization, in the interviews he made no

¹⁵ Communication from the UN Special Rapporteur on the Right to Housing, Leilani Farha, to Akelius, April 2020, <https://spcommreports.ohchr.org/TMResultsBase/DownloadPublicCommunicationFile?gld=25199>; Overview of letters to the governments of Germany, the United Kingdom, and Canada: <https://spcommreports.ohchr.org/TmSearch/SearchCode?code=DEU%20/2020:%20CAN%20/2020:%20GBR%20/2020>.

factual statements on the subject of the right to housing and human rights. However, refusing to accept proven facts and to answer detailed questions speaks loud and clear: Neither Roger Akelius nor the Akelius Group appears to have any expert knowledge about human rights and human rights compliance. Neither Roger Akelius nor the Akelius Group are willing to take responsibility for the Akelius Group's demonstrated disregard for human rights. The group refuses to acknowledge the problem and draw the necessary consequences.

The Group's communications strategy is highly aggressive and does not shy away from slander. For instance, Roger Akelius calls the facts in the UN Special Rapporteur's report "hearsay," even though they were supported by well-founded interviews and research. The term was apparently chosen by the company, as Akelius employees in management positions have used the standard phrase whenever asked about the proof of their disregard for human rights. The term has been used in statements by Jordan Milewicz¹⁶ (head of Europe at the time), Shelly Lee¹⁷ (head of Canada), and Max Heldt¹⁸ (head of Berlin at the time).

Such attempts by the management personnel of Akelius to discredit a UN human rights expert should be evaluated very critically, especially given the Akelius Foundation's claims to charitable status and given the cooperation between the Akelius Foundation and UNICEF, a UN institution. These public statements and Akelius' refusal to directly address the issues brought up in the UN communication show that the Akelius Group's refusal to adopt even minimal social responsibility, which is what is called for in the UN report, is countered with maximal pushback.

Role of the Company's Founder Roger Akelius

Charitable Donations

Akelius says that through the Akelius Foundation it has donated money to SOS Children's Villages, UNICEF, UNHCR, and Medecins sans Frontieres.¹⁹ But it is not the Akelius Foundation that is mentioned as the source of the charitable donations. Nor has it been portrayed as a foundation even according to its own standards of what a foundation should do. Instead, it is Roger Akelius who has been presented as the benefactor. The wording on the Akelius Group's website suggests that Roger Akelius personally decides on how the funds are used, handing over the money personally, meaning that the Akelius Foundation is merely an executive body for the personal charity work of Roger Akelius: "Roger Akelius, the founder of the company, has so far

16 Johannes Edelhoff, Annette Kammerer: Absurd: Higher rents also thanks to Mietpreisbremse, TV magazine Panorama, July 23, 2020, <https://daserste.ndr.de/panorama/archiv/2020/Absurd-Hoehere-Mieten-auch-dank-Mietpreisbremse,mietpreisbremse336.html>, download April 24, 2021.

17 Landlords of Toronto, <https://www.landlordsoftoronto.com/akelius>, downloaded 4/24/2021.

18 Nicolas Sustr: "Akelius nennt es Hörensagen." *Neues Deutschland*, July 29, 2020, <https://www.neues-deutschland.de/artikel/1139776.akelius-akelius-nennt-es-hoerensagen.html>, download April 23, 2021.

19 Akelius website, <https://foundation.akelius.de/en/donations>, archived: <https://web.archive.org/web/20210929131249/https://foundation.akelius.de/en/donations>.

donated EUR one hundred million to SOS Children's Villages, UNICEF and other charity organizations. The charity work is done through Akelius Foundation."²⁰

Management and Control of Private Foundations

Legally, the Akelius Foundation is a private foundation in the Bahamas. Foundation law in the Bahamas attributes far-reaching powers to the founder to influence the purposes of the foundation, effective even after the personal assets have been transferred to the foundation. Founder Roger Akelius can amend the foundation's charter and has done so in the past (see below for more details on the structure of the Akelius Foundation).²¹ The largest of the three foundations, the Akelius Foundation, has a council that oversees that the foundation's purposes are adhered to.²² The charter of the foundation states that the council is to conduct the business of the Foundation in accordance with the charter and "the intentions of the founder," although these intentions, insofar as they go beyond the few points specified in the charter, are not further elaborated in the published document.

²⁰ Akelius website, <https://www.akelius.com/en/career/akelius-foundation/overview>, download 10.10.2021, archived version:

<https://web.archive.org/web/20211010141606/https://www.akelius.com/en/career/akelius-foundation/overview>.

²¹ The foundation's articles of association note that founder Roger Akelius amended the articles of association on Dec. 4, 2017, and that the foundation's council confirmed these amendments on the same day. See the Foundation's charter in the Appendix. In Germany, unlike in the Bahamas, foundation law restricts the founder's subsequent influence on the foundation's initial charter. See the study *Stiftung Familienunternehmen (ed.): Stiftungsunternehmen in Deutschland - Gesetzliche Grundlagen, ökonomische Motive, Reformvorschläge*, Munich 2021, https://www.familienunternehmen.de/media/public/pdf/publikationen-studien/studien/Stiftungsunternehmen-in-Deutschland_Studie_Stiftung-Familienunternehmen.pdf; in particular Chapter II: Stifterautonomie und Stiftungsautonomie, pp. 85ff,

²² This form of foundation is laid down in the Akelius Foundation's charter. The statutes are attached to this report.

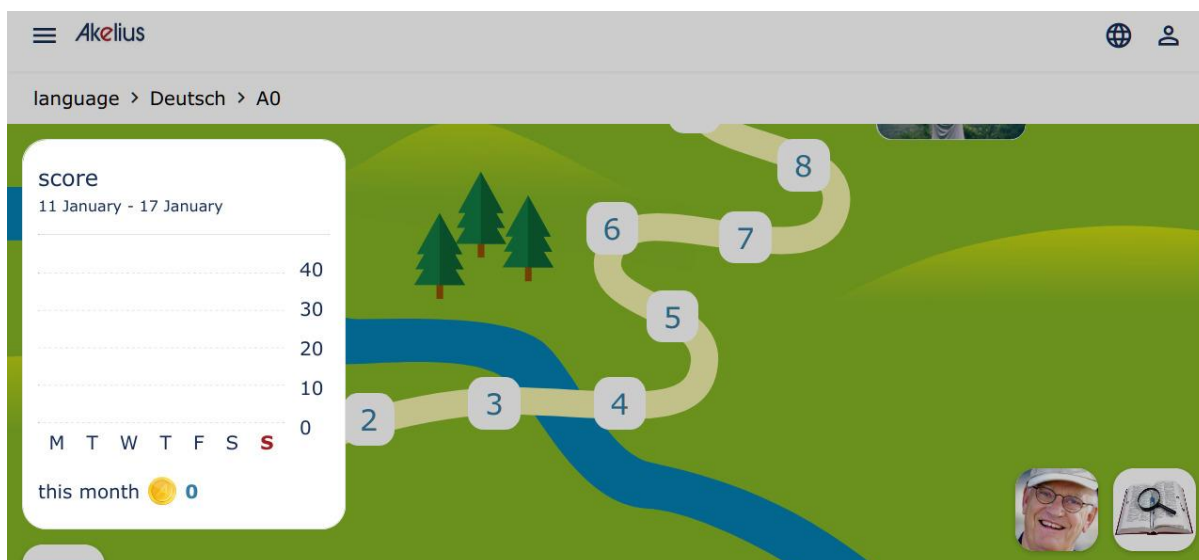


Figure 3: User interface of the Akelius language course web application, Screenshot Jan 10, 2021.

Example UNICEF

The Akelius Foundation said that in two campaigns in 2017 and 2019 it donated large sums to the United Nations Children's Fund, UNICEF. The Akelius website names an amount of 71 million Swedish crowns (the equivalent of about 7 million euros) for the 2019 Christmas campaign. Figures for the fundraising campaign in 2017 are missing.²³ Beyond donations, the Akelius Foundation also collaborates with UNICEF in a joint education project. The subject of the collaboration is the development and use of a language learning application focused on refugee children. Akelius Languages Online GmbH (a gGmbH since the beginning of 2022) is based in Berlin and develops an application to be used for self-learning and hybrid lessons. The application is supposed to be made available as an app for mobile devices such as smartphones and tablets in addition to a web application.²⁴

So far, the language learning app has been used in individual UNICEF pilot projects, and results from a pilot project in Greece have been documented by UNICEF itself.²⁵ In the UNICEF report, the approach is consistently described as the "Akelius method." This is notable, as in scientific research and in education it is not common practice to name a method after a donor.

²³ Akelius website, Akelius Foundation section, <https://foundation.akelius.de/en/donations/unicef>, download Jan. 10, 2020 (archived: <https://web.archive.org/web/20201124181213/https://foundation.akelius.de/en/donations/unicef>).

²⁴ Akelius Language Course, <http://languages.akelius.com> (downloaded 9/22/2021). It is worth noting that the web version of the app is fully integrated with the Akelius Group website and the Akelius logo can be seen at all times when accessing the web application.

²⁵ Despina Karamperidou et al: *Unlocking Learning*, December 2020, <https://www.unicef-irc.org/publications/pdf/AKELIUS.pdf> (download Sept. 22, 2021).

The app is structured in such a way that 'learning paths' are followed during learning, graphically visualized by a green hill with a yellow path. At each step, the learner solves a small language task. Along this path, learners are constantly accompanied by Akelius, quite literally: For one, the company logo is constantly visible in the upper left corner. And furthermore, Roger Akelius' picture is displayed on a button at the bottom right corner. In order to continue on the path, the button with his picture must be clicked regularly. No methodological justification for the decision to include the portrait of the founder of the Akelius Foundation in the language learning application could be found, neither on the Akelius website nor in the UNICEF Assessment Report.

Two incentive systems are also integrated into the app. Firstly, there is a racetrack on which an avatar takes a step forward with every correctly solved task and by which users can compare their own progress with that of other learners. Secondly, Akelius coins are collected with successful learning steps. Some of these are designed as gold coins, others in other colors, but all carry the A symbol of the company logo.

These three prominently placed elements – the Akelius logo, the portrait of the founder, and the Akelius coins – indicate that teaching was not the only factor in the design of the app. The depiction of the founder Roger Akelius as a laughing grandfather seems cynical in light of the Akelius Group's disregard for human rights. The app is aimed in particular at refugee children. The pilot project, described in the UNICEF assessment, took place in Greek camps for refugees. One reason that refugees flee their homeland is because of human rights violations. Therefore, presenting a person in the app who has earned his billions with a business model that, according to UN expert Leilani Farha, "tramples on the human rights of tenants," as a friendly white grandfather is dubious at the least.

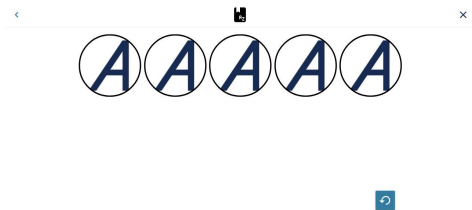


Figure 4: Akelius coins meant as learning incentive in the Akelius language app, Screenshot Jan 10, 2021.

The Akelius Private Foundations: Akelius Foundation, Hugo Research Foundation, and Grandfather Roger Foundation.

Only a few pieces of information can be obtained about the Akelius Foundation from publicly accessible sources. The other two private foundations are literally private – neither their charters nor their purposes are public, and both foundations operate in a way that is nearly entirely opaque, hidden in the shadows of Bahamian foundation law, which places no disclosure or accountability obligations on private foundations vis-à-vis the public.

Donations

According to the Akelius Group, the Akelius Foundation and the Hugo Research Foundation donated a total of 85 million euros to "organizations such as SOS Children's

Villages, Doctors Without Borders, UNICEF, and UNHCR" from 2010 to 2021.²⁶ This corresponds to around 2.2% of the Group's profits distributed as dividends to the three Akelius foundations during the same period (3.8 billion euros). By comparison, the German-based non-profit Robert Bosch Foundation, with an endowment capital of around 5.5 billion euros, spent around 50 million euros on project funding in 2020 alone. This corresponds to a share of around 40 percent of the foundation's income recorded for 2020, which mainly flows to the foundation as dividends from the shares in the Bosch Group.²⁷

In March 2022, Roger Akelius and the Akelius Foundation launched a fundraising campaign for UNICEF and UNHCR.²⁸ The campaign, like similar campaigns before it, works on the model of 'matching donations'. This means that the Akelius Foundation doubles the amount raised through donations from campaign participants. For the current campaign, Akelius expects to raise around 120 million euros, of which 60 million euros will be donated by the Akelius Foundation. Compared to previous campaigns, this is a high amount. On the other hand, the ratio of donation activity to profit will hardly change. In relation to the dividend payment of six billion euros in 2022, this would correspond to a donation share of one percent.

Akelius Foundation

The Akelius Foundation is a private foundation in the Bahamas. It holds 79.1 percent of the shares in Akelius Residential through Akelius Apartments Ltd. (Cyprus). The Foundation is valued by Akelius at around 12 billion euros. The Akelius Group has published selected information on the Akelius Foundation. This includes the Foundation's charter, some information on the Foundation's ownership, the composition of the Foundation's council, and information on charitable donations, although besides the rough amount of these donations and the names of some organizations that received donations, no detailed information has been published.

Roger Akelius and the Akelius Group repeatedly refer to the Foundation as a charitable or even non-profit foundation. After reviewing all publicly available information, it is apparent that this non-profit designation is misleading and that the foundation's charitable designation is only accurate to a very limited extent. The Akelius Foundation is only charitable in the sense that any company is charitable that donates a small portion of its profits to charity. However, the donation activity is only a relatively

²⁶ Akelius Annual Report 2021, p. 74, <https://mb.cision.com/Main/3302/3523016/1547082.pdf>.

²⁷ Annual Report 2021 of the Robert Bosch Foundation, p. 5, https://www.bosch-stiftung.de/sites/default/files/publications/pdf/2021-07/Robert_Bosch_Stiftung_Report_2020_EN.pdf. In terms of its legal form, the Robert Bosch Foundation is a limited liability company (GmbH), but can be regarded as functionally equivalent to charitable foundations. See Stiftung Familienunternehmen (ed.): Stiftungsunternehmen in Deutschland - Gesetzliche Grundlagen, ökonomische Motive, Reformvorschläge, Munich 2021, www.familienunternehmen.de, p. 8 and p. 39.

²⁸ Jon Röhne: "Akelius dubbling spränger miljardvallen." *Dagens industri*, 25.3.2022, <https://www.di.se/nyheter/akelius-dubbling-spranger-miljardvallen/>, archived: <https://web.archive.org/web/20220328002242/https://www.di.se/nyheter/akelius-dubbling-spranger-miljardvallen/>.

insignificant function of the Foundation. More important is the central role it plays in the Akelius Group's financial management.

Akelius Invest and Akeliusfonder

In addition to the Cyprus-based shell company Akelius Apartments Ltd., which provides the link to Akelius Residential, the Akelius Foundation also owns the companies Akelius Invest Ltd. and Akeliusfonder Ltd, both registered in the Bahamas. Both companies offer private investors the opportunity to invest their money in the Akelius Group. On its website, which shares Akelius' corporate design, Akelius Invest writes:

Akelius Invest Ltd and Akeliusfonder Ltd are registered in the Bahamas and are owned by the Akelius Foundation. All investments are lent from Akeliusfonder Ltd to the real-estate business within the Akelius group.²⁹

The money that Akelius Invest manages is invested, among other means, via loans to national subsidiaries such as Akelius GmbH in Germany (until 2022, when the company was sold to Heimstaden). How does this work? Akelius GmbH takes out a loan with Akelius Invest Ltd. and invests the money by, for example, purchasing buildings. The interest that flows to Akelius Invest Ltd. is deducted from the profit of Akelius GmbH before taxes are paid. Firstly, this reduces the profit of Akelius GmbH. And secondly, as a result, untaxed profits from Akelius GmbH flow to Akelius Invest Ltd. as interest. We do not know whether the Akelius Foundation also invests endowment assets in the group in this way, thus directing pre-tax profits to its own accounts as well. However, at least through commissions, Akelius Invest Ltd. and thus the Akelius Foundation participates in the profits from this tax avoiding financial construction.

Structure and Personnel

In addition to the founder Roger Akelius, the Akelius Foundation is controlled by a five-member council and two so-called *protectors*. According to the scant information available on the structure of the Akelius Foundation, it is the task of the two protectors to ensure that the decisions of the council comply with the Foundation's guidelines.

The protectors shall act as internal auditors for the Foundation with the prime responsibility of ensuring that the Council members and the Foundation perform their and its mandate.³⁰

They thus serve as a kind of control and internal auditors, although it is not clear from the charter what concrete audit mandates and sanction options the two *protectors* have vis-à-vis the foundation council. Compared to the stipulation that the council alone decides on the fate of the foundation, this results in a contradiction or at least a tension

29 Akelius Invest website, About Invest, http://www.akeliusinvest.com/english/om_invest.asp, download Oct. 28, 2021, archived: https://web.archive.org/web/20200220164123/http://www.akeliusinvest.com/english/om_invest.asp.

30 Akelius website, Akelius Foundation, <https://foundation.akelius.de/en/foundation>, archived: <https://web.archive.org/web/20201114125418/https://foundation.akelius.de/en/charter-and-registration>)

with regard to the authority to issue instructions, which would have to be clarified in a detailed regulation. However, corresponding documents have not been published.

The members of the council and the two protectors each hold other high-ranking positions within the Akelius Group. Through these interlocking personnel relationships, the Foundation is closely linked to several functionally important parts of the Akelius Group, such as the board of Akelius Residential and several of the offshore companies on Cyprus and the Bahamas.

Council

- **Kerstin Engström** is chairwoman of the Akelius Foundation and at the same time a member of the board of Akelius Residential, the central company in the Akelius corporate network. In terms of personnel, she thus provides a direct link between the central public company Akelius Residential and the largest shareholder Akelius Foundation.
- Like Engström, **Igor Rogulj** is a member of the Akelius Foundation council and a member of the board of Akelius Residential. In addition, he is the managing director of several Cyprus-based shell companies and thus heavily involved in the Group's financial structure, which is outsourced to Cyprus and the Bahamas.
- **Tove Andersson** is only portrayed as a "registered nurse, Bachelor of Science in Nursing" in the little information that the Akelius Group offers on its own website about the Akelius Foundation. She is also a long-time employee of the Akelius Group and was presumably a direct employee of Roger Akelius when he still officially played an active role in the Group. For example, she is listed on the Swedish people search sites [merinfo.se](https://www.merinfo.se)³¹ and [ratsit.se](https://www.ratsit.se)³² as an employee of a long list of Akelius companies in Sweden. For Akelius companies in the UK, Tove Andersson is also listed as a "person with significant control" due to her work for the Akelius Group and the Akelius Foundation.³³ She was named as the photographer of a personal picture of Roger Akelius laughing in a deck chair on a beach in the Bahamas that appeared alongside an interview with Roger Akelius in *Hem & Hyra* magazine.³⁴ A recent article about Roger Akelius in a Swedish regional newspaper mentioned that his wife is named Tove, though it is not clear if the woman mentioned in the article is actually Tove Andersson.³⁵

31 <https://www.merinfo.se/person/H%C3%B6n%C3%B6/Tove-Angela-Andersson-1950/blz2y-1bro1>, download Oct. 29, 2021.

32

https://www.ratsit.se/19501018-Tove_Angela_Andersson_Hono/4AcLpe49T4H4p9STAz7VDN5L12j5vmD_FIzBzQToEo8, download Oct. 29, 2021.

33 See, for example, the data on the London-based company Akelius UK Thirteen Ltd. at [Datalog.co.uk](https://www.datalog.co.uk), <http://www.datalog.co.uk/browse/detail.php/CompanyNumber/09620481/CompanyName/AKELIUS+UK+THIRTEEN+LIMITED>, download Oct. 29, 2021.

34 "Akelius satsar mer på välgörenhetsarbete," interview with Roger Akelius, *Hem & Hyra*, <https://www.hemhyra.se/nyheter/akelius-satsar-mer-pa-valgorenhetsarbete/>, download Oct. 29, 2021.

- **Anna Maria Fuxén**, a member of the Akelius Foundation council, is a daughter of Roger Akelius. She has been a member of the council for only a short period of time, replacing Johan Warodell, son of Roger Akelius. Asked in an interview about the fact that (at the time) Warodell was a family member on the council, Roger Akelius claimed that Warodell might be his son, but would be less influenced by him than the other members of the council.³⁶ It should be noted that direct kinship, for fundamental structural reasons alone, precludes from the outset independent action in such a position. The Akelius Foundation does not explicitly indicate changes in the Foundation board publicly, nor does it give reasons for them. However, the former composition of the council can be reconstructed on the basis of archived versions of the Akelius Group website. Thus, in March 2021, Johan Warodell, son of Roger Akelius, but not Anna Maria Fuxén, was still a member of the Akelius Foundation council.³⁷
- **Fredrik Lindgren** was a member of the council of the Akelius Foundation until the fall of 2021 but had stepped down as of March 2022. He no longer appears in the list of council members. Lindgren works as a direct advisor to the management of Akelius Residential and is or was the senior director of the Group's own bank, Akelius Spar, which must be liquidated on account of breaches to revised Swedish regulations.³⁸ The liquidation was expected to be completed before the end of 2021, according to Akelius Spar's website.³⁹

Protectors

- **Demetris Syllouris**, protector of the Akelius Foundation, is at the same time one of the directors of Akelius Apartments Ltd., i.e., the Cyprus-based shell company that links the Akelius Foundation as owner with Akelius Residential. This connection is remarkable because it means that as protector Demetris Syllouris controls both Akelius Apartments Ltd. and the owner of Akelius Apartments Ltd. In addition, Syllouris plays an important role as a director of several Akelius offshore companies in Cyprus and the Bahamas.
- **Nicole Cieslik**, also listed as a protector for the Akelius Foundation, is the managing director of Akelius Languages Online gGmbH, which develops the online language course described above.

35 Filip Landqvist: Roger Akelius: "Jag har hjälpt 100 000 personer att bli miljonärer," *Alingsås Tidning*, May 29, 2022, <https://www.alingsastidning.se/nyheter/alings%C3%A5s/roger-akelius-jag-har-hj%C3%A4lpt-100-000-personer-att-bli-miljon%C3%A4rer-1.73626506>

36 David Böcking, "I've Made Too Much Money in My Life," interview with Roger Akelius, *Spiegel Online*, Sept. 29, 2020, <https://www.spiegel.de/wirtschaft/unternehmen/roger-akelius-ich-habe-zu-viel-geld-in-meinem-leben-verdient-a-fd7b7964-a21b-4a37-afea-2ae0dc7420fd>.

37 See archived version on Group website as of 8/13/2021, <https://web.archive.org/web/20210306044054/https://foundation.akelius.de/en/foundation>.

38 Joel Dahlberg: "Högräntekonton förbjuds snart," *SvD*, 3.9.2020, <https://www.svd.se/hograntekonton-forbjuds-vid-arsskiftet>, download 31.10.2021.

39 Akelius Spar corporate website, <http://www.akeliusspar.se/>, download Oct. 29, 2021, archived: <https://web.archive.org/web/20211027213608/http://www.akeliusspar.se/>.

It should be noted that the council of the Akelius Foundation consists exclusively of persons who hold other executive positions in the Akelius Group or belong to the direct family of Roger Akelius or both. It should also be noted that neither the council nor any other position related to the activities of the Foundation employs persons who are qualified for directing a charitable foundation, in particular with targeted project funding and project plans. Nor are there any persons in the Foundation or in the Foundation's environment who can demonstrate expertise in the areas in which the Foundation is engaged. Nor has any corresponding cooperation or consultation been documented for the draft of the Foundation's charter.

Lack of Independence

"Roger Akelius, the founder of the company, has so far donated one hundred million euros to SOS Children's Villages, UNICEF, and other charity organizations. The charity work is done through Akelius Foundation."⁴⁰ In interviews, Roger Akelius has repeatedly emphasized the independence of the foundation. However, the wording on the Foundation's website suggests that the Foundation acts according to the wishes of its founder. Moreover, as the founder of the Foundation, Roger Akelius can change the foundation's charter and has done so in the past.⁴¹ The fact that the council of the Akelius Foundation is composed exclusively of senior employees of the Akelius Group and family members of Roger Akelius also indicates that the Foundation is closely tied to the Akelius Group and to its founder. The fact that the Akelius Foundation is the direct owner of Akelius Invest Ltd. and Akeliusfonder Ltd., two companies that can be counted as part of the Group's financing instruments, is further evidence that the Foundation performs an important function in the Group's financing structure.

No Nonprofit Status

Akelius writes on the Group's own website that Akelius is "owned by a nonprofit/charitable foundation" ("*gemeinnützige Stiftung*").⁴² This claim is doubly false: First, Akelius is not owned by a single foundation, but by three foundations, only one or maybe two of which can be associated with charitable donations.⁴³ Second, the Akelius Foundation explicitly does not have a nonprofit status in Germany ("*gemeinnützig*"),

40 Akelius website, <https://www.akelius.com/en/career/akelius-foundation/overview>, downloaded Oct. 30, 2021, archived: <https://web.archive.org/web/20211029233709/https://www.akelius.com/en/career/akelius-foundation/overview>.

41 The Foundation's Articles of Incorporation note that founder Roger Akelius amended the Articles of Incorporation on Dec. 4, 2017, and that the Board of Trustees approved these amendments on the same date. For proof, see Appendix and Footnote 18.

42 Akelius website, <https://www.akelius.com/de/akelius/about>, downloaded Oct. 30, 2021, archived: <https://web.archive.org/web/20210221123326/https://akelius.com/de/akelius/about>.

43 In addition to the Akelius Foundation, the Hugo Research Foundation is also mentioned for the first time in the 2021 Annual Report in connection with charitable donations. However, more detailed information is missing, so that the statement cannot be verified. Up to this point, only the Akelius Foundation was mentioned by Akelius in connection with charitable donations. Annual Report 2021 of Akelius Residential Property AB, <https://mb.cision.com/Main/3302/3523016/1547082.pdf>, archived: <https://web.archive.org/web/20220326191235/https://mb.cision.com/Main/3302/3523016/1547082.pdf>.

which can only be granted by a German tax authority after the foundation's objectives have been verified. Nevertheless, the designation as a charitable foundation is legally permissible, as the notion "*gemeinnützig*" can also mean "charitable" in a broader sense and is not used exclusively with reference to tax law, even though it is, in German, closely associated with the status defined by regulators. Akelius cleverly exploits this ambiguity by leaving open what exactly is meant, giving people the impression that the Akelius Foundation is in fact an officially recognized charitable foundation.

But even the commonly used definition of "charitable" as "serving the general good"⁴⁴ is hardly applicable to the Akelius Foundation due to its function in the Akelius Group's business. For even if the Akelius Foundation's charitable donations help people in need, the money is generated by a business model that demonstrably contradicts the right to housing as defined in the United Nations Declaration of Human Rights and which exacerbates the precarious situation of low- and middle-income people, thereby contributing to gentrification and increasing the number of tenants who are put at risk of falling into poverty.⁴⁵

From a purely legal point of view, however, these questions of definition are insignificant for the Akelius Foundation because charitable foundations are recognized differently in the Bahamas than in German tax law. For instance, foundations in the Bahamas, whether they are charitable or not, do not pay any taxes on their investment income. This is also true in Cyprus as well, where Akelius Apartments Ltd. is registered, which is the nominal holder of shares in Akelius Residential.

Lack of Transparency

The Association of German Foundations has developed *Guiding principles of good foundation practice* as a guide and commitment for foundations.⁴⁶ These principles formulate minimum requirements for good foundation practice, against which we have measured the Akelius Foundation. The principles include three sections on "Foundations in Society", on "The People Involved" and on "Avoiding Conflicts of Interest". A key element for good foundation practice is transparency (Principle 11 and others). In addition to the disclosure of the foundation's assets and purpose, this also includes the disclosure of funding criteria (Principle 11) and grant conditions (Principle 12), the use of independent experts and jurors (Principle 12), and the disclosure of conflicts of interest (Principle 19).

Included in the Akelius Foundation's charter are a definition of the Foundation's purpose and a list of areas that may be funded and may not be funded. Further funding criteria (Principle 11) and granting conditions (Principle 12) are not formulated in the charter, and should they exist, are not publicly available. The Akelius Foundation does

44 Duden dictionary, keyword "*gemeinnützig*", <https://www.duden.de/rechtschreibung/gemeinnuetzig>, download 30.10.2021.

45 "Jeder vierte Mieterhaushalt armutsgefährdet", *tagesschau.de*, 30.10.2021, <https://www.tagesschau.de/inland/mieter-armutsgefaehrdet-101.html>, downloaded 31.10.2021.

46 Bundesverband deutscher Stiftungen, "Guiding Principles of Good Practice for Foundations," Berlin 2019, https://www.stiftungen.org/fileadmin/stiftungen_org/en/Foundations-Germany/Guiding-Principles-of-Good-Practice-for-Foundations.pdf.

not employ independent experts and jurors for the assessment of funded projects – at least nothing of this kind is publicly known. There is no disclosure of conflicts of interest.

Conflicts of Interest

A conflict of interest exists, among other things, if the funding activity is directly linked to the company's own corporate development. There is one case in the Akelius Foundation's activities where such a conflict of interest can be assumed. We will briefly outline this case here. Since further information is required for a detailed analysis, no conclusive assessment can be made here. Only the partners involved can provide further clarification by disclosing the funding relationship in line with the transparency principles mentioned above.

The Akelius Foundation works with UNICEF on the development and implementation of language courses. In addition to UNICEF experts, Akelius Languages Online GmbH (transformed to a gGmbH in 2022), based in Berlin, is directly involved in the project. This company develops and operates the Akelius online language learning course, which is used in UNICEF projects. To what extent UNICEF experts are directly involved in the development is not clear from the available documentation of the project.⁴⁷

The language learning platform is described by Akelius as a cooperation between UNICEF and the Akelius Foundation. "The platform is a cooperation between UNICEF and Akelius Foundation, through the subsidiary Akelius Languages Online GmbH."⁴⁸ It is also not apparent whether funds from the Akelius Foundation flow indirectly through UNICEF as part of the funding or also directly to Akelius Languages Online GmbH. The language course is offered by Akelius free of charge as an app and as a web application.

Given this background, it is especially noteworthy that the managing director of Akelius Languages Online GmbH (gGmbH since 2022), Nicole Cieslik, is also one of the two protectors of the Akelius Foundation. In this role, she is responsible for reviewing the Foundation's funding proposals. Funding decisions on projects that affect the cooperation between UNICEF and Akelius Languages Online GmbH therefore lead to conflicts of interest. Information on the structure of the cooperation, the funding conditions, and the handling of the described conflict of interest is not publicly available.

A second example is the Akelius Foundation's support of the Group's own business school. The Foundation's charter explicitly names Akelius Business School as a recipient of donations: "Akelius Business School and its students, providing grants and

47 The documentation of donations to UNICEF on the Akelius Group website and the UNICEF publication on the implemented pilot project were evaluated. Akelius website, <https://foundation.akelius.de/en/donations/unicef>, downloaded Oct. 30, 2021, archived: <https://web.archive.org/web/20210124221655/https://foundation.akelius.de/en/donations/unicef>. UNICEF publication Despina Karamperidou and others: Unlocking Learning, December 2020, <https://www.unicef-irc.org/publications/pdf/AKELIUS.pdf> (downloaded 9/22/2021).

48 Akelius website, <https://foundation.akelius.de/en/donations/unicef>, downloaded Oct. 30, 2021, archived: <https://web.archive.org/web/20210124221655/https://foundation.akelius.de/en/donations/unicef>.

allowances to students for studies, research, and to contribute to the development of courses."⁴⁹ It is clearly stated on the Akelius Group website that within the Group the function of the Akelius Business School is to train its own employees: "All employees receive comprehensive training through Akelius Business School."⁵⁰ In an interview with *Der Spiegel*, Roger Akelius, when asked about the Akelius Business School and its relationship with the Akelius Foundation, said that the Akelius Business School aimed exclusively at employees of the Group, and that no donations have flowed from the Akelius Foundation to the Akelius Business School so far. Since the Akelius Foundation does not make its funding expenditures transparent and the Akelius Group also does not disclose the financing of the Akelius Business School, this claim cannot be verified. The fact is that the Akelius Business School is explicitly named as a grant recipient in the Foundation's statutes. There is also an additional link between the Akelius Business School and Akelius Foundation: The Foundation was named Akelius University Foundation before it was renamed to Akelius Foundation, probably in 2017.

The mere designation of the Group's own business school as a funding recipient creates a conflict of interest, because the majority of the members of the Foundation's council are themselves employees of the Akelius Group and may therefore benefit personally from corresponding grants in the form of scholarships or paid research stays.

In this context, it is quite remarkable that Roger Akelius also counts a one-week cruise for 1,400 employees on the well-known Swedish cruise ship Cinderella (Viking Cruises) as part of its internal training efforts.⁵¹ The ship was exclusively chartered for one week for this purpose. The cost and route of this training cruise are not known, and it is also unknown which company in the Akelius Group paid the costs.

Incoherent Funding Goals

The funding objectives formulated in the Akelius Foundation's charter include a list of three funding areas and a list of areas that may not be funded. The Akelius Foundation should and may be active in the following areas:

- Akelius Business School and its students, providing grants and allowances to students for studies, research, and to contribute to the development of courses
- children in need, such as the ongoing cooperation with SOS Children's Villages helping thousand children over a twenty-five year period
- refugees and other people suffering from government actions in need of medical care

⁴⁹ Charter of the Akelius Foundation, see appendix.

⁵⁰ Akelius website, <https://www.akelius.com/de/akelius/about>, downloaded Oct. 30, 2021, archived: <https://web.archive.org/web/20210221123326/https://akelius.com/de/akelius/about>.

⁵¹ "Senaste utbildningen hyrde vi hela Cinderella för kryssning till våra 1 400 anställda i en vecka." English translation: "At the last training, we rented the entire Cinderella for a week-long cruise for our 1,400 employees." Akelius vill sälja 28 500 hyresrätter: "Vi ska lämna Sverige," interview with Roger Akelius, *Hem & Hyra*, 6.9.2021, <https://www.hemhyra.se/nyheter/akelius-vill-salja-28-500-hyresratter-vi-ska-lamna-sverige/>, downloaded: 30.10.2021.

The fundraising campaigns that have been completed or are ongoing, as well as the organizations to which the Akelius Foundation has donated funds in this context, can be categorized under items 2 and 3. The charter also lists several areas in which the Akelius Foundation may not operate:

- supporting wildlife
- culture
- religion
- sport
- tourism
- peace
- environment
- politics
- human rights
- gender rights

Particularly noteworthy in this list are the last two items, "human rights" and "gender rights." In both cases, a certain contradiction arises: On the one hand, the Foundation's charter excludes human rights and gender rights from possible funding. While on the other hand, the Foundation's funding activities have included human rights and children's rights, and human rights and gender rights have been central aspects of these funding projects.

Human Rights

In the case of "people suffering from government actions in need of medical care," it is obvious that this is a human rights issue. Moreover, human rights form the basis of the work of organizations supported by the Akelius Foundation, such as UNICEF⁵² or Doctors Without Borders. The exclusion of "human rights" from the possible funding objectives therefore requires at least some explanation.

Gender Equality and Gender Rights

UNICEF names gender equality as one of its central program points. Gender equality is not just one of several goals that could be ignored for a specific project at the request of a donor such as the Akelius Foundation. On the contrary, gender equality always plays a role, regardless of a project's specific topic. Regardless of whether it's education, supplies, or immediate relief efforts, gender equality issues are always taken into account. For example, gender is a criterion used by UNICEF in the language learning project carried out jointly with the Akelius Foundation to evaluate the learning progress.⁵³

Similar to the concept of human rights, the exclusion of "gender rights" from the possible funding goals is questionable.

52 Convention on the Right of the Child, <https://www.unicef.org/child-rights-convention/convention-text>, downloaded: 30.10.2021.

53 Despina Karamperidou et al: *Unlocking Learning*, December 2020, <https://www.unicef-irc.org/publications/pdf/AKELIUS.pdf> (downloaded Sept. 22, 2021).

Hugo Research Foundation

The Hugo Research Foundation is a private foundation in the Bahamas. Unlike with the Akelius Foundation, Akelius has not made public any information on the charter or the composition of this private Foundation's council. It is known via secondary information from a stock exchange prospectus, that Thure Lundberg, a member of the board of the Akelius Residential, is also a member of the council of the Hugo Research Foundation.⁵⁴ It can also be concluded from this that the Hugo Research Foundation has a council. The other members, if any, are unknown.

The Hugo Research Foundation holds 9.3 percent of the shares in Akelius Residential through Xange Ltd. (Cyprus). These shares are currently worth around 1.4 billion euros. The Foundation is also the sole owner of Torpet Sweden Ltd. (Cyprus). This company appears as a shareholder in numerous share deals that Akelius has made in Berlin. Thus, Thure Lundberg and Igor Rogulj, two members of the board of Akelius Residential, are either indirectly connected to this company via the Hugo Research Foundation or are directly part of the board of Torpet Sweden Ltd. For this reason, it is questionable whether Torpet Sweden Ltd. is in fact independent of other companies in the Akelius Group in terms of German share deal regulation.

We are not aware of any other activities of the Hugo Research Foundation. Whether the Foundation conducts or promotes any research, as the Foundation's name suggests, is questionable in particular.

Grandfather Roger Foundation

The Grandfather Roger Foundation is a private foundation in the Bahamas. It holds 4.7 percent of the shares in Akelius Residential through Giannis Beta Ltd. (Cyprus). This corresponds to a value of around 650 million euros. Beyond this, nothing is known about the structure or objectives of the Foundation. As in the case of the Hugo Research Foundation, Akelius withholds all information about the Foundation. In response to a corresponding question from the German newspaper *Tagesspiegel*, the group only answered: "Akelius does not wish to provide any information on this."⁵⁵ In an interview with *Tagesspiegel*, Roger Akelius stated the following about the objectives of the Grandfather Roger Foundation: "The Grandfather Roger Foundation holds five percent of the company, which is intended for my descendants."⁵⁶ The company Giannis Beta Ltd, owned by the Grandfather Roger Foundation, has taken on an active role in the Akelius Group by executing share deals. Similar to Torpet Sweden Ltd, Giannis Beta Ltd. demonstrably appears in a number of share deals as the owner of the smaller share, while the larger share is usually held or acquired by the German Akelius GmbH. Just as

54 See Base Prospectus (2020), https://www.ise.ie/debt_documents/Base%20Prospectus_10fe8a6b-c5ea-4037-9088-aa9c7a96fba3.PDF, downloaded Oct. 24, 2021.

55 *Tagesspiegel* interactive: "Who benefits from the Berlin rental market?", <https://interaktiv.tagesspiegel.de/lab/mieten-und-renditen/>, Downloaded 21.10.2021.

56 Interview with Roger Akelius, Interview: Hendrik Lehmann, *Tagesspiegel* interactive, <https://interaktiv.tagesspiegel.de/lab/roger-akelius-im-interview-rot-rot-gruen-stiehlt-geld-von-leidenden-kindern/>, Downloaded 24.10.2021 (our translation).

in the case of Hugo Research Foundation and Torpet Sweden Ltd., it is doubtful whether Giannis Beta Ltd. is sufficiently independent of the respective partner companies of the share deals, especially Akelius GmbH, according to German share deal regulation. Giannis Beta Ltd. is connected to Akelius GmbH through its shares in Akelius Residential Property AB, thus representing a relationship of dependence between the two companies.

Conclusion

Our research shows that Akelius' private foundations in the Bahamas play a significant role in the financial structure of the Akelius Group. The Bahamas is a tax haven and private foundations there are a key vehicle for avoiding taxes and having unrestricted access to group profits distributed to the foundations. As the main shareholder of the Akelius Group, the Akelius Foundation exercises significant influence over the Group. The Cyprus-based shell companies Torpet Sweden Ltd. and Giannis Beta Ltd., both owned by an Akelius private foundation, were also involved in the Group's operating business in Germany, in particular in the area of real estate acquisitions via share deals.

Compared to the foundations' structural functions in the Group's business, the charitable donations that are given out through the Akelius Foundation are marginal. This applies both to the volume of money, which is small compared to the exorbitant profits that Akelius Residential Property AB distributes year after year as dividends to the Akelius private foundations in the Bahamas, and to the personnel and administrative structures of the Foundation. We do not question whether the donations themselves are charitable. However, the context we have outlined shows that the Akelius Group and its founder Roger Akelius overemphasize the Akelius Foundation's charitable donations up to the point of misleadingly insinuating that the Akelius Foundation is a nonprofit charitable foundation in the sense of German tax law. While Roger Akelius likes to represent himself as a philanthropist with high-profile fundraising campaigns, the Akelius Group is not prepared to align its own activities with the UN Human Rights Charter or even to examine the issues pointed out by the UN Special Rapporteur on the Right to Housing, Leilani Farha, in her official communication. With good reason: the charitable actions of Roger Akelius and the Akelius Foundation are financed by a socially and ecologically destructive business model, which has devastating consequences for tenants, urban society, and for the social and ecological future prospects of all mankind.

The Akelius private foundations do not meet important requirements for good foundation practice. Some points worth mentioning in particular are a lack of independence between the foundations and the founder, a definite function for the foundations within the Akelius Group, the central functions of the foundations for the financial structure of the Group, incoherent funding objectives, and a significant lack of transparency with regard to the structures and actions of the foundations. In sum, it can be said that the designation of the Akelius private foundations as public welfare-oriented or even as charitable is misleading and must be seen as a bluewashing strategy.

It is urgently necessary for authorities and politicians to critically examine the functions of Akelius' private foundations beyond only providing donations, not to forget similar structures of other real estate groups. For Berlin, this means initiating tax investigations into the role that foundations and shell companies have had in Akelius' acquisition of numerous Berlin properties via share deals. In terms of German federal policy, a new initiative is needed for regulating share deals in order to effectively prevent tax avoidance by corporations such as Akelius, as the regulation amended in 2021 is not suitable for this purpose. The increasing financialization of housing also requires far-reaching responses in terms of housing and financial policy, for example, like the recent Berlin referendum that called on politicians to socialize a portion of large private housing portfolios. This is also true for all other cities where Akelius operates. Regulators and policymakers need to take into account the devastating consequences that financialized housing has for tenants and society as a whole by exacerbating social and ecological problems such as homelessness and climate change. Regulators and policymakers, and all of civil society, need to develop and implement strategies for public policy oriented not on absurd financial benefits for the very few, but on social justice, human rights and sustainable development of housing for all.

Appendix

Charter of the Akelius Foundation

The following text was copied from the Akelius Group website on 24/10/2021.

Link:

<https://foundation.akelius.de/en/charter-and-registration>

Archived version:

<https://web.archive.org/web/20211024175745/https://foundation.akelius.de/en/charter-and-registration>

Charter and Registration

These rules will govern Akelius Foundation.

Adopted 2017-12-04 and 2018-04-20.

On 2017-12-04, at the council meeting, the Founder amended the original version, initially with the name Akelius University Foundation dated 2007-04-04, and signed this charter under the laws of the Commonwealth of The Bahamas.

The Foundation Council has at its meetings 2017-12-04 and 2018-04-20 decided to adopt the suggested modifications to the charter.

Akelius Foundation

- a is registered and domiciled in the Bahamas according to The Foundation Act, 2004, of The Commonwealth of The Bahamas. The Registrar issued Certificate Number 73F. The registered office of the Foundation is L.C. Hull & Co, P.O Box 20415, 700 Don MacKay Boulevard, Marsh Harbour, Bahamas. The secretary of the Foundation is attorney Rhonda Hull with the same address
- b is a legal entity that performs business and owns equities
- c is not owned by anyone
- d will elect responsible staff itself for its management
- e is established for an indefinite period

the Council

Akelius Foundation's legal body, the Council, consists of five members. These members perform their duties with similar responsibility as the members of a board of directors of a Swedish limited company.

The Council governs the Foundation according to

- a the Foundation Act of 2004 and other applicable Bahamian laws
- b this charter, any articles hereafter adopted and the founder's intentions

the protectors

The protectors consist of two persons who are not council members. The protectors shall act as internal auditors for the Foundation with the prime responsibility of ensuring that the council members and the Foundation perform their and its mandate.

assets

The initial endowment of the Foundation was fifteen thousand, USD 15,000.

On 2007-06-22 an additional transfer to the Foundation was made of eighty-five thousand, 85,000, shares in Akelius Apartment Ltd, a company incorporated and registered in Cyprus.

As all assets in the Foundation are now vested, such assets are the sole property of the Foundation. All the Foundation assets have ceased to be the property of the founder or any other person, and shall not become the property of any beneficiary unless distributed in accordance with the provisions of this charter and the articles.

With an emphasis on owning and managing residential real estate, business will continue in the Akelius Group for at least this century. The Foundation may not have assets with a total value of less than ten thousand, 10,000, Bahamian dollars or the equivalent in any other currency.

the purpose is charity

The Foundation will donate to

- Akelius Business School and its students, providing grants and allowances to students for studies, research and to contribute to the development of courses
- children in need, such as the ongoing cooperation with SOS Children's Villages helping thousand children over a twenty-five year period
- refugees and other people suffering from government actions in need of medical care

Akelius Foundation may not donate to other purposes such as

- supporting wildlife
- culture
- religion
- sport
- tourism
- peace
- environment
- politics
- human rights
- gender rights

Within a given calendar year, donations may not exceed five percent of the Foundation's assets value.

authorized signatures

The Council can act on behalf of Akelius Foundation in any matters pertaining to the Foundation's purpose and is authorized to legally bind the Foundation. All decisions within or with Akelius Foundation will be executed only after three Council members have signed them.

After the founder has passed away, no one may change beneficiaries or their benefits and

- a selling shares of any major subsidiary or
- b changing the articles requires unanimous decision in two council meetings with at least three months between them

open policy

Akelius Foundation will publish financial information and other relevant information on the internet or through similar public media.