

Financial information

April 2017



AKADEMISKA HUS



Akademiska Hus in brief

- Sweden's leading property company for higher education and research
- Rentable floor space of more than three million square metres
- Property portfolio totalling SEK 73 billion

WHOLLY OWNED BY THE SWEDISH STATE THROUGH THE MINISTRY OF EDUCATION AND RESEARCH

- Owner clause in bond programmes
- Will remain wholly owned by the Swedish state according to 2013 Riksdag decision

LONG-TERM LEASES WITH HIGHLY CREDITWORTHY CUSTOMERS

- 87 per cent rental revenue from universities and colleges
- 60 per cent market share for the entire country

RATING

- Long-term rating AA/A-1+/K1 (stable outlook) from Standard & Poor's (since 1996)
- Short-term rating Prime-1 (P-1) from Moody's (since January 2017)

MARKET

Akademiska Hus continually owns, develops and manages knowledge environments for education, research and innovation in Sweden. With extensive experience and a broad geographic presence, we develop sustainable and efficient environments, while achieving economies of scale. The focus of the core business on long-term leases with credit-worthy customers ensures a stable cash flow. With overall responsibility for developing campuses at colleges and universities, student housing investments will also contribute to growth.

MANAGEMENT AND INVESTMENTS

Akademiska Hus invested SEK 2,700 million in its own property development projects in 2016. Approved and planned projects at year-end totalled almost SEK 17 billion. Projects do not begin until a signed lease agreement is in place, which limits the risk of vacant space. The financial vacancy rate is extremely low, just 0.9 per cent as of 31 December 2016.

The average term of a newly signed lease agreement is 10 years and at year-end the average remaining maturity was 6 years.

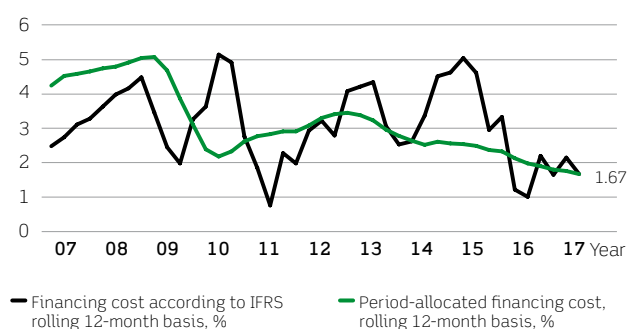
The proportion of complex specialist buildings for laboratory and research is 35 per cent. Such facilities usually require a lease in which a large proportion of the investment is repaid during the term of the lease. These leases usually have ten-year terms, or even longer.

FINANCING

In 2016 Akademiska Hus completed adjusting the capital structure, as decided by the owner, through the final payment of SEK 2,000 million of the additional distribution. Financing activities have focused on implementing well-diversified financing of the increase in debt. Under the well-established EMTN programme, bonds were issued totalling SEK 4,800 million, half of which relates to refinancing.

The ECP programme has been the most important source of short-term financing and utilisation has increased to address the growing debt portfolio. In order to achieve more stable conditions for the short-term financing Moody's conducted a credit rating. In January 2017 the highest short-term rating, Prime 1 (P-1), was published for Akademiska Hus' ECP programme. In February 2017 Standard & Poor's also confirmed Akademiska Hus' rating of AA/A-1+/K1 (stable outlook).

COMPARISONS, DIFFERENT CALCULATIONS OF FINANCING COST, %



In addition to the public financing programmes, there are committed bank facilities of SEK 3,000 million.

The interest-bearing net loan liability increased by almost SEK 3,000 million in 2016 and amounted to SEK 27,000 million at 31 December 2016. The average maturity in the total portfolio declined from 6.1 years to 5.2 years at year-end. The proportion of loans that fall due within 12 months was about 35 per cent.

The fixed interest period remained relatively stable during the year. Interest rate derivatives continued to serve as an important means to maintain the fixed interest period. Net interest income and expense was SEK -549 million, including changes in the value of financial derivatives, corresponding to 2.2 per cent during the period.

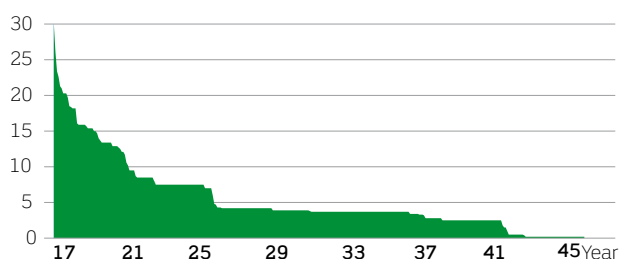
Under the general terms and conditions of the EMTN and MTN-programmes is an owner clause stating that if the Swedish state, directly or indirectly, ceases to be the majority owner, the loans immediately fall due for payment.

FINANCING PROGRAMMES AND RATING	Rating S&P	Rating Moody's	Framework 31-12-2016	Utilised nom. 31-12-2016	Material contractual terms and conditions
Företagscertifikat	A-1+/K1		SEK 4,000 m	SEK 1,500 m	
ECP	A-1+	P-1	EUR 1,200 m	EUR 748 m	
EMTN	AA/A-1+		EUR 3,000 m	EUR 2,208 m	owner clause
MTN *)	AA		SEK 8,000 m	SEK 770 m	owner clause
Bank, bekräftat			SEK 3,000 m	SEK 0 m	

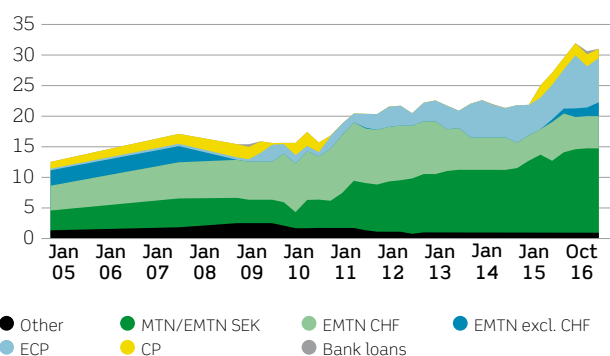
*) not updated since 2009

	2016	2015	2014
INCOME STATEMENT AND BALANCE SHEET, KEY FIGURES			
Property management income, SEK m	5,666	5,701	5,681
Net operating income, SEK m	3,667	3,740	3,717
Change in value, properties, SEK m	3,682	2,655	3,529
Profit after financial items (incl. changes in value of properties), SEK m	6,714	6,141	6,261
Assessed fair value, properties, SEK m	73,013	66,575	61,437
of which transferred from new construction in progress	4,802	3,484	4,491
Net investments, SEK m	2,717	2,473	254
PROPERTY-RELATED KEY FIGURES			
Total yield, properties, %	11.4	11.0	13.4
of which direct yield, %	5.7	6.4	6.9
of which change in value, %	5.7	4.6	6.5
Return on equity, %	16.3	15.0	15.5
Return on operating capital, %	6.2	6.9	7.3
Equity ratio, %	41.4	40.7	48.0
Loan-to-value ratio properties, %	37.0	35.9	30.7
Level of vacant space, rent, %	0.9	1.1	1.2
Level of vacant space, area, %	3.9	3.8	3.6
FINANCIAL KEY FIGURES			
Interest-bearing liabilities, SEK m	35,627	30,831	26,082
Interest-bearing net loan liability, SEK m	26,962	23,924	18,871
Interest coverage ratio, %	694	743	671
Fixed interest, basic portfolio, year	4.7	3.6	3.4
Fixed interest, long-term portfolio, year	23.7	24.7	25.6
Maturity, years	5.2	6.1	5.8

DEBT MATURITY STRUCTURE, SEK bn



FINANCING SOURCES, SEK bn



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