

Akademiska Hus AB

February 19, 2003

- is wholly owned by the Swedish state through the Ministry of Industry.
- has strong indirect support from the Swedish state through its investment in higher education and research.
- is the largest owner and manager of university and college buildings in Sweden.
- has long-term tenancy agreements with stable, credit-worthy tenants.
- has since 1996 had a long-term AA-rating with a stable outlook and a short-term A1+/K1 from Standard & Poor's.



Akademiska Hus

Akademiska Hus is wholly owned by the Swedish state through the Ministry of Industry, which also appoints the board. The Group was founded in order to own and manage the country's university and college properties. With the Parent Company in Göteborg and the six subsidiaries at the larger university centres, the Group has a good geographical spread throughout the country. The subsidiaries own, manage and develop the property holdings. There is also another subsidiary, Akademiska Hus Utveckling och Support AB, which is made up of the administration, human resources, construction, management and IT functions.

The Parent Company handles the other Group functions, including financing and accounting.

Since 1996, Akademiska Hus has had a long-term AA-rating with a stable outlook and a short-term A1+/K1 rating from Standard & Poor's. According to Standard & Poor's, the ratings reflect the state ownership, the strong involvement of the Swedish state, the prioritisation of the higher education sector, the Group's dominant position on the university property market and the stable customer base.

Financing

State ownership and a good rating have made it possible for the Group to gradually establish itself as a borrower on the public market. At present, the Group has short-term and long-term financing programmes, both Swedish and international. In recent years the Swiss market has been very attractive to the Group and this was also the case in 2002. Of the equivalent of SEK 2,570 million issued through the long-term programmes during the year, SEK 1,870 million is from the Swiss market (CHF 300 million). Under the MTN programme, SEK 600 million was issued during the year. As diversification, bonds with a real rate of interest structure have been issued. Of the short-term financing programmes, the ECP programme has dominated and during the year the equivalent of around SEK 1,700 million has been issued.

At the turn of the year 80 per cent of the Group's total financing came from outside Sweden.

The general terms and conditions of the MTN and EMTN programmes include an ownership clause, which stipulates that if the Swedish state ceases, either directly or indirectly, to be the majority shareholder, the loans and any interest thereon shall fall due for payment immediately.

Facilities and rating, million

	Framework 31-12-2002	Utilised nom. 31-12-2002	Rating Standard & Poor's
Bank	SEK 4,600	—	—
Syndicated credit	SEK 1,350	—	—
Commercial paper	SEK 4,000	SEK 90	A1+/K1
ECP	USD 600	SEK 571	A1+
MTN	SEK 8,000	SEK 2,887	AA
EMTN	USD 1,500	SEK 10,857	AA/A1+

Management

The total rentable space within the Group at the end of 2002 was approximately 3.2 million square metres. Around 90 per cent of the property portfolio is in university towns and cities and predominantly within campus areas. In the country's larger university towns and cities the Group has approximately 80 per cent of the market and in the country's university college locations close to 50 per cent. Before a decision is made to commence a construction project or acquire a property, agreement is always reached on the wording and length of the lease.

Approximately 93.5 per cent of the client base is, directly or indirectly, within the public sector.

The level of vacant space continues to be low, 1.8 per cent.

Floor space according to category (Proportion of rentable space, %)

Teaching	44
Laboratories	37
Office/administration	13
Miscellaneous	6

Key ratios

	2002	2001	2000
Net sales (SEK m)	4,240	3,976	3,654
Operating profit (SEK m)	1,604	1,651	1,559
Consolidated profit before tax (SEK m)	687	787	786
Book value, properties (SEK m)	23,778	22,625	20,750
Book value, new construction in progress (SEK m)	1,251	1,594	1,490
Net investments (SEK m)	1,743	2,792	1,874
Rentable space, Dec (1,000 m ²)	3,244	3,202	3,081
Rent level (SEK/m ²)	1,302	1,255	1,187
Operations and maintenance (SEK/m ²)	450	421	396
Vacant space (%)	1.8	1.6	1.2
Direct yield (%)	10.9	11.4	11.4
Return on equity after standard tax (%)	6.9	8.4	8.6
Return on total capital (%)	6.0	6.7	6.6
Equity ratio (%)	26.1	25.9	27.4
Internal financing (%)	85	53	73
Interest coverage (%)	171	185	198

The average rate of interest on interest-bearing liabilities in 2002 was 5.55 per cent.

The average fixed interest term during the year was 3.0 years. As of 31.12.2002 the average maturity was 3.9 years.

Lease expiration

Year	Proportion of rental income, SEK 1,000	Proportion, %
Residential property	10,162	0.3
2003	310,542	8.1
2004	443,563	11.6
2005	446,433	11.7
2006	595,088	15.6
2007	302,685	7.9
2008–2012	923,502	24.1
2013–2017	331,555	8.7
2018–2022	413,797	10.8
2023–	47,380	1.2
Total	3,824,707	100.0

The table shows the lease expiration situation at the year-end.

The average lease term at Akademiska Hus is ten years and at the year-end the average remaining lease term was 6.5 years.

The more complex specialist buildings intended for laboratory and research activities normally have a lease term of 15 to 25 years.

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