

2004

Akademiska Hus AB

Akademiska Hus AB

- **Is wholly owned** by the Swedish state through the Ministry of Industry, Employment and Communications.
- **Has 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 lease agreements** with stable, creditworthy tenants.
- **Has since 1996** had the long-term rating AA with a stable outlook and short-term rating A1+/K1 from Standard & Poor's.



Akademiska Hus

Akademiska Hus is wholly owned by the Swedish state through the Ministry of Industry, Employment and Communications. Akademiska Hus owns mainly university and college properties. The business concept is to be the leading property company in Sweden in the provision of creative environments for higher education and research. At the turn of the year the Group had properties with an assessed fair value of SEK 38,230 million. In the future, the Company's resources will be invested in the long-term strategic development of the campus concept, in improving energy efficiency and in broadening the customer base. New customers include Sida, the Swedish National Defence College and the Swedish Institute of International Affairs although universities and colleges still remain the dominant tenant group for Akademiska Hus. At the larger university centres Akademiska Hus has regional companies with local operating organisations. The regional companies are supported by the Group office, located in Göteborg, with functions for strategic business and market development, accounting/human resources, finance, legal affairs, project and property development, IT and corporate communications.

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 (S&P). The ratings reflect the Group's key role as the owner and manager of high-quality premises for universities and colleges, the strong involvement of the Swedish state in higher education and research and the long-term aims of the owner. At the same time, S&P feels that Akademiska Hus reports satisfactory financial results despite a high leverage factor.

Financing

State ownership and a good rating make it possible for the Group to seek financing on the public market. At present, the Group has short-term and long-term financing programmes, both Swedish and international. The past year has been characterised by relatively limited borrowing requirements. Refinancing has taken place through the short-term financing programmes and the portfolio has therefore been deliberately shortened during the year. The domestic certificate programme dominated the short-term programmes. At the turn of the year around 70 per cent of the Group's 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

	Framework 31-12-2004	Utilised nom. 31-12-2004	Rating Standard and Poor's
Bank	4,200 SEK m	395 SEK m	-
Commercial paper	4,000 SEK m	2,330 SEK m	A1+/K1
ECP	600 USD m	966 SEK m	A1+
MTN	8,000 SEK m	2,164 SEK m	AA
EMTN	1,500 USD m	9,645 SEK m	AA/A1+

Key ratios

	2004	2003	2002
Management income (SEK m)	4,530	4,413	4,240
Operating profit (SEK m)	1,616	1,604	1,604
Profit before tax (SEK m)	821	710	687
Carrying value, properties (SEK m)	26,021	24,412	23,778
Assessed fair value, properties (SEK m)	38,230	36,118	36,475
Carrying value, new construction in progress (SEK m)	806	1,555	1,251
Net investments (SEK m)	1,866	1,877	1,743
Rentable space, Dec (1,000 m ²)	3,315	3,257	3,244
Rent level (SEK/m ²)	1,365	1,342	1,302
Operations and maintenance (SEK/m ²)	480	482	450
Vacant space (%)	2.8	1.8	1.8
Vacant space, rent (%)	1.8	1.2	1.1
Direct yield, carrying value	10.5	10.7	10.9
Direct yield, assessed fair value (%)	7.1	7.1	7.0
Return on equity after standard tax (%)	7.7	6.9	6.9
Return on total capital (%)	5.8	5.9	6.0
Equity ratio (%)	27.5	27.4	26.1
Internal financing level (%)	90	85	85
Interest coverage level (%)	202	177	171

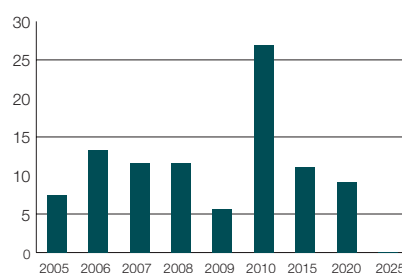
The average rate of interest on interest-bearing liabilities in 2004 was 4.50 per cent. The average fixed interest period during the year was 2.1 years. As of 31.12.2004, the fixed interest period was 1.6 years and at the same point in time the maturity was 2.3 years.

Management

The total rentable floor space within the Group at the end of 2004 was approximately 3.3 million square metres. Akademiska Hus has a customer base that is mainly under state control. Universities and colleges clearly dominate and rent almost 86 per cent of the rentable space. Apart from universities and colleges the tenants include certain government authorities and a number of institutes and foundations. These are often located on campuses and have research-related operations. Investments in specially adapted premises only take place when there is a long lease agreement.

The level of vacant space continues to be low, 2.8 per cent, calculated on the total rentable floor space. Calculated in terms of loss of rental income, the vacant space is only 1.8 per cent.

Lease expiry structure, %



The graph shows the lease expiry situation at the year-end. The rental value (base rent) for 2004 was SEK 4,012 million (3,958). The average lease term for new leases with Akademiska Hus is approximately ten years and at the year-end the average remaining lease term was 6.2 years. In the case of the more complex specialist buildings intended for laboratory and research activities the lease term is normally ten years or longer.



AKADEMISKA HUS

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